

Dated: 12<sup>th</sup> October, 2018

To,  
Department of Corporate Services,  
BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 001

To,  
Listing Department,  
National Stock Exchange of India Limited  
C-1, G-Block, Bandra-Kurla Complex  
Bandra, (E), Mumbai – 400 0051

**BSE Scrip Code: 541163; NSE: Sandhar**

**Sub: Submission of Annual Report – FY 2017-18**

**Ref: Regulation 34 of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year ended March 31, 2018, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Twenty Sixth (26<sup>th</sup>) Annual General Meeting of the Company held on Monday, the 10<sup>th</sup> day of September, 2018.

Kindly take the same on record.

Thanking You

Yours Faithfully

**FOR SANDHAR TECHNOLOGIES LIMITED**

**Arvind Joshi**  
**Whole-Time Director**  
**Chief Financial Officer &**  
**Company Secretary**  
**DIN: 01877905**

**Sandhar Technologies Limited**

Head Office: 13, Sector-44, Gurugram-122002, Haryana, India. Ph: +91-124-4518900  
Registered Office : B-6/20, Local Shopping Complex, Safdarjung Enclave, New Delhi- 110029 Ph: +91-11-40511800  
Email - enquiries@sandhar.in; website - www.sandhargroup.com; CIN - U74999DL1987PLC029553

**CIN: L74999DL1987PLC029553**

# FOCUS

**ON ENHANCING  
THE VALUE  
OF BUSINESS**



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## Forward-looking Statement

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



View or download this report at  
[www.sandhar.co.in](http://www.sandhar.co.in)

# KEY FINANCIAL HIGHLIGHTS\*

## Source of Funds

### Networth

in ₹ crore

**637.07** 2017-18

**304.35** 2016-17

### Long term borrowing

in ₹ crore

**275.58** 2017-18

**278.26** 2016-17

### Capital Employed

in ₹ crore

**912.65** 2017-18

**582.60** 2016-17

### Working Capital

in ₹ crore

**208.00** 2017-18

**182.09** 2016-17

## Application of Funds

### Gross block

in ₹ crore

**801.2** 2017-18

**651.3** 2016-17

### Interest Expense

in ₹ crore

**43.17** 2017-18

**42.62** 2016-17

### Investments<sup>#</sup>

in ₹ crore

**49.28** 2017-18

**34.97** 2016-17

### Dividend Payout Ratio

in %

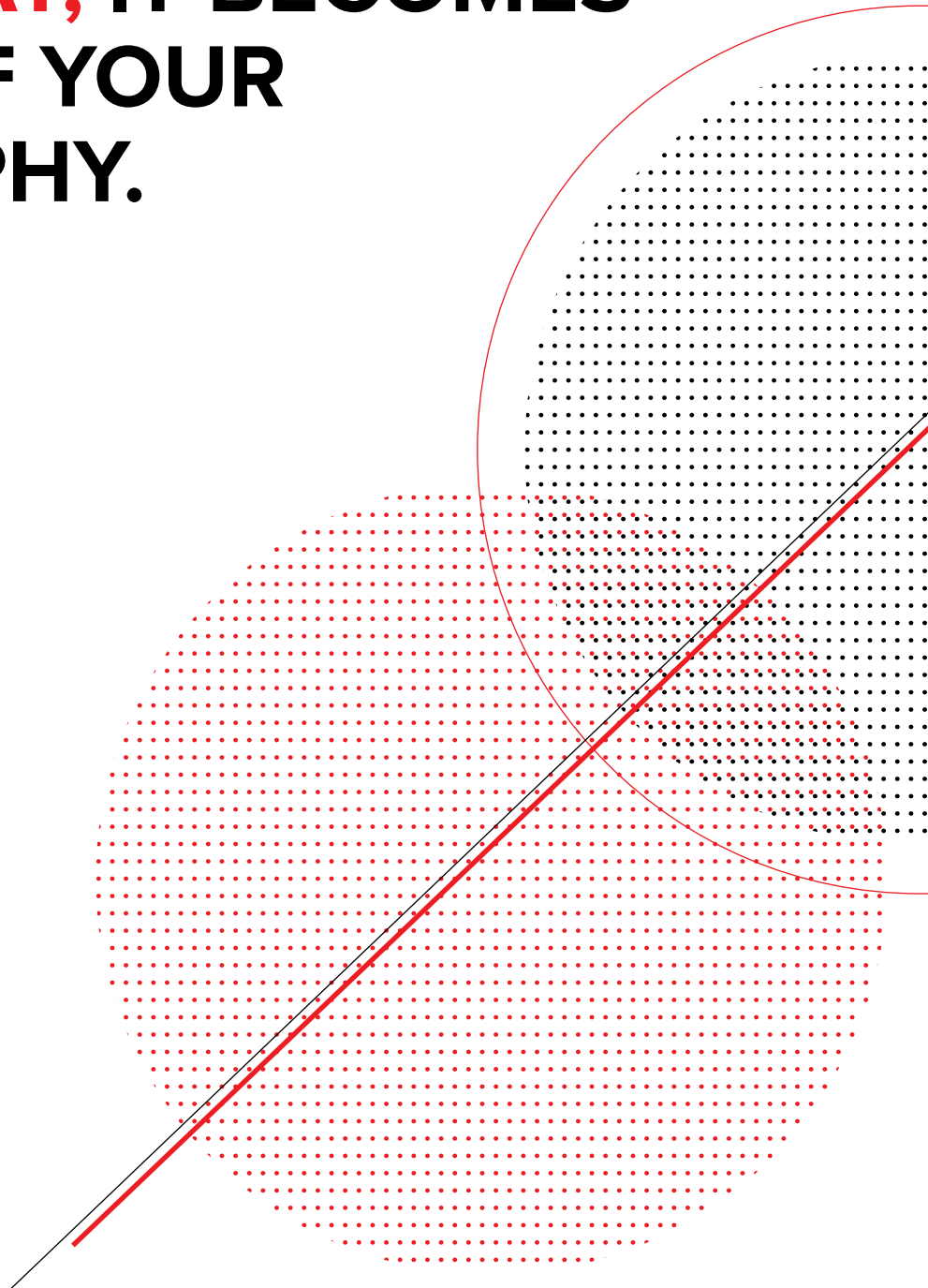
**15.63** 2017-18

**24.57** 2016-17

\*Based on consolidated figures

<sup>#</sup>Based on standalone basis

**WHEN YOU'RE IN AN  
INDUSTRY THAT THRIVES  
ON BEING BETTER AND  
MORE IMPROVED THAN  
YESTERDAY, IT BECOMES  
A PART OF YOUR  
PHILOSOPHY.**



01-33



## **So it has been at Sandhar as well.**

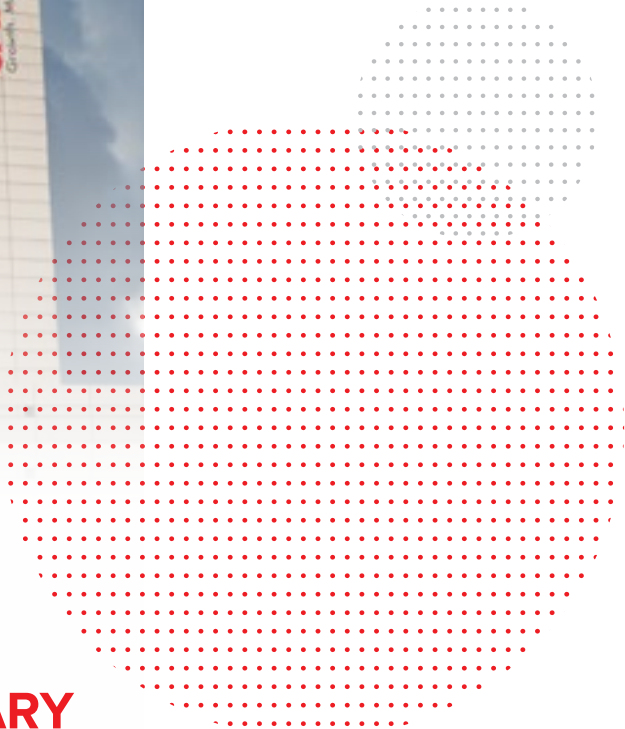
From the days of humble beginnings and big ambitions, to the present scenario of big achievements and bigger goals, we have been striding ahead with the sole aim for creating more and more value – for our business, our clients, our employees as well as other stakeholders. With a strong foundation built on core expertise, an able team, quality centric manufacturing, industry collaborations and a state-of-art R&D capability, for us what matters is constant and consistent scaling up – be it in capabilities, productions or revenue. Our sheer focus on enhancing the value of our business has fared well for us all these years and we are confident it will continue being so in the year to come!

## ABOUT SANDHAR



**WE ARE ONE OF THE LEADING AUTOMOTIVE COMPONENTS AND SYSTEMS SUPPLIERS, ENGAGED IN THE MANUFACTURING OF A DIVERSE RANGE OF PRODUCTS, WITH PRIMARY FOCUS ON SAFETY AND SECURITY SYSTEMS FOR AUTOMOBILES ACROSS SEGMENTS.**

At Sandhar, we focus on customer centric components, mainly catering to Original Equipment Manufacturers (OEM). With a unique motto of 'Growth. Motivation. Better Life.' we are committed to empower the lives of our employees to live better, increase their efficiency, and promote manufacturing of innovative products and solutions. Over the years, we have experienced a steady growth in our business in terms of product portfolio, manufacturing plants, clients we serve, and various other aspects that set us apart in the industry.





01-33



## VISION

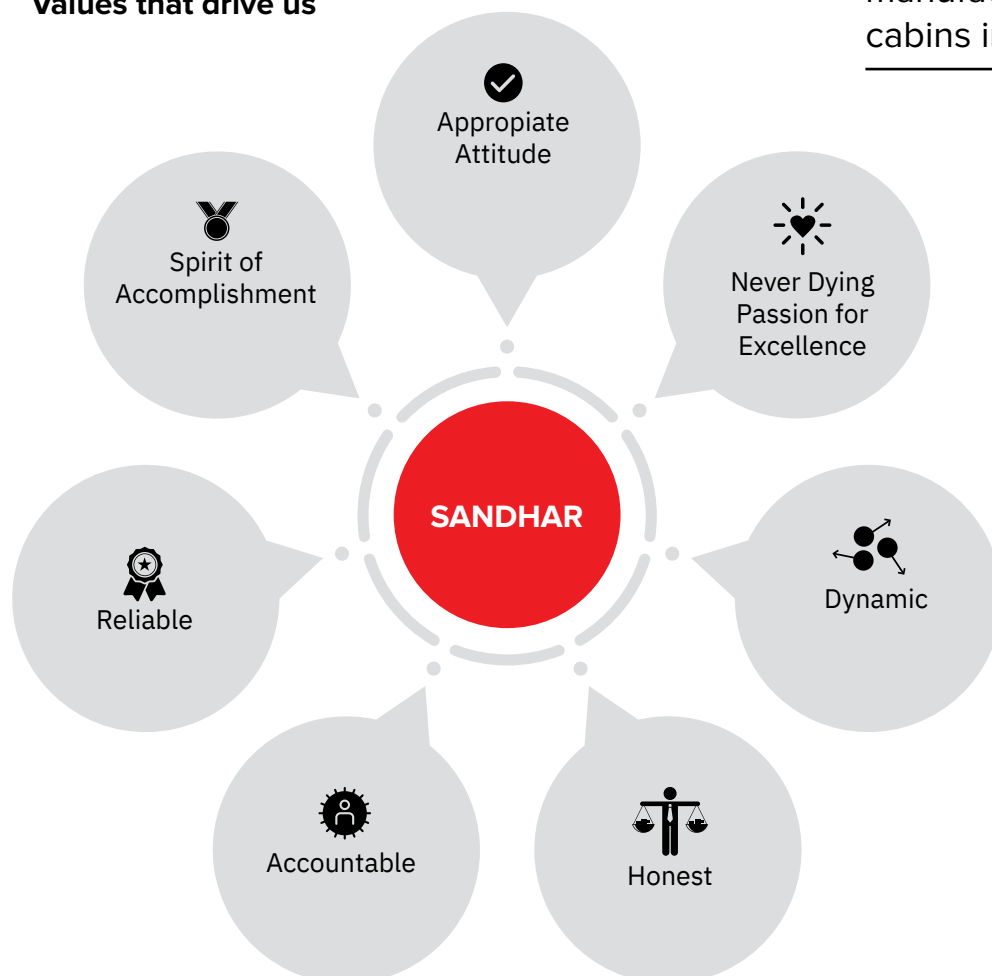
We envision to be the most preferred choice of global stakeholders



## MISSION

Our mission is to be a leading player in the global market with fully satisfied stakeholders, while maintaining cost effectiveness through innovative technology, and optimum utilization of talent and resources.

### Values that drive us



### LEADER

in 2-wheeler locking systems market in India

### LARGEST

supplier in Commercial Vehicle rear view mirror market in India

### LARGEST

player in excavator cabins market

One of the

### TWO LARGEST

suppliers of 2-wheeler rear view mirrors in India

One of the

### TWO LARGEST

manufacturers of operator cabins in India



# OUR CORPORATE STRUCTURE

## Subsidiaries

### Sandhar Technologies Barcelona, SL

#### Step down subsidiaries

Sandhar Technologies De Mexico, S. DER. L. DE CV.

Sandhar Technologies Sp. z.o.o Poland

### Sandhar Tooling Private Limited

### Sandhar Strategic Systems Private Limited

## Joint Ventures

### Jinyoung Sandhar Mechatronics Private Limited

### Sandhar Han Sung Technologies Private Limited

### Sandhar Daewha Automotive Systems Private Limited

### Sandhar Amkin Industries Private Limited

### Indo Toolings Private Limited

### Sandhar Ecco-Green Energy Private Limited

## Technical Collaborations

### Honda Lock Manufacturing Co. Ltd.

- For use of Honda Lock's technology of manufacture or assemble door mirrors, outside door handles, and key sets

**JEM Techno Co. Limited, Korea** - For use of JEM's technology to manufacture or assemble automobile relays outside door handles, and key sets

# OUR SUBSIDIARIES

## Sandhar Technologies Barcelona, SL

In FY08 we acquired the business of TECFISA, Spain, which was mainly engaged in the business of aluminium die of small parts and mould design into our subsidiary, Sandhar Technologies Barcelona, S L. ST Barcelona has three wholly-owned subsidiaries, ST Mexico, ST Poland and Breniar Projects. The major customers of ST Barcelona includes Bosch, Autoliv, and other global auto component manufacturers.

### Business Operations

- Aluminium Spindles
- Reel Axles
- Seat Belt Retractors



Sandhar Barcelona

## Sandhar Tooling

Incorporated in 2002, Sandhar Tooling is a joint venture between our Company and Steady Stream. With manufacturing facilities in Manesar and Gurugram, it caters to some of the leading OEMs of the country.

### Business Operations

- Tools
- Moulds
- Dies
- Jigs
- Fixtures



Sandhar Poland

## Sandhar Strategic Systems

Sandhar Strategic Systems was incorporated in September 2016 as an MSME for carrying out manufacturing activities in the aerospace and defence sector. Sandhar Strategic Systems is primarily involved in the business of manufacturing, building, repairing, refitting, inventing, experimenting, and testing among other activities.

### Business Operations

- Defence and Aerospace sector



Sandhar Mexico

# OUR JOURNEY OVER THE YEARS

- We commenced our business as a supplier to Hero Motocorp (erstwhile Hero Honda) for sheet metal components
- We started production of two wheeler locks for Hero Motocorp at Gurgaon
- We entered into Technical Assistance with Honda Lock, Japan for two wheeler locks

1987-89

1990-99

- We started production of two wheeler mirror assembly at Sandhar Automotives Dhumaspur
- We entered into a technical collaboration with Honda lock manufacturing company limited in Japan for four wheeler mirror assembly and door handles
- We started supply of mirror assembly and door handles to Honda cars
- We set up Sheet Metal stamping unit at Behrampur, Gurgaon

- We commenced the production of zinc and aluminium pressure die casting components at Sandhar Auto Components Limited (since merged with Company) at Manesar
- We entered into Joint Venture with Steady Stream for production of tools and dies
- We entered into technical collaboration with Honda lock manufacturing company Limited, Japan for four wheeler lock sets
- Actis Capital LLC. UK invested in our Company
- We acquired manufacturing facilities of 'Adeep Group' at Bengaluru, Hosur, Mysore, Manesar, and Aurangabad

2000-05

## 01-33

- Sandhar Technologies Poland was established with a unit at Czesochowa.
- Sandhar Technologies Mexico was also inaugurated.
- GTI invested in our Company by acquiring equity shares held by Actis Capital LLC., UK
- We established our R&D unit, Sandhar Centre for Innovation and Development in Gurgaon
- We entered in Off Highway Vehicles business segment with acquisition of Mag Engineering Private Limited
- We entered into technical collaboration with JEM Techno Korea for manufacturing of relays
- We established a unit at Pathredi for manufacturing of lock assemblies, mirrors, and door handles
- We acquired the cabin manufacturing unit of Arkay Fabsteel Systems Private Limited at Ambethan in Pune
- We commenced production of relays based on Korean Technology in our Gurgaon unit
- We entered into a joint venture with Hansung IMP Co. Ltd, Korea for high precision stamping parts
- We established an Aluminium Die Casting Unit at Bawal
- We has set up Plastic Injection Moulding Unit at Pune and Bawal

2006-10

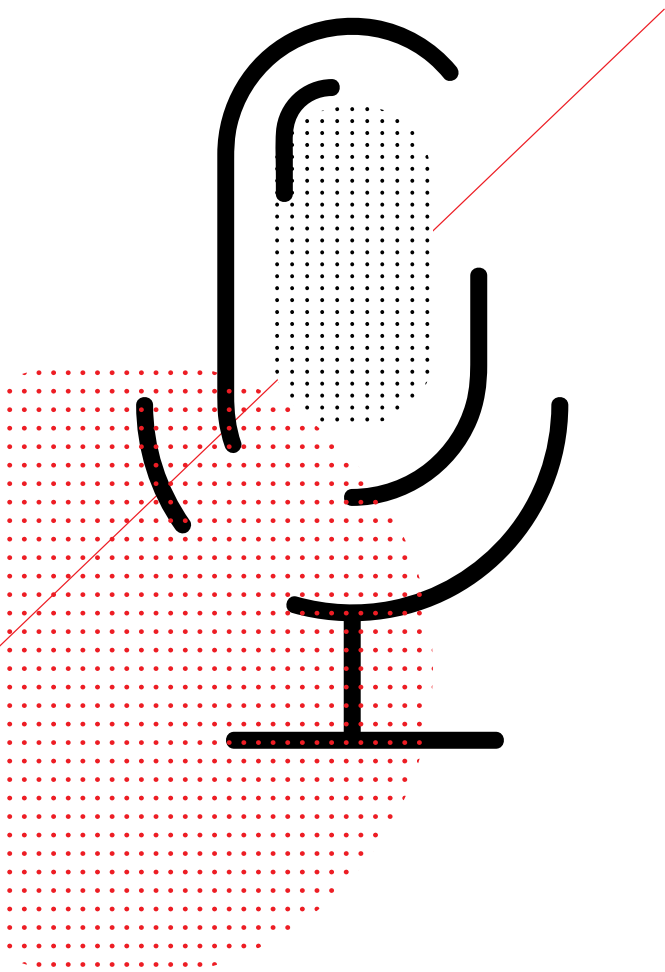
- We commenced production of wheel assembly at Chennai and at Nalagarh
- We established PT. Sandhar Indonesia and Jakarta for manufacture of handle bar assemblies
- We acquired the Barcelona unit of TECFISA which manufactured spools for seat belt retractors and aluminium PDC products
- We established the Chakan Unit to manufacture Door Handles in Pune
- We commenced production of lock & mirror assembly, sheet metal stamping, plastic injection moulding, zinc and aluminium pressure die casting and paint shop at Haridwar.

2011-15

2016-  
Present

- We entered into a technical collaboration with Whetron Electronics (SUZHOU) Co. Ltd. automotive electronic products
- We entered into joint venture with Jinyoung Electromechanic, Korea for the manufacturing of AVN panels, switches etc
- We entered into joint venture with Daewha Fuel Pump Co. Ltd, Korea for the manufacturing of fuel pumps, filters etc
- We entered into joint venture with Amkin Group for the manufacturing of helmets and body protective parts
- We entered into joint venture with Daeshin Machinery Ind Co. Ltd. for the manufacturing of auto/manual gear shifters
- We came up with our IPO and were successfully listed on the stock exchange

## MESSAGE TO SHAREHOLDERS



**DEAR SHAREHOLDERS,**

IT GIVES ME IMMENSE  
PLEASURE TO REACH YOU  
THROUGH THIS ANNUAL  
REPORT

---

QUALITY HAS BEEN OUR TOP PRIORITY,  
AND WE HAVE INVESTED IN OUR  
PEOPLE IN RESEARCH & DEVELOPMENT  
FOR TECHNOLOGY LEADERSHIP AND,  
STEP-BY-STEP, WE HAVE OPTIMIZED  
OUR OPERATIONS.

It is indeed a historic moment in the history of Sandhar, as we present you this first Annual Report post the Company's maiden listing on Bombay Stock Exchange & National Stock Exchange. This heralds the Company's presence on the bourses amidst a wider reach of stakeholders. We are proud indeed of what we have achieved so far and are now geared to move to the next echelon of growth.

From our humble beginnings, which commenced over three decades ago, we have been witnessing a journey of growth and success. Our team has worked hard to build our position as one of the foremost automotive component player in the field of automotive safety & security components. Quality has been our top priority, and we have invested in our people in Research & Development for technology leadership and, step-by-step, we have optimized our operations.

The global auto component industry is more challenged than many people realize. On the surface, performance is strong. Though the Revenue numbers and the Profit margins are relatively high as compared to many other industries, however, the expectation of the stakeholders have moved towards Total Shareholder Return and Return on Capital Invested. We are cognizant of these aspects. In our endeavour to create value for stakeholders, we declared a total dividend (interim and final) of 20% during the fiscal 2018.

The automotive industry is becoming increasingly collaborative in nature. No individual company can develop everything needed for the next generation of more automated and intelligent vehicles by themselves. Partnering is becoming increasingly important for Sandhar, and in the year under review, we successfully joined hands with industry leaders in the field of automotive electronics and components which cater to the emission norms requirement. The details of such technical collaborations and joint ventures are briefly inscribed in the Annual Report.

We are very hopeful, that as we progress in the near future, the results of these collaborations would have a positive bearing on the Company's future and would enhance the stakeholder's value immensely.

**D. N. Davar**  
Chairman

# CO-CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS

**Dear Shareholders,**

I'M VERY HAPPY TO PLACE THIS FIRST ANNUAL REPORT, POST THE COMPANY'S LISTING ON THE BOMBAY STOCK EXCHANGE & NATIONAL STOCK EXCHANGE.



The support which the Company got from all categories of shareholders and especially the retail shareholders, rejuvenates us. We are encouraged and motivated to keep the hopes of all our stakeholders' high.

From one manufacturing unit in Gurgaon, manufacturing one component, catering to one mobility segment and one customer, we now have more than 35 manufacturing facilities, manufacturing over 21 different categories of components, using 7 different technology platforms, catering to over 79 OEMs across diverse mobility segment.

During the year under review, our actions were directed towards focusing on enhancing the value of our business. Our focus on execution resulted in the highest Revenue, EBITDA as well as PAT for any year in the Company's history. Our efforts to increase content per vehicle started across all the Verticals/ Divisions, which further led to a sustainable growth. Revenue (net of excise duty and impact of GST) grew by over 20.79% on a consolidated basis, approaching the ₹2000 crores mark, and order intake was at record highs for all our business segments.

It was a year of splendid results, allowing for investments which nearly peaked at ₹187.35 crores, including investments in Joint Venture Companies and Subsidiaries, in the year under review. The Company set up two new manufacturing Units viz.

at Jaipur for fabrication of parts for the Off-highway vehicles and at Hosur for manufacturing of aluminium die-casting parts and components. This apart we are in the process of setting up a Unit for the fabrication and assembly of operator cabins for the Off-Highway vehicles for a Japanese major at Oragadam in Chennai, which will be operational in a couple of months. We are confident that, these new Units put together will help the Company in achieving another round of high-teens growth as they overcome the initial stabilization period.

Going forward, India is going to be a key pillar of global automotive market - policy, actions and strategies of players in India will have a fundamental impact on the global auto landscape. In 2017 alone, India exceeded every major European Market inc. Germany, France and UK in automotive sales - making India the 4th largest automotive market by volume, in the world. It is expected that by 2035, India will exceed the US auto market. Wealth is being generated via a positive structural shift in the Indian economy. Industry is likely to benefit from the change in consumption pattern of an increasingly prosperous Society. The market of tomorrow will reflect increased prosperity of the nation. An ecosystem of interconnected partners is crucial for the auto industry to curb its impact on the environment. Such an ecosystem will also foster innovation in technology, and the business and operating models for a more sustainable future of the auto



## 01-33

industry. Automotive sales are destined to resonate with global economic shift - India is the place to be for the global OEMs.

The Government of India (GoI) aims to develop India as a global manufacturing as well as a research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRIP) centres as well as a National Automotive Board to act as facilitator between the Government and the industry. The Indian government has also set up an ambitious target of having only electric vehicles being sold in the country. Indian auto industry is expected to see 8-12 per cent increase in its hiring during FY19. Alternative fuel has the potential to provide for the Country's energy demand in the auto sector as the CNG distribution network in India is expected to rise to 250 cities in 2018 from 125 cities in 2014. Also, the luxury car market could register high growth and is expected to reach 150,000 units by 2020.

With such a massive tailwind, Sandhar is likely to gain momentum in its growth and sustain itself, what with its own major investment behind, during the last five years (our investment phase), which oversaw over ₹500 crores, into building up the foundation for the next level of growth, as we focus on increasing content per vehicle, diversifying into automotive electronics, components catering to the safety & security as well as emission regulation norms.

### Outlook & our Strategy

In order to succeed in the new automotive environment, the Company has adopted multi-pronged strategies as an evolutionary process to re-energise its existing business models. Product innovators clearly outpace process specialists in terms of sustainable profitability. We acknowledge this and are preparing ourselves for the same.

The Company plans to develop products based on the current trend in the industry such as increasing focus on safety, fuel efficiency, comfort, customization, entertainment and communication, as well as auto electronics to develop products that meet our OEM customers' requirements in these areas. It aims to dominate the market with its new products as well as tailor its existing portfolio to suit the needs of its customer base. The company plans to focus on amplifying its contribution per vehicle and enhance its research, design and development capabilities to gain a competitive advantage in terms of quality and costs. We will do this by continuing to collaborate with the world's auto-component manufacturing leaders in their respective areas of expertise. Our joint venture partners are organizations of esteem and their continued trust and confidence in our Company, brings in lot of confidence to achieve our objective of excelling in the new product offerings.

Growth and execution is inherent in our philosophy, and with a continued clear vision and strategy, we might be able to create/enter the new vistas even faster. With our expertise, proximity to customers, production efficiency and a harmonious industrial relationship, we believe we have established an organization which is well geared to deliver high shareholders value in time to come.

To conclude, I would like to take this opportunity to thank all our stakeholders who have believed in our company. I would also like to thank our shareholders for their trust and faith, Board of Directors for their continued guidance and our management & employees for their hard work and support.

Thanking you,

**Jayant Davar**

Co-Chairman & Managing Director

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↑ **19.60%**  
Y-o-Y Revenue Growth

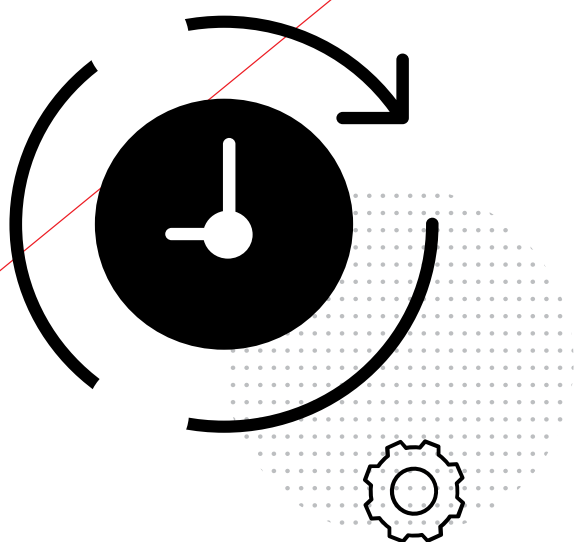
↑ **40.13%**  
Y-o-Y EBITDA Growth

## FOCUSED ON ENHANCING VALUE OF BUSINESS

### Foray into Off-Highway Vehicles

We entered into off-highway vehicle segment by associating ourselves with leading players in this segment. This helped us to lay a strong foundation in off-highway vehicle segment, we now cater to over 90% of the OEM, in the off-highway vehicle segment. We have set up 2 plants exclusively for JCB in Jaipur and Pune. Foray into off-highway vehicles will help us to increase our margins as well as improve our revenue. Over the years, we have established a long standing relationship with JCB and placed ourselves as one of their best suppliers. We did this by ensuring uninterrupted supplies, collaborating with them and ensuring timely delivery of quality products.



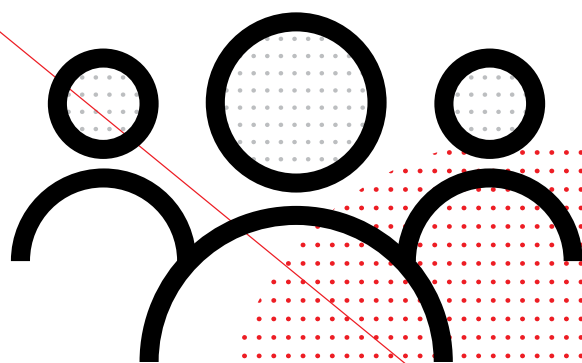


## Customer Centricity

At Sandhar, our customers have always been one of the most important stakeholders for us. We have taken most of our decisions based on what our customers want us to do such as setting up a plant in Hosur for TVS and a plant in Jaipur for JCB. This has allowed us to be a single supplier for our customers where we are mutually dependent on each other. We have established a relationship of over 15 years on an average with our customers. Our intelligent safety solutions, active and passive safety components along with strong research and design capabilities has enabled us to establish this relationship with our customers.

## Futuristic Mindset

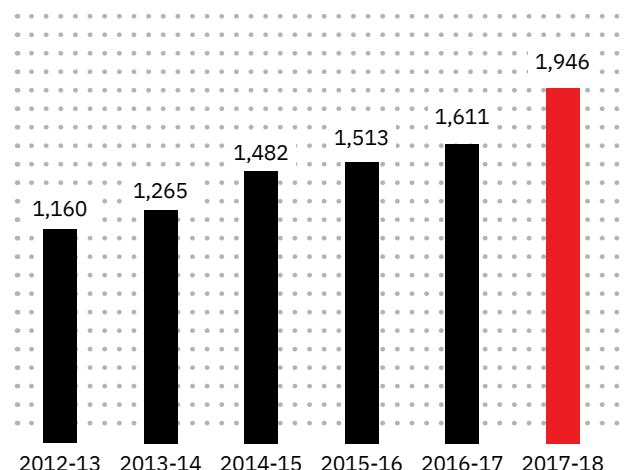
The automobile industry is going through a phase of evolution over the past 3 decades and with our continuous efforts we have strived to maintain our single source position for key products of our customers. This is because our Research and Development team was able to keep pace with the everchanging dynamics of the industry and introduce new products for our customers. They possess a futuristic mindset which gave us a competitive edge over our competitors and helped us to move ahead with new technology.



# FINANCIAL SNAPSHOT

(Based on Consolidated Figures)

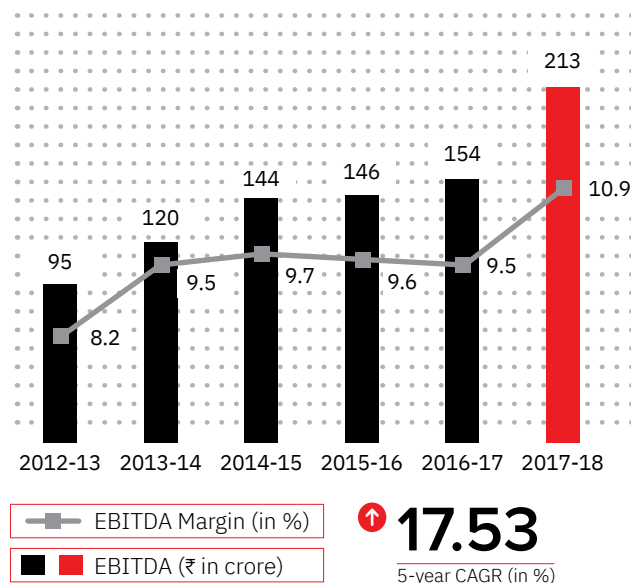
## Net Revenue from Operation (₹ in crore)



During the year, our Revenue grew on account of increase in sales volume of major OEMs across different business segments, from 25.34 million units in 2016-17 to 29.01 million units in 2017-18, increase in content per vehicle, rise in sales of value added products, increase in presence in scooter and moped segment, and huge traction in construction equipment business.

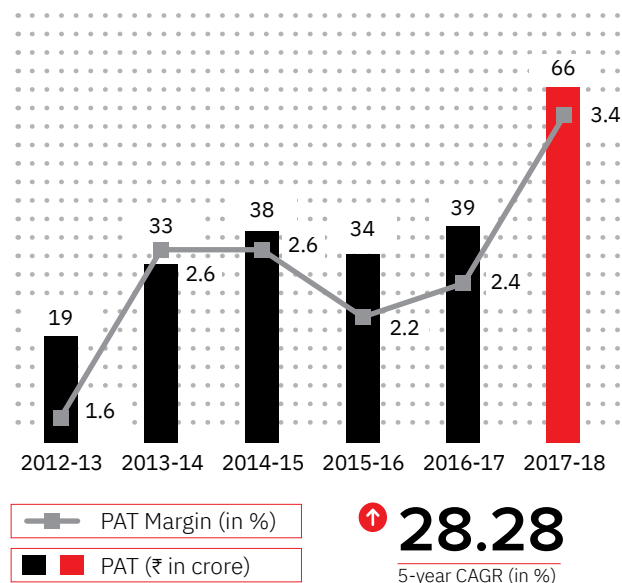
**9.01**  
5-year CAGR (in %)

## EBITDA / EBITDA Margin

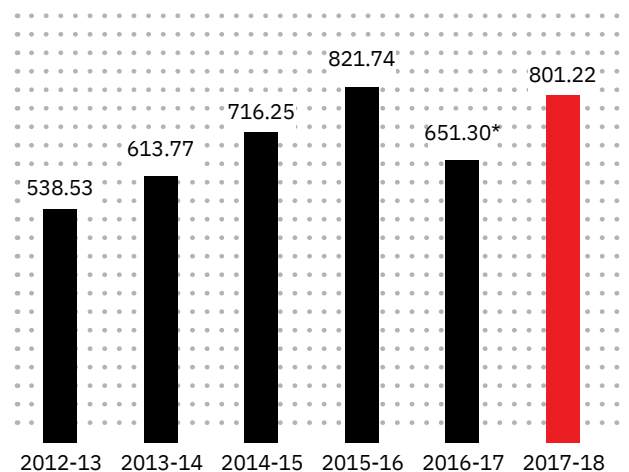


The EBITDA improved by 38.07% on a y-o-y basis owing to the increase in sales of high margin products, reduction in operating losses at new manufacturing units on account of operating leverage, and improvement in overall operational efficiency.

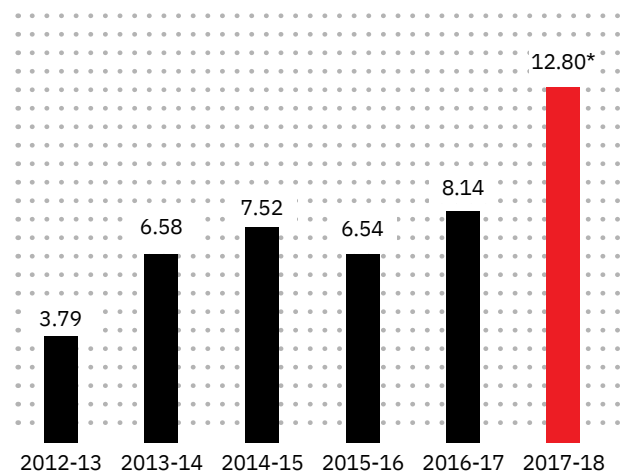
## PAT/ PAT Margin



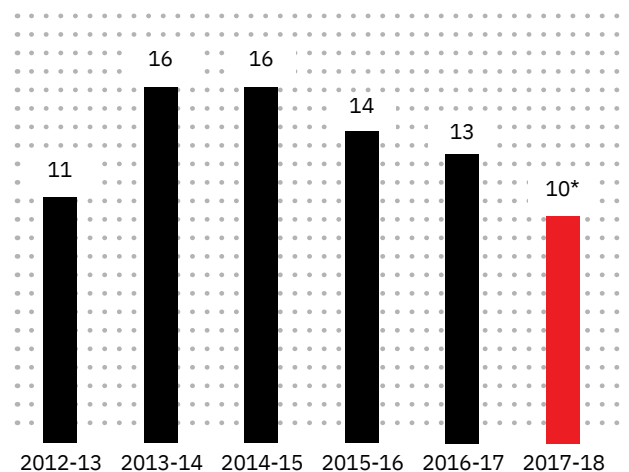
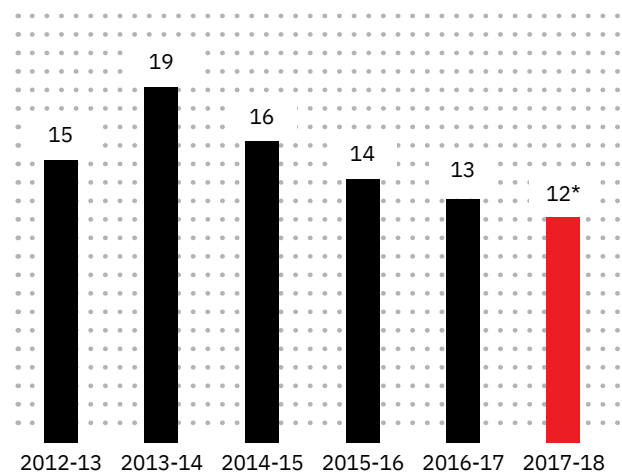
During the year under review, PAT increased by 68.55% mainly due to decrease in overall costs as a percentage of Revenue. Personnel, Selling, Admin and General Cost declined to 30.84% of Total Net Revenue as against that of 32.13% in previous year. Despite an increase in overall borrowings, the finance cost stood at 2.21% of Revenue as against 2.63% of Revenue in 2016-17.

**Gross Block (₹ in crore)**

\* Due to applicability of IND-AS with effect from the Transition date 1st April 2016 the Net Block as on 1st April 2016 is taken as Gross Block being the Deemed cost in accordance with the IND-AS.

**EPS (in ₹ per share)**

\* EPS has been calculated on the expanded capital consequent upon the issue of fresh equity shares on 27th March 2018 through the IPO proceeds.

**ROE (in %)****ROCE (in %)**

\* ROE and ROCE in FY 2017-18 apparently appears lower, due to the effect of infusion of equity by way of IPO proceeds on 27th March 2018 amounting to ₹ 300 Crs. Without factoring the IPO proceeds the ROE and ROCE are 18.35% and 17.19% respectively.

# VALUE CREATION MODEL

**AT SANDHAR TECHNOLOGIES LIMITED, WE HAVE ALWAYS CREATED VALUE FOR OUR STAKEHOLDERS WHILE CAPITALIZING ON INDUSTRY OPPORTUNITIES. OUR STAKEHOLDERS HAVE PUT THEIR TRUST AND FAITH UPON US AND WE PROVIDE THEM WITH SUSTAINABLE RETURNS.**

## Automotive Industry

# 14.78%\*

growth in production of vehicles

An increase in domestic sales of Passenger **Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers**

# 16.12%\*

growth in two wheeler

Increase in sales volume of **major OEMs with whom we undertake business**

## Resources



### Human Capital

## 7,700+

Number of Employees

## 52

Average hours of training per employee in 2017-18

### Intellectual Capital

## 4.61

Amount Spent on Research & Development during the year (₹ in Crore)

## 37

Number of Employees in R&D team

### Manufacturing Capital

## 187.35

Cash used in Investing in 2017-18 (₹ in Crore)

## 35

Number of Manufacturing units

### Financial Capital

## 574.05

Reserve & Surplus (₹ in Crore)

## 195.04

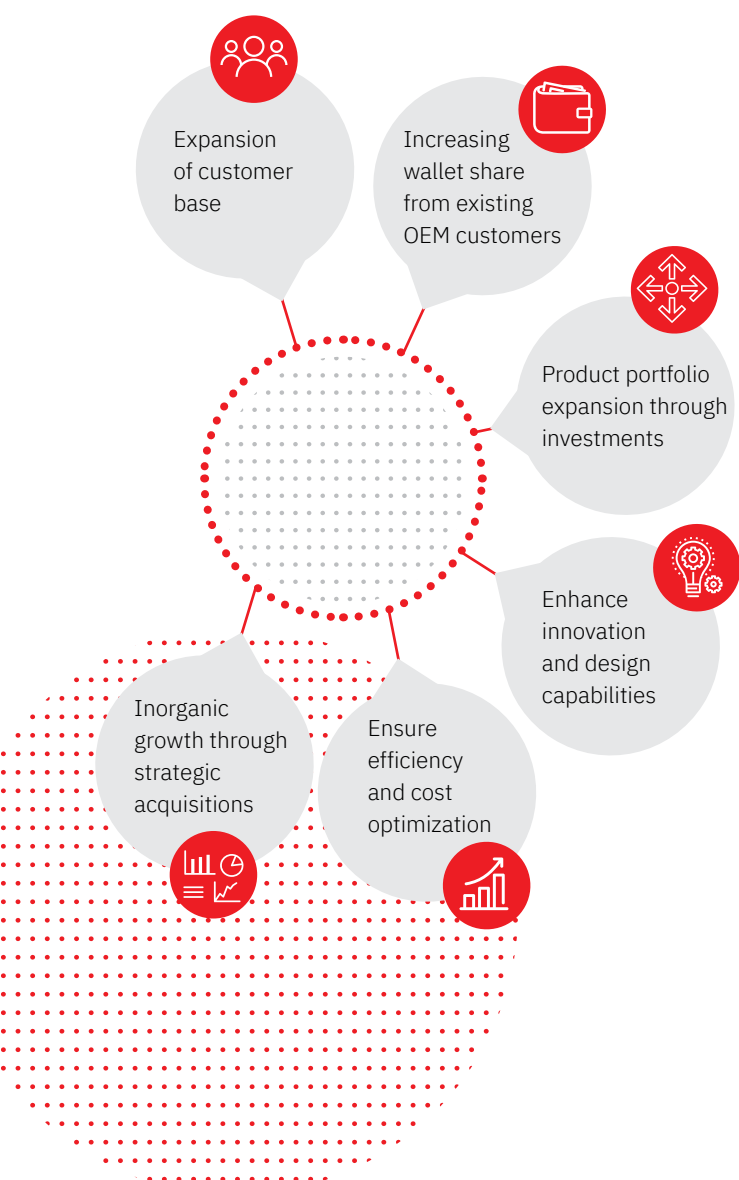
Working Capital required during the year (₹ in Crore)

### Social and Relationship Capital

## 180

Number of Suppliers from whom we acquire our raw materials

## Key Strategies



## Value Creation

### Human Capital

**264.79**

Employee Benefit Expense in 2017-18 (₹ in Crore)

### Intellectual Capital

**14**

Number of Patents and trademarks as on 31st March 2018

### Manufacturing Capital

**21**

Number of products manufactured

### Financial Capital

**10.9%**

Operating Margin in 2017-18 (in %)

**3.25**

Interest coverage as on March 31, 2018

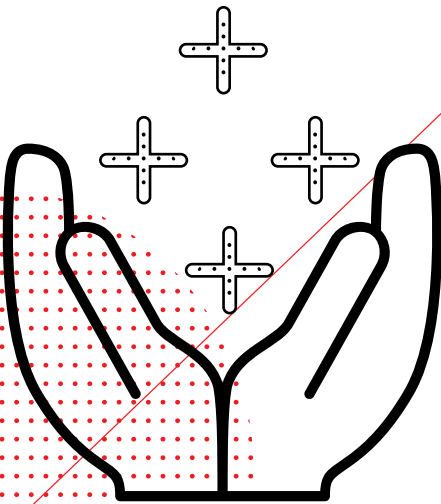
### Social and Relationship Capital

**03**

Villages in which we conduct community service activities

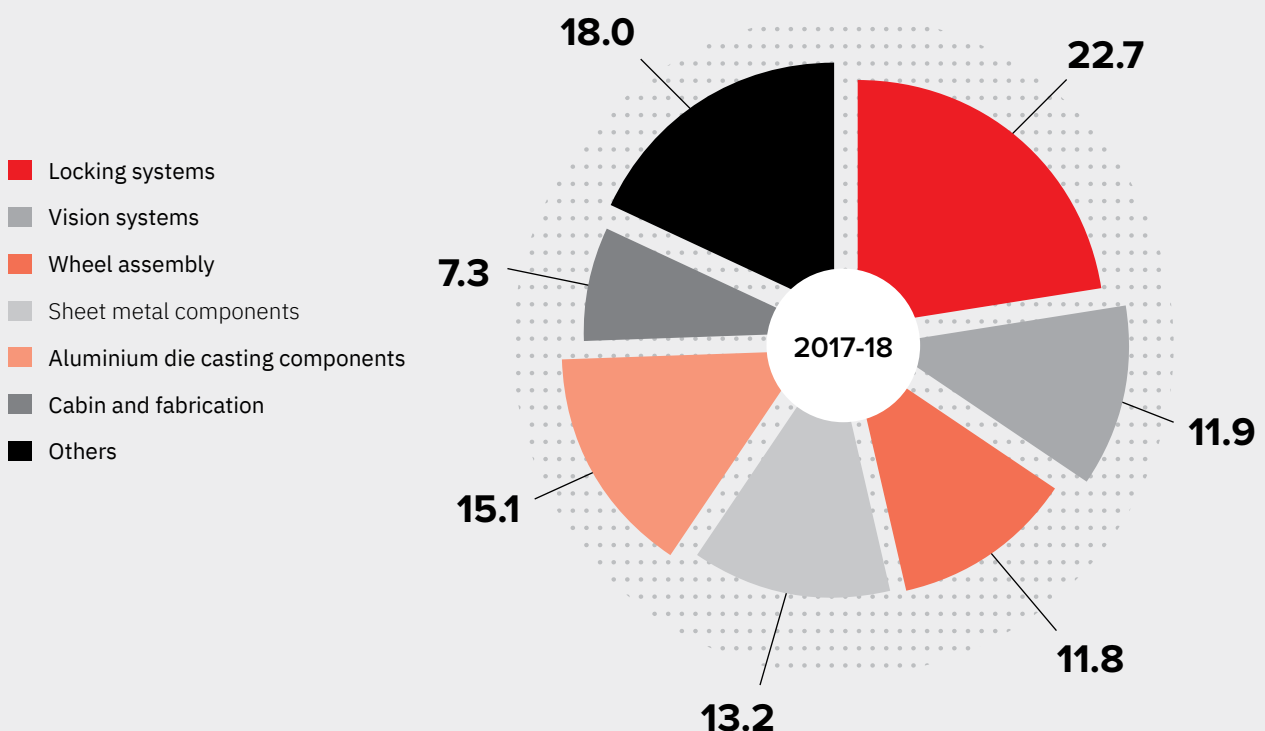


## BUSINESS SEGMENT REVIEW



**THE INDIAN AUTO COMPONENT INDUSTRY IS DYNAMIC, HAVING WITNESSED NUMEROUS CHANGES OVER THE YEARS. IN ORDER TO ADDRESS THIS, WE HAVE CREATED VARIOUS BUSINESS VERTICALS ACROSS DIFFERENT LOCATIONS AND INVESTED TOWARDS SETTING UP MANUFACTURING FACILITIES THAT ARE EQUIPPED WITH LATEST TECHNOLOGIES. THIS HAS HELPED US IMPROVE OUR OPERATIONAL EFFICIENCIES SYNERGIES BETWEEN MANUFACTURING FACILITIES.**

**Product wise revenue breakup (in %)**

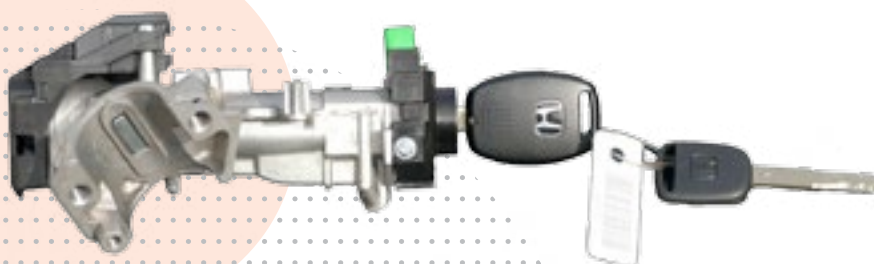
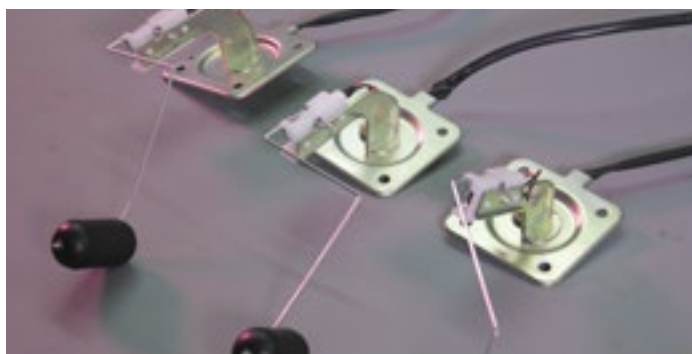


## Automotives Division

Under automotive division we manufacture products that are based on our own technology, or technology absorbed over a period of time following the technical collaborations with various international players.

### Product Profile

- Locking systems
- Vision systems
- Auto relays
- Switches
- Hinges
- Latches for OEMs in two-wheelers and four-wheelers
- Door Handles for four-wheelers OEM

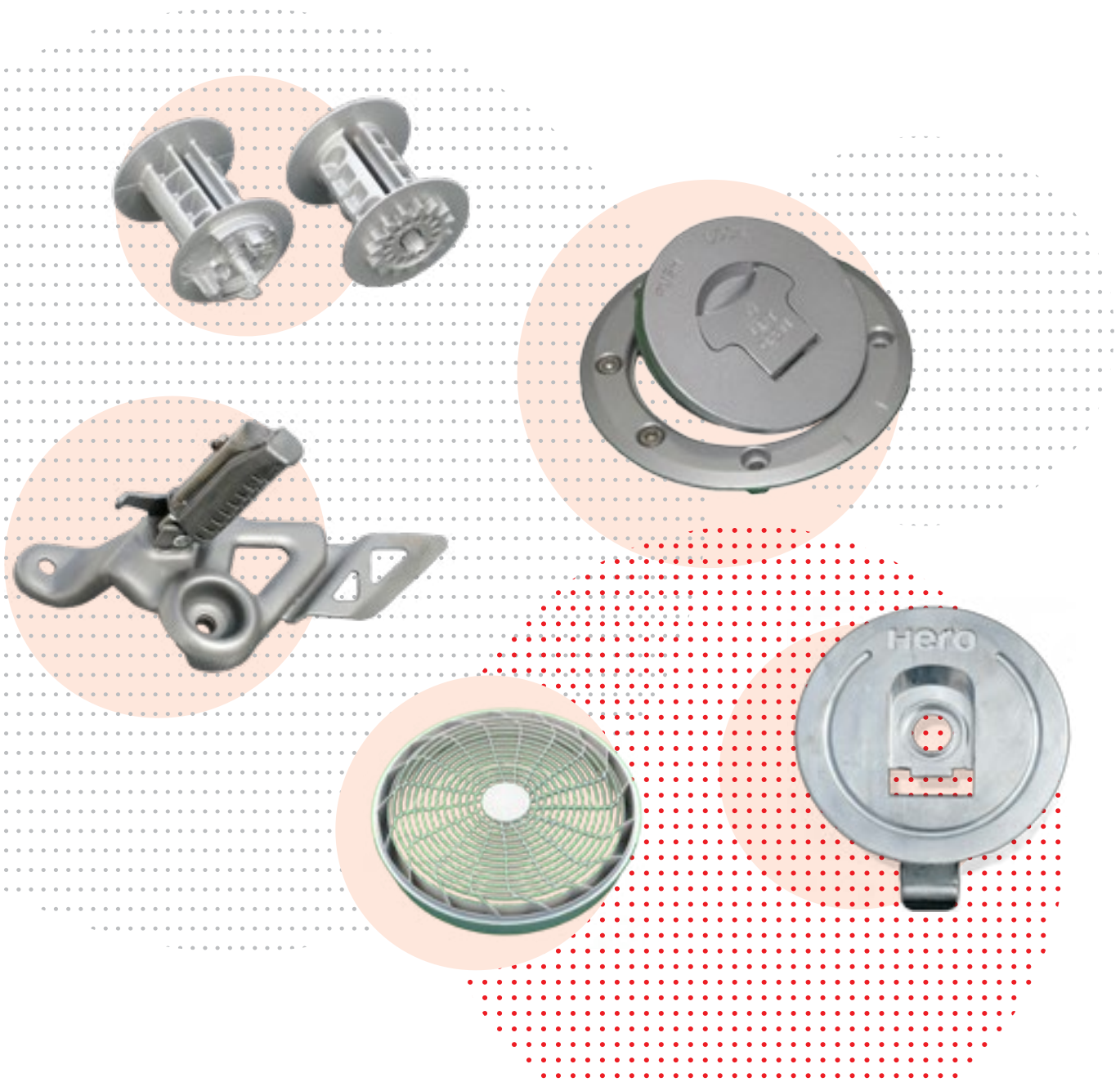


## Components Division

Components division is a key part of our vertically integrated business operations. Our components division forms a part of overall strategy to be self-reliant in terms of key materials and processes required for products manufactured at our automotive division.

### Product Profile

- Aluminium die casting components
- Spindles
- Plastic injection moulding
- Spools
- Sprockets
- Sheet metal components

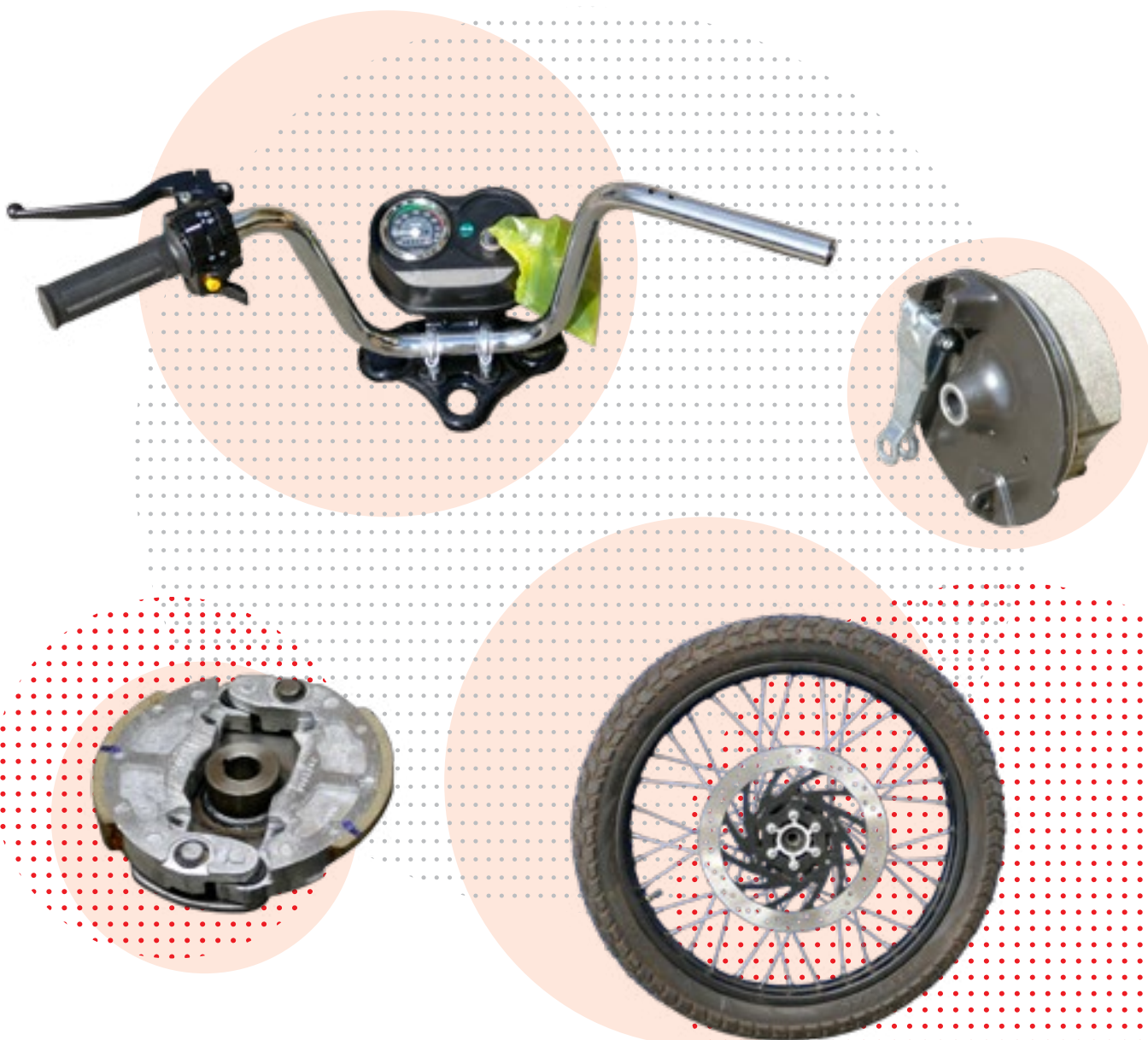


## Automach Division

Under Automach Division, we have modern production processes and manufacturing technologies for wheel forming, tri-nickel chrome plating, and assembly machines. We are one of the top three companies in the two-wheeler steel wheels market of India.

### Product Profile

- Wheel rims
- Wheel assemblies
- Handle bars
- Clutch
- Brake Panels
- Fender Assemblies



## Cabins and Fabrication Division

Under this, we cater to requirements of the off-highway vehicle segment. This has been possible by acquisition of Mag Engineering in FY13 and Cabin business of Arkay Fabsteel in FY15. This division mainly consists of high precision steel metal components for wheel loaders, cranes, tractors, hoe loaders, and excavators.

### Product Profile

- Operator Cabins
- Canopies
- Housings
- Panels
- Switchboards
- Control Cabinets





## RESEARCH AND DEVELOPMENT (R&D)

**RELENTLESS INNOVATION IN WHAT WE DO: INNOVATION AND DEVELOPMENT CENTRE HAVE ALWAYS BEEN AN INTEGRAL PART OF OUR BUSINESS**

# 37

**Number of employees working under innovation and development centre**

# 14

**Number of patents and trademarks received in past 3 years**

Throughout our journey we have focused on introducing new products while improving our existing ones. The automotive industry went through a phase of evolution over the past 3 decades, but the futuristic vision of our R&D team has helped us stay ahead of the curve. Our research, design, and development capabilities provide us with a competitive edge over our competitors with respect to product quality, development, cost and help us to continuously explore for continuous cost improvement initiatives in our operations.

We have a centralized innovation and development centre in Gurgaon that is equipped with latest equipment and technologies. The centre helps us to get an advantage through development of innovative products and processes for Automotive as well as Non-Automotive applications. The centre has successfully received recognition from Department of Scientific and Industrial Research (DSIR), Government of India.

### 2-Wheeler



#### Leadership

- Three-point locking mechanism
- Anti-theft bike stand lock
- Magnetically operated handle lock-cum-ignition switch for two and three-wheeler vehicles
- A cable actuated fuel tank cap with compact locking mechanism for motorcycles
- Simultaneous braking (front / rear) system for foot brake operated two-wheelers
- Simultaneous braking (front / rear) system for only hand brake operated two-wheelers



#### Futuristic

- Roll over valve for motorcycles or two-wheeler vehicles
- A replaceable roll over valve fitted with fuel filler cap of motorcycle
- Two-wheelers front turn indicator on Mirror housing / Frame
- A fuel tank cap with inbuilt carbon canister for two-wheelers

### 4-Wheeler

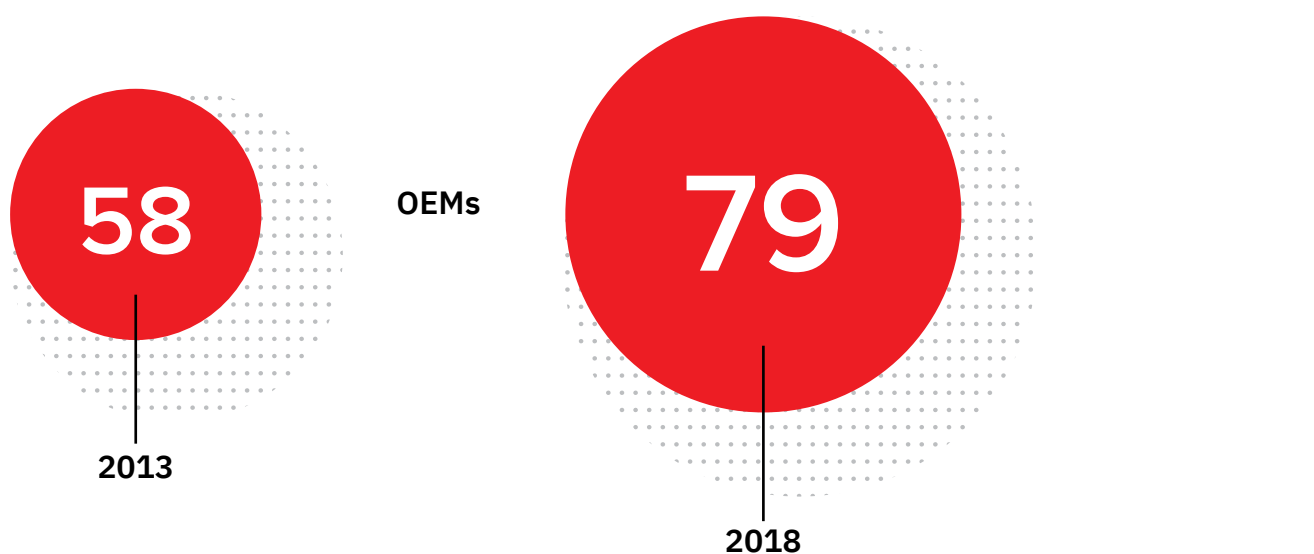


#### Futuristic

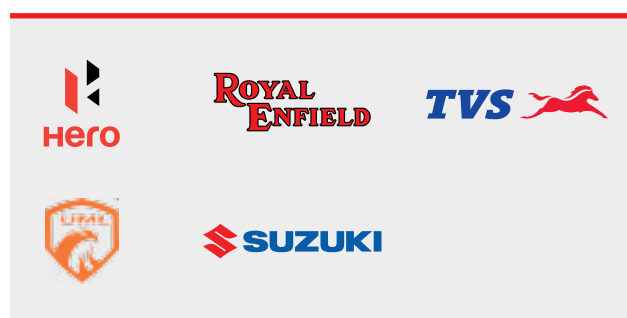
- Electrically triggered inside rear-view dimming mirror
- Integrated steering lock cum ignition switch with fuel tank cap and seat latch actuator
- Fuel tank cap assembly

## BRANDS WE SERVE

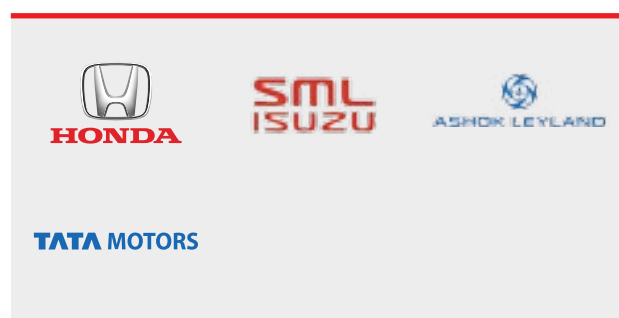
At Sandhar Technologies Limited, we have expanded our customer base. We have customers who are spread across India and globally in East and West Europe, and NAFTA regions. Over the years, we added new OEM customers in both automotive as well as non-automotive sectors. We further intend to increase our customer base through marketing initiatives and introduction of new products. We are a customer-centric organization which believes in providing high quality innovative products to customers.



### 2-Wheeler



### 4-Wheeler



### Off-Highway Vehicles (OHV) / Tractors

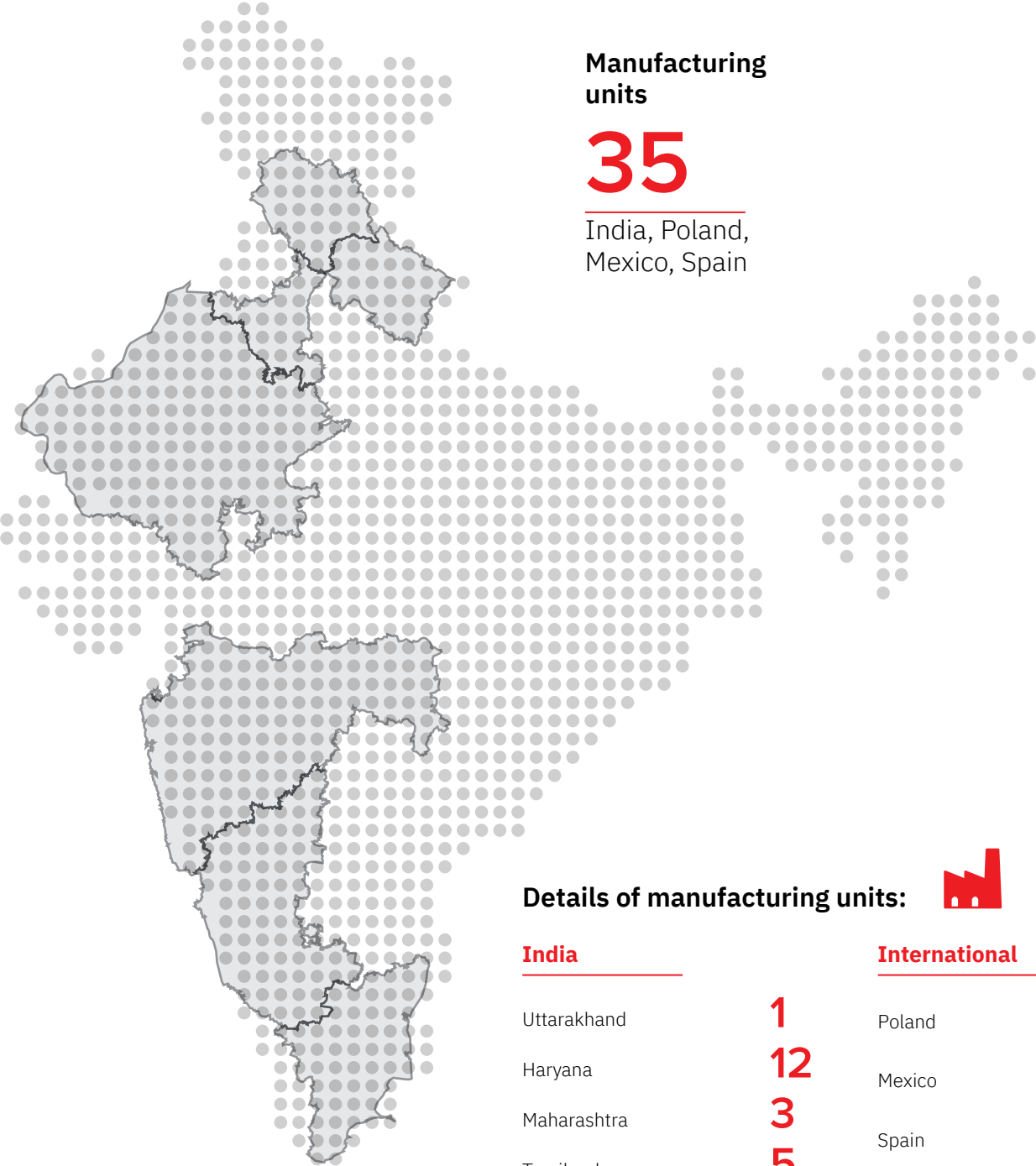


### Tier I





OUR PRESENCE



Details of manufacturing units:

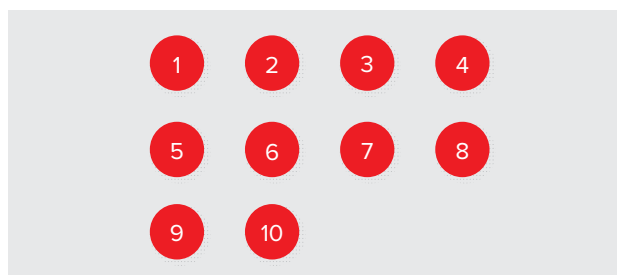
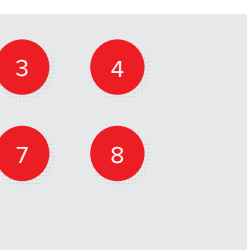
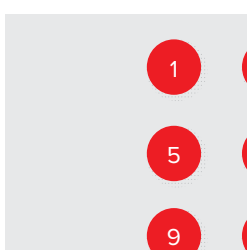


India

International

Uttarakhand	1	Poland	1
Haryana	12	Mexico	1
Maharashtra	3	Spain	2
Tamilnadu	5		
Himachal Pradesh	1		
Rajasthan	2		
Karnataka	6		
Madhya Pradesh	1		

## PROFILE OF BOARD OF DIRECTORS



1

**Dharmendar Nath Davar** is the Chairman and Non-Executive, Non-Independent Director of our Company. A distinguished professional development banker with innate expertise in corporate management, has the degree of B.Com (Hons.), M.A. (Economics), Certified Associate of the Indian Institute of Bankers, and is a Fellow of the Economic Development Institute of the World Bank. After serving the Punjab National Bank (PNB) in senior management position(s) upto 1968, he joined Industrial Financial Corporation of India (IFCI), a well-known national level premier financial institution, and retired on completion of two terms spreading over eight years as its Executive Chairman in 1992. He had also been on the Boards and Executive Committees of IDBI and IRBI for nearly 8 years and also on the Board of LIC Housing Finance Co. He had been, for several years, a part time Consultant to the World Bank, UNIDO and KFW. Presently he is on the Boards of several reputed companies, training institutions and non-governmental (social) organizations.

2

**Jayant Davar** is the Co-chairman and Managing Director of our Company. He is the founding Director, and is the Promoter of our Company. He holds a bachelors' degree in mechanical engineering from the Punjab University, Patiala, and has successfully completed the owner / president management programme from the Harvard Business School. He was the chairman of the Confederation of Indian Industries, Northern Region, and has been the president of the Auto Component Manufacturers Association in the past. He has three decades of experience in the auto components sector. He was awarded the distinguished alumnus during the year 2009 from Thapar University, Patiala.

3

**Monica Davar** is a Non-Independent, Non-Executive Director of our Company. She was first appointed as a Director in 1987. She completed her pre-university studies in the commerce stream. She has over 20 years of experience in the auto components sector\*.

## 01-33

4

**Arvind Joshi** is the Whole-time Director of our Company. He was appointed as a Director on May 31, 2013. He was first appointed as the CFO and Company Secretary on December 4, 2006. He holds a bachelors' degree in science from the University of Calcutta, a bachelors' degree in law from the University of Delhi, and is an Associate Member of the Institute of Chartered Accountants of India, as well as the Institute of Company Secretaries of India. He has over 25 years of experience in managing corporate finance, legal, and commercial functions across diverse businesses and companies in India and overseas.

5

**Mohan Lal Bhagat** is an Independent Director of our Company. He was first appointed as an Independent Director of our Company on February 2, 1993. He holds a bachelors' degree in commerce from the University of Calcutta. He has over 40 years of experience in the areas of financial and management consultancy.

6

**Ravinder Nagpal** is an Independent Director of our Company. He was appointed as an Independent Director of our Company in the year 2001. He is a practicing chartered accountant since 1980, certified by the ICAI. He has been a member of the Panel of Chartered Accountants for the Office of the Official Liquidator, Delhi. He has 32 years of experience in the areas of corporate restructuring and mergers and acquisition, due diligence, tax planning, and strategic advisory.

7

**Krishan Lal Chugh** is an Independent Director of our Company. He was appointed as an Independent Director of our Company on March 14, 2003. He has a bachelors' degree in mechanical engineering from Delhi College of Engineering\*. He is the Chairman Emeritus of ITC Group\*, and has been a past member of the Board of Governors, Administrative Staff College of India, Hyderabad\*. This apart, he has also been the past president of the All India Management Association\*, the alternate president of the Associated Chambers of Commerce and Industry of India\*, and the former director of the Central Board of Reserve Bank of India. He has over five decades in the areas of heavy industries, fast-moving consumer durables, and paper industries\*.

8

**Arvind Kapur** is an Independent Director of our Company. He was first appointed as an Independent Director of our Company on October 1, 2005. He holds a bachelors' degree in science from the University of Delhi, and has completed a president management programme from Harvard Business School. He was the erstwhile president of the Automotive Component Manufacturers Association, as well as the erstwhile chairman of CII – Haryana State Council, Northern Region. He is the managing director of RICO Auto Industries Limited, and has 35 years in the area of manufacturing of auto components.

9

**Gaurav Dalmia** is the Chairman of Dalmia Group Holdings, a holding company for business and financial assets. It invests in private equity, real estate, public markets, structured debt and fixed income.

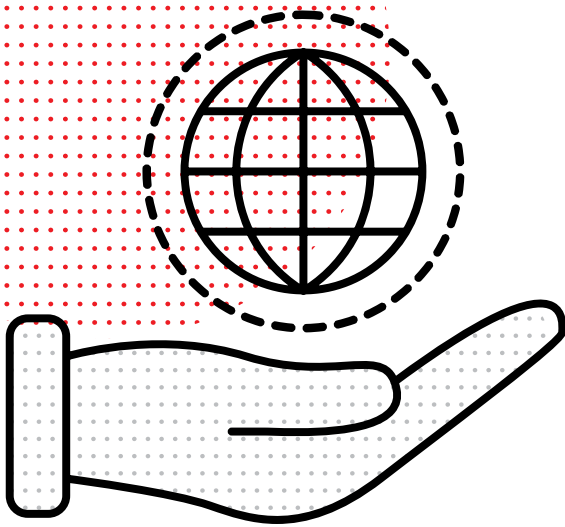
He is an early investor in and a Board member of True North (formerly India Value Fund), a leading Indian private equity fund, which manages approximately \$3.5 billion. He is also the founder and Chairman of Landmark Holdings, a real estate investment firm, which has invested in more than 40 housing projects. He co-founded GTI, a long term investment vehicle for India focused investments.

He is a Board member of Brookings India. He was selected as a Global Leader for Tomorrow by the World Economic Forum in 2000. Gaurav Dalmia received an MBA with Beta Gamma Sigma honors from Columbia Business School.

10

**Arjun Sharma** is an Independent Director of our Company. He was appointed as an Independent Director of our Company on May 24, 2016. He holds a bachelors' degree in commerce from University of Delhi. He is the chairman of Select Group, a business house that has diversified interests in retail industries, real estates, travel and tourism, hospitality, and private equity.

# CORPORATE SOCIAL RESPONSIBILITY



**AT SANDHAR TECHNOLOGIES LIMITED, OUR CSR INITIATIVES HAVE ALWAYS BEEN DIRECTED TOWARDS COMPREHENSIVE DEVELOPMENT OF COMMUNITIES LOCATED IN AND AROUND OUR MANUFACTURING FACILITIES. WE ARE MAKING EFFORTS TOWARDS BUILDING A SOCIETY WHICH IS STRONG ECONOMICALLY, SOCIALLY AND ENVIRONMENTALLY WHILE ENHANCING SOCIAL SUSTAINABILITY.**

**Areas towards which we direct our CSR activities**



Education



Healthcare



Environment Protection



Promoting Rural Sports



Promoting Gender Equality and Empowerment of Women





## CSR activities conducted during the year

Over the years, we have taken various activities to promote education of both children as well as learning. We worked towards promoting education of health and women through Sandhar Centre of Learning. We did this in association with Khushii Kinship for Humanitarian Social and Holistic Intervention.



Quality healthcare has always been one of the important factors for our country. Our healthcare activities have always been focused towards reducing mortality rates, organizing health checkups and promoting preventive health care measures. During the year, we worked towards promoting preventive healthcare through Sandhar Foundation and Maha Durga Charitable Trust.



# SANDHAR'S COMPETITIVE EDGE



## Diversified Product Portfolio

Over the years, we have expanded our product portfolio from single product - sheet metal components manufacturer to around 21 different product lines. The widened product portfolio has helped us strengthen our profitability and margin levels. We offer multiple products to our customers and account for major share in their finished product, thus making us an integral part of their business process.



## Long-Standing Relationships with major OEMs

We have customers who are some of the major OEMs in the automobile industry across the globe. Our R&D efforts and latest technologies in our manufacturing process help our products to qualify through the stringent quality checks of OEMs. We have developed an average relationship of 18 years with our key customers supported by the quality of products that we offer and timely delivery.



## Production Facilities in Proximity to customers

Driven by customer needs, we have set up manufacturing facilities close to our customers. We believe in taking production to customers and with this we established various manufacturing facilities dedicated to some of our top customers. This helps us to increase our margins as it reduces the time taken to deliver the products.



## In-house R&D and Technical Collaborations

The in-house R&D facility established within our organization makes us an integrated manufacturer where our operations range from product designing to supply solutions. In a short span of 5 years our R & D team has been able to obtain 14 patents spread across several products which are either futuristic in nature or sustain our leadership position in respect of product segment or part of technology evolution. Throughout the years, we entered into technical collaborations and joint ventures with some of the leading players in the world. These partnerships have helped us deliver innovative products with differentiation, strengthening our market share.



## Experienced Management Team

We have a top management with an average experience of 25 years in the industry. Our management comprises professionals with experience of more than a decade. Our Co-Chairman and vManaging Director, Mr. Jayant Davar has over three decades of experience in the auto component sector, which along with strong corporate governance standards has kept our activities in line with our goals. This has helped us capitalize the industry opportunities over the years.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Shri Dharmendar Nath Davar

Chairman & Non-Executive Director

### Shri Jayant Davar

Co-Chairman & Managing Director

### Smt. Monica Davar

Non-Executive Director

### Shri Arvind Joshi

Whole-Time Director, Chief  
Financial Officer & Company  
Secretary

### Shri Arjun Sharma

Independent Director

### Shri Gaurav Dalmia

Independent Director

### Shri Arvind Kapur

Independent Director

### Shri Ravinder Nagpal

Independent Director

### Shri Krishan Lal Chugh

Independent Director

### Shri Mohan Lal Bhagat

Independent Director

## AUDIT COMMITTEE

### Shri Ravinder Nagpal

Chairman

### Shri Arvind Kapur

Member

### Shri Gaurav Dalmia

Member

## NOMINATION & REMUNERATION COMMITTEE

### Shri Krishan Lal Chugh

Chairman

### Shri Arjun Sharma

Member

### Shri Ravinder Nagpal

Member

## STAKEHOLDER RELATIONSHIP COMMITTEE

### Shri Arjun Sharma

Chairman

### Shri Arvind Kapur

Member

### Shri Arvind Joshi

Member

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Shri Jayant Davar

Chairman

### Shri Arvind Kapur

Member

### Shri Arvind Joshi

Member

### Shri Gaurav Dalmia

Member

## COMPLIANCE OFFICER

Shri Arvind Joshi

Plot No. 13, Sector 44,  
Gurgaon – 122001 Haryana - India

Tel No: 0124-4518900 Fax No:  
0124-4518912

Email: investors@sandhar.in

## BANKERS

State Bank of India  
HDFC Bank Limited  
Citi Bank N.A.  
DBS Bank Limited  
IndusInd Bank Limited  
ICICI Bank Limited  
Yes Bank Limited

## CORPORATE IDENTITY NUMBER (CIN)

L74999DL1987PLC029553

## REGISTERED OFFICE

B-6/20 L.S.C. Safdarjung Enclave,  
New Delhi-110029

E-mail : info@sandhar.in

## CORPORATE OFFICE

Plot No 13, Sector 44  
Gurgaon-122002

E-mail : info@sandhar.in

## REGISTRAR & SHARE TRANSFER AGENT

M/s Link Intime India Private  
Limited

C-101, 1st floor 247 Park  
L B S Marg, Vikhroli (West)  
Mumbai 400 083

Tel: +91 22 4918 6270;  
Fax: +91 22 4918 6060

E-mail: mumbai@linkintime.co.in

Investor Grievance e-mail:  
rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in



# DIRECTORS REPORT

Dear Shareholders,

The Directors of your Company take pleasure in presenting the 26th Annual Report on the business and operations of the Company together with financial statements for the financial year ended 31st March, 2018.

## Operations - Financials

The summarised standalone and consolidated financial results of the Company for the financial year ended March 31, 2018 as compared to the previous year are as under:

Corresponding figures for the previous year have been regrouped / recast wherever necessary to correspond to current year / year Classification	(₹ in Lakhs)			
	Standalone Financial Year		Consolidated Financial Year	
	2017-18	2016-17	2017-18	2016-17
Revenue and other Income	172,584.04	150,988.79	198,886.15	175,523.06
EBITDA as per financial statement	19,092.39	13,211.99	21,303.29	15,428.99
Less: Financial Expenses	(3,811.87)	(3,557.03)	(4,317.43)	(4,262.17)
Profit before Exceptional Items, Depreciation & Tax	15,280.52	9,654.96	16,985.86	11,166.82
Less: Depreciation	(5,512.79)	(4,766.14)	(6,752.10)	(5,835.58)
Profit Before Exceptional Items and Tax Provisions	9,767.73	4,888.82	10,233.76	5,331.24
Less: Share in loss of jointly controlled entity	-	-	(531.62)	(80.82)
Less: Exceptional Items	-	(155.11)	-	(43.63)
Less: Tax Provisions	(2,995.08)	(884.37)	(3,140.21)	(1,043.30)
Net Profit After Tax Provisions	6,772.65	3,849.34	6,561.93	4,163.49
Add: Other Comprehensive Income/ Expense	(57.57)	(93.45)	46.45	(242.87)
Less: Profit attributable to Non-controlling interest	-	-	(60.34)	(37.66)
Less: Appropriations:				
Dividend	(1,534.64)	(767.32)	(1,540.70)	(803.71)
Corporate Tax on Dividend Distribution	(309.98)	(141.57)	(309.98)	(141.57)
Balance carried forward in Balance Sheet	4,870.46	2,847.00	4,697.36	2,937.68

The automotive sector, including the auto components manufacturers, witnessed good tailwinds on account of macro-economic factors as well as structural changes in consumer preference. The fiscal 2018 ended with hitherto unseen growth trajectory in the last 5 months of the fiscal 2018 seeing double digit growth consecutively. Sales of the two wheelers (2W) and commercial vehicles (CV) segments surged impressively by 15.44% and 15.93% respectively. The structural trend of customers preferring scooters in 2Ws and SUVs in 4Ws continued in the fiscal 2018 which yet again registered a growth of over 19.4% and 18.75% respectively. Passenger vehicles (PV) sales growth stood at 6% y-o-y. 2W volume growth can be attributed to positive rural sentiments and new launches by OEM's (ahead of implementation of mandatory ABS/CBS norms from 1st April 2018). Additionally, the low base of last year aided strong volume growth. Robust growth in the CV segment was on account of improvement in rural-related sectors (FMCG and agriculture) and pick up in road construction and mining demand.

Also pre buying ahead of AIS140 standards (intelligent transport systems) in the passenger segment w.e.f from 1st April 2018 led to strong growth. The LCV segment reported strong growth of 19.5%, driven by good demand from e-commerce, FMCG and agro-sectors and increased demand for last mile connectivity post GST implementation. The MHCV segment also reported strong double-digit growth of 11% y-o-y on account of improved demand from the infrastructure segment. Moreover, stringent restrictions on overloading also aided volume growth.

In the case of the Company, the Consolidated Revenue from Operations & Other Income stood at ₹198,886.15 Lacs vis-a-vis ₹175,523.06 Lacs in the previous year, following continuing rigorous efforts at business promotion and controls aimed at cost economies, as much of refurbishment of products / components with un-mitigating thrust on penetration of market, resulting from effective managerial inputs. The aforesaid Revenue numbers of the fiscal under review, are not comparable with the

# 34-96

previous year, as they are computed in accordance with IND-AS 18 which requires netting of the Goods & Service Tax whereas Excise Duty form part of the Expenses in the previous year and the fiscal under review upto 30th June, 2017 prior to the date of GST implementation. Turning the whole part into a meaningful reality, besides the turnover level as aforesaid, EBITDA also registered good growth of 38.07% at consolidated level clocking ₹21,303.29 Lacs vis-à-vis ₹15,428.99 Lacs in the previous year, along with other operating parameters. At standalone level, the growth registered was 44.51% as compared to previous year.

The Profit before Depreciation, Exceptional Items and Tax at Consolidated level was 52.11% higher at ₹16,985.86 Lacs in the fiscal year under review, as against ₹11,166.82 Lacs in the previous fiscal year; the Profit after tax was more profound and higher at ₹6,561.93 Lacs as against ₹4,163.49 Lacs in the previous fiscal, following nil exceptional items and lower finance costs, registering a growth of 57.61%. At the standalone level the Profit before Depreciation, Exceptional Items and Tax was 58.27% higher than the previous fiscal and stood at ₹15,280.52 Lacs vis-à-vis ₹9,654.96 Lacs. At the standalone level the Profit after tax for the fiscal under review stood at ₹6,772.65 Lacs vis-à-vis ₹3,849.34 Lacs, registering a remarkable growth of

75.94%. The lower percentage of growth at Consolidated level is on account of share in losses of jointly controlled entities which are at the startup stages.

However, the crucial aspect of cash flow has been managed, observing due diligence, combined with conservation strategies, which kept the Company on its feet throughout the year. Looking ahead, the challenges are one of business growth and that too with reasonable margins: the overall outlook for real march forward in the current year appears quite optimistic, with predictably better monsoons, demand growth driven by OEMs (including plans of localisation)/replacement market, growth driven by regulatory changes and technological advancement as well as consumer preferences, the only foreseeable dampener being rise in crude oil prices and political instability. All possible steps are afoot to meet 'on the ground' challenges with focus on Research & Development, holding over deferrable capital expenditure, cutting down on operational expenses without sacrificing effectiveness and deliverable capability and, of all, ensuring efficacious management of cash flow. In short, corporate strategies are planned to focus on creating value on the one hand and managing risk and shaping up enterprise performance on the other, hoping, at the same time, that the turnaround for the Sector is not far too distant.

## DIVIDEND

The Board of Directors have paid during the year interim dividends as per particulars below:

S.No	Date of Declaration	Rate of Dividend	Amount (in Lakhs) (Excluding the Dividend distribution tax)
1	19th December, 2017 ( 1st interim)	10%	511.55
2	07th March, 2018 ( 2nd interim Dividend)	10%	511.55

The 1st & 2nd interim dividend put together aggregated to ₹2/- per equity share. The same being in line with the Company's Dividend policy, the Board has recommended the 1st & 2nd interim dividend to be as final dividend and no additional dividend is being recommended for the financial year 2017-18.

## CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), applicable provisions of the Companies Act, 2013 ("Act") read with the rules issued thereunder and Indian Accounting Standard (AS)-110 on Consolidated Financial Statements, read with IND AS-28 Investments in Associates and Joint Ventures the Audited Consolidated Financial Statement for the FY ended March 31, 2018 is provided in this Annual Report.

During the year, the Board of Directors reviewed the affairs of the subsidiaries in accordance with Section 129(3) of the Act. Consolidated financial statements together with the auditor's report form part of this annual report.

## SHARE CAPITAL

The Authorised Share Capital of the Company is ₹70,00,00,000/- (Rupees Seventy Crores only) divided into 6,80,00,000 (Six Crores and Eighty Lakhs only) Equity Shares

of ₹10/- (Rupees Ten only) each and 2,00,000 (Two Lakhs only) Preference shares of ₹100/- (Rupees Hundred only) each.

During the financial year under review, 9,036,144 equity shares of 10 each were allotted in Initial Public Offer (IPO) of the Company. Consequently, the issued and paid up capital of the Company as on March 31, 2018 was ₹60,19,07,080/- (Rupees Sixty Crores Nineteen Lakhs Seven Thousand Eighty only).

## INITIAL PUBLIC OFFERING

During the year under review, the Company made offer of 1,54,36,144 Equity Shares of Face Value of ₹10 Each ("Equity Shares") for subscription by the public, by way of Initial Public Offer ("IPO"). The IPO was comprising a fresh issue of 9,036,144 equity shares aggregating ₹3,000 million ("fresh issue") and an offer for sale of 6,400,000 equity shares by GTI Capital Beta Pvt Ltd (the "selling shareholder") aggregating ₹2,124.80 million ("offer for sale"). The Equity Shares in the IPO were offered at a price of ₹332 per share. The Company listed its Equity Shares on BSE Limited and National Stock Exchange of India Limited on the 02nd April, 2018.

Post IPO, 29.86% of the shareholding is held by public and balance 70.14% is held by the Promoter and Promoter group.

## UTILISATION OF IPO PROCEEDS:

The Company utilized the Net Proceeds from the Fresh Issue towards:

- Repayment or prepayment in full, or in part of certain loans availed by our Company; and
- General corporate purposes

## SUBSIDIARIES AND JOINT VENTURES

During the year under review, there were no new subsidiaries incorporated nor any company ceased to be a subsidiary of the Company. However, two new joint ventures have been incorporated. As at 31st March, 2018, the Company had following subsidiaries and Joint Ventures:

### Subsidiaries:

1. Sandhar Tooling Pvt. Ltd.
2. Sandhar Strategic Systems Pvt. Ltd.
3. Sandhar Technologies Barcelona S.L., including step down subsidiaries at Mexico, Poland & Breniar

### Joint Ventures:

1. Sandhar Hansung Technologies Pvt. Ltd.
2. Indo Toolings Pvt. Ltd.
3. Sandhar ECCO Green Energy Pvt. Ltd.
4. Sandhar Daewha Automotive Systems Private Limited (incorporated on 20th June, 2017)
5. Sandhar Amkin Industries Private Limited (incorporated on 6th September, 2017)
6. Jinyoung Sandhar Mechatronics Private Limited (incorporated on (20th March, 2017)

A statement containing the salient features of the financials statements of all the Joint Ventures/ Subsidiaries in form AOC-1 is annexed hereto as **Annexure-I** and, hence, not repeated here for the sake of brevity.

A copy of the audited financial statements of each of the subsidiary companies and English translation thereof will be kept for inspection by any Member of the Company at its Corporate Office during business hours. These financial statements are also placed on the Company's website [www.sandhar.co.in](http://www.sandhar.co.in). Copy of these financial statements shall be made available to any Member of the Company, on request.

Details of subsidiaries of the Company and their performance are covered in Management Discussion and Analysis Report forming part of the Annual Report.

## FINANCE

Cash and Cash Equivalents at the Consolidated level as at 31st March, 2018 was ₹25,499.01 Lacs vis-à-vis ₹567.82 Lacs in the

previous fiscal. The higher Cash & Cash Equivalents balance in the fiscal under review is primarily on account of the IPO Proceeds. The Company has been making use of need based credit from its bankers and is sparing no effort towards optimizing self-generated resources, making sure that all commitments to the bankers' / financing agencies are met regularly. However, with the infusion of Equity by way of IPO, the Company's long term debts stand repaid to the extent of ₹22500 Lacs in April, 2018.

Financial resources to meet requirements as they emerge will continue to be raised in the current year through appropriate strategies and instruments at cost effective rates. A part of resources, as in the past, would consist of the self-generated surplus ploughed back for productive purposes.

### Fixed Deposits

The Company has not accepted any deposits, thus far, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

## RELATED PARTY TRANSACTION

Following the provisions of Section 188(1) of the Companies Act, 2013, all Related Party contracts / arrangements / transactions entered by the Company during the financial year had been in the ordinary course of business and on arm's length basis, with Audit Committee having a domain role: the Board of Directors brought into picture, wherever necessary and/or obligatory. Therefore the provision of Section 188 of the Companies Act, 2013 were not attracted. There are no materially significant Related Party Transaction during the year under review made by the Company with Promoters, Directors or other designated person which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. Pertinent, in this context, is to say that, during the year, the Company has not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions, as approved by the Board, may be accessed on the Company's website at [www.sandhar.co.in](http://www.sandhar.co.in)

Related party transactions were disclosed to the Board on regular basis. Details of related party transactions may be referred to in Note 32 of the Standalone Financial Statements.

## MATERIAL CHANGES AND COMMITMENTS

There have been no significant or material changes in the operations, commitments and governance aspects, following the provisions of Companies Act '2013 and Rules made thereunder.

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## NOTABLE INITIATIVES DURING THE YEAR

### Technical Collaborations / Joint Ventures:

The Company had signed Joint Venture Agreements with foreign as well as Indian collaborators as below:

- Sandhar Daewha Automotive Systems Pvt Ltd. was incorporated under the Companies Act, 2013 on June 20, 2017 in Gurugram, Haryana. This company is a 50:50 joint venture between our Company and Daewha Fuel Pump Ind. Ltd., South Korea. This joint venture company would be primarily engaged in, inter alia, the business of manufacturing, selling and assembling fuel pumps, filters, starter motor and wiper blades in India, and such other products as mutually agreed.

- Sandhar Amkin Industries Pvt. Ltd. was incorporated under the Companies Act, 2013, on September 6, 2017 in Delhi. This company is a 50:50 joint venture between our Company and Amkin Group Pvt. Ltd., Delhi. This joint venture company would be primarily engaged in, inter alia, would be primarily involved in, inter alia, the business of designing, manufacturing, marketing, selling, helmet, helmet accessories and related parts, visors, safety headgear, riding protection accessories etc in India.
- Sandhar Daeshin Auto Systems Pvt. Ltd., has been incorporated on May 3, 2018. This company, which would be a 50:50 joint venture between our Company and Daeshin Machinery Ind., Co. Ltd., South Korea and is being set up for the manufacturing, assembly, and sale of gear shifters and parking breaks for the four-wheeler segment.

The Company had also signed notable Memorandum of Understanding ("MOU") during the Financial Year 2017-18:

S. No.	Name of the Strategic Partner	Country	Contract Products	Nature of Agreement	Date of Agreement
1	Kwangsung Corporation Ltd.	South Korea	Sun Visors, Reservoir Tanks, Resonator, Glove Boxes	MOU	5th March, 2018
2	Whetron Electronics Co. Ltd.	Taiwan	Rear Parking Sensors, Door Alert System, Tyre Pressure Monitoring Systems, Rear Parking Cameras etc	MOU	9th May, 2018

Diversification in product range and continuing product development would add strength and vibrancy, on its way forward, to the Company's operations.

### In-house R & D Division:

Added to the aforesaid, is the real-time emphasis on Research and Development, wherefor a dedicated organizational wing, with requisite Government approvals in place, is in operation. The programs for innovations, as chartered out and time lines set therefor, are closely monitored for their proceeding apace.

### New and/or Extended Manufacturing Units:

#### Sandhar Technologies Limited- CFD- Jaipur

JCB, the largest customer of the Company for the Cabins & Fabrication business, has awarded contract of fabrication and supply of skid steer loaders, backhoe loaders, wheel loaders, and the Load-alls etc. Since the supplies are to be made to JCB's Jaipur plant, the Company has set up a new Unit at Jaipur, in close vicinity of JCB's manufacturing units for ensuring easy and timely supplies to JCB. The plant has got commissioned in the month of February, 2018.

#### Sandhar Technologies Limited- Hosur

The Company has setup a new green field project at Hosur for one of its esteemed customer viz. TVS Motors for manufacturing of aluminium die casting components which has commenced operations with effect from March, 2018.

### Overseas operations:

Effective from the 1st September '2012, Sandhar Technologies Poland was started in Czestochowa. This plant being a finishing, assembling and logistic hub for parts required for manufacturing

items in Europe, catalysis as a supply chain subsidiary of Sandhar Technologies Barcelona (Spain); the supervisonal aspect, accordingly, vests in the latter.

As a second tier subsidiary company to Sandhar Technologies Barcelona (Spain), another initiative taken by setting up a unit in Mexico, which commenced operations in February '2015, the items of manufacture being aluminium pressure die casting components and, over time, extend the range in a format found appropriate.

Overall, the Company is seeking to power a culture of continuing enterprise building and innovation imbued with rightful level of responsibility, transparency and accountability; besides giving a strategic push to those activities in hand towards reaching a stage of rightful fruition.

### Future Outlook & Prospects

The global uncertainties, arising out of geo-political issues have dwindled to a large extent. This augurs well for the auto and automotive components sector, both in India as well as overseas. Coupled with this, the macro-economic conditions in India has drastically improved. The fiscal deficits are well under control, the inflationary pressures have subsided to a large extent and the interest rates are at an all-time low. With robust foreign exchange reserves, infrastructure push by the government, multiple demand drivers to pull the growth in the auto & auto component sector at play, we believe the Company is set to reap maximum benefits. Two wheeler segment with whom your Company is intimately associated since inception, has witnessed reasonably satisfactory increase in volume of sales and accompanying bottom-line parameters. The trend, might be expected to continue, hoping that policy and perception, so too events, would turn further better during the year.

## Export Potential

The environment for direct export both to Europe and USA on the Company's part is still to take wholesome shape, though the Company's subsidiary: Sandhar Technologies, Barcelona, Spain has been operating on a sustainable basis, with some job work being handled by its subsidiary in Poland: Sandhar Technologies

**Poland:** the other subsidiary in Mexico might as well, given some more time, take on its role in a meaningful manner. It is hoped that against odds even, these enterprises shall remain on their feet.

## INFORMATION TECHNOLOGY

The Company continues to take full advantage of Information Technology, leveraging it as a source of competitive advantage. As in earlier years, the enterprise wide Oracle ERP platform forms the backbone of IT and encompasses all core business processes in the Company and also provides a comprehensive data warehouse with analytics capability that helps in better and speedier decisions.

The Company continues to lay stress on IT infrastructure to support business applications and has made use of India's expanded telecom footprint to provide high bandwidth terrestrial links to all operating units. The Company also uses software as a service to provide agile, cost effective IT capabilities in select areas. As the IT systems and related processes get embedded into the ways of working of the organization, there is a continuous focus on IT security and reliable disaster recovery management processes to ensure all critical systems are always available. These are periodically reviewed and tested for efficacy and adequacy.

## CORPORATE GOVERNANCE

Corporate governance is an ethically driven business process that is committed to values and aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with firm commitment to values, while meeting stakeholders' expectations. Further corporate governance is based on the principles of conducting the business with all integrity, fairness and being transparent with all the transactions, making the necessary disclosures and decisions, complying with the laws of the land, accountability and responsibility towards the stakeholders and commitment of conducting the business in an ethical manner. At Sandhar, it is ensured that Company's affairs are managed in a fair and transparent manner. This is vital to continue to gain and retain the trust of its stakeholders.

A separate section on Corporate Governance standards followed by your Company and the relevant disclosures, as stipulated under the Listing Regulations, Companies Act, 2013 and Rules made thereunder, forms part of this Annual Report.

A Certificate from S.S. Gupta, Practising Company Secretary, confirming the compliance by the Company to the conditions of Corporate Governance as stipulated under the Listing

Regulations, is annexed to the Report on Corporate Governance, which forms part of this Annual Report.

## DIRECTORS & KEY MANAGERIAL PERSONNEL

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors on the Board. The composition of the Board is as follows:

Managing Director-	Shri Jayant Davar
Non-Executive Directors	Shri Dharmendar Nath Davar Smt. Monica Davar
Non-Executive Independent Directors	Shri Arvind Kapur Shri Ravinder Nagpal Shri Krishan Lal Chugh Shri Mohan Lal Bhagat Shri Arjun Sharma
Executive Director	Shri Arvind Joshi
Nominee Director	Shri Gaurav Dalmia (since resigned w.e.f. 20th April, 2018)

All the Non – executive Independent Directors are not disqualified to be appointed as such under the relevant provisions of the Companies Act, 2013 and the rules made thereunder and shall not be subject to determination by retirement of Directors by rotation. Under the provisions of Section 149, 150, 152, 160 of the Companies Act '2013 be not liable, having been appointed for 5 years, to determination by retirement of Directors by rotation.

### Resignation of Shri Gaurav Dalmia

During the year under review, Shri Gaurav Dalmia, resigned from directorship of the Company on the 20th April, 2018. Shri Dalmia was a nominee of GTI Capital Beta Pvt Ltd ("GTI"), and was appointed on the Board of the Company pursuant to the Shareholders' Agreement dated the 31st March, 2012, executed between the Company, GTI and Company's other shareholders, after GTI became a shareholder of the Company in 2012. His resignation was in terms of the said Shareholders' Agreement, whereby the agreement terminated upon listing of the Company's equity shares on the stock exchanges.

### Resignation of Shri Chandra Mohan

During the year under review, Shri Chandra Mohan, resigned from directorship of the Company on the 29th November, 2017 due to health issues.

### Resignation of Shri Arvind Pande

During the year under review, Shri Arvind Pande, resigned from directorship of the Company on the 16th February, 2018 due to some unavoidable circumstances.

### Retirement of Directors by rotation

In terms of Section 152 of the Act, Shri Dharmendar Nath Davar, Chairman and Smt. Monica Davar, Non-Executive Director, shall retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment. Information as required under Regulation 36 (3) of the Listing Regulations is provided in the Notice of the 26th AGM.



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## Re-appointment of Shri Arvind Joshi, Whole-Time Director of the Company

Shri Arvind Joshi has been serving as the Whole Time Director of the Company since 1st June, 2013, in accordance with the provisions of the Companies Act, 2013, recommendation of the Nomination & Remuneration Committee and the Board of Directors and with the approval of the members. His current tenure as Whole Time Director of the Company is valid upto the 31st May, 2018. The Board of Directors at their meeting held on 26th May, 2018 based on the commendation of the Nomination & Remuneration Committee have decided to recommend the re-appointment of Shri Arvind Joshi as Whole Time Director with effect from 1st June, 2018 for a period of 5 (five) upto the 31st May, 2023, subject to the approval of members in the ensuing AGM.

## Re-appointment of Shri Gaurav Dalmia, Additional Non-Executive and Independent Director of the Company

During the year under review, in terms of section 149, 150 & 152 of the Companies Act, 2013, the Board of Directors at its meeting held on the 26th May, 2018 appointed Shri Gaurav Dalmia as additional, Non-Executive, Independent Director to hold office from 26th May, 2018 till the ensuing Annual General Meeting of the Company based on the commendation of the Nomination & Remuneration Committee and to hold office for a period of 5

(five) consecutive years thereafter, subject to approval of the shareholders.

## Brief Profile of Shri Gaurav Dalmia

Gaurav Dalmia is the Chairman of Dalmia Group Holdings, a holding company for business and financial assets. It invests in private equity, real estate, public markets, structured debt and fixed income.

He is an early investor in and a Board member of True North (formerly India Value Fund), a leading Indian private equity fund, which manages approximately \$3.5 billion. He is also the founder and Chairman of Landmark Holdings, a real estate investment firm, which has invested in more than 40 housing projects. He co-founded GTI, a long term investment vehicle for India focused investments.

He is a Board member of Brookings India. He was selected as a Global Leader for Tomorrow by the World Economic Forum in 2000. Gaurav Dalmia received an MBA with Beta Gamma Sigma honors from Columbia Business School.

Shri Dalmia has long time experience in variegated fields of activities, with focus on marketing and is very well spoken of as a professional of business acumen and result oriented approaches and action.

## MEETINGS OF THE BOARD

Regular meetings of the Board are held to discuss and decide on various business policies, strategies, financial matters and other businesses. The schedule of the Board/Committee meetings to be held in the forthcoming quarter is circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings. Due to business exigencies, the Board has also been approving some proposals by circulation from time to time.

During the year under review, six Board Meetings (besides an adjourned one) were convened and held and the interim gap between the meetings was as per the period prescribed under the Companies Act, 2013.

S. No.	Date of Board Meeting	Board Strength	No. of Directors Present
1	25th May, 2017	12	11
2	29th August, 2017	12	10
3	18th November, 2017	12	9
4	19th December, 2017	11	10
5	07th March, 2018 (Original Meeting)	10	8
6	22nd March, 2018 (Adjourned Meeting)	10	8
7	29th March, 2018	10	9

Additionally, several Committee meetings were held during the year including Audit Committee. The detailed information on the meetings of the Committees are included in the Report on Corporate Governance, which forms part of this Annual Report.

## Policy on Director's appointment and remuneration

The current policy is to have an appropriate mix of executive and Independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31' 2018, the Board consists of ten members, two of whom are Executive or Whole-Time Director, two are Non-Executive Directors including one woman Director, one Nominee Director and five are Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The Policy of the Company on Director's appointment and remuneration including criteria for determining qualifications,

positive attributes, independence of Directors and other matters provided under Section 178 (3) of the Companies Act, 2013 is adopted by the Board. The remuneration paid to the Directors is as per the provisions of Companies Act, 2013 and the rules thereunder. **Annexure-IIA**, Policy for Selection of Directors and determining Director's Independence and Appointment and Remuneration Policies are annexed as **Annexure – IIB**.

## Declaration by Independent Directors

The Company has received necessary declarations from each Independent Director under the provisions of Section 149 (7) of the Companies Act, 2013, that they meet the criteria of Independence as laid down in Section 149(6) of the Companies

Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Regulations & Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

### **Directors' Remuneration Policy and Criteria for matters under Section 178**

As stipulated under Section 178 of the Act and based on the commendation of the Nomination and Remuneration Committee, the Board has approved a Nomination and Remuneration Policy of the Company. The Policy documents the mechanism for appointment, cessation, evaluation and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company. Information on the Policy and details of the criteria for determining qualifications, positive attributes and other matters in terms of Section 178 of the Act are provided in the Corporate Governance Report.

### **Information on Board Meeting Procedure and attendance during the Financial Year 2017-18**

The Board meetings of the Company are conducted as per the provisions of the Act, Listing Regulations and applicable Secretarial Standards. Information as mentioned in the Act and Schedule II to the Listing Regulations and all other material information, as may be decided by the management, is placed for consideration of the Board. Details on the matters to be discussed along with relevant supporting documents, data and other information is also furnished in the form of detailed agenda to the Board and the Committees concerned, to enable directors take critical decisions and accordingly advise the management.

Details regarding information furnished to the Board members, number of Committee and Board meetings held during the year along with attendance record of each director has been disclosed in the Corporate Governance Report of the Company.

### **Performance Evaluation of the Board**

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. On the basis of the laid out Policy, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors including Chairman.

The Company is committed to benchmark itself with best practices and standards in all areas including Corporate Governance. To this end, the Board has the analytical and functional support of Committee of Directors, Audit Committee, Nomination & Remuneration Committee & Corporate Social Responsibility Committee. The system brings insight & effectiveness in to the designated areas of Corporate Governance.

### **Committees of the Board**

Currently, the Board has Six Committees which have been established in compliance with the requirements of the business

and relevant provisions of the applicable laws and statutes. These are:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Share Transfer & Allotment Committee
5. Corporate Social Responsibility Committee
6. IPO Committee

The details with respect to the composition, terms of reference, number of meetings held, etc of these Committees are given in the Report on Corporate Governance which forms part of this Annual Report.

### **Corporate Social Responsibility (CSR) Committee**

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy), Rules, 2014, the Company has established Corporate Social Responsibility Committee (the "CSR Committee") and statutory disclosures with respect to the CSR Committee and an annual report on CSR activities forms part of this Report as Annexure VI.

In this regard following the recommendation of the said Committee, the Board has approved the CSR policy, which is also available on the website of the Company i.e. [www.sandhar.co.in](http://www.sandhar.co.in).

The composition of the CSR Committee is covered under the Corporate Governance Report which forms the part of the Annual Report.

### **Insider Trading Policy for prevention of insider trading and fair disclosure of Unpublished Price Sensitive Information**

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted an "Insider Trading Policy" Further, the Company has also adopted a "Corporate Policy on Investor Relations"

The Insider Trading Policy and Corporate Policy on Investor Relations are drawn up on the principle that the Company's directors and employees owe a fiduciary duty, amongst others, to the shareholders of the Company to place the interest of shareholders above their own and conduct their personal securities transactions in a manner that does not give rise to any conflict of interest. These codes lay down the mechanism for ensuring timely and adequate disclosure of Unpublished Price Sensitive Information ("UPSI") to the investor community by the Company to enable them take informed investment decisions with regard to its securities.

The Insider Trading Policy prescribes the procedure for trading in securities of the Company and the disclosures to be made by persons covered under the Insider Trading Policy with respect to their shareholding in the Company, both direct and indirect.



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## Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) your Directors state that:

- (i) In the preparation of annual accounts for the year ended March 31' 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31st 2018 and of the Profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and

Some of the key policies that have been adopted are as follows:

S.No	Name of Policy
1	Code of Conduct Policy
2	Related Party Transactions
3	Remuneration Policy
4	Whistle Blower Policy
5	Independent Director Policy
6	Policy on Material Subsidiaries
7	Insider Trading Policy
8	CSR Policy

The Policies are available on the Company's website on the link [www.sandhar.co.in/investor-relations/corporate governance](http://www.sandhar.co.in/investor-relations/corporate-governance).

## Business Risk Management

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 the Company may constitute a Business Risk Management Committee which shall be entrusted with the responsibility to assist the Board in:

- Formulating and implementing Risk Management Policy;
- Overseeing and approving the Company's enterprise wide risk management framework; and
- Overseeing that all the risks that the Company faces such as strategic, financial, credit, market, liquidity, property, IT, legal, regulatory, reputational, employee and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

At present the Company has not identified any element of risk which may perceptibly threaten the existence of the Company.

## Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy is in place. There has been no case to report for the year. The Policy on Vigil Mechanism and Whistle Blower Policy may be accessed on the Company's website [www.sandhar.co.in](http://www.sandhar.co.in)

- (iv) The Directors have prepared the annual accounts on a going concern basis.
- (v) The Directors have laid down Internal Financial Controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and that such Systems are adequate and operating effectively.

## Policies of the Company

The Company is committed to high ethical standards in its business transactions guided by its value systems. The Listing Regulations mandate formulation of certain policies for listed companies. Accordingly, the Board of Directors have from time to time framed and approved policies as required by the Listing Regulations as well as under the Act. These policies are reviewed by the Board at periodic intervals

## Disclosure under Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013

There has been no case during the year requiring to be reported during the year under review.

## Auditors

M/s. BSR & Co. LLP, Chartered Accountants (Firm's Registration No. 101248W/W-00022), hold office up to the conclusion of the 30th AGM.

M/s. BSR & Co. LLP were appointed as Statutory Auditors of the Company from the conclusion of 25th AGM i.e. from 29th July, 2017 and thereafter they have been re-appointed every year. In terms of Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, pertaining to mandatory rotation of auditors, the term of appointment of M/s. BSR & Co. LLP as Statutory Auditors of the Company expires at the conclusion of the 30th AGM and they are not eligible for re-appointment.

The Auditors' Reports, including the one on Internal Financial Controls, does not carry any observation or infirmity in the Company's affairs.

### Secretarial Audit

Pursuant to the provisions of the Companies Act, 2013 M/s. S. S. Gupta, a firm of Company Secretaries in Practice had been appointed to undertake the Secretarial Audit, whose Audit Report is annexed vide **Annexure - III**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### Cost Audit

The Board has appointed M/s. A.N. Satija & Co, Cost Auditors for conducting the audit of cost records of the Company for its business for the financial year 2018-19.

### Internal Control Systems and Adequacy thereof

The Company's internal control systems as laid down are commensurate with the nature of its business, the size and the complexity of its operations. These are tested and certified by Statutory as well as Internal Auditors and cover all factories and key areas of business. Significant audit observations and follow up action thereon are reported to the Audit Committee. The Audit Committee, as aforesaid, reviews adequacy and effectiveness of the Company's internal control environment including in-house Commercial Audit headed by a senior professional and monitors the implementation of audit recommendations, including those relating to strengthening and adequacy of the Company's Risk Management policies and systems.

### Extract of Annual Return

Extract of Annual Return of the Company is annexed as **Annexure- IV** to this Report.

### Particulars of Employees and related disclosures

A Statement containing Particulars of Employees as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed in **Annexure- V**.

Dated the 26.05.2018

### General

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

Neither the Managing Director nor the Whole-Time Director of the Company receive any remuneration or commission from any of its subsidiaries.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations, in future.

### Conservation of Energy, Technology Absorption, Foreign Exchange Inflow and Outflow

The information pertaining to conservation of Energy, Technology Absorption and Foreign Exchange Inflow and Outflow pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 given in **Annexure VII** which forms a part of this Report.

### Personnel & Industrial Relations

Cordial atmosphere across functional verticals/units contributed, as before, to the overall satisfactory performance of the Company. The Directors place on record their deep appreciation of the inspiring and motivating leadership provided by the Co-Chairman & Managing Director, ably supported by Whole-time Director, Chief Financial Officer & Company Secretary and the commendable team work done by the executives, staff and workers at all levels in various units at different locations.

### Acknowledgement

Your Directors are grateful for the co-operation and guidance received from HSIIDC, RIICO, State Bank of India, Citibank NA, IndusInd Bank, Yes Bank, DBS Bank, GE Money Financial Services Ltd and ICICI Bank Ltd., HDFC Bank Limited, TATA Capital Financial Services Limited. The Board specially wishes to place on record their sincerest gratitude for the patronage it received from Hero MotoCorp Limited, Honda Cars India Limited, Honda Motorcycle and Scooters Limited, TVS Motor Company Limited, Eicher Motors and Tata Motors Limited.

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

Sandhar Technologies Limited

### Jayant Davar

Co-Chairman &  
Managing Director  
DIN: 00100801

### D. N. Davar

Chairman  
DIN: 0002008

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**Annexure I to Director Report, 2018****Form AOC-1**

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**PART A SUBSIDIARIES**

(Information in respect of each subsidiary to be presented with amounts in Lakhs)

S.No	Particulars	Details	Details	Details
1	Name of the subsidiary	<b>Sandhar Tooling Private Limited</b>	<b>Sandhar Technologies Barcelona, S.L.</b>	<b>Sandhar Strategic Systems Private Limited</b>
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April, 2017 to 31st March, 2018	1 April, 2017 to 31st March, 2018	1 April, 2017 to 31st March, 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹	₹	₹
4	Share capital	600.00	2,143.37	1.00
5	Reserve & Surplus	690.00	1190.71	0
6	Total Assets	1,561.98	27,962.86	0.91
7	Total Liabilities	271.99	24628.78	0.31
8	Investments	576.43	0	0
9	Turnover	1,547.04	24,778.56	0
10	Profit Before Taxation	405.21	64.01	(0.24)
11	Provision for taxation	109.06	37.78	0
12	Profit after taxation	296.14	26.23	(0.24)
13	Proposed Dividend	15.00	0	0
14	% of Shareholding	79.92%	100%	99.99%

**Notes: The following information shall be furnished at the end of the statement:**

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year

**PART B ASSOCIATES AND JOINT VENTURES**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. No	Particulars	Details	Details	Details	Details	Details	Details
1	Name of Associates or Joint Ventures	<b>Sandhar Han Sung Technologies (P) Ltd</b>	<b>Sandhar Ecco Green Energy Private Limited</b>	<b>Sandhar Daewha Automotive Systems (P) Ltd</b>	<b>Jinyoung Sandhar Mechatronics (P) Ltd</b>	<b>Indo Tooling Private Limited</b>	<b>Sandhar Amkin Industries (P) Ltd</b>
2	Latest audited Balance Sheet Date	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
3	Shares of Associate or Joint Ventures held by the company on the year end	50%	50%	50%	50%	50%	50%
4	No. of Shares	919.97	6.89	32.45	56.88	5.32	4.00
5	Amount of Investment in Associates or Joint Venture	919.86	222.48	405.68	568.97	308.92	40.00
6	Extent of Holding (in percentage)	50%	50%	50%	50%	50%	50%
7	Description of how there is significant influence	NA	NA	NA	NA	NA	NA
8	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA
9	Net worth attributable to shareholding as per latest audited Balance Sheet	565.45	106.60	387.56	403.77	(30.59)	30.72
10	Profit or Loss for the year						
	(i) Considered in Consolidation	(203.03)	(23.92)	(18.12)	(165.20)	(112.06)	(9.28)
	(ii) Not Considered in Consolidation	0	0	0	0	0	0

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year

## Annexure IIA to Director Report, 2018

### Policy for Selection of Directors and determining Director's Independence

#### BACKGROUND

Sandhar Technologies Ltd. {including its subsidiaries} (hereinafter referred as the 'Company') believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical in complete compliance of laws.

#### AUTHORITY FOR LAYING DOWN THE CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS

The Nomination & Remuneration Committee of the Company shall lay out the criteria for performance evaluation of the Board & Independent Directors, which shall be approved by the Board. The evaluation shall be done by the entire Board (excluding the director being evaluated). The criteria shall be reviewed by the Nomination & Remuneration Committee and the Board from time to time.

#### BRIEF OVERVIEW OF THE PROVISIONS OF COMPANIES ACT, 2013

In the Board's Report a statement has to be given indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors [Section 134 & Companies (Accounts) Rules 2014].

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance (Section 178 & Companies (Meetings of Board and its Powers) Rules 2014)

The performance evaluation of independent directors (as defined in these provisions) shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director (Section 149 – Schedule IV & Companies (Appointment and Qualification of Directors) Rules 2014)

Code for Independent Directors has been laid down. (Section 149 – Schedule IV)

#### INDIVIDUAL DIRECTOR EVALUATION & OVERALL BOARD EVALUATION PROCESS

The criteria are based for assessment of peer directors and assessment of the overall performance of the Board.

**EACH DIRECTOR** has to complete an evaluation sheet by giving the appropriate rating number related to each of the criteria mentioned below that most closely reflects: -

- performance of individual peer directors, and
- overall performance of the Board.

**For each of the criteria, rating number ranges between 1 and 5 as follows: -**

01-indicating minimum positive.

05-indicating maximum positive.

00- indicating where the particular criterion is not applicable or Director does not have enough knowledge or information.

Separate sheet would be provided to each director for evaluation.

The ratings will be compiled and placed before the Board for discussions and evaluation.

The evaluation exercise is to be completed within a time frame.

#### RATING CRITERIA {Ratings from 1-5}

##### INDIVIDUAL PEER REVIEW (By all directors)

- Whether the Directors uphold ethical standards of honesty and virtue?
- Whether the Directors have appropriate qualifications to meet the objectives of the Company?
- Whether they have financial/accounting or business literacy/ skills?
- Whether they have automotive industry knowledge?
- How actively and successfully do they refresh their knowledge and skill & are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the automotive industry and market conditions?
- How well prepared and well informed are they for Board/ Committee meetings?
- Do they show willingness to spend time and effort learning about the Company and its business?
- Is the attendance of Directors at Board /Committee meetings satisfactory?
- Do they actively participate in the Board /Committee meetings?
- Can they present their views convincingly, yet diplomatically?
- Do they listen to the views of others?
- How cordial are their relationships with other Board/ Committee members and Senior Management?

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- What have been the quality and value of Director's contributions at Board/Committee meetings?
- What has been their contribution to the development of strategy and risk management and how successfully they have brought their knowledge and experience to bear in the consideration of these areas?
- Where necessary, how resolute are they in holding to their views and resisting pressure from others?
- How effectively have they followed up matters about which they have expressed concern?
- How well do they communicate with other Board/Committee members, senior management and others?

## **BOARD/COMMITTEE VALUATION {By all directors}: -**

- Whether Board / Committee have diversity of experiences, backgrounds & appropriate composition?
- Whether Board / Committee monitor compliance with corporate governance, laws, regulations and guidelines?
- Whether Board / Committee demonstrate integrity, credibility, trustworthiness, an ability to handle conflict constructively, and the willingness to address issues proactively?
- Whether Board / Committee dedicate appropriate time and resources needed to execute their responsibilities?
- Whether Agenda and related information are circulated in advance of Board / Committee meetings to allow Directors sufficient time to study and understand the information?
- Whether written materials provided to Board / Committee members are relevant and concise?
- Whether the Chairman encourages inputs on agenda of Board / Committee meetings from their members, management, the internal auditors, and the independent auditor?
- Whether meetings of Board / Committee are conducted effectively, with sufficient time spent on significant matters?
- How well does management respond to request from the Board/ Committee for clarification or additional information?
- Whether proper minutes are maintained of each meeting of Board / Committee?
- Whether Board / Committee meetings are held with enough frequency to fulfil the Board's /Committee's duties?
- Whether Board / Committee {as required} consider the quality and appropriateness of financial/ accounting and reporting, including the transparency of disclosures?
- Whether Board / Committee consider the statutory audit plan and provide recommendations?

- Whether Board / Committee ensure that management takes action to achieve resolution when there are repeat comments from statutory auditors?
- Whether adjustments to the financial statements that resulted from the statutory audit are reviewed by the Audit Committee, regardless of whether they were recorded by management?
- Whether Board / Committee oversee the role of the statutory auditors and have an effective process to evaluate the auditor's qualifications and performance?
- Whether Board / Committee review the audit fees paid to the statutory auditors?
- Whether Board/ Committee consider internal audit reports, management's responses, and steps toward improvement?
- Whether Board/ Committee oversee the process and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance?
- Whether the contributions of the Board/ Committee to ensuring robust and effective risk management are adequate?

## **EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS**

Each Independent director shall be evaluated by all other Directors of the Board BUT not by the Independent Director themselves.

Rating Criteria for PEER REVIEW {by all Directors} as stated hereinabove shall also apply to Independent directors to the extent there is no overlapping with the Rating Criteria of Independent Directors as stated hereinafter.

Whether Independent director/s {ID} follow/professional Conduct, carry out their Roles and Functions and Duties as required in section 149 and Schedule IV of the Companies Act 2013 & given herein below?

## **Evaluation based on professional conduct**

- Whether ID upholds ethical standards of integrity and probity?
- Whether ID acts objectively and constructively while exercising their duties?
- Whether ID exercises his/her responsibilities in a bona fide manner in the interest of the Company?
- Whether ID devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making?
- Whether ID not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a

whole, while concurring in or dissenting from the collective judgment of the Board in its decision making?

- Whether ID does not abuse his/her positions to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person?
- Whether ID refrains from any action that would lead to loss of his/her independence?
- Where circumstances arise which make an independent director lose his/her independence, whether the independent director has immediately informed the Board accordingly?
- Whether ID assists the Company in implementing the best corporate governance practices?

#### **Evaluation based on Role and functions**

- Whether ID helps in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct?
- Whether ID brings an objective view in the evaluation of the performance of Board and management?
- Whether ID organisation the performance of management in meeting agreed goals and objectives and monitor the reporting of performance?
- Whether ID satisfies himself/herself on the integrity of financial information and that financial control and the systems of risk management are robust and defensible?
- Whether ID has taken actions to safeguard the interests of all stakeholders, particularly the minority shareholders?
- Whether IDs balances the conflicting interest of the stakeholders?
- Whether ID during the Board/ Committee meetings along with other members determines appropriate levels of remuneration of executive directors, key managerial personnel and senior management and has a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management?
- Whether ID moderates and arbitrates in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest?

#### **Evaluation based on Duties**

- Whether ID undertakes appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Company?

- Whether ID seeks appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts?
- Whether IDs strive to attend all meetings of the Board of Directors and of the Committees of which he/she is a member?
- Whether ID participates constructively and actively in the Committees of the Board in which he/she is chairperson or member?
- Whether ID strives to attend the general meetings of the Company?
- Where ID has concerns about the running of the Company or a proposed action, whether he/she ensures that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting?
- Whether ID does not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board?
- Whether ID gives sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company?
- Whether ID ascertains and ensures that the Company has an adequate and functional vigil mechanism and also ensures that the interests of a person who uses such mechanism are not prejudicially affected on account of such use?
- Whether ID reports concerns about unethical, actual or suspected fraud or violation of the Company's Code of Conduct?
- Whether ID acts within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees?
- Whether ID does not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law?

#### **COMPLIANCES**

All evaluation shall be done annually.

Criteria and Evaluation shall be disclosed in the Annual Report of the Company.

On the basis of the report of performance evaluation, it shall be determined by the Nomination & Remuneration Committee & Board whether to extend or continue the term of appointment of the independent director subject to all other applicable compliances.

## Annexure IIB to Director Report, 2018

### Remuneration Policy for Directors, Key Managerial Personnel and other Employees

#### BACKGROUND

Sandhar Technologies Ltd. {including its subsidiaries} (hereinafter referred as the 'Company') believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical and in complete compliance of laws.

#### BRIEF OVERVIEW OF PROVISIONS UNDER COMPANIES ACT, 2013

{Section 178 & Companies [Meetings of Board and its Powers] Rules, 2014} provides for:

Constituting the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

#### The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Such policy shall be disclosed in the Board's report.

#### PRESENT POSITION OF DIRECTORS & KMP OF THE COMPANY

There exists a Nomination and Remuneration Committee of the Board of Directors (Board)

As on 31st March, 2018 there are total 10 (Ten) Directors as members of the Board of Directors of the Company (Board) out of which there are 2 (Two) Executive Directors, 5 (Five) are

Independent and the remaining 3 (Three) are Non-Executive Directors who are not independent.

The Key Managerial Personnel (KMP) consists of Managing Director and employee Whole Time Director who also is the Chief Financial Officer and Company Secretary.

#### TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Identify persons who are qualified to become directors and whom are to be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Defining policy on Board diversity.
- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Managing Director, Joint Managing Directors & Whole Time Director on an annual basis as well on their re-appointment, wherever applicable.
- Recommend to the Board, the Sitting Fee (including any change) payable to the Non-Executive Directors for attending the meetings of the Board / Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.
- The Company shall disclose the Remuneration Policy and the evaluation criteria in its Annual Report

#### CRITERIA FOR DETERMINING THE FOLLOWING: -

Qualifications for appointment of Directors (including Independent Directors): -

- No specific qualification/s for Directors Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their automotive / allied industry experience.



- Appropriate other qualification/experience to meet the objectives of the Company.
- Applicable provisions of Companies Act 2013, its Rules and new Clause 49 of Listing Agreement.

The above qualifications, {other than the statutory requirements which are mandatory}, are preferable and desirable with absolute discretion to the Nomination and Remuneration Committee to consider and keep in view any other criteria or norms for selection of the most suitable candidate/s.

#### **Positive attributes of Directors {including Independent Directors}:-**

Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively. They are to actively refresh their knowledge and skill with the latest developments in the automotive and allied industry, market conditions and applicable legal provisions. They are to show willingness to devote sufficient time and attention for the Company and its business and execute their responsibilities

They are to assist in bringing independent judgments to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

They are able to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

They are to act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees

#### **Conditions of Independence of Directors: -**

In compliance of terms of the Companies Act 2013 and its Rules {Section 149 – Schedule IV- Code for Independent Directors & Companies [Appointment and Qualification of Directors] Rules 2014} and new Clause 49 of the Listing Agreement, as amended from time to time.

#### **Criteria for appointment in Senior Management including KMP: -**

Their required qualifications, experience, skills & expertise to effectively meet their areas of work, duties and responsibilities. Their automotive/ allied industry experience.

Their ability to assume the responsibilities and duties of their posts effectually. Appropriate other qualification/experience to meet the objectives of the Company.

#### **POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & OTHER EMPLOYEES {ON APPOINTMENT/ SUBSEQUENT INCREASES}**

The Company shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

It should be ensured that no Director/ KMP/ other employee are involved in deciding his or her own remuneration.

The market rates/ quantum and structures of remuneration as applicable to the comparable organisations in the similar business spheres should be given due consideration.

It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks. Performance benchmarks are laid down. Increase in remuneration should provide rewards for improved performance.

Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

#### **Following criteria are also to be considered: -**

- Responsibilities and duties;
- Time & efforts devoted;
- Value addition;
- Profitability of the Company & growth of its business;
- Analyzing each and every position and skills for fixing the remuneration yardstick;
- Standards for certain functions/Departments like Die Casting, Plastic Injection Moulding production, Manufacturing Engineering, Quality Assurance, Maintenance & Business Development, where there is a huge scarcity of qualified resource;
- Ensuring tax efficient remuneration structures;
- Ensuring that remuneration structure is simple and that the Cost to the Company {CTC} is not shown inflated and, in comparison, the effective take home remuneration is not low;
- Any other criteria as may be applicable. Consistent treatment of remuneration parameters across the organization. Provisions of law with regard making payment of remuneration, as may be applicable, are complied. Whenever, there is any deviation from the Policy, the justification/reasons should also be indicated/disclosed adequately.

## Annexure III to Director Report, 2018

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED on 31st MARCH, 2018

[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,  
Sandhar Technologies Limited,  
B-6/20, L.S.C,  
Safdarjung Enclave,  
New Delhi- 110029

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sandhar Technologies Limited (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 Sandhar Technologies Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sandhar Technologies Limited for the Financial Year ended the 31st March' 2018, according to the provisions of:

- i. The Companies Act, 2013 read with the applicable provisions of Companies (Amendment) Act, 2017 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, are applicable from 02nd April, 2018 on its conversion to a Listed Company being admitted to dealings on BSE & NSE (the "Designated Stock Exchange") in the list of 'B' Group Securities.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; are applicable from 02nd April, 2018 on its conversion to a Listed Company being admitted to dealings on BSE & NSE (the "Designated Stock Exchange") in the list of 'B' Group Securities.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings);
- v. The Provisions of Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,

1992 ('SEBI Act'), are applicable from 02nd April, 2018 on its conversion to a Listed Company being admitted to dealings on BSE & NSE (the "Designated Stock Exchange") in the list of 'B' Group Securities.

- vi. The Competition Act, 2002;
- vii. The Industries (Development and Regulation) Act, 1951 and rules/regulations framed there under;
- viii. The Central Excise Act, 1944, rules framed there under and notification issued by the Government of India from time to time being replaced by Goods and Service Tax Act w.e.f 01.07.2017;
- ix. The Service Tax being replaced by Goods and Service Tax Act w.e.f 01.07.2017;
- x. The Water (Prevention and Control of Pollution) Act, 1974 and rules/ regulations framed there under;
- xi. Bio Medical Waste (Management and Handling) Rules, 1988;
- xii. Noise Pollution (Regulation and Control) Rules, 2000;
- xiii. Public Liability Insurance Act, 1991;
- xiv. The Manufacturing, Storage & Import of Hazardous Chemical Rules, 1989 ("MSIHC Rules");
- xv. The Contract Labor (Regulation & Abolition) Act, 1970;
- xvi. The Minimum Wages Act, 1948;
- xvii. The Payment of Gratuity Act, 1972;
- xviii. The Industrial Employment Standing Orders Act, 1946;
- xix. The Equal Remuneration Act, 1976;
- xx. The Maternity Benefit Act; 1961;
- xxi. Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressed) Act, 2013;
- xxii. State (Shop & Establishment) Act,
- xxiii. Industrial Dispute Act, 1947
- xxiv. National & Festival Holidays Act, 1963
- xxv. The Payment of Bonus Act, 1965;
- xxvi. The Payment of Wages Act, 1936;
- xxvii. The Employees' Compensation Act, 1923;
- xxviii. The Employees State Insurance Act, 1948;

- xxix. The Employees' Provident Fund & Miscellaneous Provisions Act, 1952;
- xxx. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- xxxi. The Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008;
- xxxii. The State Labor Welfare Fund Act;
- xxxiii. The Factories Act, 1948;
- xxxiv. The Environment Protection Act, 1986 and rules/regulation framed thereunder;
- xxxv. The Trade Union Act, 1926;
- xxxvi. The Trade Marks Act, 1999;
- xxxvii. The Patents Act, 1970
- xxxviii. The local land policies and guidelines of State Industrial and Infrastructure Corporation Limited.

#### **I ALSO HEREBY CERTIFY THAT:**

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

- Revised Secretarial Standards, applicable w.e.f 1st October, 2017 with respect to meetings of the Board of Directors (SS-1) and General Meetings (SS-2), issued by Institute of Company Secretaries of India.
- The Company has entered into Listing Agreements with of BSE & NSE (the "Designated Stock Exchange") on 24th March, 2018.

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

#### **I FURTHER REPORT THAT**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes (cessation, re-appointment or otherwise) in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings / Committee 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 decision is carried through while the dissenting members' views are captured and recorded as part of the minutes of the meeting.

#### **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 the company has following specific events/ actions that having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. During the Period under Review, Sandhar Technologies Limited and Daewha Fuel Pump Ind. Ltd. ("Daewha Fuel Pump") have entered into a Joint Venture Agreement dated 18th May, 2017 and Pursuant to which established Sandhar Daewha Automotive Systems Private Limited on 20th June, 2017 as a Subsidiary Company.
2. Further, during the Period under Review, Sandhar Technologies Limited and Amkin Group Private Limited ("Amkin Group") have entered into a Joint Venture Agreement dated 4th September, 2017 and pursuant to same established Sandhar Amkin Industries Private Limited on 6th September, 2017 as a joint venture enterprise.
3. Further, Sandhar Technologies Limited and Daeshin have entered into a Joint Venture Agreement dated 18th December, 2017 and pursuant to which established Sandhar Daeshin Auto Systems Private Limited on 3rd May, 2018 as a Subsidiary Company.
4. Further, the Board has approved initiating the voluntary liquidation of Sandhar Breniar, step-down subsidiary viz. Breniar Projects S.L., Barcelona (subsidiary of Sandhar Technologies Barcelona S.L., Spain)

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5. Further, Company's shifted its Registered shifted to B-6/20, L.S.C., Safdarjung Enclave, New Delhi – 110029 from C-101 A, Ansal Plaza, HUDCO Place, Khelgaon Marg, New Delhi – 110049, effective from the 9th November, 2017.
6. Company proposed an IPO for which the Company had filed Draft Red Herring Prospectus (DRHP) with SEBI on 7th December' 2017 with Securities and Exchange Board of India (SEBI), regarding which the SEBI had issued an approval letter No. CFD/DIL2/OW/P/7083/1/2018 dated 7th March, 2018. The Company Initial Public Offer was open for Subscription from 19th March, 2018 to 21st March, 2018.
7. Company in consultation with BSE & NSE (designated stock exchanges), lead manager and Share transfer agent has allotted 90,36,144 Equity Shares on 27th March, 2018 at an offer price of ₹332 per equity share including premium of ₹322 per Equity Share under Fresh Issue and 64,00,000 equity shares offered under the Offer for Sale are transferred at an Offer price of ₹332 per Equity Share including a share premium of ₹322 per Equity Share, to the respective applicants in various categories in terms of the basis of allotment approved in consultation with the authorized representatives.
8. Company equity shares are listed and admitted to dealings on the BSE & NSE (the "Designated Stock Exchange" in the list of 'B' Group Securities with effect from 2nd April, 2018.

**For S.S. Gupta, Practicing Company Secretaries**

Sd/-

**S.S. GUPTA**

[Proprietor]

FCS No. 936

CP No. 4907

Place- New Delhi

Date- 26.05.2018

## Annexure IV to Director Report, 2018

### Annexure-IV

#### Form- MGT 9

#### Extracts of Annual Return as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

S.No	Particulars	Details
1	CIN	L74999DL1987PLC029553
2	Registration Date	19.10.1987
3	Name of the Company	Sandhar Technologies Limited
4	Category/Sub-category of the Company	Listed Public Limited Company / Limited by Shares
5	Address of the Registered office & contact details	B-6/20 L.S.C. Safdarjung Enclave, New Delhi-110029
6	Whether listed company	Yes
7	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited Address : C-101, 1st floor 247 Park L B S Marg, Vikhroli (West) Mumbai 400 083 Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail: mumbai@linkintime.co.in Investor Grievance e-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

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

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

S.No	Name & Description of main products/ services	NIC Code of the Product/service*	% to total turnover of the company
1	Locks	259, 282, 293, 309, 453 and 454	25.60%
2	Mirror Assembly	282, 293, 309, 453 and 454	13.70%
3	Wheel Assembly	293, 309, 453 and 454	11.91%
4	Sheet Metal Components	282, 293, 309, 453 and 454	15.39%
5	Cabins	282	8.59%
6	Plastic Parts	222, 292, 293, 309, 453 and 454	4.34%
7	Handle Bar Assembly	293, 309, 453 and 454	6.33%
8	Other Products	222, 292, 293, 309, 453 and 454	12.85%
9	Job Work	453 and 454	1.29%

\*As per National Industrial Classification 2008

#### III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES (As on 31st March, 2018)

S. No	Name & Address of the Company	CIN/FCRN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Sandhar Tooling Private Limited	U28939DL2002PTC114374	Subsidiary	79.92%	2(87)
2	Sandhar Technologies Barcelona S.L.	NDWAZ2009757	Subsidiary	100%	2(87)
3	Sandhar Strategic Systems Pvt. Ltd.	U28994HR2016PTC065726	Subsidiary	100%	2(87)
4	Indo Tooling Private Limited	U28931MP2008PTC034503	Associate/ Joint Venture	50%	2(6)
5	Sandhar Han Sung Technologies Private Limited	U28100DL2014PTC067295	Associate/ Joint Venture	50%	2(6)
6	Jinyoung Sandhar Mechatronics Pvt. Ltd.	U36990HR2017PTC068220	Associate/ Joint Venture	50%	2(6)
7	Sandhar Daewha Automotive Systems Private Limited	U36100HR2017PTC069555	Associate/ Joint Venture	50%	2(6)
8	Sandhar Amkin Industries Private Limited	U36100DL2017PTC323315	Associate/ Joint Venture	50%	2(6)
9	Sandhar ECCO Green Energy Private Limited	U74900DL2013PTC252844	Associate/ Joint Venture	50%	2(6)

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## IV. SHARE HOLDING PATTERN SHARE HOLDING PATTERN (Equity & Preference Share Capital Breakup as percentage of Total Equity & Preference)

### (i) (a) Category-Wise Equity Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% change the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a)Individual/HUF	3,71,72,943		3,71,72,943	72.66%	3,71,72,943		3,71,72,943	61.75%	-10.91%
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	50,47,116	-	50,47,116	9.87%	50,47,116	-	50,47,116	8.39%	-1.48%
d) Bank/FI									
e) Any Other									
SUB TOTAL:(A) (1)	4,22,20,059		4,22,20,059	82.53%	4,22,20,059		4,22,20,059	70.14%	-12.39%
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	4,22,20,059	-	4,22,20,059	82.53%	4,22,20,059	-	4,22,20,059	70.14%	-12.39%
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	39,52,557	-	39,52,557	6.57%	6.57%
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Alternate Investments Funds	-	-	-	-	3,31,290	-	3,31,290	0.55%	0.55%
g) Foreign Portfolio Investors	-	-	-	-	22,64,069	-	22,64,069	3.76%	3.76%
h) Foreign Institutions/Banks	-	-	-	-	11,39,436	-	11,39,436	1.89%	1.89%
i) Insurance Companies	-	-	-	-	30,719	-	30,719	0.05%	0.05%
j) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
k) Others (specify Investment Holding Company)	89,34,505	-	0	17.47%	0	-	0	0.00%	-17.47%
SUB TOTAL (B)(1):	89,34,505	-	0	17.47%	77,18,071	-	77,18,071	12.82%	-4.65%
(2) Non Institutions									
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹2 lakhs	-	-	-	-	57,02,380	-	57,02,380	9.47%	9.47%
ii) Individuals shareholders holding nominal share capital in excess of ₹2 lakhs	-	-	-	-	33,99,757	-	33,99,757	-	5.65%



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% change the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Foreign Companies	-	-	-	-	-	-	-	-	-
ii) Bodies Corporates	-	-	-	-	11,36,244	-	11,36,244	1.89%	1.89%
iii) NRIs	-	-	-	-	14,197	-	14,197	0.02%	0.02%
<b>SUB TOTAL (B)(2):</b>	-	-	-	-	<b>1,02,52,578</b>	-	<b>1,02,52,578</b>	<b>17.04%</b>	17.03%
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>89,34,505</b>	-	<b>89,34,505</b>	<b>17.47%</b>	<b>1,79,70,649</b>	-	<b>1,79,70,649</b>	<b>29.86%</b>	-12.39%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5,11,54,564</b>	-	<b>5,11,54,564</b>	<b>100%</b>	<b>6,01,90,708</b>	-	<b>6,01,90,708</b>	<b>100%</b>	0.00%

### (i) (b) Category-Wise Preference Share Holding

There is no preference shareholding of Company as on March 31, 2018

### (ii) Share Holding of Promoter & Promoter Group

S. No.	Shareholders' Name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in share holding 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	Mr. Jayant Davar	3,13,06,426	61.20%	-	3,13,06,426	52.01%	-	-9.19%
2	Mrs. Monica Davar	26,22,725	5.13%	-	26,22,725	4.36%	-	-0.77%
3	Master Neel Jay Davar	15,55,995	3.04%	-	15,55,995	2.59%	-	-0.45%
4	Mr. D. N. Davar	8,39,582	1.64%	-	8,39,582	1.39%	-	-0.25%
5	Mrs. Santosh Davar	7,85,950	1.54%	-	7,85,950	1.31%	-	-0.23%
6	Mrs. Poonam Juneja	62,265	0.12%	-	62,265	0.10%	-	-0.02%
7	Sandhar Estates Private Limited	3,50,280	0.68%	-	3,50,280	0.58%	-	-0.10%
8	YSG Estates Private Limited	16,62,032	3.25%	-	16,62,032	2.76%	-	-0.49%
9	Sanjeevni Impex Private Limited	16,67,727	3.26%	-	16,67,727	2.77%	-	-0.49%
10	Sandhar Infosystem Private Limited	7,93,569	1.55%	-	7,93,569	1.32%	-	-0.23%
11	Jubin Finance & Investment Limited	5,73,508	1.12%	-	5,73,508	0.95%	-	-0.17%
<b>Total</b>		<b>4,22,20,059</b>	<b>82.53%</b>	-	<b>4,22,20,059</b>	<b>70.14%</b>	-	<b>-12.39%</b>

NOTE :

- Shareholding of Mr. Jayant Davar includes 90909 shares held by Proprietorship firm (M/s Sandhar Enterprise) in the name of proprietor Mr. Jayant Davar
- Change in Percentage of Holding of Promoter & Promoter Group due to Initial Public Offer (IPO) of the Company

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**(iii) Change in Promoters' Shareholding ( Specify if there is No Change)**

S. No.	Particulars	Shareholding At The Beginning Of The Year (01.04.2017)		Cumulative Shareholding During The Year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year (01.04.2017)	3,13,06,426	61.20%	3,13,06,426	61.20%
2	Name of Promoter : Shri Jayant Davar	Change in Percentage of Shareholding of Promoter due to Initial Public Offer (IPO) of the Company on 27th March, 2018			
3	At the end of the year (31.03.2018)	3,13,06,426	61.20%	3,13,06,426	52.01%

NOTE : a) Shareholding of Mr. Jayant Davar includes 90909 shares held by Proprietorship firm (M/s Sandhar Enterprise) in the name of proprietor Mr. Jayant Davar

**(iv) Shareholding Pattern of top ten Shareholders(Other than Directors, Promoters & Holders (Other than Directors, Promoters & Holders of GDRs & ADRs**

S. No	Name	Shareholding		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31- 03-2018)	
		No. of Shares at the beginning 01.04.17/end of the year 31.03.18	% of Total Shares of the Company				No. Of Shares	% of Total Shares
	GTI Capital Beta Pvt Ltd	89,34,505 / 0	17.47%	13.03.18	25,34,505	Transferred of Share to Shri Akash Manek Bhanshali	64,00,000	12.52%
				27.03.18	64,00,000	Transferred pursuant to offer for sale on 27.03.2018, in the IPO of the Company	0	0

**(v) Shareholding of Directors & KMP**

S. No	Particulars	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	3,47,68,733	67.97%	3,47,68,733	67.97%
2	<b>Name of Director/KMP:</b>	(i) to (iii) Change in Percentage of Shareholding of Director/KMP is due to Initial Public Offer (IPO) of the Company on 27th March, 2018.			
	i) Shri Dharmendar Nath Davar				
	ii) Shri Jayant Davar				
	iii) Smt. Monica Davar				
	iv) Shri Arvind Joshi	(iv) Shri Arvind Joshi, Whole-Time Director of the Company become member of the Company dated 27th March, 2018.			
3	At the end of the year	3,47,68,778	57.76%	3,47,68,778	57.76%

NOTE : Shareholding of Mr. Jayant Davar includes 90909 shares held by Proprietorship firm (M/s Sandhar Enterprise) in the name of proprietor Mr. Jayant Davar

**V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT**

Amount in ₹ (Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment			
Particulars	Secured Loans excluding deposits (Amount in ₹)	Unsecured Loans (Amount in ₹)	Deposits
<b>Indebtness at the beginning of the financial year</b>			
i) Principal Amount	26,396.99	6,520.73	-
ii) Interest due but not paid	93.80	-	-
iii) Interest accrued but not due	43.07	43.77	-
<b>Total (i+ii+iii)</b>	<b>26,533.86</b>	<b>6,564.50</b>	<b>-</b>
<b>Change in Indebtedness during the financial year</b>			
Additions	8,223.10	-	-
Reduction	4,606.03	(1,600.00)	-
Net Change	3,617.07	1,600.00	-
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	28,021.36	4,925.00	-
ii) Interest due but not paid	84.33	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## Amount in ₹ (Lakhs)

## B. Remuneration to other Directors

B. Remuneration to Other Directors									
Amount in ₹ (Lakhs)									
S. No	Particulars of Remuneration	Name of the Directors							Total Amount
1	Independent Directors	Mr. M.L. Bhagat	Mr. Chandra Mohan	Mr. Ravinder Nagpal	Mr. K.L. Chugh	Mr. Arvind Pande	Mr. Arvind Kapur	Mr. Arjun Sharma	
	(a) Fee for attending board committee meetings	1.00	1.00	5.80	3.85	3.05	5.25	1.50	
	(b) Commission	2.00	-	2.00	2.00	-	2.00	2.00	
	(c) Others, please specify	-	-	-	-	-	-	-	
	<b>Total B (1)</b>	<b>3.00</b>	<b>1.00</b>	<b>7.80</b>	<b>5.85</b>	<b>3.05</b>	<b>7.25</b>	<b>3.50</b>	<b>31.45</b>
2	Other Non Executive Directors	Mr. D. N. Davar	Mrs. Monica Davar	M/s GTI Investment					
	(a) Fee for attending board committee meetings	3.00	3.00	3.20	-	-	-	-	
	(b) Commission	2.00	2.00	-	-	-	-	-	
	(c) Others, please specify.	-	-	-	-	-	-	-	
	<b>Total B (2)</b>	<b>5.00</b>	<b>5.00</b>	<b>3.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.20</b>
	<b>Total (B)=(1+2)</b>	<b>8.00</b>	<b>6.00</b>	<b>11</b>	<b>5.85</b>	<b>3.05</b>	<b>7.25</b>	<b>3.50</b>	<b>44.65</b>
3	Ceiling as per the Act	Being 1% of Net profit of the Company computed as per Section 198 of the Act							
3	<b>Total Remuneration Paid to Other Directors</b>								44.65
4	<b>Total Managerial Remuneration (A+B)</b>								749.39
	Overall Cieling as per the Act.	Being 11% of Net profit of the Company computed as per Section 198 of the Act							

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option			
3	Sweat Equity			
4	Commission as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

## Annexure V to Director Report, 2018

**Statement of particulars of employees pursuant to the provisions of Section 197 read with Sub Rule – 1 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended forming part of Directors Report for the financial year ended 31.03.2018.**

Name	Age	Remuneration (Amount in ₹ Lakhs)	Qualification	Experience	Date of Employment	Last Employment
Shri Jayant Davar	56	547.22/-*	B. Tech (Hons) O.P.M. (Harvard)	33Yrs.	28.10.87	Proprietor of erstwhile Sandhar Industries Global Steel Holdings Ltd.,
Shri Arvind Joshi	51	157.53/-**	ACA, ACS & L.LB	26Yrs.	04.12.06	

\* Inclusive of Commission provided and payable for an amount of ₹404.50 Lakhs

\*\* Inclusive of Commission provided and payable for an amount of ₹52.32 Lakhs

### NOTES:

Information has been furnished on the basis of employees employed throughout the year, who were in receipt of remuneration for the year which in the aggregate was not less than ₹60,00,000/- and those employed for part of the year, were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than ₹5,00,000/- per month.

Remuneration includes salary, other allowancees/payments and expenditure incurred on perquisites and the Company's contribution to provident fund.

All appointments are non-contractual, except of the Co-Chairman and Managing Director, Shri Jayant Davar and the Whole-Time Director Shri Arvind Joshi.

Shri Jayant Davar, Co-Chairman and Managing Director is related to Smt: Monica Davar and Shri D. N. Davar.

## Annexure VI to Director Report, 2018

### Annual Report on Corporate Social Responsibility (CSR) activities for the FY 2017-18

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

#### A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy is focused on comprehensive development of the society preferably the communities located in rural and remote areas around the manufacturing units of the Company. The company believes in giving back to the society what it has taken from the society by making contribution to the social needs such as education and health care.

Sandhar Technologies Limited is making efforts towards building economic, social and environmental capital and enhancing social sustainability by contributing in the following areas:

- Education;
- Health Care;
- Environment protection;
- Promoting gender equality and empowerment of women;
- Promoting rural sports; and
- Others
- The detailed description is given in the CSR Policy of the Company.

**The CSR Committee of the Company was constituted on 14th Day of March, 2013 and the composition of the Committee is as follows:**

S. No.	Name of the Member	Nature of Directorship	Committee
1.	Shri Jayant Davar	Managing Director	Chairman
2.	Shri Arvind Kapur	Non – Executive Independent Director	Member
3.	Shri Gaurav Dalmia	Non – Executive Director	Member
4.	Shri Arvind Joshi	Whole Time Director, CFO and Company Secretary	Member

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(Rupees in lacs, except share data, per share data and unless otherwise stated)

1. Average net profit of the company for last three financial years ₹4179.00/-
2. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) ₹83.58/-
3. Details of CSR spent during the financial year
  - (a) Total amount to be spent for the financial year ₹86.93/-
  - (b) Amount unspent, if any ₹ Nil.
  - (c) Manner in which the amount spent during the financial year is detailed below:

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹)	(6) Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	(7) Cumulative expenditure upto to the reporting period (₹)	(8) implementing agency*
1.	Sandhar Center of Learning	Promoting Education in Child & Women	Promoting Education in Child & Women	29.57	29.57	29.57	Khushii Kinship for Humanitarian Social and Holisilc Intervention Sandhar Foundation
2	Sandhar Health Care	Promoting Preventive Health Care	Village Begampur Khatolagurgaon Haryana	47.21	47.21	47.21	Maha Durga Charitable Trust
3.	Others	Promoting Preventive Health Care	New Delhi	10.00	10.00	10.00	
	TOTAL			86.93	86.93	86.93	

### Responsibility Statement of the CSR Committee

We hereby declare that the CSR policies of the Company are in consonance of the provision of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Act along with the amendments or modifications therein. Further the implementation and monitoring is in compliance with CSR objectives and Policy of the Company.

#### Shri Jayant Davar

Chairman CSR Committee

#### Shri Arvind Joshi

Whole time Director,  
Chief Financial Officer &  
Company Secretary



## Annexure VII to Director Report, 2018

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

[Section 143(3) (m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014]

#### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION (17-18)

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo Pursuant to section 134(3) (m) of Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

##### A. Conservation of Energy

###### (i) Steps taken or impact on conservation of Energy

The Company has constantly been emphasizing on optimization of energy consumption in every possible area in its units. Various avenues are being explored at periodic interval and after careful analysis and planning measures are being initiated to minimise the consumption of energy by optimum utilization of energy consuming equipments. During the year under review, the following measures were initiated/adopted for conservation and optimum utilization of energy.

- a) Conversion of Conventional Sodium/CFL lights to LED lights in our 14 units
- b) Various energy saving projects:
  - i) Common oven for both lines (Daimler & Tafe).
  - ii) Eliminating one drier, common single drier for feeding of plastic raw material to plastic moulding machine.
  - iii) Two oven blowers run by single motor.
  - iv) Installation of temperature sensor timer to eliminate energy loss & idle running of heaters.
  - v) Motion sensors installation in washrooms.
  - vi) VFD controlled Compressors in new projects

- vii) Use of natural lights & Wind ventilators in most of the units & new projects as standard.
- viii) Elimination of Hot Water generator in PT line for Powder Coating plant by introduction of low temp chemicals.
- ix) Water conservation measures by Water balancing & using 90-95% efficient ETP system with Zero Liquid Discharge at SMA & SMO.
- x) Compressed Air conservation measures with FAD analysis & leakage control.

**IMPACT: 1 33,421 Kwh overall**

###### (ii) Steps Taken for utilising alternate sources of Energy

- a. Solar Plants installation total of 433 Kwp in (17-18)

**IMPACT: 433 Kwp overall**

###### (iii) Capital investment on Energy conservation equipments

**Total Investment: 2.81 Cr**

###### (iv) Green Initiatives

- a) Use of Bio-Diesel fuel for melting furnaces thereby saved ₹60 Lacs per Annum.
- b) Feasibility Study of usage of Bio-diesel in other plants.
- c) Feasibility Study of CNG gas (Clean fuel) use instead of Diesel in Oven
- d) Utilization of by-product Gypsum in cement Industries coming out from acid treatment for environmental protection.

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- e) Hanger Cleaning by Shot Blasting instead burning.

**(v) Efforts made towards energy efficient technology absorption:**

- a) Use of Nano Technology in surface treatment instead of conventional phosphate system in our Bawal, Hosur & Oragdam projects.
- b) Robotic painting technology instead of manual painting to reduce paint & thinner wastages by 20-22%.
- c) Electrostatic technology used for Painting Systems. Net Efficiency increased from 30% to 65%

**B. Technology Absorption:**

The Company has fully absorbed the technology for Automobile Locks as per designs and drawings procured by it from Honda Lock Mfg. Co. of Japan. Further improvement and adaptations in the products are being continuously made to meet customers' specifications and quality standards.

Also, the technology for Honda Car components manufacturing as well as automotive relays for technical know-how is provided by Jinyoung Electro Mechanic Co. Ltd. , South Korea has been absorbed fully and adaptations assimilated and the products meet high quality recognized standards.

Further absorption plans for new technology, whenever procured, are set in motion side by side.

**C. Foreign Exchange Earning And Outflow**

The details of Foreign Exchange inflow and outflow are as under:

(₹ in Lacs)

**Inflow:**

-	Sales (FOB)	:	₹333.48
-	Sales against tools & dies	:	₹00.00
	<b>Total</b>	<b>:</b>	<b>₹333.48</b>

**Outflow:**

	On Capital Equipment	:	₹1594.84
	On Know-how	:	₹129.85

**Others:**

	Raw Materials	:	₹11574.93
	Consumables & Spares	:	₹306.13
	Tour & Travel	:	₹33.80
	Dividend	:	₹268.04
	Royalty	:	₹303.64

## **Compliance Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Members,

**Sandhar Technologies Limited**

B-6/20 L.S.C. Safdarjung Enclave,

New Delhi-110029

### **Sub.: Compliance Certificate under Regulation 17(8) read with Part B of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is to certify that for the financial year ended 31st March, 2018:

- 1.** We have reviewed the financial statements and the cash flow statement for the year as aforesaid and to the best of our knowledge and belief:
  - a) These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with Indian Accounting Standards (Ind AS), applicable laws and regulations;
- 2.** To the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct for Directors and Employees;
- 3.** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems for financial reporting of the Company and there were no deficiencies in the design or operation of such internal controls; and
- 4.** We have indicated to the Auditors and the Audit Committee:
  - a) That there were no significant changes in internal control, over financial reporting, during the year;
  - b) All significant changes in the accounting policy during the year, if any, have been disclosed in the notes in respective place in the financial statements; and
  - c) There were no instances of fraud, of which we have become aware of.

### **FOR SANDHAR TECHNOLOGIES LIMITED**

**Jayant Davar**

Managing Director

**Arvind Joshi**

Whole-Time Director,  
Chief Financial Officer &  
Company Secretary

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## DECLARATION BY MANAGING DIRECTOR

The Members,

**Sandhar Technologies Limited**

B-6/20 L.S.C. Safdarjung Enclave,

New Delhi-110029

**Sub: Declaration regarding compliance with the Company's Code of Conduct for Directors and Employees.**

**Ref.: Regulation 34(3) read with Part D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I, Jayant Davar, Managing Director of Sandhar Technologies Limited, hereby declare that all the members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct for Directors and Employees of the Company.

**FOR SANDHAR TECHNOLOGIES LIMITED**

**Jayant Davar**

Managing Director

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## PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

**Sandhar Technologies Limited**

B-6/20 L.S.C. Safdarjung Enclave,

New Delhi-110029

We have examined the compliance of conditions of corporate governance by Sandhar Technologies Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2018 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

**For S.S. Gupta, Practicing Company Secretaries**

**S.S. GUPTA**

[Proprietor]

FCS No. 936

CP No. 4907

# REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) vide its notification no. SEBI/LAD-NRO/GN/2015-16/013 dated 2<sup>nd</sup> September, 2015, notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). This report elucidates the systems and processes followed by Sandhar to ensure compliance of corporate governance requirements under the Listing Regulations and the Companies Act, 2013 (“Act”).

The Listing Regulations became applicable to the Company w.e.f. 02<sup>nd</sup> April, 2018, i.e. the date when the Equity Shares of face value of ₹ 10/- of the Company got listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The information stated herein pertains to the financial year 2017-18.

## I. PHILOSOPHY:

Your Company is committed to set the highest standards of Corporate Governance right from its inception benchmarked with the best in class practices across the globe. Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and actions of its employees. Transparency and accountability are the fundamental principles to sound Corporate Governance, which ensures that the organization is managed and monitored in a responsible manner for ‘creating and sharing value’. It is the key element to carry on business operations based on the underlying principles of integrity, ethics, transparency and accountability. Systems and policies are required to be upgraded regularly, to meet the challenges of rapid growth in a dynamic business environment.

We believe that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and shareholder’s wealth maximization. Therefore, your Company is articulating a multi-stakeholder model (including shareholder value) of accountability that will manage the symbolic relationship between the various stakeholders. This approach will be central to the day-to-day functioning of your Company and in implementation of its business strategy.

We firmly believe that strong governance principles provide a nucleus for sustained value creation and build stronger bonds that safeguard interests of all stakeholders. Your Company’s core philosophy revolves around Growth, Motivation and a Better Life. All employees of the Company are guided by the seven core values i.e. Spirit of accomplishment, Appropriate attitude, Never dying passion for excellence, Dynamic, Honest, Accountable and Reliable. These have been instilled in our corporate culture which is directed towards continuously improving the Corporate Governance framework and work ethos of your Company.

At Sandhar, the Board of Directors (the ‘Board’) are at the core of our Corporate Governance practices and oversees how

the Management serves and protects the long-term interests of our stakeholders. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company. The philosophy on corporate governance is well observed and forms part of the Company’s Code of Conduct for Directors and Employees.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as applicable, with regard to Corporate Governance.

## II. BOARD OF DIRECTORS:

### Composition:

The composition of Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and rules made thereunder, Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and all other applicable laws and in accordance with the best practices in Corporate Governance.

The Corporate Governance philosophy of your Company establishes that the Board’s independence is essential to bring objectivity and transparency in the Management and in the dealings of the Company.

As of March 31, 2018, the Board of Directors comprises of 10 (ten) Directors, being a Non-Executive, Non-Independent Chairman, 5 Independent Directors, 1 Non-Executive Non-Independent Director, 1 Nominee Director, 1 Executive Director and Managing Director & Co-Chairman. The composition of Board of Directors represents optimal mix of professionalism, qualification, knowledge, skill sets, track record, integrity, expertise and diversity of experience as required in the automotive components business. The Board reviews its strength and combination from time to time to ensure that it remains aligned with the statutory as well as business requirements.

### Further, as on March 31, 2018:

- (i) None of the Directors on the Board held Directorships in more than ten Public Companies;
- (ii) None of the Directors on the Board, was a member of more than ten committees, across all public limited companies in which he/she is a Director; and
- (iii) None of the Directors of the Company was a chairman of more than five committees across all public limited companies in which he/she is a director.

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For the purpose of sub-paragraphs (ii) and (iii) above, chairmanship/ membership of only the audit committee and/or the stakeholders' relationship committee have been considered.

Mr. Dharmendar Nath Davar, Chairman, Mr. Jayant Davar, Co-Chairman & Managing Director and Mrs. Monica Davar Non- Executive Director of the Company are relatives in terms of the Act.

## Composition of Board of Directors as on March 31, 2018:-

S. No.	Name	Nature of Directorship & Designation	Category
1	Shri. Dharmendar Nath Davar (DIN: 00002008)	Non- Executive Director & Chairman	Promoter
2	Shri. Jayant Davar (DIN: 00100801)	Executive Director & Co-Chairman & Managing Director	Promoter
3	Smt. Monica Davar (DIN : 00100875)	Non-Executive Director	Promoter
4	Shri. Arvind Joshi (DIN:01877905)	Executive Director & Whole-Time Director, Chief Financial Officer & Company Secretary	Non-Promoter
5	Shri. Mohan Lal Bhagat (DIN: 00699750)	Non-Executive Independent Director	Non-Promoter
6	Shri. Ravinder Nagpal (DIN: 00102970)	Non-Executive Independent Director	Non-Promoter
7	Shri. Krishan Lal Chugh (DIN: 00140124)	Non-Executive Independent Director	Non-Promoter
8	Shri. Arvind Kapur (DIN: 00096308)	Non-Executive Independent Director	Non-Promoter
9	Shri. Arjun Sharma (DIN: 00003306)	Non-Executive Independent Director	Non-Promoter
10	Shri. Gaurav Dalmia (DIN: 00009639)	Non-Executive Nominee Director	Non-Promoter

## Independent Directors

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Director is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

Not less than one-half of the Board of Directors of the Company comprises of Non-Executive Independent Directors.

As on March 31, 2018, the Company had 5 Independent Directors on Board. In relation to such Independent Directors, it is hereby confirmed that:

- (i) All of the Independent Directors of the Company, hold office for a term of up to 5 consecutive years and are eligible for reappointment for another term of up to 5 consecutive years on passing of a special resolution by the Company.
- (ii) The Company has issued a formal letter of appointment to all Independent Directors in a manner provided under the Companies Act, 2013.
- (iii) The Nomination, Remuneration and Compensation Committee of the Board has laid down the evaluation criteria for performance evaluation of the Independent Directors.
- (iv) During the year, the Independent Directors of the Company held separate meeting, without the attendance of Non Independent Directors of the Company or members of its Management on 29th March, 2018, wherein only the Independent Directors of the Company were present.
- (v) None of the Independent Directors of the Company serve as an Independent Director in more than seven companies listed in India;
- (vi) None of the Independent Directors of the Company who also serve as Whole Time Directors in any other listed company, serve as an Independent Director in more than three companies listed in India;

## Meetings of the Board

The Board met 6 (Six) times (besides an adjourned one) during the Financial Year 2017-18 and there has not been a time gap of more than 120 days between any two meetings of the Board.

Directors' attendance at the Board Meetings held during the year as well as at the last Annual General Meeting (AGM) are given herein below:

S. No	Quarter	Date of Meeting	I 25.05.17	II 29.08.17	III 18.11.17	19.12.17	07.03.18 (Original Meeting)	22.03.18 (Adjourned Meeting)	29.03.18	No. of total meetings attended	Attendance at last AGM
	Director Name	Designation									
1	Shri. D.N. Davar	Non- Executive Director & Chairman	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	√
2	Shri. Jayant Davar	Executive Director & Co-Chairman & Managing Director	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	√
3	Shri. Arvind Joshi	Executive Director & Whole-Time Director, Chief Financial Officer & Company Secretary	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	√
4	Smt. Monica Davar	Non-Executive Director	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	√
5	Shri. Mohan Lal Bhagat	Non-Executive Independent Director	LOA	LOA	LOA	LOA	LOA	LOA	√	1	x
6	Shri. Ravinder Nagpal	Non-Executive Independent Director	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	x
7	Shri. Krishan Lal Chugh	Non-Executive Independent Director	√	√	√	√	√	√	√	6 + 1 (Adjourned Meeting)	x
8	Shri. Arvind Kapur	Non-Executive Independent Director	√	√	√	√	√	LOA	√	6	x
9	Shri. Gaurav Dalmia	Non-Executive Nominee Director	√	√	LOA	√	√	√	√	5+1 (Adjourned Meeting)	x
10	Shri. Arjun Sharma	Non-Executive Independent Director	√	√	LOA	√	LOA	√	LOA	3+1 (Adjourned Meeting)	x
11	Shri Chandra Mohan	Non-Executive Independent Director	√	LOA	√	NA	NA	NA	NA	2	x
12	Shri. Arvind Pande	Non-Executive Independent Director	√	√	√	√	NA	NA	NA	4	x
	Board Strength		12	12	12	11	10	10	10		
	Total Present		11	10	9	10	8	8	9		
	Absent		1	2	3	1	2	2	1		

### Notes:

- Shri Chandra Mohan, Non-Executive Independent Director of the Company had resigned from the Board of the Company on and with effect from 29th November, 2017.
- Shri Arvind Pande, Non-Executive Independent Director of the Company had resigned from the Board of the Company on and with effect from 16th February, 2018.
- The necessary quorum was present for all the meetings.
- Consequent upon the cessation of Shareholders Agreement dated the 31<sup>st</sup> March, 2012, Shri Gaurav Dalmia, Non-Executive Nominee Director of the Company, had tendered his resignation with effect from close of business hours on the 23rd April, 2018 and again appointed as Additional (Non-Executive Independent) Directors on the Board of the Company on and with effect from 26th May, 2018.



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## Disclosure of relationships between Directors inter-se;

Mr. Dharmendar Nath Davar, Chairman, Mr. Jayant Davar, Co-Chairman & Managing Director and Mrs. Monica Davar Non- Executive Director of the Company are relatives in terms of the Act.

## Other Directorships, Chairmanships and Memberships of the Board members

The number of Directorships and Committee Chairmanships / Memberships held by the Directors of the Company in other public limited companies as on March 31, 2018 is given herein below.

Other Directorships do not include Directorships of private limited companies, foreign companies and companies under Section 8 of the Act. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1) (b) of SEBI Listing Regulations.

Name of the Director	Designation	No. of Directorship in listed entities including this listed entity	No. of memberships in Audit/ Stakeholder Committee(s) including this listed entity	No. of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity
Shri. D.N. Davar	Non- Executive Director & Chairman	7	9	5
Shri. Jayant Davar	Executive Director & Co-Chairman & Managing Director	3	0	0
Shri. Arvind Joshi	Executive Director & Whole-Time Director, Chief Financial Officer & Company Secretary	1	1	0
Smt. Monica Davar	Non-Executive Director	1	0	0
Shri. Mohan Lal Bhagat	Non-Executive Independent Director	2	0	0
Shri. Ravinder Nagpal	Non-Executive Independent Director	1	1	1
Shri. Krishan Lal Chugh	Non-Executive Independent Director	2	0	0
Shri. Arvind Kapur	Non-Executive Independent Director	2	2	0
Shri. Gaurav Dalmia	Non-Executive Nominee Director	4	3	1
Shri. Arjun Sharma	Non-Executive Nominee Director	1	1	1

Note: Consequent upon the cessation of Shareholders Agreement dated the 31st March, 2012, Shri Gaurav Dalmia, Non-Executive Nominee Director of the Company, had tendered his resignation with effect from close of business hours on the 23rd April, 2018 and co-opted as Additional (Non-Executive, Independent) Director on the Board of the Company on and with effect from 26th May, 2018.

**Details of Equity Shares of the Company held by the Directors as on March 31, 2018:**

Name	Designation	Number of equity shares
Shri Dharmendar Nath Davar	Non- Executive Director & Chairman	839,582
Shri Jayant Davar	Executive Director & Co-Chairman & Managing Director	31,306,426
Smt. Monica Davar	Non-Executive Director	2,622,725
Shri Arvind Joshi	Executive Director & Whole-Time Director, Chief Financial Officer & Company Secretary	45
Shri Arjun Sharma	Non-Executive Independent Director	Nil
Shri Arvind Kapur	Non-Executive Independent Director	Nil
Shri K.L. Chugh	Non-Executive Independent Director	Nil
Shri Gaurav Dalmia	Non-Executive Nominee Director	Nil
Shri Ravinder Nagpal	Non-Executive Independent Director	Nil
Shri M.L. Bhagat	Non-Executive Independent Director	Nil

**Convertible Instrument**

The Company has not issued any convertible instruments during the year.

**III. BOARD COMMITTEES**

The Board has constituted various Committees of Directors to monitor the activities in accordance with Board approved terms of reference. The Board Committees focus on specific areas and take informed decisions on the specific businesses assigned to them in the best interest of the Company.

The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval. The Company Secretary adheres to all the applicable laws and regulations for conducting the meeting of the Committees as adhered to the Board meetings. Some of the Committees of the Board were reconstituted to align with the provisions of the Companies Act, 2013, Listing Regulations and to meet the business requirements during the year under review. The terms of reference of the Board Committees are reviewed from time to time atleast annually to align the same with the regulatory/business requirements. The Company has six Board Committees as on March 31, 2018, which are briefly described below.

**A. Audit Committee**

The primary objective of the Audit Committee is to act as a catalyst in helping the Company to achieve its objectives by overseeing the Integrity of the Company's Financial Statements; Adequacy & reliability of the Internal Control Systems of the Company; Compliance with legal & regulatory requirements and the Company's Code of Conduct; Performance of the Company's Statutory & Internal Auditors.

Audit Committee monitors & provides an effective supervision of the financial reporting process of the Company with a view to ensure accurate and timely disclosures with the highest level of transparency, integrity and quality.

**a) Terms of Reference:**

The Audit Committee was constituted by a meeting of the Board of Directors held on May 31, 2010, and the composition was altered by a circular resolution of the

Board of Directors on February 21, 2018. Our Company Secretary is the secretary of the Audit Committee. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference include the following:

1. Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of statutory auditor and the fixation of audit fee;
3. Review and monitor the auditor's independence and performance, and effectiveness of audit process
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013, as amended;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;

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- e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
  7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer of our Company;
  8. Approval or any subsequent modification of transactions of our Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of our Company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Establish a vigil mechanism for directors and employees to report their genuine concerns or grievances
  13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
  14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  15. Discussion with internal auditors on any significant findings and follow up there on;
  16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. Reviewing the functioning of the whistle blower mechanism;
20. Approval of appointment of chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## The powers of the Audit Committee shall include the power to:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor.

The Audit Committee is required to meet at least four times in a year under Regulation 18 of the SEBI Listing Regulations.

The Chairman of the Audit Committee is a Non-Executive Independent Director of the Company.

## b) Composition, Meetings & Attendance during the year

As on March 31, 2018, the Audit Committee comprised of 3 members majority of them being Independent Directors in compliance with the provisions of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations. During the year under review, 5(five) Audit Committee meetings were held and the time gap between any two meetings was less than 120 days.

The details of the Audit Committee meetings held during 2017-18 are given as under:

S. No	Quarters			I	II	III	IV	No. of total meetings attended
	Date of Meeting			25.05.17	29.08.17	18.11.17	07.03.18 29.03.18	
	Member Name	Designation on Committee	Designation on Board					
1	Shri Arvind Pande	Chairman	Non-Executive Independent Director	√	√	√	N.A.	3
2	Shri Arvind Kapur	Member	Non-Executive Independent Director	√	√	√	√	5
3	Shri Ravinder Nagpal	Member/Chairman*	Non-Executive Independent Director	√	√	√	√	5
4	Shri Gaurav Dalmia	Member	Non-Executive Independent Director	√	√	LOA	√	4
<b>Total no. of Members</b>				4	4	4	3	3
<b>Total Present</b>				4	4	3	3	3
<b>Absent</b>				0	0	1	0	0

Notes:

- Mr. Arvind Pande, Non-Executive Independent Director ceased to be a director of the Company w.e.f. 16th February, 2018, hence was entitled to attend Audit Committee Meetings held till such date.
- After the resignation by Shri Arvind Pande from the Board and Audit Committee with effect from 16th Feb, 2018, Shri Ravinder Nagpal was nominated as the Chairman of the Audit Committee.
- Consequent upon the cessation of Shareholders Agreement dated the 31st March, 2012, Shri Gaurav Dalmia, Non-Executive Nominee Director of the Company, had tendered his resignation with effect from close of business hours on the 23rd April, 2018 and again appointed as Additional (Non-Executive Independent) Directors on the Board of the Company on and with effect from 26th May, 2018.
- The necessary quorum was present for all the meetings.

In addition to the members of the Audit Committee, these meetings were attended by Chairman of the Board, Co-Chairman & Managing Director, Whole-Time Director, Chief Financial Officer & Company Secretary, Statutory Auditor, Internal Auditor and/or their representatives, wherever necessary and by such executives of the Company as were considered necessary for providing inputs to the Committee.

## B. Nomination & Remuneration Committee

The constitution and the terms of reference of the Nomination & Remuneration Committee ("NRC") are in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations.

### a) Terms of Reference:

The Nomination and Remuneration Committee was originally constituted as "Remuneration Committee" by a meeting of the Board of Directors held on July 23, 2005 and the composition was altered by a circular resolution of the Board of Directors on February 21, 2018. The name of the committee and the terms of reference were changed on May 23, 2014 and its terms of reference include the following:

1. Formulate 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;
2. Formulation of criteria for evaluation of Independent Directors and the Board;

### 3. Devising a policy on Board diversity;

4. Identify persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our company shall disclose the remuneration policy and the evaluation criteria in its Annual report;
5. Analysing, monitoring and reviewing various human resource and compensation matters;
6. Determining our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
7. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

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8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws; and
9. Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

## b) Composition, Meetings & Attendance during the year

The details of its composition and of the meetings held during the Financial Year 2017-18 are as under:

S. No	Member Name	Designation on Committee	Designation on Board	One Meeting held in the Financial Year 2017 -18 (Dated : 29.03.2018)	No. of total meetings attended
1	Shri Arvind Pande	Chairman	Non-Executive Independent Director	N.A.	0
2	Shri K.L. Chugh	Member/ Chairman*	Non-Executive Independent Director	√	1
3	Shri Ravinder Nagpal	Member	Non-Executive Independent Director	√	1
4	Shri Arjun Sharma	Member	Non-Executive Independent Director	LOA	0
<b>Total no. of Members</b>				3	
<b>Total Present</b>				2	
<b>Absent</b>				1	

Notes:

- Mr. Arvind Pande, Non-Executive Independent Director ceased to be a director of the Company w.e.f. 16th February, 2018, hence was not entitled to attend Nomination & Remuneration Committee Meeting held on 29th March, 2018.
- After the resignation by Shri Arvind Pande from the Board and Audit Committee with effect from 16th Feb, 2018, Shri K.L. Chugh was nominated as the Chairman of the Nomination & Remuneration Committee.
- The necessary quorum was present for all the meetings.

## C. Stakeholders' Relationship Committee

The Board has constituted a Stakeholders' Relationship Committee pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations, to look into the redressal of grievances of shareholders and other security holders, if any.

### a) Terms of Reference:

The Stakeholders' Relationship Committee was constituted by the Board of Directors at their meeting held on September 3, 2015. The Committee was reconstituted by the Board at its meeting held on 29th March, 2018, for co-option of Shri Arjun Sharma as a chairman & Shri Arvind Kapur as a member in place of Shri Dharmendar Nath Davar, chairman and Shri Jayant Davar, member in the Committee. The terms of reference of the Stakeholders' Relationship Committee of our Company include the following:

1. Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, balance sheets of the Company or any other documents

or information to be sent by the Company to its shareholders;

2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. Giving effect to all transfer/ transmission of shares and debentures, dematerialization of shares and rematerialisation of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;
4. Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, and other related matters as may be prescribed under the equity listing agreement and as may be delegated by the Board of Directors.

**b) Composition:**

As on 31st March, 2018, the Committee comprised following directors as members:

S.No	Member Name	Designation on Committee	Designation on Board
1	Shri K.L. Chugh	Chairman	Non-Executive Independent Director
2	Shri Ravinder Nagpal	Member	Non-Executive Independent Director
3	Shri Arjun Sharma	Member	Non-Executive Independent Director

**c) Meetings and attendance:**

The Committee did not convene any meeting during the financial year 2017-18.

**d) Compliance Officer:**

Shri Arvind Joshi, Whole-Time Director, Chief Financial Officer & Company Secretary is the Compliance Officer of the Company.

Number of Shareholders' Complaints received during the Financial Year 2017-18 : NIL

Number of Shareholders' Complaints not solved to the satisfaction of Shareholders : NIL

Number of Pending Complaints as on March 31, 2018 : NIL

**a). Terms of Reference:**

The Corporate Social Responsibility Committee was constituted by our Board on March 14, 2013, and the composition was altered by a circular resolution on February 21, 2018. The scope and functions of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. The terms and reference of the Corporate Social Responsibility Committee include the following:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as per the Companies Act, 2013.
2. Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company.
3. Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time; and
4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

**D. Other Committees****I. (A) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

In accordance with the requirements of the Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility Committee to assist the Board in setting the Company's Corporate Social Responsibility Policy and assessing its Corporate Social Responsibility performance.

**b) Composition:**

As on 31st March, 2018, the Committee comprised following directors as members:

S.No	Member Name	Designation on Committee	Designation on Board
1	Shri Jayant Davar	Chairman	Co-Chairman & Managing Director
2	Shri Arvind Kapur	Member	Non-Executive Independent Director
3	Shri Gaurav Dalmia	Member	Non-Executive Nominee Director
4	Shri Arvind Joshi	Member	Whole-Time Director, Chief Financial Officer & Company Secretary

**c) Meetings and attendance:**

The Committee did not convene any meeting during the financial year 2017-18.

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## II. (B) IPO COMMITTEE:

An IPO Committee was constituted on 28th May, 2015, and then re-constituted by nominating Shri Ravinder Nagpal as a member in Committee dated the 22nd March, 2018, to facilitate completion of various pre and post IPO formalities and to take decisions in relation thereto.

### a) Terms of Reference:

The terms of reference include the following:

1. Decide on the timing, pricing and all the terms and conditions of the issue of the shares for the Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. Appoint and enter into arrangements with the book running lead managers, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrar(s), legal advisors, advertising agency(ies) and any other agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the Book Running Lead Managers ("BRLMs") mandate letter, negotiation, finalisation and execution of the issue agreement with the BRLMs etc.;
3. Finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, agreements with the registrar to the Issue and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchanges, BRLMs and any other agencies/intermediaries in connection with the Issue with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
4. Finalise, settle, approve and adopt the draft red herring prospectus, the red herring prospectus, and the prospectus for the Issue (collectively, the "Offer Documents") and take all such actions as may be necessary for filing of the Offer Documents with, and incorporating such alterations/ corrections/ modifications as may be required by, SEBI, ROC, or any other relevant governmental and statutory authorities;
5. Make applications, if necessary, to the Reserve Bank of India, or to any other statutory or governmental authorities in connection with the Issue;
6. Open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to authorise one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;
7. Open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and to authorise one or more officers of the company to execute all documents/deeds as may be necessary in this regard;
8. Determine and finalise terms of the Issue including the floor price/price band for the Issue, approve the basis of allotment and confirm allocation/ allotment of the equity shares to various categories of persons as disclosed in the Offer Documents, in consultation with the BRLMs;
9. Issue receipts/allotment advices/confirmations of allocation notes either in physical or electronic mode representing the equity shares in the share capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the company to sign all or any of the aforesaid documents;
10. Make applications to one or more recognised stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
11. Do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar & transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the company to execute all or any of the aforesaid documents;
12. Authorize and approve the incurring of expenditure and payment of fees, commissions, remuneration and expenses in connection with the Issue;
13. Do all such acts, deeds, matters and things and settle all questions, difficulties or doubts that may arise in relation to the Issue, and execute all such other agreements, documents, certificate(s), undertaking(s) etc. as it may, in its absolute discretion, deem necessary, expedient, incidental, ancillary or desirable for the purpose of the Issue and allotment of equity shares pursuant to the Issue, including the matters set forth hereinabove;"



## b) Composition, Meetings & Attendance during the year

The details of its composition and of the meetings held during the Financial Year 2017-18 are as under:

S. No	Member Name	Designation on Committee	Designation on Board	Three Original Meeting and Two Adjourned Meeting held in the Financial Year 2017 -18					No. of total meetings attended
				18.11.17	07.03.18 (Original Meeting)	16.03.18 (Adjourned Meeting)	22.03.18 (Adjourned Meeting)	27.03.18	
1	Shri Jayant Davar	Chairman	Co-Chairman & Managing Director	√	√	√	√	LOA	4
2	Shri Arvind Joshi	Member	Whole-Time Director, Chief Financial Officer & Company Secretary	√	√	√	√	LOA	4
3	Shri Gaurav Dalmia	Member	Non-Executive Nominee Director	LOA	√	LOA	LOA	√	2
4	Shri Ravinder Nagpal	Member	Non-Executive Independent Director	N.A.	N.A.	N.A.	N.A.	√	1
<b>Total no. of Members</b>				3	3	3	3	4	
<b>Total Present</b>				2	3	2	2	2	
<b>Absent</b>				1	0	1	1	2	

Notes:

- Shri Ravinder Nagpal, Non-Executive Independent Director was nominated as a member in the Committee w.e.f. 22nd March, 2018, hence was entitled to attend IPO Committee Meeting held on 27th March, 2018.
- The necessary quorum was present for all the meetings.
- Consequent upon the cessation of Shareholders Agreement dated the 31st March, 2012, Shri Gaurav Dalmia, Non-Executive Nominee Director of the Company, had tendered his resignation with effect from close of business hours on the 23rd April, 2018 and again appointed as Additional (Non-Executive Independent) Directors on the Board of the Company on and with effect from 26th May, 2018

## IV. REMUNERATION POLICY OF DIRECTORS

The Company has a Board approved Remuneration Policy for Directors including Co-Chairman & Managing Director and is being reviewed on an annual basis. The details of the said policy are as follows:

### A. Remuneration of Executive Directors

The remuneration of the Managing Director and Whole-time Director (Executive Directors) is recommended by the Nomination & Remuneration Committee (the "N&RC") to the Board for approval after considering the following factors, inter-alia:

- Function, role and responsibilities assigned;
- Benchmarking the same with the peers in the identical/similar industry;
- Industry benchmarking;
- Performance in the past and contribution to the long term strategies

The Board considers the recommendations of N&RC and approves the remuneration, with or without modifications, subject to shareholders' and regulatory approvals. In the event of inadequacy of profit, the remuneration is regulated by Schedule V of the Companies Act, 2013 otherwise, to require the approval of the Central Government.

### B. Remuneration of Non-Executive Directors

#### (i) Sitting Fees & Reimbursement of expenses

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, Listing Regulations and other regulatory/statutory guidelines, as amended from time to time. Any change in sitting fees shall be recommended by the N&RC and approved by the Board of Directors of the Company. The N&RC considers the following factors while recommending the change in the sitting fees to the Board:

- Contribution expected from Directors considering size and complexity of organization,
- Comparison with the peers in the identical/similar industry/benchmarking,
- Regulatory guidelines as applicable, etc.

The NEDs are entitled to reimbursement of expenses for participation in the meeting of the Board and Committees thereof.

The Board while approving the revision in the sitting fees payable to Directors for attending the meeting

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of the Board and Committees thereof, considers the recommendation of the N&RC.

## (ii) Payment of Profit-based Commission to NEDs

The Non- Executive Directors of the Company are paid profit based yearly commissions in accordance with the provisions of the Companies Act, 2013 subject to a maximum of 1% of the Net profits, over and above any fees and reimbursements payable to the NEDs, pursuant to the shareholders' resolution. The N&RC commends to the Board for such commission and the same is recommended by the Board for shareholders' approval for a period of five years and are renewed for a further period of five years.

## (iii) Pecuniary transactions with NEDs

During the year under review, there were no pecuniary transactions with any of the NEDs of the Company.

The register of contracts is maintained by the Company under Section 189 of the Act and the same is placed before the Board for approval from time to time. The register so placed before the Board is signed by all the directors present at such meetings.

## C. Details of remuneration to directors:

The Company has no stock option plans for the directors and hence, it does not form part of the remuneration package payable to any Executive (Whole time) and/or Non-Executive Director. During the year, the Company did not advance any loan to any of the executive and/or non-executive directors and the details of remuneration paid/payable to directors during 2017-18 are provided in an **annexure to the Board's Report in Form MGT-9**, extract of the Annual Return.

## V. FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

Your Company is in the process of formulating the Board Familiarisation Programme post its listing on the Stock Exchanges on 2nd April, 2018 pursuant to the Regulation 25 of the SEBI (Listing Obligations & Disclosures) Requirements. The aim of such Familiarisation Programme would be to familiarize Independent and other Directors of the Company to enable them to familiarize with the Company, its management, their roles, rights, responsibilities in the Company, nature of the auto component Industry, Business Model, Risk Management System, ERP systems encompassing Asset Management, Human Capital Management, Product Life Cycle Management, technology architecture and Information Security/ Cyber Security Awareness of the Company for the purpose of contributing significantly towards the growth of the Company.

## VI. INFORMATION SUPPLIED/AVAILABLE TO THE BOARD

The Directors are presented with important/critical information on the operations of the Company as well as that which requires

deliberations at the highest level. The Board has complete access to all the relevant information within the Company and also access to the senior management of the Company and any additional information to make informed and timely decisions. All Board and Committee meetings are governed by structured agenda notes which are backed by comprehensive background along with relevant annexures.

The Board was presented with the information on various important matters of operations, risk management and business, new initiatives in business, budgets, financial results, update on Corporate Social Responsibility activities, minutes of Board and Committees of the Board, appointment and remuneration of the senior management, appointment/cessation of Key Managerial Personnel, details of joint ventures or collaborations, if any, information on subsidiaries, sale of investments, assets which are material in nature and not in the normal course of business, foreign exposure and non-compliance, if any with regulatory or statutory guidelines or in the Listing Regulations, etc., and other matters which are required to be placed before the Board in terms of the Companies Act, 2013, Listing Regulations. The Board and other Committees also approve various business proposals and regulatory approvals through circulations.

## VII. POST MEETING COMMUNICATION / FOLLOW UP SYSTEM

The Company has an effective post meeting follow up procedure. The Company has a mechanism to track important decisions taken at the Board/Committee meetings till the closure of such decisions and a report on ongoing actionables (Action Taken Report) are being placed before the meeting of the Board/ Committees of the Board from time to time. Action Taken Report on the decisions taken in a meeting is placed at the succeeding meeting(s) of the Board/ Board Level Committees.

## VIII. MATERIAL SUBSIDIARIES

In terms of the requirement of the Policy on Material Subsidiaries, a subsidiary shall be considered as unlisted material subsidiary if its income or net worth exceeds twenty (20) % of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. A copy of the said Policy on Material Subsidiaries is available on the website of the Company ([www.sandhar.co.in](http://www.sandhar.co.in)).

The Company did not have any Material Subsidiary having investment of the Company during the financial 2017-18.

The Audit Committee of the Company reviews the Consolidated Financial Statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

## IX. MANAGEMENT

### (a) Management Discussion and Analysis report:

The Management Discussion and Analysis Report is given separately and forms part of this Annual Report.

**(b) Disclosures on Related Party Transactions:**

In compliance with the requirements of the SEBI Listing Regulations and following the provisions of Section 188(1) of the Companies Act, 2013, all Related Party contracts / arrangements / transactions entered by the Company during the financial year had been in the ordinary course of business and on arm's length basis, with Audit Committee having a domain role: the Board of Directors brought into picture, wherever necessary and/or obligatory. Therefore the provision of Section 188 of the Companies Act, 2013 were not attracted. There are no materially significant Related Party Transaction during the year under review made by the Company with promoters, directors or other designated person which may have a potential conflict with the interest of the Company at large. Thus, disclosure in Form AOC-2 is not required. Pertinent, in this context, is to say that, during the year, the Company has not entered into any contract / arrangement / transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of Related Party Transactions.

The Policy on materiality of Related Party Transactions and dealing with Related Party Transactions, as approved by the Board, may be accessed on the Company's website at [www.sandhar.co.in](http://www.sandhar.co.in).

Related Party Transactions were disclosed to the Board on regular basis. Details of Related Party Transactions may be referred to in Note 32 of the Standalone Financial Statements.

**(c) Disclosure of accounting treatment in preparation of financial statements:**

Pursuant to the provisions of Section 133 of Companies Act 2013 and Rule 4 (iii) (a) of Companies (Indian Accounting Standards) Rules 2015, the companies whose equity or debt securities were listed or were in the process of being listed on any stock exchange in India or outside India and having net worth of less than ` Five Hundred crores, had to comply with the Indian Accounting Standards (Ind AS), for the accounting periods beginning on or after April 01, 2017. Accordingly, Ind AS is applicable upon the Company and its subsidiaries beginning April 01, 2017.

**(d) Details of non-compliance by the listed entity, penalties, structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;**

The aforesaid is not applicable upon the Company, as the equity shares of the Company got listed on the stock exchange(s)

i.e. National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on April 02, 2018.

**(e) Code of Conduct for Prevention of Insider Trading**

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, The Insider Trading Policy with Corporate Policy on Investor Relations was approved and adopted by the Company. The Insider Trading Policy is displayed on the website of the Company ([www.sandhar.co.in](http://www.sandhar.co.in)).

**(f) MD & CFO certification:**

The MD and the Chief Financial Officer ('CFO') have issued certificate pursuant to the provisions of Regulation 17 of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. They also certify that, to the best of their knowledge and belief, no transactions entered into during the year were fraudulent, illegal or in violation of the code of conduct of the Company, they are responsible for establishment and maintenance of the Internal Financial Controls for financial reporting and they have indicated to the auditors and the Audit Committee about any significant changes in internal control over financial reporting, significant changes in the accounting policies and instances of significant frauds, if any, which they were aware. The said certificate is annexed and forms part of this Annual Report.

**(g) Code of Conduct:**

The Board has formulated and adopted Code of Conduct and Ethics for the Board of Directors and Senior Management. The said code has been reviewed and approved by the Board at its meeting held on August 19th, 2014, as updated from time to time, and has been hosted on the website of the Company ([www.sandhar.co.in](http://www.sandhar.co.in)). All Board members and Senior Management Personnel affirmed compliance with the Code of Conduct.

**(h) Sexual Harassment of Women at Workplace**

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation.

To empower women and protect women against sexual harassment, your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment of Women at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules framed thereunder.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process with clear timelines. During Financial Year 2017-18, there has been no case during the year requiring to be reported during the year under review.

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## (i) Details of establishment of vigil mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee

The Company has established a Whistle Blower Policy to enable stakeholders (including Directors, Employees, retainers, franchisees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy are to be appropriately and expeditiously investigated by the Ethics Committee. Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy is available on the website of the Company ([www.sandhar.co.in](http://www.sandhar.co.in)).

## (b) The Company has duly fulfilled the following discretionary requirements as prescribed in Part E of Schedule II of the SEBI Listing Regulations:

- Reporting of Internal Auditors: The Internal Auditor also reports to the Audit Committee while submitting internal audit report.
- The Company has duly appointed separate persons to the posts of Chairperson and Managing Director.

## XI. SHAREHOLDERS

### (a) Means of communication:

The Quarterly & Annual results of the Company are published in Business Standard (English & Hindi), the leading newspaper in India. The results are also displayed on the Company's website [www.sandhar.co.in](http://www.sandhar.co.in).

The Company has designated a dedicated e-mail ID as [investors@sandhar.in](mailto:investors@sandhar.in) for investors to register their grievances, if any. This has been initiated by the Company to resolve such investors' grievances, immediately. The Company has displayed the said e-mail ID on its website for the information of investors.

## X. COMPLIANCE

### (a) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company has complied with all applicable mandatory requirements prescribed under the SEBI Listing Regulations.

### (b) General shareholder information:

General Body Meetings:

#### Annual General Meeting ("AGM")

During the preceding three years, the AGMs of the Company were held at its registered office at C-101 Ansal Plaza, HUDCO Place, Khelgaon Marg, New Delhi-110049; details thereof are tabulated below:

AGM	Date of AGM	Details of special resolution(s) passed at the AGMs, if any
23rd	08th August, 2015	(i) To consider & approve the Alteration of Clause III, Objects Clause of Memorandum of Association by addition of new objects (ii) Adoption of the new set of Articles of Association of the Company containing articles in conformity with the Companies Act, 2013 and alignment with the listing guidelines
24th	11th July, 2016	No special resolutions were passed.
25th	29th July, 2017	No special resolutions were passed.

#### Extraordinary General Meetings ("EGM")

Details of special resolutions passed at the Extraordinary General Meetings ("EGM") held during the preceding three years are tabulated below:

Date of EGM	Place	Details of special resolution(s) passed at the EGM, if any
23rd September, 2015	C-101 Ansal Plaza, HUDCO Place, Khelgaon Marg, New Delhi-110049	(i) Issue & Allotment of Equity Shares to the public (Initial Public Offer)
11th April, 2016	C-101 Ansal Plaza, HUDCO Place, Khelgaon Marg, New Delhi-110049	(i) Re-appointment of Shri Jayant Davar as Managing Director for a period of 5 years
18th November, 2017	B-6/20 L.S.C Safdarjung Enclave New Delhi -110029	(i) Issue & Allotment of Equity Shares to the public (Initial Public Offer)

No resolution of shareholders was passed through postal ballot in the above-mentioned AGMs and EGMs.

**(c) Dividend**

The Board of Directors have paid during the year interim dividends as per particulars below:

S. No	Date of Declaration	Rate of Dividend	Amount (in Lakhs) (Excluding the Dividend distribution tax)
1	19th December, 2017 ( 1st interim)	10%	511.55
2	07th March, 2018 ( 2nd interim Dividend)	10%	511.55

The 1st & 2nd interim dividend put together aggregated to ₹2/- per equity share. The same being in line with the Company's Dividend policy, the Board has recommended the 1st & 2nd interim dividend to be as final dividend and no additional dividend is being recommended for the financial year 2017-18.

**(d) Listing on Stock Exchanges:**

The Equity Shares of face value of ₹10/- each of the Company got listed on 02nd April, 2018, on the following Stock Exchanges with the ISIN INE278H01035:

S. No	Name	Address	Stock Code
1	BSE Limited (BSE)	1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	541163
2	National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	SANDHAR

Pursuant to the Listing Regulations, the Company has entered into uniform listing agreements with BSE and NSE, both dated 24th March, 2018. For the year 2017-18, the listing fee payable to these stock exchanges have been paid in full at the time of listing of the equity shares of the Company.

**(e) Market price data- high, low during each month in last Financial Year;**

The equity shares of the Company got listed on the stock exchange(s) i.e. National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on 2<sup>nd</sup> April 2018. Hence the aforesaid is not applicable upon the Company.

**(f) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index;**

The equity shares of the Company got listed on the stock exchange(s) i.e. National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on 2<sup>nd</sup> April 2018. Hence the aforesaid is not applicable upon the Company

**(g) Dematerialization of shares and liquidity;**

The Company's shares are compulsorily traded in dematerialised form on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). Equity shares of the Company representing approximately 100% equity share capital were held in Dematerialised form, as on March 31, 2018.

**h) Registrar to Issue and Share Transfer Agent:**

The Company had appointed the following agency to act as Registrar to the IPO of the Company:

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg,  
Vikhroli West,  
Mumbai 400 083  
Tel No: +91 22 49186000  
Fax: +91 22 49186060  
Contact Person: Ms. Shanti Gopalkrishnan  
SEBI Registration No.: INR000004058

The Company vide Agreement dated 02nd April, 2018 has appointed following agency to act as its Registrar and Share Transfer Agent ("RTA"). The RTA is, inter alia, responsible for processing of requests pertaining to share transfers/ transmission/ dematerialization/ rematerialisation and other activities related thereto for both electronic and physical shareholdings. Further, RTA also handles corporate actions such as data requirements for conduct of AGMs, dividends etc. The RTA corresponds with the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in this regard.

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg,  
Vikhroli West,  
Mumbai 400 083  
Tel No: +91 22 49186000  
Fax: +91 22 49186060

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**(g) Distribution of Shareholding**

Following is the distribution of the shareholding of the equity shares of the Company as on March 31, 2018:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form	
								No of Voting Rights	Total as a % of (A+B+C)	Shares (including Warrants)		No. (a)	As a % of total Shares held			
																Class: Equity Shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)=(IV)+(V)+(VI)	(VIII)	(IX)	(X)	(XI)=(VII)+(X)	(XII)	(XIII)	(XIV)			
(A)	Promoter & Promoter Group	11	42220059	0	0	42220059	70.14	42220059	70.14	0	70.14	42220059	100.00	0	0.00	42220059
(B)	Public	120274	17970649	0	0	17970649	29.86	17970649	29.86	0	29.86	7165347	39.87	NA	NA	17970649
(C)	Non Promoter- Non Public	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	NA	NA	0
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0.00	0	0.00	0	0.00	NA	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	NA	NA	0
	<b>Total</b>	<b>120285</b>	<b>60190708</b>	<b>0</b>	<b>0</b>	<b>60190708</b>	<b>100.00</b>	<b>60190708</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>49385406</b>	<b>82.05</b>	<b>0</b>	<b>0.00</b>	<b>60190708</b>

**(h) Statement showing shareholding pattern of the Promoter and Promoter Group**

Category & Name of the Shareholders	PAN	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) as a % of A+B+C2	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)=(IV)+(V)+(VI)	(VIII)	(IX)	(X)	(XI)=(VII)+(X)	(XII)	(XIII)	(XIV)	(XV)	
<b>(1) Indian</b>															
(a) Individuals/Hindu undivided Family		1	31306426	0	0	31306426	52.01	31306426	52.01	0	52.01	31306426	100.00	0	31306426
JAYANT DAVAR			31306426	0	0	31306426	52.01	31306426	52.01	0	52.01	31306426	100.00	0	31306426
(b) Central Government/ State Government (s)	AAAPD3207A	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0
JAYANT DAVAR		0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0
(c) Financial Institutions/ Banks															
(d) Any Other (specify)		10	10913633	0	0	10913633	18.13	10913633	18.13	0	18.13	10913633	100.00	0	10913633
<b>1 Promoter Group (Individuals /HUF)</b>		5	5866517	0	0	5866517	9.75	5866517	9.75	0	9.75	5866517	100.00	0	5866517
MONICA DAVAR	AAPDP055F		2622725	0	0	2622725	4.36	2622725	4.36	0	4.36	2622725	100.00	0	2622725
NEEL JAY DAVAR	BVIPD2551D		1555995	0	0	1555995	2.59	1555995	2.59	0	2.59	1555995	100.00	0	1555995
DHARMENDAR NATH DAVAR	AAAPD0015E		839582	0	0	839582	1.39	839582	1.39	0	1.39	839582	100.00	0	839582
SANTOSH DAVAR	AEAPD3763P		785950	0	0	785950	1.31	785950	1.31	0	1.31	785950	100.00	0	785950



Category & Name of the Shareholders	PAN	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Shares Underlying convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) as a % of A+B+C2	Number of Locked in shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
											No. (a)	No. (b)				
															As a % of total Shares held (b)	As a % of total Shares held (b)
POONAM JUNEJA	ARPPJ0745F		62265	0	0	62265	0.10	62265	0.10	0	62265	100.00	0	0.00	62265	
2 Promoter Group (Bodies Corporates)		5	5047116	0	0	5047116	8.39	5047116	8.39	0	5047116	100.00	0	0.00	5047116	
SANJEEVNI IMPEX PRIVATE LIMITED	AAGCS7963K		1667727	0	0	1667727	2.77	1667727	2.77	0	1667727	100.00	0	0.00	1667727	
YSG ESTATES PRIVATE LIMITED	AAACY1754A		1662032	0	0	1662032	2.76	1662032	2.76	0	1662032	100.00	0	0.00	1662032	
SANDHAR INFOSYSTEMS LIMITED	AAFCS6324M		793569	0	0	793569	1.32	793569	1.32	0	793569	100.00	0	0.00	793569	
JUBIN FINANCE AND INVESTMENT LTD	AAACJ7314D		573508	0	0	573508	0.95	573508	0.95	0	573508	100.00	0	0.00	573508	
SANDHAR ESTATES PRIVATE LIMITED	AAGCS7960L		350280	0	0	350280	0.58	350280	0.58	0	350280	100.00	0	0.00	350280	
Sub-Total (A)(1)		11	42220059	0	0	42220059	70.14	42220059	70.14	0	42220059	100.00	0	0.00	42220059	
(2) Foreign																
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
(b) Government		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
(c) Institutions		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
(d) Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
(f) Any Other (specify)		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
Sub-Total (A)(2)		0	0	0	0	0	0.00	0	0.00	0	0	0.00	0	0.00	0	
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		11	42220059	0	0	42220059	70.14	42220059	70.14	0	42220059	100.00	0	0.00	42220059	



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(i) Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	PAN	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Class: NIL	Total as a % of Total Voting rights	No. of Shares Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) as a % of A+B+C2	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	As a % of total Shares held (b)	Number of equity shares held in dematerialized form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)=(IV)+(V)+(VI)	(VIII)	(IX)		(X)	(XI)=(VII)+(X)	(XII)	(XIII)		(XIV)	
<b>(1) Institutions</b>																
(a) Mutual Funds/ ICICI PRUDENTIAL VALUE FUND - SERIES 20	AAAAI0038F	9	3952557 761576	0	0	3952557 761576	6.57 1.27	3952557 761576	0 0	3952557 761576 1.27	6.57 1.27	0 0	2981610 331290	75.43 43.50	NA NA	3952557 761576
(b) Venture Capital Funds		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(c) Alternate Investment Funds		1	331290	0	0	331290	0.55	331290	0	331290 0.55	0 0.55	0	331290	100.00	NA	331290
(d) Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(e) Foreign Portfolio Investors		9	2264069	0	0	2264069	3.76	2264069	0	2264069 3.76	0 3.76	0	1317942	58.21	NA	2264069
(f) Financial Institutions/ Banks		3	1139436	0	0	1139436	1.89	1139436	0	1139436 1.89	0 1.89	0	0	0.00	NA	1139436
AXIS BANK LIMITED	AAACU2414K		693772	0	0	693772	1.15	693772	0	693772 1.15	0 1.15	0	0	0.00	NA	693772
(g) Insurance Companies		3	30719	0	0	30719	0.05	30719	0	30719 0.05	0 0.05	0	0	0.00	NA	30719
(h) Provident Funds/ Pension Funds		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(i) Any Other (specify)		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
<b>Sub-Total (B)(1)</b>		25	7718071	0	0	7718071	12.82	7718071	0	7718071 12.82	0 12.82	0	4630842	60.00	NA	7718071
<b>(2) Central Government/ State Government(s)/ President of India</b>		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
<b>Sub-Total (B)(2)</b>		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
<b>(3) Non-institutions</b>																
Individuals		119939	5702380	0	0	5702380	9.47	5702380	0	5702380 9.47	0 9.47	0	0	0.00	NA	5702380
(a) i. Individual shareholders holding nominal share capital up to ₹2 lakhs.		13	3399757	0	0	3399757	5.65	3399757	0	3399757 5.65	0 5.65	0	2534505	74.55	NA	3399757
ii. Individual shareholders holding nominal share capital in excess of ₹2 lakhs.																
AKASH BHANSHALI	AADPB5433H		2534505	0	0	2534505	4.21	2534505	0	2534505 4.21	0 4.21	0	2534505	100.00	NA	2534505
(b) NBFCs registered with RBI		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(c) Employee Trusts		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(d) Overseas Depositories (holding DRs) (balancing figure)		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
(e) Any Other (specify)		297	1150441	0	0	1150441	1.91	1150441	0	1150441 1.91	0 1.91	0	0	0.00	NA	1150441
1 Foreign Companies		0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	0
2 Bodies Corporates		26	1136244	0	0	1136244	1.89	1136244	0	1136244 1.89	0 1.89	0	0	0.00	NA	1136244
3 NRIs		271	14197	0	0	14197	0.02	14197	0	14197 0.02	0 0.02	0	0	0.00	NA	14197
<b>Sub-Total (B)(3)</b>		120249	10252578	0	0	10252578	17.03	10252578	0	10252578 17.03	0 17.03	0	2534505	24.72	NA	10252578
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)</b>		120274	17970649	0	0	17970649	29.86	17970649	0	17970649 29.86	0 29.86	0	7165347	39.87	NA	17970649

**(j) Statement showing shareholding pattern of the Non Promoter- Non Public shareholder**

Category & Name of the Shareholders	PAN	No. of shareholder	No. of fully paid up equity shares held	Partly paid-up equity shares held	Nos. of underlying shares	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)		No. of Shares Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) as a % of A+B+C2	Number of Locked in shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form
								No of Voting Rights	Class: Total NIL			No. As a % of (a)	As a % of total Shares held (b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)=(IV)+(V)+(VI)	(VIII)	(IX)	(X)	(XI)=(VII)+(X)	(XII)	(XIII)	(XIV)		
(1) Custodian/DR Holder (a) Name of DR Holder  (if available)			0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0
(2) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)			0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0
<b>Total Non-Promoter- Non Public Shareholding (C)= C(1)+C(2)</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>

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## k) Share Transfer System:

As on March 31, 2018, 100% of the equity shares of the Company were in electronic form. Transfer of the shares held in demat form are done through the depositories with no involvement of the Company.

## (l) Outstanding Convertible Instruments/ADRs/GDRs/Warrants:

The Company has not issued any convertible instruments/ ADRs/ GDRs/ Warrants.

## (m) Plant locations:

Tables below set forth details of our manufacturing facilities:

### A. Manufacturing facilities in India

Sr. No.	Facility	Location	Division	Products manufactured
<b>Operational manufacturing facilities</b>				
1	Sandhar Automotives Gurgaon	Gurugram	Automotives	Lock assembly, door handles, latches and switch assembly
2	Sandhar Automotives Dhumaspur	Gurugram	Automotives	Mirror assembly and moulded parts
3	Sandhar Components Behrampur	Gurugram	Components	Sheet metal components
4	Sandhar Automotives HSCI Division	Gurugram	HSCI	Door handles, lock assembly and side view mirrors
5	Sandhar Components Manesar	Gurugram	Components	Zinc die casting
6	Sandhar Tooling	Gurugram	Subsidiary	Tools and dies
7	Sandhar Automotives Haridwar	Haridwar	Automotives	Locking systems, rear-view mirrors systems, door handles, and hinges and latches
8	Sandhar Components Bawal	Bawal	Components	Aluminium die casting parts
9	Sandhar Technologies Limited – Bawal – II	Bawal	Components	Plastic moulding parts
10	Sandhar Automach Nalagarh	Nalagarh	Automach	Wheel rims and wheel assemblies, handle bars, clutch and brake panels, and fender assemblies
11	Sandhar Technologies Limited – Pathredi	Alwar	HSCI	Door handles, lock assembly, and side view mirror
12	Indo Toolings Indore	Indore	Joint Venture	Commercial tooling
13	Sandhar Automotives Pune	Pune	Automotives	Mirror assembly, lock assembly, and handle assembly
14	Sandhar Components Pune	Pune	Components	Television cabinets and air conditioners cabinets
15	Sandhar Technologies Limited – Cabins and Fabrication Pune	Pune	Cabins and fabrications	Cabins, welded assembly for cabins
16	Sandhar Components Attibele	Bengaluru	Components	Zinc die casting and moulding parts
17	Sandhar Automotives Bommasandra	Bengaluru	Automotives	Lock assembly, mirror assembly, handle assembly, latches, and switches
18	Mag Engineering Unit A	Bengaluru	Cabins and fabrication	Backhoe loader cabins and cabin loose parts, operator cabins, motor-grader cabin, dozers cabins, cabin for dump trucks including floor plate
19	Mag Engineering Unit B	Bengaluru	Cabins and fabrication	Backhoe loader cabins and cabin loose parts, operator cabins, motor-grader cabin, dozers cabins, cabin for dump trucks including floor plate
20	Sandhar Automach Attibele	Bengaluru	Automach	Motor cycle rims, moped rims, scooter rims, clutch assembly, handle bar assembly, wheel assemblies for motor cycles, mopeds and scooters
21	Sandhar Automach Mysore	Mysuru	Automach	Wheel rims and wheel assemblies, handle bars, clutch and brake panels, and fender assemblies
22	Sandhar Automach Chennai	Chennai	Automach	Wheel rims and wheel assemblies, handle bars, clutch and brake panels, and fender assemblies
23	Sandhar Technologies Limited – Lyssen Division	Gurugram	Fuel sender	Fuel senders / sensors
24	Sandhar Technologies Limited	Oragadam, Chennai	Automach	Assembly of rims
25	Sandhar Automotives Gurgaon – JEM division	Gurugram	Automotives	Relays
26	Sandhar Technologies Limited – Distribution Division	Gurugram	After market	Packaging of products for after-market sales

Sr. No.	Facility	Location	Division	Products manufactured
27	Sandhar Han Sung	Gurugram	Joint Venture	Press parts for application in relays, motors and tools, injection moulded parts for application in sensors, connectors, switches, vehicle relays, lamps, windshield wipers and switches
28	Jinyoung Sandhar	Oragadam, Chennai	Joint Venture	Assembly of AVN panels, and switches
29	Sandhar Han Sung – Oragadam	Oragadam, Chennai	Joint Venture	High precision press parts, and insert moulded contact plates
30	Sandhar Technologies Limited	Hosur	Automach	Wheel rims and wheel assemblies, handle bars, clutch and brake panels, and fender assemblies
31	Sandhar Technologies Limited – CFD – Jaipur	Jaipur	Cabins and fabrication division	Parts and components for off-highway vehicles
32	Sandhar Technologies Limited – Oragadam	Oragadam, Chennai	Components, and cabins and fabrication	Cabins and cabin loose parts, operator cabins for off-highway vehicles, aluminium die casting components, machining, and powder coating of aluminium die casting parts
33	Sandhar Technologies Limited – Hosur Unit	Hosur	Components	Aluminium die casting parts
34	Sandhar Technologies Limited – Oragadam (ADC)	Oragadam, Chennai	Components	Aluminium die casting parts
<b>Manufacturing facilities to be commissioned</b>				
	Sandhar Daewha	Gurugram	Joint Venture	Fuel filters and fuel modules, starter motors, wipers
	Sandhar Amkin	Gurugram	Joint Venture	Safety helmets and other headgears for two-wheelers

A. Facilities outside India:

Sr. No.	Facility	Location	Division	Products manufactured
1	ST Barcelona	Spain	ST Barcelona	Aluminium spools and spindles
2	Breniar Projects	Spain	ST Barcelona	Aluminium spools and spindles
3	ST Mexico	Mexico	ST Mexico	Aluminium spools and spindles

(n) Address for correspondence:

Investors and shareholders can correspond with the RTA or at corporate office of the Company at the following address:

Registrar and transfer agent - Link Intime India Private Limited	Company
C-101, 1st floor 247 Park L B S Marg, Vikhroli (West) Mumbai 400 083	Registered Office : B-6/20 L.S.C. Safdarjung Enclave, New Delhi-110029
Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail: mumbai@linkintime.co.in Investor Grievance e-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	Corporate Office : Plot No. 13, Sector 44, Gurgaon - 122002

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**XII. OTHER DISCLOSURES****(a) Confirmation of Compliance with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46:**

Sr. No.	Particulars	Regulation Number	Compliance status (As on 31st March, 2018)
1	Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
2	Board composition	17(1)	Yes
3	Meeting of Board of directors	17(2)	Yes
4	Review of Compliance Reports	17(3)	NA
5	Plans for orderly succession for appointments	17(4)	NA
6	Code of Conduct	17(5)	Yes
7	Fees/compensation	17(6)	Yes
8	Minimum Information	17(7)	Yes
9	Compliance Certificate	17(8)	NA
10	Risk Assessment & Management	17(9)	NA
11	Performance Evaluation of Independent Directors	17(10)	Yes
12	Composition of Audit Committee	18(1)	Yes
13	Meeting of Audit Committee	18(2)	Yes
14	Composition of nomination & remuneration committee	19(1) & (2)	Yes
15	Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
16	Composition and role of risk management committee	21(1),(2),(3),(4)	NA
17	Vigil Mechanism	22	Yes
18	Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
19	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
20	Approval for material related party transactions	23(4)	NA
21	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
22	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
23	Maximum Directorship & Tenure	25(1) & (2)	Yes
24	Meeting of independent directors	25(3) & (4)	Yes
25	Familiarization of independent directors	25(7)	NA
26	Memberships in Committees	26(1)	Yes
27	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	NA
28	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
29	Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

**(b) Name and Designation of Compliance Officer:****Mr. Arvind Joshi**

Whole Time Director,  
Chief Financial Officer &  
Company Secretary

Plot No. 13, Sector 44, Gurgaon – 122001  
Haryana - India

Tel No: 0124-4518900 Fax No: 0124-4518912  
Email: investors@sandhar.in

**(c) Subsidiary companies:**

The Company has four direct subsidiaries as per particulars below:

<b>S. No.</b>	<b>Name of subsidiary &amp; its location</b>	<b>Dt. Of incorporation</b>	<b>Nature of subsidiary</b>	<b>Type of subsidiary pursuant to regulation 16(1)(c) of the Listing Regulations. i.e. [Material or otherwise]</b>
1	Sandhar Tooling Pvt. Ltd. Registered office at B-6/20, L.S.C, Safdarjung Enclave, New Delhi-110 029	26th February, 2002	Domestic company	Non Material
2	Sandhar Strategic Systems Pvt. Ltd. Registered office at Vill. & Post Khandsa, Berhampur Road, Gurgaon-122 001	9th September, 2016	Domestic company	Non Material
3	Sandhar Daeshin Auto Systems Pvt. Ltd. Registered office at Vill. & Post Khandsa, Berhampur Road, Gurgaon-122 001	3rd May, 2018	Domestic company	Non Material
4	Sandhar Technologies Barcelona S.L., Registered at Av. Cal Rubio, no 46, Santa Margarida I els Monjos, Barcelona, Spain	18th May, 2007	Foreign company (RBI UIN no. NDWAZ20090757)	Non Material

**Company's wholly-owned foreign subsidiary, viz. Sandhar Technologies Barcelona S.L. has the following subsidiaries:**

<b>S. No.</b>	<b>Name of subsidiary &amp; its location</b>	<b>Dt. Of incorporation</b>	<b>Nature of subsidiary</b>	<b>Type of subsidiary pursuant to regulation 16(1)(c) of the Listing Regulations. i.e. [Material or otherwise]</b>
1	Sandhar Technologies Poland sp. z.o.o. registered office at UI Legionow 59, 42-200, Czestochowa, Poland	20th June, 2011	Foreign company	Non Material
2	Sandhar Technologies De Mexico S. de RL de CV registered office at Av. Torre centro Insurgentes, 3 Parque Opcion, San Jose Iturbide 37980, Guanauato, Mexico	27th February, 2014	Foreign company	Non Material
3	Breniar Projects s.l. registered office at Av. Cal Rubio, no 46, Santa Margarida I els Monjos, Barcelona, Spain	26th April, 2007	Foreign Company	Non Material

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Economic Overview & Prospects

After a long period of stagnation, the world economy is finally strengthening. In 2017, global economic growth is estimated to have reached 3.0 per cent, a significant acceleration compared to growth of just 2.4 per cent in 2016, and the highest rate of global growth recorded since 2011. The recent acceleration in world gross product growth stems predominantly from firmer growth in several developed economies, although East and South Asia remain the world's most dynamic regions. Cyclical improvements in Argentina, Brazil, Nigeria and the Russian Federation, as these economies emerge from recession, also explain roughly a third of the rise in the rate of global growth between 2016 and 2017.

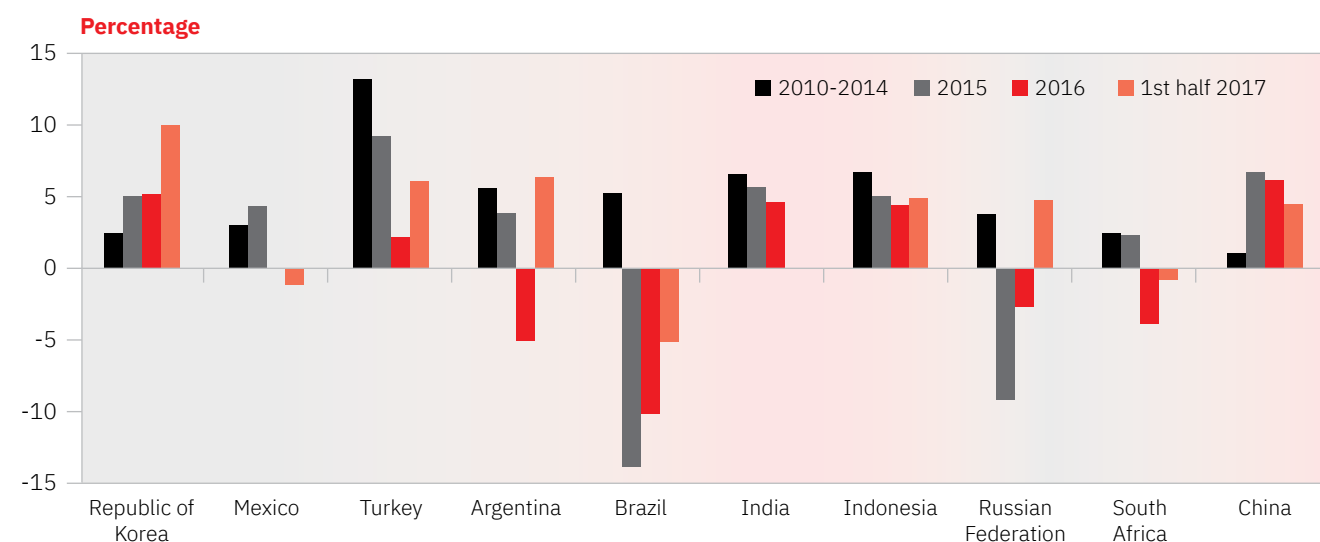
Conditions for investment have generally improved, amid low financial volatility, reduced banking sector fragilities, recovery in some commodity sectors and a more solid global macroeconomic outlook. Financing costs generally remained low, and spreads have narrowed in many emerging markets, reflecting a decline in risk premia. This has supported rising capital flows to emerging markets, including a rise in cross-border lending, and stronger credit growth in both developed and developing economies. Improved conditions have supported a modest revival in productive investment in some large economies. Gross fixed capital formation accounted for roughly 60 per cent of the acceleration in global economic activity in 2017. This improvement is relative to a very low starting point, following two years of exceptionally weak investment growth, and a prolonged episode of lacklustre global investment overall.

Labour market indicators continue to improve in a broad spectrum of countries, and roughly two-thirds of countries worldwide, experienced stronger growth in 2017 than in the previous year.

Many of the overhanging fragilities from the global financial crisis have eased, however, a number of uncertainties and risks loom on the horizon. Elevated levels of policy uncertainty continue to cloud prospects for world trade, development aid, migration and climate targets, and may delay a more broad-based rebound in global investment and productivity. Rising geopolitical tensions could intensify a tendency towards more unilateral and isolationist policies. Crude oil prices rose substantially over the first half of 2018 amid robust demand and supply concerns related to recent geopolitical developments, despite rising U.S. oil production. Metals prices increased in the first half of the year following a pickup in demand from China. Grain stocks, in general, remain very high, which will continue to weigh on agricultural prices, while soybean production has fallen substantially. Oil prices are expected to average \$70/bbl in 2018 and \$69/bbl in 2019, up \$12/bbl in 2018 and \$10/bbl in 2019 relative to January forecasts. Upside price risks primarily arise from geopolitical developments involving key oil-producers in the Middle East and North Africa—particularly those related to the reinstatement of sanctions on Iran. In addition, the recent imposition of sanctions on Republica Bolivariana de Venezuela could lead to further declines in Venezuelan oil production, where output has already fallen 0.9 mb/d over the past two years. Downside price risks include a loosening of the OPEC/non-OPEC planned cuts, which could be decided at the June OPEC meeting; faster-than-expected U.S. shale oil production; or lower demand for oil as a result of higher prices. (Source: World Bank)

While a number of risks and uncertainties remain, what stands out in the current economic environment is the alignment of the economic cycle among major economies, stability in financial market conditions and the absence of negative shocks such as commodity price dislocations. At the global level, world gross

**Average year-on-year change in gross fixed capital formation in selected developing and transition economies (constant prices)**



Source: World Bank

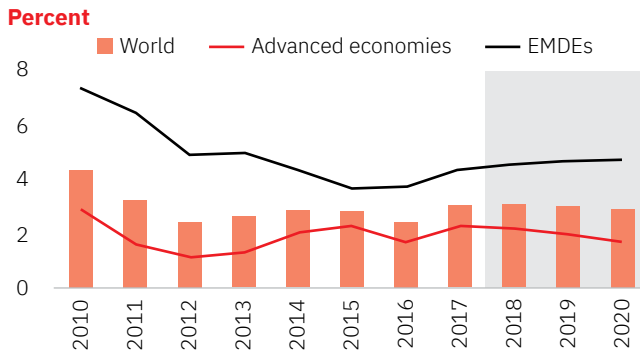


product (WGP) is forecast to expand at a steady pace of 3.0 per cent in 2018 and 2019. Developing economies remain the main drivers of global growth. (Source: UN/DESA)

Global growth is projected to soften beyond the next couple of years. Once their output gaps close, most advanced economies are poised to return to potential growth rates well below pre-

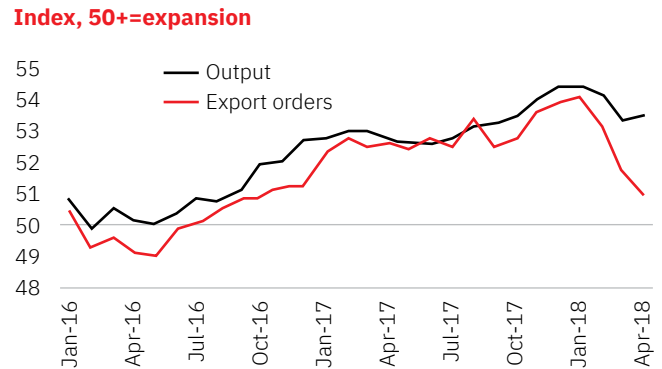
crisis averages, held back by aging populations and lack-luster productivity. US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth is projected to remain subpar in several emerging market and developing economies, including in some commodity exporters that continue to face substantial fiscal consolidation needs. (Source: IMF Report)

### Global growth



Source: IMF Report

### Global manufacturing output and export orders



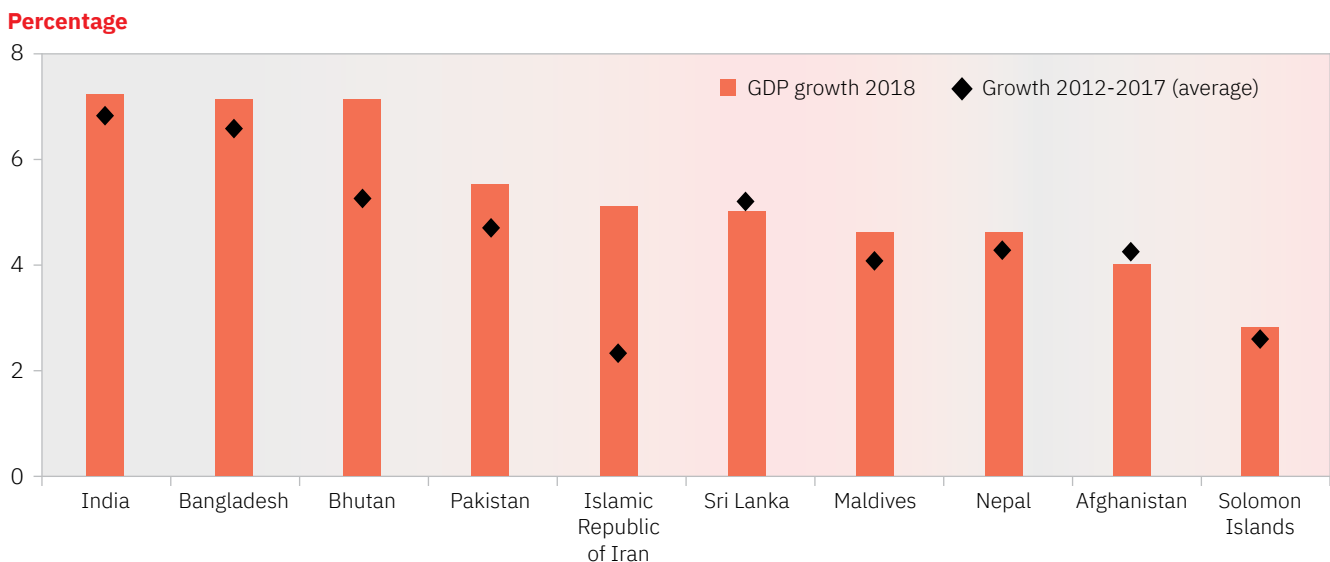
Source: IMF Report

## Indian Economic Overview & Prospects

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18. India's economy grew at its fastest in seven quarters in the January-March period post demonetization period, bolstered by strong performance in construction, manufacturing and public services and stood at 7.56% for the fourth quarter of the FY 2018. GDP has grown at 10% in FY 18, lower than 10.8% growth in FY17. Gross value added(GVA) is slated to grow by 6.5% in FY18, lower than 7.1% growth registered in the previous year.

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. Moody's upgraded India's sovereign rating after 14 years to Baa2 with a stable economic outlook. The M&A activity in India increased 53.3 per cent to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion. India's merchandise exports and imports grew 11.02 per cent and 21.04 per cent on a y-o-y basis to US\$ 273.73 billion and US\$ 416.87 billion, respectively, during April-February 2017-18. India's Foreign Direct Investment (FDI) inflows reached US\$ 208.99 billion during April 2014 - December 2017, with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles. India's Index of Industrial Production (IIP) rose 7.5 per cent year-on-year in January 2018 while retail inflation in 2017, declined to record lows in India and

### South Asia: GDP growth, 2018 and 2012-2017 (average)



(Source: UN/DESA)

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Nepal, Indian merchandise exports in dollar terms registered a growth of 4.48 per cent year-on-year in February 2018 at US\$ 25.83 billion, according to the data from Ministry of Commerce & Industry. India has also improved its ranking in the World Bank's Doing Business Report by 30 spots over its 2017 ranking and is ranked 100 among 190 countries in 2018 edition of the report.

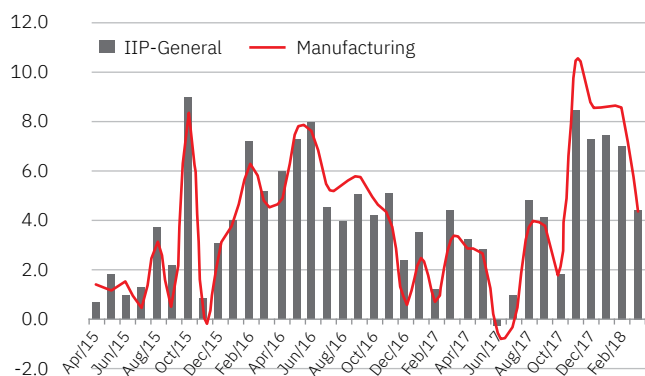
Despite the slowdown observed in early 2017 and the lingering effects from the demonetization policy, the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as ongoing structural reforms. Growth in India is projected to accelerate to 7.3 percent in FY 19 and 7.5 percent on average in FY 20, reflecting robust private consumption and firming investment. The bank recapitalisation plan by Government of India is expected to push credit growth in the country to 15 per cent, according to a report by Ambit Capital.

The Union Budget for 2018-19 focussed on uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. As per the budget, the government is committed towards doubling the farmers' income by 2022. A total of ₹14.34 lakh crore (US\$ 225.43 billion) will be spent for creation of livelihood and infrastructure

in rural areas. Budgetary allocation for infrastructure is set at ₹5.97 lakh crore (US\$ 93.85 billion) for 2018-19. All-time high allocations have been made to the rail and road sectors. The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19. The Niti Aayog has predicted that rapid adoption of green mobility solutions like public transport, electric vehicles and car-pooling could likely help India save around ₹3.9 trillion (US\$ 60 billion) in 2030. India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by PricewaterhouseCoopers. (Source: IBEF)

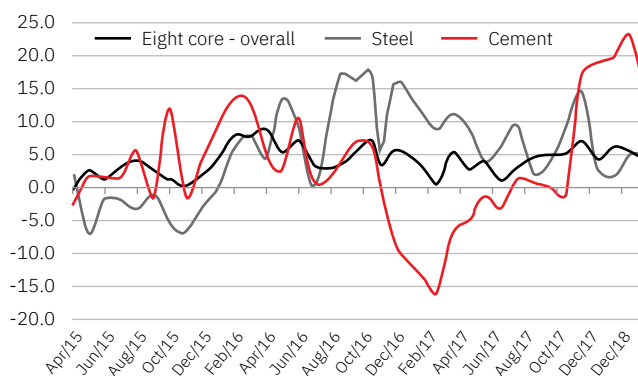
### Index of Industrial Production growth

(in percent)



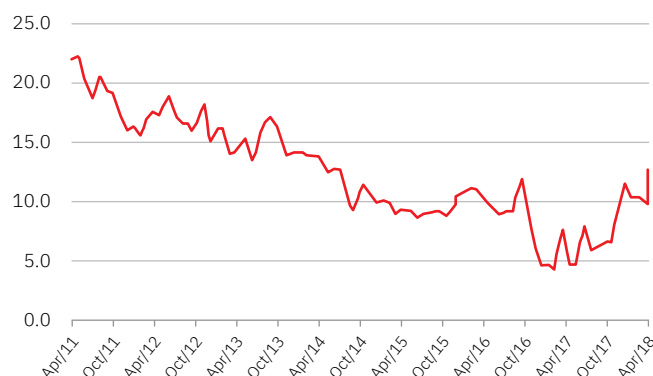
### Eight Core Industries - Production growth

(in percent)



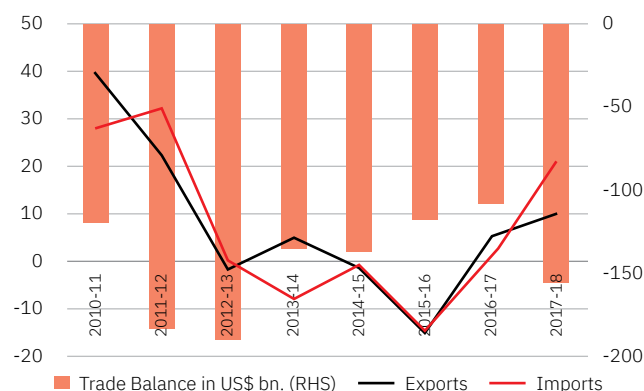
### Growth of Bank Credit - as on (Y-o-Y)

(in percent)



### Growth of Merchandise Exports and Imports

(in percent)



(Source: Ministry of Finance, MER)

## Industry Overview

### Global Automotive Industry & Prospects

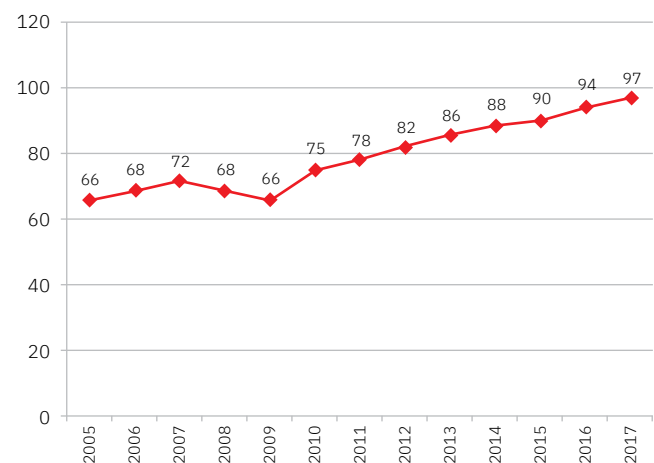
During the year, automotive industry recorded a remarkable growth, mainly driven by Europe, Latin America and Asia Pacific regions. In 2017, the U.S. and Canada experienced significant declines – Mexican and Japanese production driving global production growth. The sales of automotive industry rose from 93.9 million units in 2016 to 96.8 million units in 2017. The world production of automotive industry increased by 4.5% from 94.9 million in 2016 to 97.3 million units in 2017. NAFTA has eased off somewhat after seven years of growth. Production and sales remained a little down on their very high 2016 levels. South America is recovering, although production and market volume are still a long way below earlier values. But the markets have turned around. In Europe the positive development of recent years has continued. In 2017 both production and sales recorded their highest values since 2007. Asia continues its growth story. Since 2005 production and sales have more than doubled, and last year the trend remained unbroken. The African automotive market still has a very small volume and is accordingly subject to greater fluctuations. Production in Africa rose for the eighth year in succession, also starting from a low baseline. (Source: OICA; HIS Automotive; Standard and Poors)

The automotive market is on course to cross the 100 million units' threshold in 2019. In 2018, global sales in new vehicles should exceed 98 million, posting a +2.5% increase. Positive forecasts in private consumption and corporate investment, fuelled by rising incomes and still low interest rates, will support new registrations in passengers' cars (74% of the total) and commercial vehicles (26%) in majority of countries. Yet, the automotive industries face challenging times. One issue is their inability to cope with the uneven tempo of markets. It is expected to register continued growth in China (+3% to almost 30 mn units) and most of the European Union (+2%), a recovery in Russia (+5%) and Brazil (+3.5%), a stabilization in Japan and South Korea, but also two major exceptions: the U.S. (-2% to 17mn units) and the UK (-6%). The second challenge is to manage market's transition, notably to Electric Vehicles and connected cars, while keeping on meeting each market demand and the diversity of regulatory frameworks. New models are crucial to stay competitive, from low costs to premium cars and all kinds of EV. At the same time, emission requirements are intensifying, increasing the costs of cars and the pressure on manufacturers.

The global automotive industry is poised to shift in technology and consumer taste and preferences. The advancement in technology has resulted in innovation such as electric or solar based vehicles, precise navigation system thereby benefitting not only its owners but also the society as a whole.

In this favourable environment, the global auto component industry is expected to increase its revenues by 3% and maintain its profitability level. For 2018, the auto component industry is expected to continue its growth but at a slower pace. The four automotive megatrends Mobility, Autonomous driving, Digitization and Electrification will continue to change the automotive industry, causing disturbance in all supplier domains. New mobility business models are poised to disrupt car ownership, personal mobility and goods logistics. The timeline for level 4/5 autonomous driving vehicles keeps accelerating as necessary economics, regulations and technology fall into place. In digitization, artificial intelligence offers almost limitless possibilities while connectivity-enabled technologies are reaching mainstream application: Within the next 10 years almost all cars in mature markets will have some form of connectivity. Momentum for electrification is building among OEMs due to increasing regulatory pressure and accelerating technology advancement.

**Total Sales (Million)**



Source: OICA

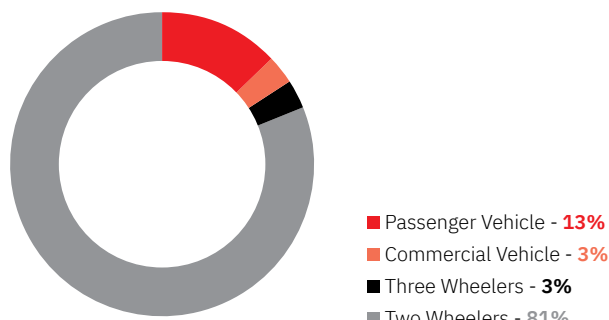
### Indian Automobile Industry & Prospects

Amongst key global markets, India's automotive industry is at the forefront of growth. The Indian auto industry is one of the largest in the world with a contribution of 7.1% to the country's Gross Domestic Product (GDP). The Two Wheelers segment with 81% market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring

the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13% market share. Two wheeler market experienced robust growth at a CAGR of 7.9% between FY13-FY18 followed by the growth in passenger vehicles at a CAGR of 4.53%. The overall production of Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in fiscal 2018 grew at 14.48% and vehicle volume sales stood at a total of 29.01 million as compared to 25.34 million vehicles in the fiscal 2017.

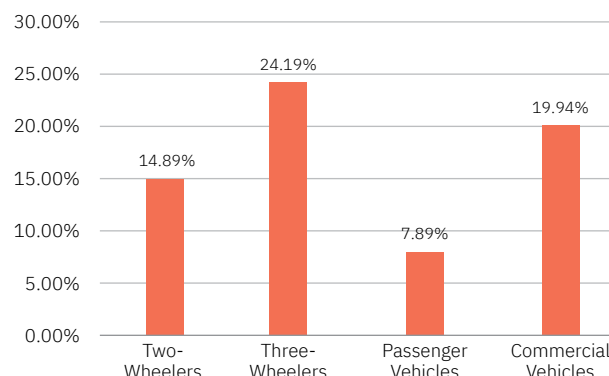
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## Domestic Market Share for 2017-18

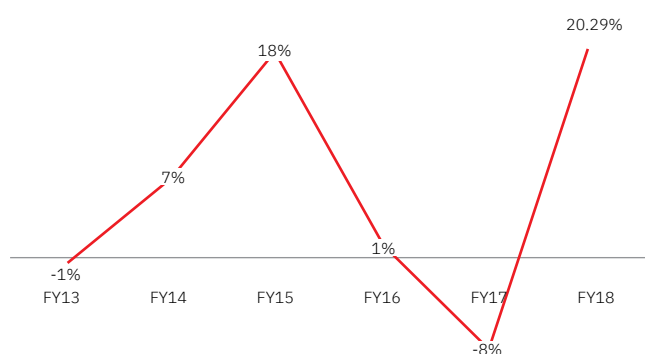


Source: SIAM

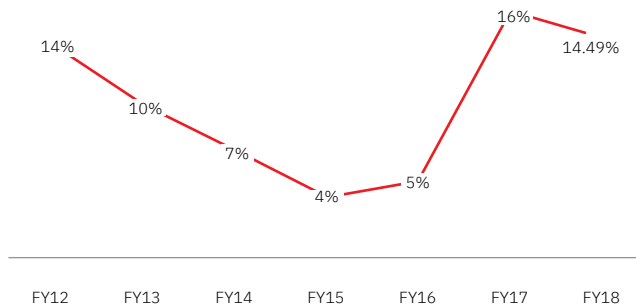
## Domestic Sales



## Two Wheeler Exports Growth Rate



## Passenger Vehicle Exports Growth Rate



## Key Growth Drivers

## Two-Wheeler

The following are the key drivers for two wheelers:

- Growth in affordability or higher disposable incomes due to higher GDP growth and lower inflation.
- Rising incomes and number of working woman due to increasing urbanisation would lead to growth in demand of two-wheelers in the urban cities of Indian.
- Improved financial situation with rise in captive financing and increasing penetration into Tier-III and Tier-IV cities are leading increase in demand of the two-wheelers.
- Government initiative to develop a well-connected and planned states is resulting in development of rural and semi-urban roadways which would lead to increase in demand of two-wheelers.
- From the export perspective, increase in export portfolio of two-wheelers, slowly expanding presence in new markets and improvement in the primary markets would result in growth in exports of two-wheelers.

## Passenger Vehicles

The long term growth of the passenger vehicle segment relies on the following:

- Growth in income and lower cost of capital are key drivers for demand of the personal vehicle.
- Improvement in economic growth along with affordability would lead to increase in demand in this segment. The cost of ownership and crude oil prices are expected to remain stable thereby making it more affordable to own a vehicle.
- Greater affordability is expected to raise the number of prospective leads from 73 million in 2017-18 to 94 million in 2021-22.

However, the auto components suppliers are expected to face four main challenges going forward (i) slowing growth will put pressure on margins and create a need to find new ways to grow (ii) accelerated change of technological focus requires further investment into new technologies such as ADAS and electrification, putting an undue burden without a promise of quick returns (iii) emergence of software as key differentiator will make many existing competencies obsolete and create more intensive competition from new tech players (iv) commoditization of hardware parts and disaggregation of systems will exert additional pressure to reduce cost and increase operational efficiency.

## Company Overview

### About the Company

Sandhar Technologies Limited is a customer centric component supplier with over 21 different product categories, primarily catering to automotive OEMs and largely focused on safety and security systems of vehicles with a pan India presence and a growing international footprint. The Company is a leader in the two-wheeler locking systems market, and the commercial vehicle rear view market in India, and is one of the two largest companies catering to the commercial vehicle locking systems market, and the two-wheeler rear view market in India. The Company is also one of the two largest manufacturers of

operator cabins in India, along with being the largest player in the excavator cabins market. Sandhar's business involves designing and manufacturing a diverse range of automotive components, parts and systems, driven by technology, process, people and governance. The Company operates out of 31 manufacturing units across 8 states in India. Additionally, it also operates internationally out of its manufacturing facilities based in Spain, Mexico and Poland (finishing centre). The Company maintains a long-standing relationship with its major customers. This has been one of the most significant factors contributing growth of the Company. It has a strong customer portfolio which consists of 79 Indian and global OEMs across various segments.

### The Company also entered into the following material joint venture arrangements:

S. No.	Name of Joint Venture	Name of Joint Venture partner	Activity undertaken
1.	Sandhar Han Sung Technologies Pvt. Ltd.	Han Sung IMP Co. P Ltd.	Manufacture of high precision press parts, insert moulded contact plates, and switches
2.	Jinyoung Sandhar Mechatronics Pvt. Ltd.	Jinyoung Electro-Mechanics Co. Ltd., South Korea	Assembly of AVN panels and switches
3.	Sandhar Daewha Automotive Systems Pvt. Ltd.	Daewha Fuels Ind. Ltd., South Korea	Manufacturing and assembly of oil fuel module, fuel filters, starter motors and wiper blades
4.	Sandhar Amkin Industries Pvt. Ltd.	Amkin Group Pvt. Ltd., Delhi	Manufacture of safety rider helmets and other headgears for two-wheelers
5.	Sandhar Daeshin Auto Systems Pvt. Ltd.	Daeshin Machinery Ind. Co. Ltd., South Korea	Auto Gear Shifters
6.	Sandhar Whetron Electronics Pvt. Ltd.	Whetron Electronics Co. Ltd., Taiwan	Parking Sensors, Park Assist Systems

## Financial Overview

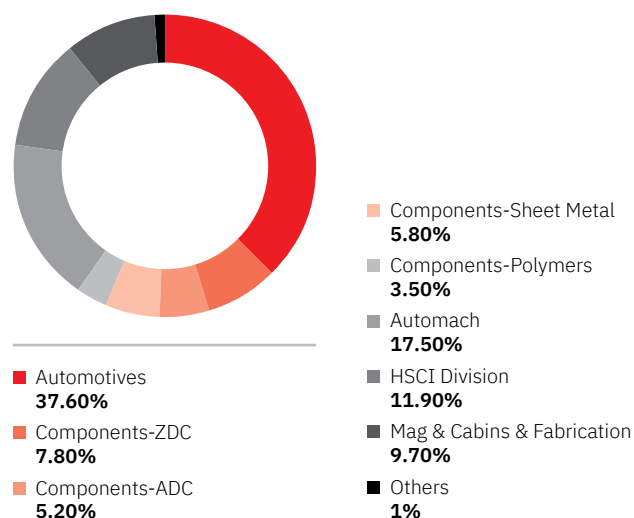
### Total Revenue

Revenue from Operations has increased during 2017-18 by 13.55% to ₹1993.13 crore from ₹1755.2 crore in the previous year. The increase can be attributed to several factors such as (i) At the back of the increased sales volume of the Company's major OEM customers across business segment (ii) Increase in content per vehicle (iii) Increased sales of higher value added products (iv) Increase in presence in the scooter segment and (v) Huge traction in the construction equipment business, all of which helped the Company in registering higher sales multiples as compared to the auto sector.

### The Net Revenue (excluding Excise Duty) compares as below:

S. No.	Particulars	FY 17-18	FY 16-17	Growth %
1.	Total Revenue	1993.13	1755.21	13.55%
2.	Less: Excise Duty	37.77	136.21	-
3.	Net Revenue	1955.36	1619.00	20.78%

### Segment-wise Revenue Breakup



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## EBITDA

The company has registered a rise in EBITDA by 38.05% from ₹154.31 crore in 2016-17 to ₹213.03 crore in 2017-18 due to (i) Increased sales of higher margin products (ii) overall sales increase (iii) Reduction in losses at loss making units and (iv) Better control over expenses. This also resulted in an increase of 136 bps in EBITDA Margin from 9.53% in 2016-17 to 10.89% in 2017-18.

## PAT

During the year PAT witnessed a healthy growth of 57.63% to ₹65.62 crore in FY18 from ₹41.63 crore in FY17. This happened despite of an increase in finance cost from ₹42.62 crore in FY17 to ₹43.17 crore in FY18. The cost of materials consumed to net total revenue stood at 58.11% in FY18 as against that of 58.34% in FY17. Personnel, Selling and Admin & General cost also declined from 32.10% in the previous year to 30.99%.

## Capital Expenditure

As at 31st March, 2018, the total capital expenditure (including capital working in progress and capital advances) incurred was ₹198.91 crore. The CAPEX program mainly included expansion plans that the Company carried out in Jaipur, Oragadam and Hosur.

## Assets

### Sundry Debtors

The receivables of the Company increased to ₹267.43 crore in FY18 from ₹205.33 crores in FY17. The higher receivables is recorded on account of GST recoveries at the rate of 18% which refers to before implementation of the new tax regime.

### Cash and Cash Equivalents

During the year Sandhar witnessed a growth in cash and cash equivalents from ₹5.68 crore in FY17 to ₹254.99 crore in FY18. This happened mainly due to increase in sales and successful IPO offer of the Company which was completed during the year.

### Property, Plant and Equipment

An increase in Capital expenditure invested towards establishing building, plants and machines resulted in an increase of 12.24% Property, Plant and Equipment from ₹581.53 crore in FY17 to ₹662.62 crore in FY18.

### Investments

The total investments made during the year increased from ₹4.67 crore in FY17 to ₹14.32 crore in FY18. This happened

as the Company acquired entered into new joint ventures and invested towards various subsidiaries.

## Liabilities

### Borrowings

Net Borrowings of the Company increased from ₹460.34 crore in FY17 to ₹483.58 crore in FY18. During the year the Company repaid ₹62.06 crore and obtained additional term loans of ₹82.25 crore. There working capital limited related to Barcelona subsidy increased to ₹134 crore in FY18 from ₹88.08 crore in FY17.

### Current Liabilities

There was an increase in current liability from ₹282.42 crore in FY17 to ₹438.76 crore in FY18. This was mainly due to GST balances of ₹7.31 crore, Gratuity and Earned leave provision of ₹10.73 crore and income tax provision of ₹13.77 crore. Trade creditors balance increased on account of higher statutory recoveries under GST.

## Outlook & Strategy

In order to succeed in the new automotive environment, the Company has adopted multi-pronged strategies as an evolutionary process to re-energise its existing business models (i) rethink overall strategy in order to either capture new growth opportunities or consolidate the market around the existing portfolio (ii) define a long term technology roadmap and strategic positioning in the value chain regarding both product and service offering (iii) implement a lower operating cost base and ensure sufficient financing for the upcoming transition at the same time (iv) adapt organizational structure and governance model to successfully manage new emerging technologies and competencies alongside old declining technologies under one roof (v) create a new company mind-set and culture to foster innovation to compete in the new technology areas (vi) build up new partnerships and leverage this ecosystem to find new ways to innovate.

The company plans to develop products based on the current trend in the industry such as increasing focus on safety, fuel efficiency, comfort, customisation, entertainment and communication, as well as auto electronics to develop products that meet requirements of its OEM customers' in these areas. It aims to dominate the market with its new products as well as tailor its existing portfolio to suit the needs of its customer base. The company plans to focus on amplifying its contribution per vehicle and enhance its research, design and development capabilities to gain a competitive advantage in terms of quality and costs.



## Risk Mitigation

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. Many risks exist in Company's operating environment and they emerge on a regular basis. The Company's risk management processes focus on ensuring that these risks are identified on a timely basis and duly addressed. The risk management process typically involves identifying particular risk events or circumstances relevant to the organisation's objectives, assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring them on a regular basis.

### Key business risks and their mitigation measures are:

#### Operations Risk:

**Pricing Pressure:** Pricing pressure that comes from the customers is an inherent part of the automotive components business. The extent of price reductions varies from year to year and takes the form of one time give backs, reductions in direct sales prices or discounted reimbursements for engineering work. In response, Sandhar is continuously engaged in efforts to reduce costs and to provide customers added value by developing new products. Generally, the speed by which these cost-reduction programs generate results will, to a large extent, determine the future profitability of the Company. The various cost-reduction programs are, to a considerable extent, interrelated. This interrelationship makes it difficult to isolate the impact of costs on any single program, therefore, it monitors key measures such as costs in relation to sales and productivity.

**Components costs:** Sandhar's business, financial condition, results of operations and prospects are significantly impacted by the availability and cost of raw materials such as zinc, aluminium, steel, plastics, nickel, brass, copper and glass. Changes in the component costs and raw material prices could have a major impact on profitability of the Company. Changes in most raw material prices affect the Company with a time lag. This lag used to be six to twelve months, but is now more often three to six months. For non-ferrous metals like aluminium and zinc, the Company have a system of quarterly and sometimes semi-annually price adjustments. It's strategy is to offset price increases on cost of materials by taking several actions such as re-design of products to reduce material content, material standardization to globally available raw materials and consolidating volumes to fewer suppliers.

**Employee related:** The future performance of the Company would depend on the continued service of its management, key management personnel and employees, and the loss of any key employee and the inability to find an adequate replacement may impair the Company's relationship with key customers and its level of technical expertise, which may adversely affect its business. The Company has undertaken several safeguards in the form of introducing succession planning program, talent management, training & skill development programs to attract and retain right talent.

**Environmental:** Most of the Company's manufacturing processes consist of the assembly of components. As a result, the environmental impact from the Company's plants are generally

modest. While the Company's businesses from time to time are subject to environmental inspections, there are no material environmental-related issue pending against the Company. It undertakes regular surveillance and audit of the environmental protection steps at its various manufacturing units, from time to time to identify any lapse on proactive basis.

#### Strategic Risk:

**Regulation:** The majority of the components supplied by the Company fall into the safety & security sub-segment of auto components sector. This sub-segment is highly regulated along with the regulations pertaining to emission norms. Although the regulations become more and more stringent, the type of components manufactured by the Company are only affected in terms of the level of technology and not otherwise so as to affect the business in overall terms. Thus, the regulatory norms convert into an opportunity for the Company to rise up the value chain. It mitigates this risk by having strong tie-ups with global leaders in respective technologies apart from its own R & D centre developing and keeping pace with the technological evolution.

**Customer concentration:** The top 3 OEMs in the two wheeler & passenger vehicles segment accounted for 73% of the total volumes sold in fiscal 2018. In the commercial vehicles segment, the top 3 OEMs accounted for 86% of the total sales. Similarly, in the Off-Highway Vehicles including tractors, the top 3 OEMs account for 75% of the overall volumes sold. As a result of this highly consolidated market, the Company is dependent on a relatively small number of customers with strong purchasing power. In fiscal 2018, the Company's five largest customers accounted for 67% of revenues and the ten largest customers for 81% of revenues. Its largest customer contract accounted for around 29% of revenue in fiscal 2018.

Although the customer base has become more balanced and diversified as a result of Sandhar's significant efforts in business segment diversification, product diversification and geographical expansion, the loss of all business from a major customer, the consolidation of one or more major customers or a bankruptcy of a major customer could have a material adverse effect on the Company. In addition, a quality issue, shortcomings in service of the Company to its customer or uncompetitive prices or products could result in the customer not awarding it new business, which will gradually have a negative impact on its sales when current contracts start to expire. The Company's diversification into different geographies, business segment, products, technology platforms, customers and entry into niche product segments by entering into technology collaboration as well as joint ventures would help it mitigate this risk.

**Dependence on suppliers:** Sandhar being an auto component supplier with various stages of production requiring integration of bought out components being supplied by several Tier-2 suppliers, at each stage of production, relies on internal or external suppliers in order to meet its delivery commitments.

In some cases, customers require that the suppliers are qualified and approved by them. The Company's supplier consolidation program seeks to reduce costs but increases its dependence on the remaining suppliers. As a result, the Company is dependent,



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in several instances, on a single supplier for a specific component. However, this dependence is mitigated by the fact that the Company is seldom applying a specific manufacturing technology. This risk increases as suppliers are being squeezed between higher raw material prices and the continuous pricing pressure in the automotive industry. The Company's strategy is to reduce these supplier risks by seeking to maintain an optimal number of suppliers in all significant component technologies, by standardization and by developing alternative suppliers around in multiple geographical locations.

**New competition:** Increased competition may result in price reductions, reduced margins and inability of the Company to gain or hold market share. OEMs rigorously evaluate suppliers on the basis of product quality, price, reliability and delivery as well as engineering capabilities, technical expertise, product innovation, financial viability, application of lean principles, operational flexibility, customer service and overall management. To maintain its competitiveness and position as a market leader, it is important to focus on all of these aspects of supplier evaluation and selection.

**Performance of the subsidiaries:** The Company has always made investments in its subsidiaries and provided corporate guarantees on behalf of subsidiaries. If the business or operations of any of these subsidiaries deteriorates, the value of the Company's investments may decline substantially which may in turn have a material adverse effect on the Company's business, financial position or results of operations. In the opinion of the Board no risks have been identified that may threaten the existence of the Company.

**Financial Risk:** Sandhar is exposed to financial risks through its normal debt-financed activities as well as through its international operations. Most of the financial risks are caused by variations in the Company's cash flow generation resulting from, among other things, changes in exchange rates and interest rate levels, as well as from refinancing risk and credit risk. In order to reduce the financial risks and to take advantage of economies of scale, the Company has a central treasury department supporting operations and management. The treasury department handles external financial transactions and functions as the Company's in-house bank for its subsidiaries.

## Human Resources

The Company believes that its success depends on the success of its people, and development is key in a highly competitive and rapidly changing environment. As of March 31st, 2018, we had a total work force of 8,155 individuals comprising of 2,392 employees and 5763 individuals engaged by us on a contractual basis. An important cornerstone of the development of each employee is the ongoing development dialog between the team member and manager, which is summarized during an annual performance appraisal. Skill augmentation and self-learning programs are key focus area. The Company conducts regular trainings for its employees and it has also set up a human resources helpdesk which visits each plant on a rotation basis to meet employees and ensure that their concerns, if any, are addressed.

## Information Technology

Sandhar has invested in the Oracle enterprise resource planning systems ("ERP") and have implemented ERP systems since 2009 which encompasses the management of all production, materials, maintenance and human resource functions. It has always made conscious efforts to consistently upgrade its systems to ensure efficiency and reduce redundancies. All our security systems and business continuity management systems are ISO certified. The Company has also established use of information technology systems in design, development and prototyping such as Autodesk, Dassault, Ironcad, Delcam, Mastercam and Unigraphics. The Company has initiated several measures to reduce its dependency on Hardware Infrastructure and move to cloud-based solutions to optimise its IT related costs.

## Internal control and adequacy

The Company has put in place adequate internal financial control systems commensurate with its size, nature and complexity of operations. These controls are adequate for ensuring the orderly and efficient conduct of the business and are working effectively. These controls have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, adherence to the Company's policies, safeguarding of assets from unauthorized use and prevention and detection of frauds and errors.

The internal audit function is carried out by an independent firm of Chartered Accountants, viz. M/s. GSA & Associates, New Delhi which has the requisite experience and knowledge of the industry segment and the control systems necessary for the nature, size and scale of operations of the Company and it reviews the adequacy of internal control systems and covers significant areas of the Company's operations. Risk based audits are performed, based on an annual internal audit plan, which is developed in consultation with the Audit Committee. Internal Audit reports are regularly reviewed by the Top Management. The Internal Audit process also monitors the progress in implementation of suggestions for improvements.

The Audit Committee reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them. During the period, the Audit Committee met regularly to review the reports submitted by the Internal Auditors. All significant audit observations and improvement actions thereon were reported to the Audit Committee.

Besides the internal audit, the Company has an internal team which undertakes Commercial audit, the objective of which, inter-alia, is to identify areas of operational improvement and efficiency, unlocking of capital from idle or under-utilised assets and identify aspects of cost over-runs and undesirable expenses incurred due to non-compliance or non-adherence to standard operating procedures.

## Health, Environment & Safety

Sandhar has always taken initiatives to reduce the risk of accidents at its facilities by carrying out trainings, safety audits, and by installing safety devices such as sensors, exhaust, fire extinguishers. The Company observes and celebrates safety day in its facilities to improve awareness among employees on safety at workplaces. In addition to creating initiatives to improve employee safety at workplaces, it has also implement initiatives to reduce the environmental impact of its operations. Such initiatives include:

- Maintaining treatment plants to avoid water pollution and soil contamination;
- Recycling and reusing water wherever possible;
- Ensuring zero discharge wherever possible;
- Implementing 'Swachh Bharat Abhiyan' in all facilities;
- Managing e-wastes and hazardous wastes;
- Installing solar panels to conserve energy;
- Obtaining OHSAS 18001 certification for its units;

- Obtaining LEED Certification (Energy Saving) for its Corporate Office; and
- Planting new saplings on a yearly basis in each one of its units.

Environmental requirements imposed by the Government will continue to have an effect on operations of the Company, though not significant. The Company believes that it has complied with, and will continue to comply with all applicable environmental laws, rules and regulations. The Company has obtained, or is in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for it to carry on with its business. The activities of the Company is subject to the environmental laws and regulations of India which govern, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety. The Company's overseas subsidiaries in Mexico, Poland and Spain are also subject to regulations relating to environmental, health and safety measures.

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of **Sandhar Technologies Limited**

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

We have audited the accompanying Standalone Ind AS Financial Statements of Sandhar Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

## Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing

standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its profits and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Standalone Ind AS Financial Statements, are based on the previously issued Statutory Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 25 May 2017 and 24 May 2016 respectively expressed an unmodified opinion on those Standalone Financial Statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements - Refer Note 31 to the Standalone Ind AS Financial Statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
    - iv. The disclosures in the Standalone Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Financial Statements for the year ended 31 March 2017 have been disclosed.- Refer Note 5 D to the Standalone Ind AS Financial Statements.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 101248W / W-100022

**Shashank Agarwal**

Partner

Place: Gurugram

Date: 26 May 2018

Membership number: 095109

## ANNEXURE A REFERRED TO IN OUR INDEPENDENT AUDITOR'S REPORT

To

The members of **Sandhar Technologies Limited**  
on the Standalone Ind AS Financial Statements  
for the year ended 31 March 2018.

(i)

- (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified, in a phased manner, over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain assets have been physically verified by the management during the current year. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property is held in the name of the Company, except for:

Land situation*	Whether leasehold / freehold	Gross block as at 31 March 2018 (₹ in Lacs)	Net block as at 31 March 2018 (₹ in Lacs)
Attibele	Freehold	35.02	35.02
Chennai	Freehold	21.31	21.31
Manesar	Freehold	511.83	511.83
Mysore	Freehold	28.54	28.54
Peenya	Freehold	5,006.68	5,006.68
<b>Total</b>		<b>5,603.38</b>	<b>5,603.38</b>

\*The aforesaid lands have been transferred to the Company pursuant to the schemes of amalgamation dated 2 May 2013 and 29 December 2015 for which registration in the name of the Company is pending

- (ii) According to the information and explanations given to us, the inventories, except good-in-transit and stock lying with third parties, have been physically verified by the management at the year end. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business. For stocks lying with third parties as at the year-end, written confirmation have been obtained. As informed to us, the discrepancies noticed on comparison of physical verification of inventories with book records were not material and have been properly dealt with in the books of account.

- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable.

- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security made.

- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for certain activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii)

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Services Tax ('GST'), Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income-tax, Sales-tax, GST, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect Income-tax, Sales-tax, Service tax, Duty of custom, Duty of excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Financial year to which amount relates	Forum where dispute is pending	Amount (₹ in Lacs)	Amount paid under protest (₹ in Lacs)
Income Tax Act, 1961	Demand u/s 143 (1)	A.Y 2010-11	Assistant Commissioner of Income Tax	7.60	-
Income Tax Act, 1961	Demand u/s 143 (3) / 147	A.Y 2010-11	Commissioner of Income tax (A) – LTU	5.10	-
Income Tax Act, 1961	Interest u/s 201 (1A)	A.Y 2011-12	Commissioner of Income tax (A) – LTU	12.69	-
Income Tax Act, 1961	Disallowance of royalty expenses	A.Y 2012-13	Commissioner of Income tax (A) – LTU	0.32	-
Income Tax Act, 1961	Expenses Disallowed u/s 40(a)	A.Y 2011-12	Income tax Appellate Tribunal (ITAT)	24.29	-
Income Tax Act, 1961	Expenses disallowed u/s 35(2AB)	A.Y 2013-14	Commissioner of Income tax (A) – LTU	64.54	-
Income Tax Act, 1961	Expenses disallowed u/s 35(2AB)	A.Y 2014-15	Income tax Appellate Tribunal (ITAT)	3.12	-
Haryana Sales Tax Act	Local area development tax levied	F.Y. 2000-01	Joint Commissioner (A), Sales Tax	1.27	-
Finance Act 1994, Service Tax	Service tax on freight	F.Y. 2005-2006	Assistant Commissioner, Central Excise	1.18	-
Finance Act 1994, Service Tax	Service tax on freight	F.Y. 2016-17- July-2016 to March-2017	Assistant Commissioner, Central Excise	8.76	-
Finance Act 1994, Service Tax	Service tax on Man Power for Job work	F.Y. 2005-2006 to 2009-10	Commissioner, Central Excise	65.38	-
Finance Act 1994, Service Tax	Service tax on Man Power for Job work	F.Y. 2009-2010 to F.Y 2010-11	Joint Commissioner, Central Excise	35.40	-
Finance Act 1994, Service Tax	Service tax on Man Power for Job work	March-2011 to August-2014	Additional Commissioner, Central Excise	160.29	-
Finance Act 1994, Service Tax	Service tax on Commercial & industrial construction	F.Y. 2006-2007	Assistant Commissioner, Central Excise	2.11	-
Finance Act 1994, Service Tax	Service tax on Commercial & industrial construction	F.Y. 2008-09 to 2010-11	CESTAT, Chandigarh	8.23	-
Finance Act 1994, Service Tax	Service tax on canteen charges & courier services	F.Y. 2007-2012	Superintendent, Central Excise, Deputy Commissioner, Central excise	1.05	-
Finance Act 1994, Service Tax	Service tax on various outward freight, & Telephone Service	F.Y. 2016-17- July-16 to March-17	Assistant Commissioner, Central Excise	1.30	-
Finance Act 1994, Service Tax	Service tax on Civil construction, CHA, maintenance or repair, outward freight, Travel Agent, Catering, Pandal Shamiana, Authorized Service Station, & Telephone Service	February-2004 to November-2011	Commissioner and Deputy Commissioner, Central Excise	33.85	-

(viii) According to the information and explanations given to us, there is no default existing at the balance sheet date in repayment of loans or borrowings to banks and a financial institution. The Company did not have any outstanding dues to any debenture holder and government during the year.

(ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company raised money by way of Initial Public Offer. The proceeds from IPO is ₹27,986.83 Lacs (net of issue related expenses).

Details of utilization of IPO proceeds is as follows:

Particulars	Objects of the issue as per the prospectus	Utilized upto 31 March 2018 (₹ in Lacs)	Unutilized amount as at 31 March 2018 (₹ in Lacs)
Repayment of loans	22,500.00	-	22,500.00
General corporate expenses	5,486.83	-	5,486.83
<b>Total</b>	<b>27,986.83</b>	<b>-</b>	<b>27,986.83</b>

Moreover, the Company has utilised the money raised by way of term loans during the year for the purpose for which they were raised. Further, the Company did not raise any money by way of further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud by the Company and neither any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of Section 197 read with Schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with the provisions of Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or person connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**  
Chartered Accountants

ICAI Firm registration number: 101248W / W-100022

**Shashank Agarwal**  
Partner

Place: Gurugram  
Date: 26 May 2018

Membership number: 095109



## ANNEXURE B REFERRED TO IN OUR INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls with reference to the Standalone Ind AS Financial Statements of Sandhar Technologies Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to the Standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the Standalone Ind AS Financial Statements.

#### Meaning of Internal Financial Controls with reference to the Standalone Ind AS Financial Statements

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

**Inherent Limitations of Internal Financial Controls with reference to the Standalone Ind AS Financial Statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the Standalone Ind AS Financial Statements and such internal financial controls with reference to the Standalone Ind AS

Financial Statements were operating effectively as at 31 March 2018, based on the internal control with reference to the Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**  
Chartered Accountants

ICAI Firm registration number: 101248W / W-100022

Place: Gurugram  
Date: 26 May 2018

**Shashank Agarwal**  
Partner  
Membership number: 095109

## STANDALONE BALANCE SHEET as at 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	51,916.96	46,325.91	41,459.45
Capital work-in-progress		6,360.16	2,150.14	3,993.11
Goodwill	4	552.35	552.35	552.35
Other Intangible assets	4	873.84	730.67	728.70
Financial assets	5			
- Investments	5A	4,927.71	3,496.50	3,916.43
- Loans	5B	767.32	422.93	369.92
Income-tax assets	7	99.31	98.83	180.76
Other non-current assets	7	1,307.95	700.96	793.31
<b>Total non-current assets</b>		<b>66,805.60</b>	<b>54,478.29</b>	<b>51,994.03</b>
<b>Current assets</b>				
Inventories	6	12,195.98	9,571.46	8,899.17
Financial assets	5			
- Loans	5B	313.67	282.60	271.81
- Trade receivables	5C	23,480.12	17,152.91	13,467.16
- Cash and cash equivalents	5D	25,347.17	241.33	58.31
- Other bank balances	5E	101.69	102.43	122.99
- Other financial assets	5F	1,029.35	1,178.16	211.47
Other current assets	7	2,836.82	1,421.96	1,457.47
<b>Total current assets</b>		<b>65,304.80</b>	<b>29,950.85</b>	<b>24,488.38</b>
<b>Assets held for sale</b>		<b>97.17</b>	<b>140.20</b>	<b>-</b>
<b>Total assets</b>		<b>132,207.57</b>	<b>84,569.34</b>	<b>76,482.41</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	8	6,019.07	5,115.46	5,115.46
Other equity	9	56,338.65	23,857.14	21,010.13
<b>Total equity</b>		<b>62,357.72</b>	<b>28,972.60</b>	<b>26,125.59</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
- Borrowings	10	100.25	17,372.99	15,478.43
- Other financial liabilities	12	3.76	3.33	3.42
Government grant	16	-	-	3.00
Deferred tax liabilities (net)	15	565.32	567.68	657.94
<b>Total non-current liabilities</b>		<b>669.33</b>	<b>17,944.00</b>	<b>16,142.79</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	10	7,399.40	9,401.16	5,716.15
- Trade payables	11	28,946.81	18,515.77	17,845.13
- Other financial liabilities	12	29,148.24	7,865.45	9,124.55
Government grant	16	-	3.00	6.00
Other current liabilities	13	1,157.71	719.34	622.37
Income-tax Liabilities	14	1,376.69	147.59	91.64
Provisions	14	1,151.67	1,000.43	808.19
<b>Total current liabilities</b>		<b>69,180.52</b>	<b>37,652.74</b>	<b>34,214.03</b>
<b>Total equity and liabilities</b>		<b>132,207.57</b>	<b>84,569.34</b>	<b>76,482.41</b>

### Significant accounting policies

2

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
Non-Executive,  
Independent Director  
DIN:00140124

**Ravinder Nagpal**  
Non-Executive,  
Independent Director  
DIN:00102970

**Arjun Sharma**  
Non-Executive,  
Independent Director  
DIN:00003306

**Monica Davar**  
Non-Executive,  
Non-Independent Director  
DIN:00100875

**M.L. Bhagat**  
Non-Executive,  
Independent Director  
DIN:00699750

**Arvind Kapur**  
Non-Executive,  
Independent Director  
DIN:00096308

**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

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**STANDALONE STATEMENT OF PROFIT AND LOSS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
<b>I REVENUE</b>			
Revenue from operations	17	172,139.97	150,340.81
Other Income	18	444.07	647.99
<b>Total Income (I)</b>		<b>172,584.04</b>	<b>150,988.80</b>
<b>II EXPENSES</b>			
Cost of raw materials and components consumed	19	107,147.78	88,267.05
Changes in inventories of finished goods and work-in-progress	20	(331.42)	(490.77)
Excise duty on sale of goods		3,722.83	13,475.16
Employee benefits expense	21	20,201.66	17,136.97
Finance costs	24	3,811.87	3,557.03
Depreciation and amortization expense	22	5,512.79	4,766.14
Other expenses	23	22,750.80	19,388.40
<b>Total expenses (II)</b>		<b>162,816.31</b>	<b>146,099.98</b>
<b>III Profit before exceptional item and tax ( III = I - II )</b>		<b>9,767.73</b>	<b>4,888.82</b>
Exceptional item	25	-	155.11
<b>IV Profit before tax (IV)</b>		<b>9,767.73</b>	<b>4,733.71</b>
<b>V Tax expense: (V)</b>			
(1) Current tax		2,958.13	934.88
(2) Current tax relating to earlier years		8.84	(9.71)
(3) MAT credit entitlement		-	(49.68)
(4) Deferred tax charge		28.11	8.88
<b>VI Profit for the year ( VI = IV - V )</b>		<b>6,772.65</b>	<b>3,849.34</b>
<b>VII Other Comprehensive Income (VII)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans	26	(88.05)	(142.90)
Income tax relating to re-measurement loss on defined benefit plans		30.47	49.45
<b>Total Other Comprehensive Income for the year (net of tax)</b>		<b>(57.58)</b>	<b>(93.45)</b>
<b>VIII Total Comprehensive Income for the year ( VIII = VI - VII )</b>		<b>6,715.07</b>	<b>3,755.89</b>
<b>(Comprising Profit and Other Comprehensive Income for the year)</b>			
<b>IX Earnings per equity share:</b>			
(1) Basic-Par value of ₹10 per share	27	13.21	7.52
(2) Diluted-Par value of ₹10 per share		13.21	7.52

**Significant accounting policies**

2

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
Non-Executive,  
Independent Director  
DIN:00140124

**Ravinder Nagpal**  
Non-Executive,  
Independent Director  
DIN:00102970

**Arjun Sharma**  
Non-Executive,  
Independent Director  
DIN:00003306

**Monica Davar**  
Non-Executive,  
Non- Independent Director  
DIN:00100875

**M.L. Bhagat**  
Non-Executive,  
Independent Director  
DIN:00699750

**Arvind Kapur**  
Non-Executive,  
Independent Director  
DIN:00096308

**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### A. Equity share capital

Particulars	Notes	Equity Shares	
		No. of shares in lacs	Amount
<b>Balance as at 1 April 2016</b>	8	<b>511.55</b>	<b>5,115.46</b>
Changes during the year		-	-
<b>Balance as at 31 March 2017</b>		<b>511.55</b>	<b>5,115.46</b>
Changes during the year		90.36	903.61
<b>Balance as at 31 March 2018</b>		<b>601.91</b>	<b>6,019.07</b>

### B. Other equity

Particulars	Reserves and surplus (2)			Items of other comprehensive income (2)	Total
	Retained earnings	Security Premium	Capital reserves	Remeasurements of defined benefit liability	
<b>Balance as at 1 April 2016</b>	<b>18,045.12</b>	<b>311.36</b>	<b>2,653.66</b>	<b>-</b>	<b>21,010.14</b>
Total Comprehensive income for the year ended 31 March 2017					
Profit for the Year	3,849.34	-	-	-	3,849.34
Other comprehensive income (net of tax)	-	-	-	(93.45)	(93.45)
Contribution by and distribution to owner					
Dividend on equity shares (Interim)	(511.55)	-	-	-	(511.55)
Dividend on equity shares (Final)	(255.77)	-	-	-	(255.77)
Tax on Dividend (interim and final)	(141.57)	-	-	-	(141.57)
<b>Balance as at 31 March 2017</b>	<b>20,985.57</b>	<b>311.36</b>	<b>2,653.66</b>	<b>(93.45)</b>	<b>23,857.14</b>
Transactions with owners directly recorded in equity					
Fresh issue of equity shares	-	29,096.38	-	-	29,096.38
Share issue expenses	-	(1,485.32)	-	-	(1,485.32)
Total Comprehensive income for the year ended 31 March 2018					
Profit for the Year	6,772.65	-	-	-	6,772.65

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## STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### B. Other equity (Contd...)

Particulars	Reserves and surplus (2)			Items of other comprehensive income (2)	Total
	Retained earnings	Security Premium	Capital reserves	Remeasurements of defined benefit liability	
Other comprehensive income (net of tax)	-	-	-	(57.58)	(57.58)
Contribution by and distribution to owner					
Dividend on equity shares (Final)	(511.55)	-	-	-	(511.55)
Dividend on equity shares (Interim)	(1,023.09)	-	-	-	(1,023.09)
Tax on Dividend (interim and final)	(309.98)	-	-	-	(309.98)
<b>Balance as at 31 March 2018</b>	<b>25,913.60</b>	<b>27,922.42</b>	<b>2,653.66</b>	<b>(151.03)</b>	<b>56,338.65</b>

Notes:

- During the year ended 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.
- Refer note 9 for nature and purpose of other equity

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

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
Non-Executive,  
Independent Director  
DIN:00140124

**Ravinder Nagpal**  
Non-Executive,  
Independent Director  
DIN:00102970

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**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## STANDALONE STATEMENT OF CASH FLOWS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>A Cash flow from operating activities</b>		
1 Profit before tax	9,767.73	4,733.71
2 Adjustments for:		
Depreciation and amortization expense	5,512.79	4,766.14
Loss on account of cessation of subsidiary	-	111.48
Loss/ (Profit) on sale of property, plant and equipment	22.94	(267.42)
Bad debts and advances written off	-	3.30
Unrealised foreign exchange (gain)/loss	38.99	(98.09)
Interest expense	3,811.87	3,557.03
MTM loss on derivative liability	26.55	124.21
Interest income on security deposits measured at amortised cost	(10.64)	(12.81)
Gain on investments carried at fair value through profit or loss	(43.29)	(28.33)
Interest income	(63.40)	(35.09)
Government grant	(3.00)	(6.00)
Dividend income	(11.99)	(71.93)
3 Operating profit before working capital changes (1+2)	<b>19,048.55</b>	<b>12,776.20</b>
4 Movements in working capital:		
Increase in trade receivables	(6,366.20)	(3,689.16)
Increase in inventories	(2,624.52)	(672.29)
Decrease/(Increase) in long-term loans and advances	(344.39)	(53.01)
Decrease/(Increase) in financial assets, including assets held for sale	160.04	(1,116.71)
Decrease/(Increase) in other current assets	(1,414.86)	35.50
Increase in trade payables	10,431.04	751.53
Increase in current provisions	62.71	49.20
Increase/(Decrease) in other financial liabilities	(7.28)	(0.53)
Increase in other current liabilities	438.37	96.96
Total movement in working capital:	<b>334.91</b>	<b>(4,598.51)</b>
5 Cash generated from operations (3+4)	<b>19,383.46</b>	<b>8,177.69</b>
6 Income taxes paid (net of refunds)	1,737.88	787.14
7 Net cash generated from operating activities (5-6)	<b>17,645.58</b>	<b>7,390.55</b>
<b>B Cash flows from investing activities</b>		
Purchase of Property, plant and equipment, Capital work in progress, other intangible assets and capital advances	(14,135.71)	(8,089.57)
Proceeds from sale of property, plant and equipment	66.75	341.62
Purchase of non-current investment in subsidiaries	-	(0.99)
Purchase of non-current investment in joint ventures	(1,387.92)	(230.05)
Proceeds from sale of investments	-	567.82
Redemption of Bank deposits (having original maturity of more than 3 months)	0.74	20.55
Dividend income	11.99	71.93
Interest received	74.77	55.13
Net cash outflow from investing activities	<b>(15,369.38)</b>	<b>(7,263.56)</b>
<b>C Cash flows from financing activities</b>		
Repayment of long-term borrowings	(6,206.03)	(9,344.39)
Proceeds from long-term borrowings	8,209.89	10,280.73
(Repayment)/ proceeds from short-term borrowings (net)	(2,001.76)	3,694.13
Proceeds from issue of equity share capital	30,000.00	-
Share issue expenses	(1,485.32)	-
Dividend paid during the year (including dividend distribution tax)	(1,844.61)	(908.88)
Interest paid	(3,842.53)	(3,665.56)
Net cash generated from financing activities:	<b>22,829.64</b>	<b>56.03</b>
<b>D Net increase in Cash and cash equivalents (A+B+C)</b>	<b>25,105.84</b>	<b>183.02</b>
<b>E-1 Cash and cash equivalents as at the beginning of year</b>	241.33	58.31
<b>E-2 Cash and cash equivalents as at end of the year</b>	25,347.17	241.33
<b>Cash and cash equivalents include :</b>		
Balances with banks:		
– In current accounts	25,339.54	31.76
– Cheques on hand	-	202.00
Cash on hand	7.63	7.57
<b>Cash and cash equivalents at the end of the year</b>	<b>25,347.17</b>	<b>241.33</b>



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**STANDALONE STATEMENT OF CASH FLOWS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

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

Particulars	Non - current borrowings*	Current borrowings
<b>Opening balance as at 1 April 2017</b>	23,697.21	9,401.16
Cash flows during the year	2,003.86	(2,001.76)
Non-cash changes due to:		
- Mark to market of derivative liability	(26.55)	-
- Others	(5.13)	-
<b>Closing balance as at 31 March 2018</b>	<b>25,669.39</b>	<b>7,399.40</b>

\*Includes current maturities of non-current borrowings and interest accrued thereon, refer Note 12.

**Notes:**

- The standalone cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows"
- Refer note 2 for significant accounting policies.
- The Company paid in cash ₹86.93 Lacs for the year ended 31 March 2018 and ₹93.70 Lacs for the year ended 31 March 2017 towards Corporate Social Responsibility (CSR) expenditure.
- Amendment to Ind AS 7: Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of these standalone financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the standalone financial statements.

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
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Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 1. Corporate information

Sandhar Technologies Limited ('STL' or 'the Company') is a Public Limited Company domiciled in India. The Company was incorporated on 19 October 1987 in New Delhi, India. The Company is primarily engaged in the manufacturing and assembling of automotive components such as lock-set, mirrors and various sheet metal components including cabins for two wheelers, four wheelers and off road vehicle industry. The Company has entered into the listing agreement with the Securities and Exchange Board of India ('SEBI') on 24 March 2018, pursuant to the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as a result of which its shares have started trading on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 2 April 2018.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

##### (i) Statement of compliance

These Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act'), Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended and other relevant provisions of the Act.

For all the periods up to and including 31 March 2017, these Standalone Financial Statements were prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act. As these Standalone Financial Statements for the year ended 31 March 2018 are the Company's first standalone financial statements prepared in accordance with Ind AS, Ind AS 101, First time adoption of Indian Accounting standards has been applied. An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 42.

The standalone financial statements of the Company for the year ended 31 March 2018 are approved by the Company's Audit Committee and the Board of Directors on 26th May 2018.

##### (ii) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also

the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

##### (iii) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following items which have been measured at fair value or revalued amount:

Items	Measurement basis
Certain financial assets and financial liability (including derivative instrument)	Fair value
Investment in preference shares (unquoted)	Fair value
Net defined benefit plan (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation.

##### (iv) Use of estimates and judgements

In preparation of these standalone financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements is included in the following notes.

- Recognition and estimation of tax expense including deferred tax– Note 28
- Estimated impairment of financial assets and non-financial assets – Note 2.2 (o)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.2 (a)
- Estimation of obligations relating to employee benefits: key actuarial assumptions – Note 30
- Valuation of Inventories – Note 2.2 (g)
- Recognition and measurement of provision and contingencies: Key assumption about the likelihood and magnitude of an outflow of resources – Note 31
- Lease classification – Note 33
- Fair value measurement – Note 2.1 (v)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have a duration of twelve months.

### (v) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 37 – Financial instrument.

## 2.2 Summary of significant accounting policies

### a. Property, plant and equipment

#### (i) Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2.1(iv) regarding significant accounting judgements, estimates and assumptions.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

A property, plant and equipment is eliminated from the standalone financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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

### (ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such property, plant and equipment (refer note 3).

### (iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### (iv) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their cost, net of their estimated residual values, over the estimated useful lives and is recognized in the Statement of Profit and Loss. The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land is amortized on a straight line basis over the period of the lease which ranges between 89-99 years.

The Company has used the following rates to provide depreciation which coincides with the rates indicated in Schedule II of the Act on

its property, plant and equipment, except for temporary erection, Computers (Servers and networks) and Non – commercial vehicles.

Asset category	Useful lives estimated by the management (years)
Factory Buildings	30 years
Other Buildings	60 years
Carpeted RCC Roads	10 years
Tube wells	5 years
Plant and Machinery	7.5 – 15 years
Electrical Installations	10 years
Office Equipment	5 years
Racks and Bins	10 years
Furniture & Fixtures	10 years
Commercial Vehicles	8 years
Tools, Moulds and Dies	6 years

The management has estimated, supported by independent assessment by technical experts, professionals, the useful lives of the following classes of assets:

- The useful lives of temporary erection is estimated 1year, which is lower than those indicated in Schedule II
- Computers (Servers and networks) are depreciated over the estimated useful lives of 3 years, which is lower than those indicated in Schedule II.
- Non Commercial Vehicles are depreciated over the estimated useful lives of 6 years, which is lower than those indicated in Schedule II.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

## b. Intangible assets

### (i) Recognition and Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an item of intangible asset comprises

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of Profit or Loss in the period in which the expenditure is incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

### (ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets (refer note 4).

In case of business combinations that occurred prior to 1 April 2016, Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP, adjusted for reclassification of certain intangibles.

### (iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### (iv) Amortization

The useful lives of intangible assets are assessed as either finite or indefinite

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful

life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on prospective basis.

### Technical knowhow

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 60 to 72 months on straight line basis based on past trends, commencing from the month of commencement of commercial production.

### Software

Software purchased by the Company are amortized on a straight line basis i.e. non-standard (customized) software in four years and standard (non-customized) software in five years.

### Goodwill

Goodwill is not amortized but will be tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Amortization method, useful lives and residual lives are reviewed at the end of each financial year and adjusted, if appropriate.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### c. Leases

#### (i) Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

#### (ii) Assets held under lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing

costs (See note 2.2d). Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Company substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Company's Balance Sheet.

#### (iii) Lease payments

Payments made under operating leases are generally recognized in the statement of profit and loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentive received are recognized as an integral part of the total lease expense over the term of the lease.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### d. Borrowing Costs

Borrowing cost includes interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs), amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

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### e. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for

the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

Goodwill is tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### f. Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other operating revenue on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

### g. Inventories

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at the lower of cost and net realizable value. However, raw materials, components and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw material, components, stores and spares is determined on first in, first out basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on first in, first out basis. Finished goods inventory as at 31 March 2017 and 1 April 2016 is inclusive of excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis.

### h. Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the statement of profit and loss are also recognized in OCI or the statement of profit and loss, respectively).

### i. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, sales tax/ value added tax (VAT)/ Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

#### Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, inclusive of excise duty and exclusive of Goods and Services tax (GST), Sales Tax, Value Added Taxes (VAT) and is net of returns, allowances, trade discounts and volume rebates.

### Revenue is recognized;

- when the significant risks and rewards of ownership have been transferred to the buyer,
- recovery of the consideration is probable,
- the associated costs and possible return of goods can be estimated reliably,
- there is no continuing effective control over, or managerial involvement with, the goods, and
- the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale.

### Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration.

### Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.

### Dividends

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

### j. Income tax

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax asset is recognized in respect of timing differences which are reversed during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Deferred tax assets are recognized on carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### k. Segment reporting

#### Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is primarily engaged in the manufacturing of auto components for two wheeler and four wheeler industry. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component. Further export turnover of the Company is less than 10% of the total turnover; therefore, disclosure relating to geographical segment is also not applicable.

### l. Earnings per share (EPS)

Basic earnings / (loss) per share are calculated by dividing the profit or loss for the year attributable to

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

the shareholders of the Company by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results will be anti-dilutive.

### m. Provisions (Other than employee benefits)

#### General provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Warranty provisions

Provision for warranty related costs are recognized when the product is sold or service provided and is based on historical experience. The provision is based on technical evaluation/ historical warranty data and after weighting of all possible outcomes by their associated probabilities. The estimate of such warranty related costs is revised annually. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

### n. Employee benefits

#### i. Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions to the Regional Provident Fund Commissioner towards provident fund and employee state insurance scheme ('ESI'). Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

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that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### iii. Defined benefit plans

The Company operates a defined benefit gratuity plan, which requires contributions to be made to Kotak Mahindra Old Mutual Life Insurance Limited and LIC of India. There are no other obligations other than the contribution payable to the respective trust.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

### iv. Other long term employee benefits

#### Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

As per the compensated absence encashment policy, the Company does not have an unconditional right to defer the compensated absence of employees, accordingly the entire compensated absence obligation as determined by an independent actuary has been classified as current liability as at the period/ year end.

### o. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### i. Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

### ii. Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment

are recognized in the profit or loss. This category generally applies to trade and other receivables. Company has recognized financial assets viz. security deposit, trade receivables, employee advances at amortized cost.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is re-classified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

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which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Investments in joint ventures

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint ventures, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous Gaap carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.



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In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingents events that would change the amounts or timings of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

<b>Debt investment at FVOCI</b>	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investment at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### iii. Derecognition

#### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### v. Derivative financial instruments

The Company uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

### Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Company assesses whether financial assets carried at amortized

cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to Statement of the Profit and Loss and is recognized in OCI.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for the recovery of amount due.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits and advances
- b. Trade receivables that result from transactions that are within the scope of Ind AS 18
- c. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### p. Recognition of interest expense

Interest expense is recognized using effective interest method.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- the amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

### q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and cheques on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Company's cash management.

### r. Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### s. Corporate Social Responsibility ("CSR") expenditure:

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

### t. Research and development:

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred.

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

### u. Recent accounting pronouncements

#### A. Ind AS 115- Revenue from Contract with

**Customers:** On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers.

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its standalone financial statements. The quantitative impact of adoption of Ind AS 115 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

#### i. Sales of goods

For the sale of products, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods. For some made-to-order product contracts, the customer controls all of the work in progress as the products are being manufactured. The revenue from these contracts will be recognised as the products are being manufactured. The Company's initial assessment indicates that this will result in revenue, and some associated costs, for these contracts being recognised earlier than at present – i.e. before the goods are delivered to the customers' premises.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

The Company provides extended warranties in certain contracts that are currently accounted for under Ind AS 37. Under Ind AS 115, such extended warranties will be accounted for as separate performance obligations and a portion of the transaction price will be allocated to it and deferred.

### ii Rendering of services

The Company is in the business of providing Job work as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognised using the stage-of-completion method.

Under Ind AS 115, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

Based on the Company's initial assessment, the fair value and the stand-alone selling prices of the services are broadly similar.

### iii. Transition

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

Based on the Company's initial assessment, there is no material impact on account of the aforesaid amendment.

**B. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies 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, when an entity has received or paid advance consideration in a foreign currency.

Based on the Company's initial assessment, there is no material impact on account of the aforesaid amendment.

The amendment will come into force from 1 April 2018.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

## 3. Property, Plant And Equipment

Particulars	Freehold Land (refer note 1 below)	Leasehold Land	Buildings	Plant and Equipment	Office equipments	Vehicles	Furnitures and Fixtures	Total
<b>Gross carrying amount</b>								
Deemed cost as at 1 April 2016 #	10,245.69	2,413.24	10,777.32	16,774.33	621.43	283.99	340.19	41,456.19
Addition on Transition	-	3.26	-	-	-	-	-	3.26
<b>Cost as at 1 April 2016</b>	10,245.69	2,416.50	10,777.32	16,774.33	621.43	283.99	340.19	41,459.45
Additions	-	-	2,670.68	5,852.22	594.70	195.86	111.92	9,425.38
Disposals	-	31.84	28.91	99.95	22.88	38.80	1.18	223.56
<b>Gross carrying value as at 31 March 2017</b>	<b>10,245.69</b>	<b>2,384.66</b>	<b>13,419.09</b>	<b>22,526.60</b>	<b>1,193.25</b>	<b>441.05</b>	<b>450.93</b>	<b>50,661.27</b>
Additions	222.59	-	2,328.86	7,611.94	371.21	163.47	175.47	10,873.54
Disposals	-	-	7.73	99.30	0.55	0.00	1.82	109.40
<b>Gross carrying value as at 31 March 2018</b>	<b>10,468.28</b>	<b>2,384.66</b>	<b>15,740.22</b>	<b>30,039.24</b>	<b>1,563.91</b>	<b>604.52</b>	<b>624.58</b>	<b>61,425.41</b>
Accumulated depreciation	-	-	-	-	-	-	-	-
Balance as at 1 April 2016	-	26.16	565.22	3,381.73	319.54	109.61	82.45	4,484.71
Depreciation for the year	-	0.40	13.82	73.44	22.37	38.14	1.18	149.35
Accumulated depreciation on disposal	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>25.76</b>	<b>551.40</b>	<b>3,308.29</b>	<b>297.17</b>	<b>71.47</b>	<b>81.27</b>	<b>4,335.36</b>
Depreciation for the year	-	25.82	658.95	3,989.63	337.23	109.68	91.49	5,212.80
Accumulated depreciation on disposal	-	-	0.92	38.04	-	(0.00)	0.75	39.71
<b>Gross carrying value as at 31 March 2018</b>	<b>-</b>	<b>51.58</b>	<b>1,209.43</b>	<b>7,259.88</b>	<b>634.40</b>	<b>181.15</b>	<b>172.01</b>	<b>9,508.46</b>
<b>Net carrying amount</b>								
<b>As at 31 March 2018</b>	<b>10,468.28</b>	<b>2,333.08</b>	<b>14,530.79</b>	<b>22,779.36</b>	<b>929.51</b>	<b>423.37</b>	<b>452.57</b>	<b>51,916.96</b>
<b>As at 31 March 2017</b>	10,245.69	2,358.90	12,867.69	19,218.31	896.08	369.58	369.66	46,325.91
<b>As at 1 April 2016</b>	10,245.69	2,416.50	10,777.32	16,774.33	621.43	283.99	340.19	41,459.45

## # Details of gross block, accumulated depreciation and net block as per previous GAAP as on the date of transition

Particulars	Freehold Land (refer note 1 below)	Leasehold Land	Buildings	Plant and Equipment	Office equipments	Vehicles	Furnitures and Fixtures	Total
Gross block as on 1 April 2016	10,245.69	2,490.35	13,362.90	34,174.26	2,210.68	895.82	740.82	64,120.52
Accumulated depreciation as on 1 April 2016	-	77.11	2,585.58	17,399.94	1,589.25	611.83	400.63	22,664.33
Net block as on 1 April 2016	10,245.69	2,413.24	10,777.32	16,774.33	621.43	283.99	340.19	41,456.19

## 1.Free hold land

- Land aggregating to ₹596.70 Lacs (31 March 2017: ₹596.70 Lakh, 1 April 2016: ₹596.70 Lakh) transferred to the Company pursuant to the scheme of amalgamation dated December 29, 2005 are pending for registration in the name of the Company.
- Land aggregating to ₹5,006.68 Lacs (31 March 2017: ₹5,006.68 Lakh, 1 April 2016: ₹5,006.68 Lakh) transferred to the Company pursuant to the scheme of amalgamation duly approved by Honourable High Court of Delhi, vide it's order dated May 2, 2013 are pending for registration in the name of the Company.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 4. Intangible assets

Particulars	Computer software	Technical know-how	Goodwill*	Total
<b>Gross carrying amount</b>				
Deemed cost as at 1 April 2016 #	427.54	301.16	552.35	1,281.05
Additions	225.97	68.72	-	294.69
Disposals	-	-	-	-
<b>Gross carrying value as at 31 March 2017</b>	<b>653.51</b>	<b>369.88</b>	<b>552.35</b>	<b>1,575.74</b>
Additions	42.06	409.39	-	451.45
Disposals	0.00	-	-	0.00
<b>Gross carrying value as at 31 March 2018</b>	<b>695.57</b>	<b>779.27</b>	<b>552.35</b>	<b>2,027.19</b>
<b>Accumulated amortization</b>				
<b>Balance as at 1 April 2016</b>	-	-	-	-
Amortization for the year	162.65	130.07	-	292.72
Accumulated amortization on disposal	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>162.65</b>	<b>130.07</b>	<b>-</b>	<b>292.72</b>
Amortization for the year	178.65	129.63	-	308.28
Accumulated amortization on disposal	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>341.30</b>	<b>259.70</b>	<b>-</b>	<b>601.00</b>
<b>Net carrying amount</b>				
<b>As at 31 March 2018</b>	<b>354.27</b>	<b>519.57</b>	<b>552.35</b>	<b>1,426.19</b>
As at 31 March 2017	490.86	239.81	552.35	1,283.02
As at 1 April 2016	427.54	301.16	552.35	1,281.05

#### # Details of gross block, accumulated amortization and net block as per previous GAAP as on the date of transition

Particulars	Computer software	Technical know-how	Goodwill*	Total
Gross block as on 1 April 2016	1,017.21	1,018.45	761.67	2,797.32
Accumulated amortization as on 1 April 2016	589.67	717.29	209.32	1,516.27
Net block as on 1 April 2016	427.54	301.16	552.35	1,281.05

### \* Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) which represents the lowest level at which the goodwill is monitored for internal management reporting purposes.

The recoverable amount of the cash generating unit was based on its value in use. The value in use of this unit was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.
- The terminal growth rate ranges from 2% to 3% representing management view on the future long-term growth rate.
- Discount rate ranging from 7% to 13% for all periods presented was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on past experience and companies average weighted average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 5. Financial assets

#### A. Non-current Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investments</b>			
Non-current Investments			
<b>Investments at cost</b>			
<b>Investments in subsidiaries</b>			
<b>(i) Investment in equity shares (Unquoted)</b>			
47.95 Lacs (31 March 2017: 47.95 Lacs, 1 April 2016: 47.95 Lacs) shares of ₹10/- each fully paid-up in Sandhar Tooling Private Limited	387.19	387.19	387.19
0.08 Lacs (31 March 2017: 0.08 Lacs, 1 April 2016: 0.08 Lacs) shares of IDR 916,500 each fully paid-up in PT Sandhar Indonesia *	403.90	403.90	403.90
32.48 Lacs (31 March 2017: 32.48 Lacs, 1 April 2016: 32.48 Lacs) shares of EUR. 1/- each fully paid-up in Sandhar Technologies Barcelona SL	2,029.00	2,029.00	2,029.00
NIL (31 March 2017: 0.1 Lacs, 1 April 2016: 0.1 Lacs) shares of EUR. 100/- each fully paid-up in Sandhar Euro Holdings B.V. **	-	679.30	679.30
.09 Lacs (31 March 2017: 0.09 Lacs, 1 April 2016: NIL) shares of ₹10/- each fully paid-up in Sandhar Strategic Systems Private Limited	1.00	1.00	-
<b>Investments in joint ventures</b>			
<b>(ii) Investment in equity shares (Unquoted)</b>			
2 Lacs (31 March 2017: 2 Lacs, 1 April 2016: 2 Lacs) shares of ₹100/- each fully paid-up in Indo Toolings Private Limited	20.00	20.00	20.00
68.54 Lacs (31 March 2017: 48.54 Lacs, 1 April 2016: 31.65 Lacs) shares of ₹10/- each fully paid-up (equity shares) in Sandhar Han Sung Technologies Private Limited	685.47	485.49	316.56
23.43 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10/- each fully paid-up preference shares in Sandhar Han Sung Technologies Private Limited	234.38	-	-
6.89 Lacs (31 March 2017: 6.89 Lacs, 1 April 2016: 6.89 Lacs) shares of ₹10/- each fully paid-up in Sandhar Ecco Green Energy Private Limited	222.48	222.48	222.48
24.96 Lacs (31 March 2017: 0.9 Lacs, 1 April 2016: NIL) shares of ₹10/- each fully paid-up in Jinyoung Sandhar Mechatronics Private Limited	249.70	1.00	-
31.92 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10/- each fully paid-up preference shares in Jinyoung Sandhar Mechatronics Private Limited	319.28	-	-
4.00 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10/- each fully paid-up in Sandhar Amkin Industries Private Limited	40.00	-	-
32.45 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10/- each fully paid-up in Sandhar Daewha Automotive Systems Private Limited	324.51	-	-
Share application money for purchase of 8.12 Lac shares of ₹10/- each fully paid-up in Sandhar Daewha Automotive Systems Private Limited***	81.17	-	-
Investments at fair value through profit and loss			
Investments in joint ventures			
<b>(iii) Investments in Preference shares (Unquoted)</b>			
3.32 Lacs (31 March 2017: 3.32 Lacs, 1 April 2016: 3.32 Lacs) shares of ₹100/- each fully paid-up in Indo Toolings Private Limited	288.92	262.66	238.78
NIL (31 March 2017: 6.01 Lacs, 1 April 2016: NIL) shares of ₹10/- each fully paid-up in Sandhar Han Sung Technologies Private Limited	-	60.11	-

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**5. Financial assets (contd..)****A. Non-current Investments (contd..)**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(iv) Non Trade investment (Unquoted)</b>			
0.2 Lacs (31 March 2017: 0.2 Lacs, 1 April 2016: 0.2 Lacs) shares of ₹10/- each fully paid-up in VNM Polymers Private Limited	44.60	27.57	23.12
	<b>5,331.60</b>	<b>4,579.70</b>	<b>4,320.33</b>
<b>Less: Aggregate amount of impairment in the value of investments</b>			
<b>Investment in Subsidiaries*</b>			
(i) In fully paid equity shares	(403.90)	(403.90)	(403.90)
Cessation of Sandhar Euro Holding of B.V. (on account of closure)**	-	(679.30)	-
<b>Total aggregate amount of impairment / sale of investments</b>	<b>(403.90)</b>	<b>(1,083.20)</b>	<b>(403.90)</b>
<b>Total investments</b>	<b>4,927.70</b>	<b>3,496.50</b>	<b>3,916.43</b>
Aggregate value of unquoted investments	5,331.60	4,579.70	4,320.33
Aggregate amount of impairment in value of investments	(403.90)	(1,083.20)	(403.90)
Current	-	-	-
Non-Current	4,927.70	3,496.50	3,916.43

\* In the earlier years, on account of incurring continuing losses in its Wholly Owned Subsidiary PT Sandhar Indonesia (PTSI), the Company had decided to wind up PTSI and the process of its liquidation was completed in the financial year ended 31 March 2017. The Company made a provision against the investment amounting to ₹403.90 Lacs and loans and advances amounting to ₹419.73 Lacs given to PTSI, in the financial statements for the year ended 31 March 2016. The aforesaid investment and loans and advances will be written off after approval of RBI, which is yet to be received as at 31 March 2018.

\*\* During the year ended 31 March 2017, Company's subsidiary 'Sandhar Euro Holding B.V.' registered in Netherland has been dissolved by filing necessary application with the Netherland Chamber of Commerce. The net surplus of Euro 770,000 was received back and the residual balance of ₹ 111.48 Lacs lying as investment has been written off and disclosed as an exceptional item in note number 25.

\*\*\* On 28 March 2018, the Company remitted ₹81.17 Lacs to Sandhar Daewha Automotive Systems Private Limited for the purchase of 8.12 Lacs equity shares of ₹10/- each, fully paid up. The allotment of these equity shares was pending as at 31 March 2018. Subsequently these shares were allotted to the Company on 23 April 2018.

**B. Loans**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits - Non current	767.32	422.93	369.92
Security deposits - Current	135.02	79.80	54.14
Recoverable from related parties- Current	424.98	424.98	504.97
Loans to employees - Current	30.30	34.70	63.23
Other advances - Current	143.10	162.85	69.20
<b>Total loans</b>	<b>1,500.72</b>	<b>1,125.26</b>	<b>1,061.46</b>
Less: loss allowance	(419.73)	(419.73)	(419.73)
<b>Total loans</b>	<b>1,080.99</b>	<b>705.53</b>	<b>641.73</b>
Break up of total loans			
(a) Secured, considered good;	-	-	-
(b) Unsecured, considered good; and	1,080.99	705.53	641.73
(c) Doubtful.	419.73	419.73	419.73
	<b>1,500.72</b>	<b>1,125.26</b>	<b>1,061.46</b>
Less: loss allowance	(419.73)	(419.73)	(419.73)
	<b>1,080.99</b>	<b>705.53</b>	<b>641.73</b>
<b>Current</b>	<b>313.67</b>	<b>282.60</b>	<b>271.81</b>
<b>Non-current</b>	<b>767.32</b>	<b>422.93</b>	<b>369.92</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 5. Financial assets (contd..)

#### C. Trade receivables (unsecured and considered good, unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivables*	23,480.12	17,152.91	13,467.16
<b>Total trade receivables</b>	<b>23,480.12</b>	<b>17,152.91</b>	<b>13,467.16</b>

\* For explanations on the Company's credit risk management processes, refer to Note 39.

#### D. Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
– In current accounts	25,339.54	31.76	43.20
– Cheques on hand	-	202.00	0.67
Cash on hand	7.63	7.57	14.44
<b>Total Cash and cash equivalents</b>	<b>25,347.17</b>	<b>241.33</b>	<b>58.31</b>

Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs.

The specified bank notes as defined under the notification issued by the Ministry of Finance, Department of Economic dated 8 November, 2016 are no longer in existence. Hence, the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. Disclosure made in the previous year ended 31 March 2017 financial statements is as below:

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	9.69	5.11	14.80
(+) Permitted receipts (including withdrawal from bank)	-	18.54	18.54
(-) Permitted payments	(1.06)	(16.19)	(17.24)
(-) Amount deposited in Banks	(8.64)	(0.58)	(9.21)
Closing cash in hand as on 30 December 2016	-	6.89	6.89

Note: For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

#### E. Other Bank balances

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits with original maturity for more than 3 months but less than 12 months	101.69	102.43	122.99
<b>Total other bank balances</b>	<b>101.69</b>	<b>102.43</b>	<b>122.99</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**5. Financial assets (contd..)****F. Other financial assets**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Derivative assets	-	26.55	150.76
Interest accrued but not due on fixed deposits	3.47	4.20	11.43
Unbilled revenue	1,025.88	1,147.41	49.28
<b>Total other financial assets</b>	<b>1,029.35</b>	<b>1,178.16</b>	<b>211.47</b>

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those cross currency interest rate swaps and principal swaps that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for external currency borrowings.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Current</b>	50,272.00	18,957.42	14,131.74
<b>Non-current</b>	5,695.03	3,919.43	4,286.36
<b>Total financial assets (A+B+C+D+E+F)</b>	<b>55,967.03</b>	<b>22,876.85</b>	<b>18,418.10</b>
Break up of financial assets carried at amortised cost			
Security Deposits	902.34	502.74	424.07
<b>Total financial assets carried at amortised cost</b>	<b>902.34</b>	<b>502.74</b>	<b>424.07</b>

**6. Inventories** (Valued at lower of cost and net realizable value)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials {includes goods in transit of ₹22.25 Lacs (31 March 2017: ₹830.77 Lacs, 1 April 2017: ₹616.42 Lacs)}	8,809.03	6,699.59	6,472.06
Work in progress	1,001.82	642.78	606.23
Finished goods {includes goods in transit of ₹617.82 Lacs (31 March 2017: ₹630.85 Lacs, 1 April 2016: ₹429.65 Lacs)}	1,565.36	1,592.98	1,138.76
Stores and spares	844.77	661.11	707.12
	<b>12,220.98</b>	<b>9,596.46</b>	<b>8,924.17</b>
Provision for inventory obsolescence	(25.00)	(25.00)	(25.00)
<b>Total inventories at the lower of cost and net realisable value</b>	<b>12,195.98</b>	<b>9,571.46</b>	<b>8,899.17</b>

**7. Other assets****A. Capital advances** (Unsecured and considered good, unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Other non - current assets</b>			
Unsecured, considered good.	1,307.95	700.96	793.31
<b>Total capital advances</b>	<b>1,307.95</b>	<b>700.96</b>	<b>793.31</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 7. Other assets (contd..)

#### B. Income-tax asset (Unsecured and considered good, unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance income-tax (net of provision for taxation)	99.31	98.83	180.76
	99.31	98.83	180.76
<b>Total other non - current assets</b>	<b>1,407.26</b>	<b>799.79</b>	<b>974.07</b>

#### C. Other advances

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Other current assets</b>			
Unsecured, considered good.	319.87	207.71	207.66
Doubtful	23.99	23.99	23.99
Total other advances	343.86	231.70	231.65
Less: Loss allowance	(23.99)	(23.99)	(23.99)
<b>Total net other advances</b>	<b>319.87</b>	<b>207.71</b>	<b>207.66</b>

#### D. Prepaid expenses

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Prepaid expenses	306.12	332.91	317.37
	<b>306.12</b>	<b>332.91</b>	<b>317.37</b>

#### E. Balance with statutory / government authorities (Unsecured and considered good, unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good	2,210.83	881.34	932.44
<b>Total balance with statutory / government authorities</b>	<b>2,210.83</b>	<b>881.34</b>	<b>932.44</b>
<b>Total other current assets (A+B+C+D+E)</b>	<b>4,244.08</b>	<b>2,221.75</b>	<b>2,431.53</b>
<b>Current</b>	2,836.82	1,421.96	1,457.47
<b>Non-current</b>	1,407.26	799.79	974.07

### 8. Share Capital

#### A. Authorised share capital

Particulars	Amount in ₹Lakhs
<b>Balance as at 1 April 2016</b>	
680 lacs Equity shares of ₹10 each	6,800.00
2 Lacs Preference shares of ₹100 each	200.00
Changes during the year	-
<b>Balance as at 31 March 2017</b>	<b>7,000.00</b>
Changes during the year	-
<b>Balance as at 31 March 2018</b>	<b>7,000.00</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**8. Share Capital (contd..)****B. Issued, subscribed and fully paid equity share capital**

Particulars	No. of shares	Amount in ₹ Lakhs
Balance as at 1 April 2016	511.55	5,115.46
Changes during the period	-	-
<b>Balance as at 31 March 2017</b>	<b>511.55</b>	<b>5,115.46</b>
Changes during the period		
- Issue of equity shares of ₹10 each, fully paid up (refer note 8E)	90.36	903.61
<b>Balance as at 31 March 2018</b>	<b>601.91</b>	<b>6,019.07</b>

**Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having par value of ₹10 per share (31 March 2017: ₹10 per share, 1 April 2016: ₹10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

This apart, Company has paid an interim dividend of ₹1 per equity share which was declared on 19 December 2017 and ₹1 per equity share which was declared on 5 March 2018 for the financial year 2017-18.

In the event of liquidation of the Company, the share 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 share holders.

**C. Details of shareholders holding more than 5% shares in the company**

Particulars	No. of shares in Lakhs	% of shareholding	No. of shares in Lakhs	% of shareholding
<b>Jayant Davar*</b>	313.06	52.01%	313.06	61.20%
Monica Davar	-	-	26.23	5.13%
GTI Capital Beta Private Limited	-	-	89.35	17.47%

\* 90,909 Equity Shares are held by Mr. Jayant Davar in his Capacity as proprietor of Sandhar Enterprises

**D. Aggregate number of bonus shares issued, share issued for consideration other than cash and share bought back during the period of five years immediately preceding the reporting date**

Particulars	Number of shares		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity shares allotted as fully paid bonus shares by capitalization of reserves	2,046.18	2,046.18	2,315.11
Equity shares bought back by the company	-	-	44.73

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### E. Other notes

During the year ended 31 March 2018, 2,534,505 equity shares were sold by GTI Capital Beta Private Limited in a Pre - Initial Public Offer (IPO) sale on 13 March 2018.

Further, during the year ended 31 March 2018, the Company has completed the initial public offer (IPO), pursuant to which 15,436,144 equity shares of ₹10 each were allotted, at an issue price of ₹332, consisting of fresh issue of 9,036,144 equity shares and an offer for sale of 6,400,000 equity shares by GTI Capital Beta Private Limited.

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID SANDHAR and BSE Limited (BSE) via ID 541163 on 2 April 2018.

The IPO expenses amounting to ₹3,380.30 Lacs which have allocated between the company and selling shareholder in accordance with the applicable laws. The company's share of IPO expenses has been adjusted with securities premium account.

### 9. Other equity

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Capital reserve</b>		
<b>At the beginning and end of the year</b>	<b>2,653.66</b>	<b>2,653.66</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	311.36	311.36
Add: Fresh issue of equity shares (refer note 8 E)	29,096.38	-
Less: Share issue expenses	(1,485.32)	-
<b>Balance at the end of the year</b>	<b>27,922.42</b>	<b>311.36</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	20,892.12	18,045.12
Add: Profit for the year	6,772.65	3,849.34
Other comprehensive income - Re-measurement of defined benefit liability	(57.58)	(93.45)
Less: Dividend on equity shares (Final)	(511.55)	(255.77)
Less: Dividend on equity shares (Interim)	(1,023.09)	(511.55)
Less: Tax on Dividend	(309.98)	(141.57)
<b>Balance at the end of the year</b>	<b>25,762.57</b>	<b>20,892.12</b>
<b>Total of other equity</b>	<b>56,338.65</b>	<b>23,857.14</b>

#### Nature and purpose of other equity

1. Capital Reserve:  
This represents Capital reserve created during the year ended 31 March 2013, consequent to the approval by the Hon'ble High Court of Delhi of the scheme of amalgamation of MAG Engineering Private Limited with the Company.
2. Securities premium:  
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
3. Remeasurements of defined benefit obligation:  
Remeasurements of defined benefit obligation comprises actuarial gains and losses.



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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**10. Borrowings****A. Non-current borrowings**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Term Loans</b>			
Indian rupee loan from banks (secured) (refer note A,B,D,G,H,I,M,N)	0.00	10,521.12	4,389.85
Indian rupee loan from others (secured) (refer note E,J,L)	100.25	1,929.29	3,492.09
Indian rupee loan from others (unsecured) (refer note K)	-	4,922.58	6,520.48
Foreign currency loan from bank (secured) (refer note C and F)	-	-	1,076.01
<b>Total non-current borrowings</b>	<b>100.25</b>	<b>17,372.99</b>	<b>15,478.43</b>
Secured	100.25	12,450.41	8,957.95
Unsecured	-	4,922.58	6,520.48

**B. Current borrowings**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>a) Current maturity of long term loans #</b>			
Indian rupee loan from banks (secured) (refer note A,B,D,G,H,I,M,N)	13,684.47	2,622.14	2,345.44
Indian rupee loan from others (secured) (refer note E,J,L)	6,837.25	1,515.57	2,668.53
Indian rupee loan from others (unsecured) (refer note K)	4,925.00	1,598.15	1,247.79
Foreign currency loan from bank (secured) (refer note C and F)	-	407.71	715.81
<b>Total Current maturity of long term loans</b>	<b>25,446.72</b>	<b>6,143.57</b>	<b>6,977.57</b>
<b>b) Cash credit from banks (secured)</b>	7,399.40	9,401.16	5,716.15
<b>Total current borrowings</b>	<b>32,846.12</b>	<b>15,544.73</b>	<b>12,693.72</b>
Less: Amount presented under "other financial liabilities"	(25,446.72)	(6,143.57)	(6,977.57)
<b>Total current borrowings</b>	<b>7,399.40</b>	<b>9,401.16</b>	<b>5,716.15</b>
Aggregate secured loans	27,921.12	13,946.58	11,445.93
Aggregate unsecured loans	4,925.00	1,598.15	1,247.79

**Terms of borrowings:****(A) Citi Bank NA-**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee Loan of ₹100,000,000 carries interest rate of 12.25% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from November, 2012. The loan has been fully repaid in November, 2016.	-	-	125.00

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 10. Borrowings (contd..)

#### Terms of borrowings:

#### (B) IndusInd Bank Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹45,000,000 carries interest @ 11.60% to 12.50% p.a. The loan is repayable in 16 quarterly instalments of ₹2,812,500 from October, 2011. The loan has been fully repaid in July' 2015.			
b) Indian rupee loan of ₹100,000,000 carries interest @ 11.35% to 11.75% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from October, 2012. The loan has been fully repaid in July' 2016.			
c) Indian rupee loan of ₹25,000,000 carries interest @ 10.20% to 11.75% p.a. The loan is repayable in 8 half yearly instalments of ₹3,125,000 from August, 2013. The loan has been fully repaid in February' 2017.			
d) Indian rupee loan of ₹100,000,000 carries interest @ 10.20% to 11.75% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from June, 2013. The loan has been fully repaid in March' 2017.			
e) Indian rupee loan of ₹250,000,000 carries interest @ 10.00% to 10.20%. The loan is repayable in 16 quarterly instalments of ₹15,625,000 from December, 2015.			
f) India rupee loan of ₹10,322,936 carries interest @11.35% to 11.75% p.a. The Indian rupee loan has been fully repaid in August, 2015.			
g) Indian rupee loan of ₹49,034,107 carries interest @ 10.00% to 11.20%. The loan is repayable in 11 quarterly instalments of ₹4,457,646 from June, 2016.			
h) Indian rupee loan of ₹162,800,000 carries interest @ 9.70%. The loan is repayable in 16 quarterly instalments of ₹10,175,000 from June, 2018.	2,125.50	2,925.38	2,051.08

#### (C) IndusInd Bank Limited-Foreign Currency loan from Bank-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Buyers Line of Credit Availed for USD 239,212 (Due in May, 2017) & EUR 175,000 (Due in January,2018)			
b) Buyers Line of Credit Availed for USD 475,199 & JPY 52,612,700 (Due in June 2016) (repaid in June, 2016), USD 359,100 (Due in November, 2016) (repaid in November, 2016)	-	273.34	1,119.94

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 10. Borrowings (contd..)

#### (D) Yes Bank Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹150,000,000 carries interest @ 10.50% to 12.00% p.a. The loan is repayable in 16 quarterly instalments of ₹9,380,000 from November, 2014.			
b) Indian rupee loan of ₹85,000,000 carries interest @ 10.50% to 12.00% p.a. The loan is repayable in 16 quarterly instalments of ₹5,312,500 from November, 2015.			
c) Indian rupee loan of ₹150,000,000 carries interest @ 9.60% to 10.25% p.a. The loan is repayable in 20 quarterly instalments of ₹7,500,000 from December, 2017.			
d) Indian rupee loan of ₹200,000,000 carries interest @ 8.60% to 10.25% p.a. The loan is repayable in 20 quarterly instalments of ₹7,500,000 to 11,500,000 from March, 2019.	3,855.55	2,592.38	1,680.95

#### (E) GE Money Financial Services Private Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹150,000,000 and ₹350,000,000 carries interest @ 11.80% to 12.50% p.a. The loan is repayable in 18 quarterly instalments of ₹8,333,333 and ₹19,444,444 from January, 2013 and February, 2013 respectively. The loan has fully repaid in April, 16 and May, 2016.	-	-	1,388.89

#### (F) DBS Bank Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) External Commercial Borrowings of ₹215,000,000 (USD 4,000,000) carries interest @ 9.75% p.a. The loan is repayable in 16 quarterly instalments of ₹13,437,500 (USD 250,000) from August, 2013	-	134.38	671.88

#### (G) ICICI Bank Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹150,000,000 carries interest @ 10.50% to 12.25% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from December, 2015.	562.50	937.50	1,312.50

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 10. Borrowings (contd..)

#### (H) HDFC Bank Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹250,000,000 out of which ₹150,000,000 has been drawn in July 2015 carries interest @ 10.95% to 11.65% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from October, 2016.			
b) Indian rupee loan of ₹6,693,750 has been drawn from balance ₹100,000,000 in March, 2016 which carries interest @ 10.95% to 11.25% p.a. The loan is repayable in 16 quarterly instalments of ₹418,359 from October, 2016			
c) Indian rupee loan of ₹26,654,935 has been drawn from balance ₹100,000,000 which carries interest @ 10.95% to 11.25% p.a. The loan is repayable in 16 quarterly instalments of ₹1,665,933 from October, 2016			
d) Indian rupee loan of ₹50,078,761 has been drawn from balance ₹100,000,000 which carries interest @ 10.95% p.a. The loan is repayable in 15 quarterly instalments of ₹3,338,584 from Jan, 2017			
e) Indian rupee loan of ₹250,000,000 out of which ₹150,000,000 has been drawn in December 2016 carries interest @ 9.90% p.a. The loan is repayable in quarterly instalments of ₹6,000,000 from March, 2018.			
f) Indian rupee loan of ₹250,000,000 out of which ₹100,000,000 has been drawn in January 2017 carries interest @ 9.50% p.a. The loan is repayable in quarterly instalments of ₹4,000,000 from March, 2018.	5,001.76	4,570.71	1,565.77

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**10. Borrowings (contd..)****(I) RBL Bank Limited- (contd..)**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹200,000,000 carries interest @ 9.25 to 9.85% p.a. The loan is repayable in 54 monthly instalments of ₹3,703,704 from August, 2018.			
	2,000.00	2,000.00	-
Above term loans are			
1. First pari passu charge on the entire present and future movable property, plant and equipment of the borrower excluding those assets which are specifically funded by other lenders/Financial Institutions			
2. First pari passu charge on immovable properties, of the borrower as detailed below:			
i. 4, HSIDC Industrial Area, Delhi Gurgaon Road, Gurgaon			
ii. 3, HSIDC Industrial Area, Delhi Gurgaon Road, Gurgaon			
iii. Plant at Village Dhumaspur, P.O Badshahpur, Gurgaon			
iv. Plot no. 24, Sector 3, IMT Manesar, Haryana			
v. Plot no. 44, Sector 3, IMT Manesar, Haryana			
vi. Plot no. 8, Bommasandra- Jigani Link Road Industrial Area, Hubli			
vii. Plot # 12c, Sy No. 47 & 50, KIADB, Bangalore			
viii. Plot # 13a, Sy No. 47 & 50, KIADB, Bangalore			
ix. Sandhar Himachal, Bharatgarh Road, Tehsil Nalagarh, District Solan, Himachal Pradesh			
x. Plot No. 7A, KIADB Industrial Area, Attibele Hobli, Anekal Taluk, Bangalore			
xi. Killa No. 1217/2, 1216 Behrampur Road, Village Khandsa, Gurgaon, Haryana			
* The property Killa No. 1217/2,1216 Behrampur Road, Village Khandsa,Gurgaon, Haryana was part of the security structure till February,2016.			
3. Second Pari passu charge on entire present and future current assets of the borrower (Yes Bank does not have second pari-passu charge on entire present and future current assets of the borrower) other than vehicles which are financed exclusively by other lenders. ;Unless mentioned otherwise			

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 10. Borrowings (contd..)

#### (J) Tata Capital Financial Services Limited

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian rupee loan of ₹100,000,000 and ₹217,777,777 carries interest @ 10.50% to 12.25% p.a. The loan is repayable in 16 & 14 quarterly instalments of ₹6,250,000 and ₹15,555,556 from April, 2015 and January, 2014 respectively.			
b) Indian rupee loan of ₹200,000,000 carries interest @ 10.50% p.a. The loan is repayable in 16 quarterly instalments of ₹12,500,000 from November, 2015.			
c) Indian rupee loan of ₹150,000,000 carries interest @ 10.50% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from December, 2016.			
d) Indian rupee loan of ₹138,800,000 carries interest @ 10.50% p.a. The loan is repayable in 12 monthly instalments of ₹11,566,667 from June, 2016. Security Clause First & Exclusive Charge over the Immovable property being land and building belonging to the Borrower having clear and marketable title deeds as acceptable to TCFSL-Plot No. 16, Village Begumpur, Roorkee Tehsil, Haridwar, Plot No. 13, Sector 5, Phase II, Industrial Estate IMT Bawal, Haryana and Plot No. 14, Sector 5, Phase II, Industrial Estate IMT Bawal, Haryana. Subservient Charge on entire current assets of the borrower both present and future.	1,937.50	3,444.85	4,771.73

#### (K) Hero FinCorp Limited-

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Indian Rupee Loan for ₹450,000,000 carries interest @ 10.50% p.a. The loan is repayable in 20 Quarterly instalment of ₹22,500,000 from January, 2016 & February, 2016.			
b) Indian rupee loan of ₹350,000,000 carries interest @ 10.50% p.a. The loan is repayable in 20 quarterly instalments of ₹17,500,000 from November, 2016. The above loans carries a negative lien.	4,925.00	6,520.73	7,768.27

#### (L) Citicorp Finance India Limited-

a) Indian Rupee Loan for ₹500,000,000 carries interest @ 8.15% p.a. The loan is repayable in bullet payment after 5 years and it will be roll over on yearly basis.	5,000.00	-	-
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#### (M) Vehicle loan are from banks are secured by hypothecation of the financed vehicle.

127.08	99.79	-
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#### (N) Vehicle loan from others secured by hypothecation of the financed vehicle.

12.08	17.50	-
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# All the above borrowings represented by Serial No. B, D, G, H, I, J, K, L, have been repaid by the Company on 4 April 2018, through utilisation of proceeds raised by the Company through its IPO.

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**11. Trade payables**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Total outstanding dues of micro enterprises and small enterprises (refer note 43)	2,069.36	1,451.06	1,207.59
Total outstanding dues of creditors other than micro enterprises and small enterprises	26,877.45	17,064.71	16,637.54
<b>Total trade payables</b>	<b>28,946.81</b>	<b>18,515.77</b>	<b>17,845.13</b>

**Terms and conditions of the above financial liabilities:**

For explanations on the Company's credit risk management processes, refer to Note 39.

**12. Other financial liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial liabilities at amortised cost</b>			
Payables for capital goods	3,362.58	1,344.58	1,660.70
Interest accrued but not due	38.08	86.85	92.28
Interest accrued and due on borrowings	84.34	93.80	51.98
Current maturity of long term borrowings (refer note 10)	25,446.72	6,143.57	6,977.57
Security deposit payable	16.91	24.38	25.10
Provision for Interest - MSMED (refer note 43)	199.33	171.75	316.68
Finance lease obligation - non current	3.76	3.33	3.41
Finance lease obligation - current	0.28	0.52	0.25
<b>Total financial liabilities at amortised cost</b>	<b>29,152.00</b>	<b>7,868.78</b>	<b>9,127.97</b>
<b>Current</b>	29,148.24	7,865.45	9,124.55
<b>Non-current</b>	3.76	3.33	3.42

**13. Other current liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Other payables:</b>			
Statutory dues	1,157.71	719.34	622.37
<b>Total</b>	<b>1,157.71</b>	<b>719.34</b>	<b>622.37</b>
<b>Current</b>	1,157.71	719.34	622.37
<b>Non-current</b>	-	-	-



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 14. Provisions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Provision for employee benefits</b>			
Provision for gratuity (refer note 30)	332.16	212.97	161.68
Provision for leave benefits	741.17	658.66	528.95
<b>Other provisions</b>			
Provision for income tax (net of tax paid)	1,376.69	147.59	91.64
Provision for warranties*	78.34	100.12	111.23
Provision for contingencies**	-	-	2.54
Provision for Excise Duty	-	28.68	3.79
<b>Total</b>	<b>2,528.36</b>	<b>1,148.02</b>	<b>899.83</b>
<b>Current</b>	2,528.36	1,148.02	899.83
<b>Non-current</b>	-	-	-
<b>*Provision for warranties</b>			

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
At the beginning of the year	100.12	111.23	109.71
Accrued during the year	58.59	47.78	67.07
Utilized during the year	(80.37)	(58.89)	(65.55)
At the end of the year	78.34	100.12	111.23

Provision is recognized for expected warranty claims on products sold during the last two to five years, based on past experience of level of repairs and returns. It is expected that the most of this cost will be incurred in the next financial year. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the two to five year warranty period for all products sold.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>**Provision for contingencies</b>			
At the beginning of the year	-	2.54	2.54
Utilized during the year	-	(2.54)	-
At the end of the year	-	-	2.54

It represent the estimated amount of liability out of tax cases for earlier years.

### 15. Deferred tax liabilities (net)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Items leading to creation of deferred tax assets</b>			
-Post-employment benefits	372.00	301.65	239.01
-Provision for doubtful debt & advances	203.00	203.17	194.77
-Employee benefits	271.00	117.00	101.67
-Fair value measurement	8.00	70.05	11.60
<b>Total deferred tax assets</b>	<b>854.00</b>	<b>691.87</b>	<b>547.05</b>
<b>Items leading to creation of deferred tax liabilities</b>			
-Fixed assets: Impact of difference between tax and depreciation/amortization charged for the financial reporting	1,469.00	1,255.04	1,175.93
-Fair value measurement and Mark to market	-	54.19	29.06
<b>Total deferred tax liabilities</b>	<b>1,469.00</b>	<b>1,309.23</b>	<b>1,204.99</b>
<b>Deferred tax assets/(liabilities)</b>	(615.00)	(617.36)	(657.94)
MAT Credit entitlement	49.68	49.68	-
<b>Net deferred tax assets/(liabilities)</b>	<b>(565.32)</b>	<b>(567.68)</b>	<b>(657.94)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 16. Government grant

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Balance at the beginning of the year</b>	3.00	9.00	9.00
Received during the year	-	-	-
Recognized in the statement of profit and loss	3.00	6.00	-
<b>Balance at the year end</b>	<b>-</b>	<b>3.00</b>	<b>9.00</b>
<b>Current</b>	-	3.00	6.00
<b>Non-current</b>	-	-	3.00

The Company had set up a unit in Haridwar (Uttaranchal) in the year March 2010 and was eligible for the grant under Capital Investment Subsidy at the rate of 15% of fixed capital investment in plant and machinery with a maximum limit of ₹30 Lacs. The Company received the subsidy in the financial year 2012-2013 on the basis of capital expenditure incurred in Plant and Machinery of ₹250 Lacs.

Company recognise the government grant as an income on a systematic basis over the periods in which the entity recognises the depreciation on the assets eligible for grant.

### 17. Revenue from operations

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of products (including excise duty)</b>	168,318.87	146,954.30
Sale of services	2,149.61	2,016.44
Other operating revenue		
Scrap sale	1,671.49	1,370.07
<b>Revenue from operations</b>	<b>172,139.97</b>	<b>150,340.81</b>

Revenue from operations, computed in accordance with Ind AS 18 'Revenue', for the current year is not comparable with previous year since the same is net of Goods and Service Tax (GST) whereas excise duty form part of expenses in previous year and current year (uptill 30 June 2017). The comparative revenue from operations of the Company is given below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations (as reported)	172,139.97	150,340.81
Less: Excise duty on sales	(3,722.83)	(13,475.16)
Revenue from operations (net of excise duty)	168,417.14	136,865.65

### 18. Other income

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Other non-operating income</b>		
Dividend income on long-term investments	11.99	71.93
Profit on sale of property, plant and equipment	-	267.42
Foreign exchange fluctuation gain (net)	42.60	37.34
Government grant	3.00	6.00
Interest from bank	5.94	13.85
Interest from others	57.46	21.24
Interest income on security deposits measured at amortised cost	10.64	12.81
Gain on investments carried at fair value through profit or loss	43.29	28.33
Liabilities no longer required written back	30.94	113.04
Other miscellaneous income	238.21	76.03
	<b>444.07</b>	<b>647.99</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 19. Cost of raw material and components consumed

#### Raw material and components consumed

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	6,699.59	6,472.06
Add: Purchases during the year	109,257.22	88,494.58
	<b>115,956.81</b>	<b>94,966.64</b>
Less: Inventory at the end of the year	8,809.03	6,699.59
<b>Cost of raw material and components consumed</b>	<b>107,147.78</b>	<b>88,267.05</b>

### 20. Changes in inventories of finished goods and work-in-progress

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Closing inventories		
Finished goods	1,565.36	1,592.98
Work in progress	1,001.82	642.78
Opening inventories		
Finished goods	1,592.98	1,138.76
Work in progress	642.78	606.23
<b>Net decrease</b>	<b>(331.42)</b>	<b>(490.77)</b>

### 21. Employee benefit expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	17,810.65	15,181.35
Contribution to provident and other funds	951.85	842.11
Staff welfare expenses	1,153.56	905.29
Gratuity expense (refer note 30)	285.60	208.22
	<b>20,201.66</b>	<b>17,136.97</b>

### 22. Depreciation and amortization expense

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment	5,212.80	4,484.71
Amortisation on intangible assets	308.28	292.72
	5,521.08	4,777.43
Less: Depreciation on plant and machinery capitalized during the year	8.29	11.29
	<b>5,512.79</b>	<b>4,766.14</b>

### 23. Other expenses

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spares	3,353.32	2,649.16
Packing material	2,145.06	1,599.91
Job work charges	3,924.85	3,760.39
Rent	575.45	648.44
Rates and taxes	32.95	104.11
Insurance	138.22	131.03
Freight and forwarding charges	1,661.60	1,210.88
Power and fuel	4,685.35	3,990.18

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**23. Other expenses (contd..)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repairs and maintenance		
- Buildings	119.08	90.55
- Plant and machinery	1,417.44	1,171.89
- Others	835.19	753.31
Legal and professional charges	771.27	677.99
Travelling and conveyance	351.91	306.99
Payment to auditor*	40.47	62.38
CSR expenditure**	86.93	93.70
Provision for doubtful debts and advances	-	24.27
Bad debts and advances written off	-	3.30
Provision for warranties (net of reversal)	58.59	47.78
Royalty	438.82	377.57
Loss on sale of property, plant and equipment	22.94	-
Commission to directors	456.83	192.82
Security service charges	490.38	477.99
Testing and development expenses	127.64	66.44
Festival and celebration expenses	101.65	39.63
Directors sitting fee	30.59	32.57
MTM loss on derivative liability	26.55	124.21
Miscellaneous expenses	857.72	750.91
<b>Total other expenses</b>	<b>22,750.80</b>	<b>19,388.40</b>

**\* Payment to auditors :**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As auditor:		
- Audit fee	39.00	46.50
In other capacity		
- Other services (certification fees)	1.47	10.61
- Reimbursement of expenses	-	5.27
<b>Total</b>	<b>40.47</b>	<b>62.38</b>

Fees for other services amounting to ₹32 Lacs (pertains to IPO related services forming part of share issue expenses which have been adjusted against premium received on issue of equity shares by the Company)

**\*\* Disclosure relating to CSR expenditure:**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Gross Amount required to be spent by the Company as per Section 135 of the Act	83.58	84.25
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In cash	86.93	93.70
- Yet to be paid in cash	-	-
	<b>86.93</b>	<b>93.70</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 24. Finance costs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Interest to banks on</b>		
- Term loan	1,226.08	969.07
- Others	908.32	932.97
Interest to others	1,330.47	1,390.30
Finance charges	322.88	246.46
Bank charges	10.32	16.99
Finance charge under finance lease obligation	0.46	0.44
Amortisation of processing fees on term loan	13.34	0.80
<b>Total finance costs</b>	<b>3,811.87</b>	<b>3,557.03</b>

### 25. Exceptional Items

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Loss on account of cessation of subsidiary</b>	-	111.48
Share issue expenses written off	-	43.63
<b>Total exceptional items</b>	<b>-</b>	<b>155.11</b>

### 26. Components of other comprehensive income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2018:

Particulars	Retained earnings	Total
Re-measurement losses on defined benefit plans	(88.05)	(88.05)
Tax impact on re-measurement loss on defined benefit plans	30.47	30.47
	<b>(57.58)</b>	<b>(57.58)</b>

During the year ended 31 March 2017:

Particulars	Retained earnings	Total
Re-measurement losses on defined benefit plans	(142.90)	(142.90)
Tax impact on re-measurement loss on defined benefit plans	49.45	49.45
	<b>(93.45)</b>	<b>(93.45)</b>

### 27. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit attributable to equity holders of the Company	6,772.65	3,849.34
Weighted average number of equity shares used for computing Earning per Share (Basic and Diluted) (Number of shares in Lacs)	512.79	511.55
Earning Per Share (Basic and Diluted) (₹)	13.21	7.52
Face value per share (₹)	10	10

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### Reconciliation of weighted average number of equity shares for calculation of Basic and Diluted earnings per share:

Particulars	Number of equity shares	Weighted average number of shares
<b>Equity shares of face value of ₹10 per share:</b>		
<b>Balance as at 1 April 2016</b>	511.55	511.55
Issued during the year 2016-17	-	-
<b>Balance as at 31 March 2017</b>	511.55	511.55
Issued during the year 2017-18 (Number of shares in lacs)	90.36	1.24
<b>Balance as at 31 March 2018</b>	<b>601.91</b>	<b>512.79</b>

At present, the Company does not have any dilutive potential equity shares

## 28. Income Tax

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:		
<b>Income tax recognized in statement of profit or loss</b>		
<b>Current income tax:</b>		
Current tax	2,958.13	934.88
Current tax relating to earlier years	8.84	(9.71)
Less: MAT credit entitlement relating to the earlier years	-	(49.68)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	28.11	8.88
<b>Income tax expense reported in the statement of profit or loss</b>	<b>2,995.08</b>	<b>884.37</b>
<b>Income tax recognized in other comprehensive income</b>		
Deferred tax related to items recognised in OCI during the year:		
Net loss on remeasurements of defined benefit plans	30.47	49.45
<b>Income tax charged to other comprehensive income</b>	<b>30.47</b>	<b>49.45</b>

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(b) Reconciliation of effective tax rate		
Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:		
Profit for the year	9,767.73	4,733.71
Statutory tax rate	34.608%	34.608%
Income tax expense at the statutory rate	3,380.42	1,638.24
<b>Tax impact of deductible/ non-deductible expenses</b>		
- Effect of Income tax exemption at Haridwar Unit U/S 80 IC	(307.61)	(184.29)
- Effect of Income tax exemption U/S 35 (2AB)	(163.72)	(128.74)
- Effect of Income tax exemption U/S 32 AC (1A)	-	(271.79)
- Effect of reversal of goodwill amortisation	-	(52.72)
- Effect of share issue expenses pertaining to 31 March 2016 adjusted in the retained earnings as at 1 April 2016	-	(100.88)
- Effect of interest U/S 234	110.34	-
- Others	(24.34)	(15.46)
<b>Income tax expense after adjustment of tax impact of non deductible items</b>	<b>2,995.08</b>	<b>884.37</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 29. Group information

The Company has following investment, in subsidiaries and joint ventures:

Name of the entity	Principal place of business	Relationships	Percentage of ownership interest		
			As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Sandhar Tooling Private Limited	India	Subsidiary	79.92	79.92	79.92
PT Sandhar Indonesia(closed on 29 August 2016)	Indonesia	Subsidiary	-	-	100.00
Sandhar Technologies Barcelona SL	Spain	Subsidiary	100.00	100.00	100.00
Sandhar EURO Holdings B.V. (Closed on 2nd January 2017)	Netherlands	Subsidiary	-	-	100.00
Sandhar Strategic System Private Limited (w.e.f. 9th September 2016)	India	Subsidiary	100.00	100.00	-
Indo Toolings Private Limited	India	Joint Venture	50.00	50.00	50.00
Sandhar Han Sung Technologies Private Limited	India	Joint Venture	50.00	50.00	50.00
Sandhar Ecco Green Energy Private Limited (w.e.f. 15th Jan 2016)	India	Joint Venture	50.00	50.00	50.00
Jinyoung Sandhar Mechatronics Private Limited (w.e.f. 20th March 2017)	India	Joint Venture	50.00	50.00	0.00
Sandhar Daewha Automotive Systems Private Limited (w.e.f. 20th June 2017)	India	Joint Venture	50.00	-	-
Sandhar Amkin Industries Private Limited (w.e.f. 6th September 2017)	India	Joint Venture	50.00	-	-

### 30. Gratuity and other post-employment benefit plans

#### A. Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, towards Provident Fund, National pension scheme and Employee state insurance scheme ('ESI') which are collectively defined as defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrued.

The amount recognized as an expense/ (adjusted):

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to provident fund	597.93	539.29
Contribution to national pension scheme	40.54	31.42
Contribution to employee state insurance scheme	114.28	86.38

#### B. Defined benefit plan

The Company has a defined benefit gratuity plan for its employees, governed by the Payment of Gratuity Act, 1972. Every employee who has rendered at least five years of continuous service gets a gratuity on departure at the rate of fifteen days of last drawn salary for each completed year of service or part thereof in excess of 6 months. The scheme is funded with insurance companies in the form of qualifying insurance policies. Gratuity benefits are valued in accordance with the Payment of Gratuity Act, 1972. During the year, the maximum amount payable to an employee as per the Payment of Gratuity Act, 1972 has been increased from ₹10 Lacs to ₹20 Lacs.

The most recent actuarial valuation of present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.



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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**I. Reconciliation of the present value**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability for gratuity	1,912.07	1,612.02	1,284.63
Plan asset for gratuity	1,579.91	1,399.05	1,122.95
<b>Net defined benefit liability (Current):</b>	<b>(332.16)</b>	<b>(212.97)</b>	<b>(161.68)</b>

**II. Reconciliation of present value of defined benefit obligation:**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	1612.02	1,284.63
Current service cost	211.64	194.52
Interest cost	120.74	103.54
Benefits paid	(100.47)	(54.72)
Past Service Cost including curtailment Gains/Losses	58.01	-
Actuarial (gain) / loss on obligation recognised in other comprehensive income	10.13	84.05
Balance at the end of the year	1,912.07	1,612.02

**III. Reconciliation of fair value of plan assets:**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	1399.05	1,122.95
Actual return on plan asset	104.79	90.43
Contribution paid into the plan	176.00	210.00
Benefits paid	(87.33)	(54.72)
Actuarial (gain)/loss on plan assets recognized in other comprehensive income	(12.60)	30.39
Closing fair value of plan asset	1,579.91	1,399.05

**IV. Expense recognised in the Statement of Profit and Loss under employee benefits expense:**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current service cost	269.64	194.51
Past service cost	-	-
Interest cost	15.95	13.03
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>285.59</b>	<b>207.54</b>

**V. Remeasurement recognised in other comprehensive income (OCI)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial gain / (loss) on Defined Benefit Obligation	(10.13)	(84.05)
Return on Plan Assets excluding interest income	(12.60)	30.31
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(22.73)</b>	<b>(53.74)</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 30. Gratuity and other post-employment benefit plans (contd..)

#### VI. Bifurcation of Acturial Gain/Loss on Defined benefit obligation:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial gain/(loss) due to demographic assumption change	-	-
Actuarial gain/(loss) due to financial assumption change	81.77	(93.93)
Actuarial gain/(loss) due to experience adjustment	(91.90)	9.88
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(10.13)</b>	<b>(84.05)</b>

The principal assumptions used in determining gratuity and compensated absences are as follows:

#### (a) Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the company.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	7.89% p.a.	7.49% p.a.	8.06% p.a.
Inflation rate	8.00% p.a.	8.00% p.a.	8.00% p.a.
Expected rate of return on assets	8.00% p.a.	8.00% p.a.	8.00% p.a.

#### (b) Demographic assumptions

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Retirement Age	58 years	58 years	58 years
<b>Attrition Rate</b>			
Up to 30 years	10% p.a.	10% p.a.	10% p.a.
From 31 to 44 years	3% p.a.	3% p.a.	3% p.a.
Above 44 years	1% p.a.	1% p.a.	1% p.a.

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(96.31)	104.38	(83.22)	89.71
Expected rate of future salary increase (0.5% movement)	95.67	(89.97)	90.59	83.22

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 30. Gratuity and other post-employment benefit plans (contd..)

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Gratuity expense expected to be incurred in the next year is ₹279.14 Lacs (previous year ₹238.13 Lacs).

Expected maturity analysis:

Particulars	As at 31 March 2018	As at 31 March 2017
Less than 1 year	61.78	47.79
1-2 years	40.43	46.57
2-5 years	183.51	194.22
More than 5 years	1,626.35	1,323.45

Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to ₹197.03 lacs (previous year ₹272.60 lacs). The Company determines the expense for compensated absences basis the actuarial valuation of present value of the obligation, using the Projected Unit Credit Method.

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

#### A. Capital commitments

Particulars	31 March 2018	31 March 2017	1 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	2,357.66	2,538.50	2,357.34

The Company has availed Capital investment subsidy of ₹30 Lacs in earlier years. As per the terms and conditions, the Company has to continue production for specified number of years failing which amount of availed subsidy along with interest, penalty etc. will have to be refunded. The amount of commitment is not quantifiable.

The Company has purchased a land at Pune wherein the Company shall commence the construction on the land and commence production within three years from the date of sub lease deed.

#### B. Contingent liabilities

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>a. Claims against the Company not acknowledged as debts*</b>			
-Service tax matters (refer note A below)	317.54	372.64	358.68
-Income tax matters (refer note B below)	117.67	50.00	691.82
-Sales tax/VAT matters (refer note C below)	1.27	1.27	8.65
-Demand notice against Land (Chakan & Pathredi) (refer note D below)	837.52	837.52	837.52
-Other matters	36.97	36.74	32.84
<b>b. Guarantees given by the Company (refer note E below)</b>	9,316.54	7,879.01	7,302.66

\* It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### Note A:

- i) Show cause notice received in respect of credit taken on freight outward for the period 2005-2006 and 2016-2017. The reply has been submitted and personal hearing is awaited with Assistant Commissioner, Central Excise. The amount involved is ₹9.93 (31 March, 2017: ₹59.70; 1 April, 2016: ₹47.13).
- ii) Show cause notice received in respect of credit taken on manpower supply for the period 2005-2006 to 2014-15 (up to Feb-15). The matter is pending for personal hearing with the Additional Commissioner, Commissioner, and Joint Commissioner, Central Excise. The amount involved is ₹261.07 (31 March, 2017: ₹261.07; 1 April, 2016: ₹261.07).
- iii) Show cause notice received in respect of credit taken on the Services on Commercial and Industrial construction work for the period 2006-2007 and 2008-09 to 2010-11. The matter is pending with Additional Commissioner, Central Excise and CESTAT, Chandigarh. The amount involved is ₹10.35 (31 March 2017: ₹10.43, 1 April 2016: ₹10.43).
- iv) Show cause notices received in respect of credit taken on outdoor catering & courier services for the period 2005-2006 to 2011-12. The matter is pending with the Superintendent and Deputy Commissioner, Central excise. The amount involved is ₹1.05 (31 March 2017: ₹1.23, 1 April 2016: ₹1.23).
- v) Show cause notices received in respect of credit taken on various services such clearing and forwarding agency services, Construction and industrial Construction, repair & maintenance, travel agent, pandal, authorized service station & outward freight, for the period 2004-05 to 2016-17 (up to Mar-2017). The personal hearing attended & final order awaited from Assistant Commissioner, LTU New Delhi. The amount involved is ₹35.14 (31 March 2017: ₹40.21, 1 April 2016: ₹38.82).

### Note B:

- i) In respect of Assessment Year 2010-11, demand was raised on account of TDS benefit not given by the Assessing Authority. The rectification letter for the same been filed and the matter is pending with Assistant Commissioner of Income Tax for rectification. The amount involved is ₹7.60 (31 March 2017: ₹7.60, 1 April 2016: ₹7.60).
- ii) In respect of Assessment Year 2010-11, Commissioner of Income Tax (Appeal), LTU ordered for the calculation of the liability for disallowances under section 14-A and referred the case to Assessing officer which is pending with the said authority. The amount involved is ₹5.10 (31 March 2017: ₹5.10, 1 April 2016: ₹5.10).
- iii) In respect of Assessment Year 2011-12 & 2012-13 demand was raised due to disallowance of certain expenses and also certain penalty proceedings on the above issue. The matter is pending with Commissioner of Income Tax (Appeal), LTU and appeal is partly allowed by authority. Further appeal has been filed with ITAT. The amount involved is ₹24.61 (31 March 2017: ₹24.61, 1 April 2016: ₹164.00).
- iv) In respect of Assessment Year 2011-12, demand was raised due to short payment of TDS under section 201 (1A). The matter is pending with Commissioner of Income Tax (Appeal), LTU. The amount involved is ₹12.69 (31 March 2017: ₹12.69, 1 April 2016: ₹12.69).
- v) In respect of assessment year 2013-14, intimation under section 143(1) has been received in which deduction under Chapter-VIA & advance tax benefit was not given by authorities. Letter for rectification of mistake has been filed with the authorities, and the same has been rectified. The amount involved is ₹NIL (31 March 2017: ₹NIL, 1 April 2016: ₹502.43)
- vi) In respect of assessment year 2013-14, demand was issued against expenses disallowed under section 35(2AB) for which deduction under Chapter-VIA was claimed. The appeal has been filed with CIT (A)-LTU-Saket. The amount involved is ₹64.54 (31 March 2017: ₹NIL, 1 April 2016: ₹NIL)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

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

- vii) In respect of assessment year 2014-15, demand was issued against expenses disallowed under section 35(2AB) for which deduction under Chapter-VIA was claimed. The appeal has been filed with ITAT. The amount involved is ₹3.12 (31 March 2017: ₹ NIL, 1 April 2016: ₹ NIL)

#### Note C:

- i) In respect of Financial Year 2000-2001, demand was raised on account of non-payment of Local Area Development Tax (LADT) by the Company. The matter is pending with Joint Excise & Taxation Commissioner (Appeals). The amount involved is ₹1.27 (31 March 2017: ₹1.27, 1 April 2016: ₹1.27).
- ii) In respect of Financial Year 2012-13, demand was raised on account of non-issuance of proper statutory form. The appeal has been filed with The Joint Commissioner of Commercial Taxes (Appeal), Bangalore. The assessment has been completed and final order received. The amount involved is ₹ Nil (31 March 2017: ₹ NIL, 1 April 2016: ₹2.62)
- iii) In respect of Financial Year 2009-10, demand was raised due to calculation mistake while calculating difference amount between Form 100 and Form 240 as per KVAT. The letter has been filed on 18th February 2016 with The Joint Commissioner of Commercial Taxes, Bangalore. The amount involved is ₹ Nil (31 March 2017: ₹ Nil, 1 April 2016: ₹2.05).
- iv) In respect of Financial Year 2009-10, demand was raised on account of incorrect amount taken of Direct Export in the order. The application has been filed on 03rd February 2016 with The Joint Commissioner of Commercial Taxes, Bangalore. The amount involved is ₹ Nil (31 March 2017: ₹ Nil, 1 April 2016: ₹2.70)

#### Note D:

- i) In respect of Pathredi Land, Rajasthan State Industrial Development and Investment Corporation has issued a letter dated October 23, 2015 whereby demand of ₹761.04 has been raised for allowing a time extension for making additional investment in the project on land allotted to the Company (31 March 2017: ₹761.04, 1 April 2016: ₹761.04). The Company has filed a request letter to waive off the same.
- ii) In respect of Chakan Land, Maharashtra Industrial Development Corporation has issued a letter dated March 3, 2015, asking Company to pay an additional amount aggregating to ₹76.48 for a further time extension (31 March 2017: ₹76.48, 1 April 2016: ₹76.48). The Company is in process to file the waiver letter to Maharashtra Industrial Development Corporation.

Based on the status of cases and as advised by Company's tax/legal advisors, wherever applicable, the management believes that the Company has strong chance of success and hence no provision against matters disclosed in "Claims against the Company not acknowledged as debts" are considered necessary.

#### Note E:

In relation to 32(2) above guarantee given by the Company:

To facilitate grant of financing facilities to the Company's Joint Ventures and Subsidiaries, Company has given Corporate Guarantees to banks. As at the year-end, the outstanding Corporate Guarantee/Stand by-Letter of Credits so given amounts to ₹9,316.54 (31 March 2017: ₹7,879.01, 1 April 2016: ₹7,302.66).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 32. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### A. Name of Related Party and Relationship

<b>Enterprises under common control</b>	Sanjeevani Impex Private Limited Sandhar Intelli-Glass Solutions Limited (formerly known as SLD Auto Ancillary Limited) Sandhar Info systems Limited Sandhar Estate Private Limited YSG Estates Private Limited Sandhar Enterprises KDB Investment Private Limited Jubin Finance & Investment Limited Raasaa Retail Private Limited Haridwar Estates Private Limited
<b>Subsidiary companies</b>	Sandhar Tooling Private Limited PT Sandhar Indonesia (closed w.e.f. 29th August 2016) Sandhar Technologies Barcelona S.L. Sandhar Breniar Project, S.L. Sandhar Technologies De Mexico S de RL de CV Sandhar Technologies Poland sp. z o.o Sandhar EURO Holdings B.V. (Closed on 2nd January 2017) Sandhar Strategic System Private Limited (w.e.f. 9th September 2016)
<b>Joint Ventures</b>	Indo Toolings Private Limited Sandhar Han Sung Technologies Private Limited Sandhar Ecco Green Energy Private Limited Jinyoung Sandhar Mechatronics Private Limited Sandhar Amkin Industries Private Limited ( w.e.f. 6th September 2017) Sandhar Daewha Automotive Systems Private Limited ( w.e.f. 20th June 2017)
<b>Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company</b>	Mr. Jayant Davar
<b>Key Managerial Personnel</b>	Mr. Jayant Davar (Co-Chairman-cum-Managing Director) Mr. Arvind Joshi (Whole time Director, C.F.O. & Company Secretary)
<b>Relatives of Key Managerial Personnel and relatives of Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company</b>	Mr. D. N. Davar (Chairman) Mrs. Monica Davar Master Neeljay Davar Mrs. Santosh Davar Mrs. Poonam Juneja Mrs. Urmila Joshi
<b>Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence</b>	Swaran Enterprises (Mrs. Santosh Davar is a Partner) Shorah Realty LLP

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**32. Related party transactions (contd..)****B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.**

Nature of transaction	Name of related party	Relationship	year ended 31 March 2018	year ended 31 March 2017
Purchase of Goods	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	2,392.93	2,025.72
	Sandhar Tooling Private Limited	Subsidiaries	2.18	-
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	11.04	1.52
Sale of goods	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	1.97	-
	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	0.24	-
Purchase of PPE	Sandhar Tooling Private Limited	Subsidiaries	2.02	32.17
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	14.07	-
	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	157.36	413.90
Reimbursement of expenses from	Sandhar Technologies Barcelona SL	Subsidiaries	13.35	26.22
	Sandhar Tooling Private Limited	Subsidiaries	2.38	2.30
	Sandhar Hang Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	19.18	13.08
	Sandhar Infosystems Limited	Enterprises under Common control with the Reporting Enterprises	0.01	0.01
	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	0.07	0.17
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	3.46	5.21
	Sandhar Strategic Systems Private Limited	Subsidiaries	0.02	0.04
	Sandhar Daewha Automotives Systems Pvt Ltd	Joint Venture of Reporting Enterprises	21.66	-
	Sandhar Amkin Industries Pvt Limited	Joint Venture of Reporting Enterprises	10.73	-
Lease rentals (including service tax) paid to	Sandhar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	29.59	29.16



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 32. Related party transactions (contd..)

**B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. (contd..)**

Nature of transaction	Name of related party	Relationship	year ended 31 March 2018	year ended 31 March 2017
	Jubin Finance & Investment Limited	Enterprises under Common control with the Reporting Enterprises	266.65	261.35
	YSG Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	-	2.21
	Urmila Joshi	Key Managerial Personnel & their relatives	8.63	7.50
Lease rentals (including service tax) paid to	Jayant Davar	Key Managerial Personnel & their relatives	6.00	6.00
	Shorah Realty LLP	Key Managerial Personnel & their relatives	0.45	-
Lease rentals (including service tax) received from	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	1.16	1.11
	Sandhar Hang Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	10.55	7.19
Dividend Received from	Sandhar Tooling Private Limited	Subsidiaries	11.99	71.93
Services received from	Sandhar Tooling Private Limited	Subsidiaries	9.09	14.50
Managerial remuneration	Jayant Davar	Key Managerial Personnel & their relatives	547.22	303.08
	Arvind Joshi	Key Managerial Personnel & their relatives	157.53	101.25
Dividend paid	Jayant Davar	Key Managerial Personnel & their relatives	936.47	468.23
	Others	Enterprises under Common control with the Reporting Enterprises	154.14	77.07
	Others	Key Managerial Personnel & their relatives	176.00	88.00
Investment in JV's and subsidiaries	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	374.26	229.03
	Sandhar Euro Holding Co.	Subsidiaries	-	679.30
	Sandhar Strategic Systems Private Limited	Subsidiaries	-	1.00
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	567.98	1.00
	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	405.68	-
Investment in JV's and subsidiaries	Sandhar Amkin Industries Pvt Ltd	Joint Venture of Reporting Enterprises	40.00	-
Capital Advances Given to	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	-	19.60

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**32. Related party transactions (contd.)****Balances Outstanding**

<b>Nature of Balances outstanding</b>	<b>Name of related party</b>	<b>Relationship</b>	<b>Balance as at 31 March 2018</b>	<b>Balance as at 31 March 2017</b>	<b>Balance as at 1 April 2016</b>
Outstanding Receivable	PT Sandhar Indonesia	Subsidiaries	419.73	419.73	419.73
	Sandhar Tooling Private Limited	Subsidiaries	13.43	-	-
	Sandhar Technologies Barcelona SL	Subsidiaries	-	-	85.36
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	33.58	21.12	-
	Haridwar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	99.50	99.50	99.50
	Sandhar Ecco Energy Private Limited	Joint Venture of Reporting Enterprises	0.09	0.52	113.65
	Sandhar Intelli Glass Solutions Limited	Enterprises under Common control with the Reporting Enterprises	-	-	0.10
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	1.29	5.21	-
	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	0.05	-	-
	Sandhar Strategic Systems Private Limited	Subsidiaries	0.06	0.04	-
	Sandhar Amkin Industries Pvt Ltd	Joint Venture of Reporting Enterprises	0.21	-	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 32. Related party transactions (contd.)

#### Balances Outstanding (contd..)

Nature of Balances outstanding	Name of related party	Relationship	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 1 April 2016
Outstanding Payable	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	311.20	248.67	276.22
	Sandhar Tooling Private Limited	Subsidiaries	-	18.76	0.12
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	0.34	0.44	-
	Sandhar Ecco Energy Private Limited	Joint Venture of Reporting Enterprises	1.54	143.31	37.42
	Urmila Joshi	Key Managerial Personnel & their relatives	-	0.56	0.56
Security deposit given to	Sandhar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	36.00	36.00	36.00
	Jubin Finance & Investment Limited	Enterprises under Common control with the Reporting Enterprises	98.88	98.88	98.88
Corporate guarantee/ standby letter of credit given to	Sandhar Technologies	Subsidiaries	8,952.11	7,796.39	7,237.08
	Barcelona S L				
Managerial Remuneration Payable	Jayant Davar	Key Managerial Personnel & their relatives	415.20	171.06	150.79
	Arvind Joshi	Key Managerial Personnel & their relatives	63.00	35.91	33.14
Investment in JV's and subsidiaries	Indo Toolings Private Limited	Joint Venture of Reporting Enterprises	352.50	352.50	352.50
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	919.85	545.59	316.56
	Sandhar Tooling Private Limited	Subsidiaries	387.19	387.19	387.19
	Sandhar Technologies	Subsidiaries			
	Barcelona SL		2,029.00	2,029.00	2,029.00
	PT Sandhar Indonesia	Subsidiaries	403.90	403.90	403.90
	Sandhar EURO Holdings BV	Subsidiaries	-	-	679.30

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 32. Related party transactions (contd.)

#### Balances Outstanding (contd..)

Nature of Balances outstanding	Name of related party	Relationship	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 1 April 2016
Investment in JV's and subsidiaries	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	222.48	222.48	222.48
	Sandhar Strategic Systems Private Limited	Subsidiaries	1.00	1.00	-
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	568.97	1.00	-
	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	405.68	-	-
	Sandhar Amkin Industries Private Ltd	Joint Venture of Reporting Enterprises	40.00	-	-

#### C. Terms and conditions of transactions with related parties

All transactions with these related parties are priced on arm's length basis and resulting outstanding balances at the year-end are unsecured and interest free and are to be settled in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### 33. Disclosure required under section 186(4) of the Companies Act, 2013

#### (i) Particulars of loan given

Name of the loanee	Loan given in earlier years	Loan repaid	Outstanding balance	Purpose
PT Sandhar Indonesia	419.73	-	419.73	Loan given in pursuance of voluntary liquidation of PT Sandhar Indonesia

#### (ii) Particulars of Corporate guarantee/ standby letter of credit given to:

Name of the entity	Guarantee given	Guarantee discharged	Outstanding balance	Purpose
Sandhar Technologies Barcelona SL	8,952.11	-	8,952.11	To secure working capital loan

#### (iii) Particulars of investments made:

Refer note 5A for investments made by the Company.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Finance lease obligations

	31-Mar-18			31-Mar-17			1-Apr-16		
	Future Minimum lease payment	Interest element of MLP	Present value of MLP	Future Minimum lease payment	Interest element of MLP	Present value of MLP	Minimum lease payment	Interest element of MLP	Present value of MLP
Within one year	0.28	0.12	0.16	0.27	0.10	0.17	0.25	0.07	0.18
After one year but not more than five years	1.26	0.72	0.54	1.20	0.62	0.58	1.15	0.53	0.62
More than five years	346.21	344.33	1.88	346.55	344.55	2.00	346.87	344.74	2.13
<b>Total</b>	<b>347.75</b>	<b>345.17</b>	<b>2.58</b>	<b>348.02</b>	<b>345.27</b>	<b>2.75</b>	<b>348.27</b>	<b>345.34</b>	<b>2.93</b>

### 34. Following are the disclosures in respect of outstanding derivative contracts:

Category of derivative instrument	Purpose of the derivative instrument	Currency	Outstanding Principal (in Foreign Currency) As at 31 March 2018	Outstanding Principal (in Foreign Currency) As at 31 March 2017	Outstanding Principal (in Foreign Currency) As at 1 April 2016
Cross currency cum interest rate swap	Hedge against exposure on loan repayment for USD loan and its interest payments. The interest rate has been swapped to pay fixed interest @ 9.75% p.a.	USD	-	3.36	12.50
Principal swap	Hedge against long term Buyers Line of Credit for JPY Exposure	JPY	-	-	526.13
Principal swap	Hedge against long term Buyers Line of Credit for USD Exposure	USD	-	2.39	10.74
Principal and interest swap	Hedge against exposure on loan repayment for USD loan and its interest payments.	USD	-	15.18	-

Further the company has not entered into any derivative instrument for speculation purpose.

### 35. Remittances by the Company in foreign currency for dividend

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dividend remitted (Rupees)	268.04	134.02
Dividend remitted (USD in lakhs)	4.17	2.00
Number of non-resident shareholders	1	1
Number of shares held	8,934,505	8,934,505

### 36. Operating Lease: Company as a lessee

The company has taken various office premises under operating lease agreements. These leases are not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreement. There are no subleases.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

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### 37. Financial Instruments- Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value			Fair value		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial assets</b>						
<b>A. FVTPL:</b>						
Investment in Unquoted Equity Shares	44.6	27.57	23.12	44.6	27.57	23.12
Derivative Assets (CCIRS, Options and IRS)	-	26.55	150.76	-	26.55	150.76
<b>B. Amortised Cost:</b>						
Security deposit paid	902.34	502.73	424.06	902.34	502.73	424.06
Recoverable from related party	5.25	5.25	85.24	5.25	5.25	85.24
Loans to employees	30.30	34.7	63.23	30.30	34.7	63.23
Other advances	143.10	162.85	69.2	143.10	162.85	69.2
<b>Total</b>	<b>1,080.99</b>	<b>705.53</b>	<b>641.73</b>	<b>1,080.99</b>	<b>705.53</b>	<b>641.73</b>
<b>Financial liabilities</b>						
<b>A. Amortised Cost:</b>						
<b>Borrowings</b>						
Loans	32,946.37	32,917.72	28,172.15	32,946.36	32,917.72	28,172.15
Finance Lease Obligations	4.04	3.85	3.67	4.04	3.85	3.67
<b>Total</b>	<b>32,950.41</b>	<b>32,921.57</b>	<b>28,175.82</b>	<b>32,950.40</b>	<b>32,921.57</b>	<b>28,175.82</b>

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, management has not disclosed fair values for financial instruments such as trade receivables, trade payables, cash and cash equivalents, other current assets, interest accrued on fixed deposits, other current liabilities etc.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Long-term fixed-rate and variable-rate Receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of unquoted instruments, is calculated by arriving at intrinsic value of the investee. The fair value of loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The Company has entered into derivative financial instruments with financial institutions/ banks through Cross currency interest rate swap and principals swap.

Such derivatives are valued using valuation techniques, which employs the use of market observable inputs. Valuation technique applied by the company is Mark to Market as provided by the bank as on the date of valuation.

#### Discount rates used in determining fair value:

The interest rates used to discount estimated future cash flows, where applicable, are based on the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

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The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

### 38. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial statements that are

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company has an established control framework with respect to the measurements of fair values. This includes a valuation team and has overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Finance Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's audit committee.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

#### A. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	44.6	-	-	44.6
Derivative Assets (CCIRS and principal swap)	-	-	-	-
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 37):</b>				
Security deposit paid	902.34	-	-	902.34
Recoverable from related party	5.25	-	-	5.25
Loans to employees	30.30	-	-	30.30
Other advances	143.10	-	-	143.10
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 37):</b>				
Loans	32,946.37	-	-	32,946.37
Finance Lease Obligations	4.04	-	-	4.04

During the year ended 31 March 2018, there were no transfers between Level 1 and Level 2 fair value measurements



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

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**38. Fair value hierarchy (contd..)****B. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:**

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	27.57	-	-	27.57
Derivative Assets (CCIRS and principal swap)	26.55	-	-	26.55
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 37):</b>				
Security deposit paid	502.73	-	-	502.73
Recoverable from related party	5.25	-	-	5.25
Loans to employees	34.7	-	-	34.7
Other advances	162.85	-	-	162.85
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 37):</b>				
Loans	32,917.72	-	-	32,917.72
Finance Lease Obligations	3.85	-	-	3.85

During the year ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

**C. Quantitative disclosures fair value measurement hierarchy for assets as at 01 April 2016:**

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	23.12	-	-	23.12
Derivative Assets (CCIRS and principal swap)	150.76	-	-	150.76
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 33):</b>				
Security deposit paid	424.06	-	-	424.06
Recoverable from related party	85.24	-	-	85.24
Loans to employees	63.23	-	-	63.23
Other advances	69.2	-	-	69.2
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 33):</b>				
Loans	28,172.15	-	-	28,172.15
Finance Lease Obligations	3.67	-	-	3.67

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies

The Company is primarily engaged in the manufacturing and assembling of automotive components such as lock-set, mirrors and various sheet metal components including cabins for two wheelers, four wheelers and off road vehicle industry. The Company's principal financial liabilities, comprises loans and borrowings, trade and other payables and finance lease obligation. The main purpose of these financial liabilities is to support the Company's operations. The Company's principal financial assets include investments in equity, employee advances, trade and other receivables, security deposits, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions viz. CCIRS and Principal Swaps.

The Company has exposure to the following risks arising from financial instruments

- Market risk (see (b));
- Credit risk (see (c)); and
- Liquidity risk (see (d)).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

#### a) Risk Management Framework

The Company's activities makes it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The board provides assurance to the shareholders that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management of risk
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of bank deposits, credit limits and letter of credit.
Liquidity Risk	Borrowings and liabilities	Cash flow forecasting, Sensitivity analysis	Availability of borrowing facilities.
Market risk - foreign currency risk	Future commercial transactions, Recognised financial liabilities not denominates in Indian Rupee (INR)	Cash flow forecasting, Sensitivity analysis	Cross currency principal interest swaps
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

#### b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk, currency risk, price risk, and commodity risk. Financial instruments affected by market risk include loans and borrowings, investment, deposits, advances and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.

The Company enters Cross Currency Interest Rate Swaps to manage its Forex and interest rate risk, in which it agrees to exchange, at specified intervals, the difference between floating and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to management is as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>Financial Liabilities</b>			
<b>Fixed rate instruments</b>			
- Foreign currency loan (fixed)	-	189.93	671.88
- Vehicle Loan	139.16	117.29	-
<b>Variable rate instruments</b>			
- Term Loans	25,407.81	23,209.34	21,784.12
- Cash credit from bank	7,399.40	9,401.16	5,716.15
<b>Financial Assets</b>			
<b>Fixed rate instruments</b>			
- Fixed Deposits			
- Loans	101.69	102.43	122.99
	<b>1,080.99</b>	<b>705.53</b>	<b>641.73</b>

The Company does not account for fixed rate financial assets or financial liabilities at fair value through profit or loss, and the company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

#### Interest Rate sensitivity

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

Particulars	Increase / decrease in basic points	Profit or loss	Profit or loss (net of tax)
<b>31-Mar-18</b>			
Secured term loan from banks	100	204.83	142.09
Cash credit from bank	100	73.99	51.33
Other borrowings	100	49.25	34.16
Secured term loan from banks	(100)	(204.83)	(142.09)
Cash credit from bank	(100)	(73.99)	(51.33)
Other borrowings	(100)	(49.25)	(34.16)
<b>31-Mar-17</b>			
Secured term loan	100	164.71	114.26
Cash credit from bank	100	94.01	65.21
Other borrowings	100	65.20	45.23
Secured term loan	(100)	(164.71)	(114.26)
Cash credit from bank	(100)	(94.01)	(65.21)
Other borrowings	(100)	(65.20)	(45.23)

#### Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency (ECB borrowings).

The Company manages its foreign currency risk by entering into derivatives. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

#### Details of unhedged foreign currency exposures:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Amount In Foreign Currency	Amount in ₹	Amount In Foreign Currency	Amount in ₹	Amount In Foreign Currency	Amount in ₹
Trade Payables (USD)	31.17	2,031.50	34.53	2,261.19	22.52	1,490.54
Trade Payables (JPY)	2,444.39	1,490.39	509.18	298.07	1,323.54	773.97
Trade Payables (GBP)	0.22	19.73	0.46	37.73	0.30	28.47
Trade Payables (EUR)	5.64	452.56	0.43	30.15	0.51	38.63
Trade Receivables (USD)	3.79	246.77	0.08	5.22	0.28	18.56
Buyers credit facility (EUR)	-	-	1.75	122.40	1.75	131.51

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**39. Financial risk management objectives and policies (contd..)****The following significant exchange rates were applied at the year end:**

Particulars	Year end rates		
	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
INR/ JPY	0.6097	0.5854	0.5848
INR/ USD	65.17	65.487	66.1773
INR/ GBP	91.7050	81.6886	95.0898
INR/ EUR	80.174	69.9403	75.1508

**Sensitivity Analysis**

Any changes in the exchange rate of foreign currency against INR is not expected to have significant impact on the Company's profit due to the short credit period. Accordingly, a 1% appreciation/depreciation of the INR as indicated below, against the USD would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant.

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/JPY						
	Increases by 1 %		0.6097	0.0061	2,444.39	(14.90)	(10.34)
	Decreases by 1 %		0.6097	(0.0061)	2,444.39	14.90	10.34
<b>As at 31 March 2017</b>	INR/JPY	Import Trade payables					
	Increases by 1 %		0.5854	0.0059	509.18	(2.98)	(2.07)
	Decreases by 1 %		0.5854	(0.0059)	509.18	2.98	2.07
<b>As at 1 April 2016</b>	INR/JPY						
	Increases by 1 %		0.5848	0.0058	1,323.54	(7.74)	(5.37)
	Decreases by 1 %		0.5848	(0.0058)	1,323.54	7.74	5.37

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/USD						
	Increases by 1 %		65.1700	0.6517	31.17	(20.32)	(14.09)
	Decreases by 1 %		65.1700	(0.6517)	31.17	20.32	14.09
<b>As at 31 March 2017</b>	INR/USD	Import Trade payables					
	Increases by 1 %		65.4870	0.6549	34.53	(22.61)	(15.69)
	Decreases by 1 %		65.4870	(0.6549)	34.53	22.61	15.69
<b>As at 1 April 2016</b>	INR/USD						
	Increases by 1 %		66.1773	0.6618	22.52	(14.91)	(10.34)
	Decreases by 1 %		66.1773	(0.6618)	22.52	14.91	10.34

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

The following significant exchange rates were applied at the year end: (contd..)

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/GBP						
	Increases by 1 %		91.7050	0.9171	0.22	(0.20)	(0.14)
	INR/GBP						
	Decreases by 1 %		91.7050	(0.9171)	0.22	0.20	0.14
<b>As at 31 March 2017</b>	INR/GBP						
	Increases by 1 %	Import Trade payables	81.6886	0.8169	0.46	(0.38)	(0.26)
	INR/GBP						
	Decreases by 1 %		81.6886	(0.8169)	0.46	0.38	0.26
<b>As at 1 April 2016</b>	INR/GBP						
	Increases by 1 %		95.0898	0.9509	0.30	(0.28)	(0.20)
	INR/GBP						
	Decreases by 1 %		95.0898	(0.9509)	0.30	0.28	0.20

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/EURO						
	Increases by 1 %		80.1740	0.8017	5.64	(4.53)	(3.14)
	INR/EURO						
	Decreases by 1 %		80.1740	(0.8017)	5.64	4.53	3.14
<b>As at 31 March 2017</b>	INR/EURO						
	Increases by 1 %	Import Trade payables	69.9403	0.6994	0.43	(0.30)	(0.21)
	INR/EURO						
	Decreases by 1 %		69.9403	(0.6994)	0.43	0.30	0.21
<b>As at 1 April 2016</b>	INR/EURO						
	Increases by 1 %		75.1508	0.7515	0.51	(0.39)	(0.27)
	INR/EURO						
	Decreases by 1 %		75.1508	(0.7515)	0.51	0.39	0.27

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/USD						
	Increases by 1 %		65.1700	0.6517	3.79	(2.47)	(1.71)
	INR/USD						
	Decreases by 1 %		65.1700	(0.6517)	3.79	2.47	1.71
<b>As at 31 March 2017</b>	INR/USD						
	Increases by 1 %	Import Trade payables	65.4870	0.6549	0.08	(0.05)	(0.04)
	INR/USD						
	Decreases by 1 %		65.4870	(0.6549)	0.08	0.05	0.04
<b>As at 1 April 2016</b>	INR/USD						
	Increases by 1 %		66.1773	0.6618	0.28	(0.19)	(0.13)
	INR/USD						
	Decreases by 1 %		66.1773	(0.6618)	0.28	0.19	0.13

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

The following significant exchange rates were applied at the year end: (contd..)

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/EURO						
	Increases by 1 %		80.1740	0.8017	-	-	-
	INR/EURO						
	Decreases by 1 %		80.1740	(0.8017)	-	-	-
<b>As at 31 March 2017</b>	INR/EURO	Import Trade payables					
	Increases by 1 %		69.9403	0.6994	1.75	(1.22)	(0.85)
	INR/EURO						
	Decreases by 1 %		69.9403	(0.6994)	1.75	1.22	0.85
<b>As at 1 April 2016</b>	INR/EURO						
	Increases by 1 %		75.1508	0.7515	1.75	(1.32)	(0.91)
	INR/EURO						
	Decreases by 1 %		75.1508	(0.7515)	1.75	1.32	0.91

#### Equity price risk

The Company's listed & non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including foreign exchange transactions and other financial instruments.

#### Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a company of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Company's exposure to customers is diversified and some customer contributes more than 10% of outstanding accounts receivable as of 31st March, 2018, 31st March, 2017 and 1st April, 2016, however there was no default on account of those customers in the past.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits to customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The Company performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis lifetime expected losses and where receivables are due for more than six months.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

(a) Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Loans	313.67	282.60	271.81
Other financial assets	1,029.35	1,178.15	211.48
<b>Total</b>	<b>1,343.02</b>	<b>1,460.75</b>	<b>483.29</b>

(b) The ageing analysis of trade receivables for which loss allowance is measured using Life time Expected Credit Losses as of the reporting date is as follows:

Particulars	As at 31 March 2018	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	23,647.46	23,401.18	71.52	174.76
Expected credit loss (Loss allowance provision)	167.34	-	-	167.34
Carrying amount of trade receivables	23,480.12	23,401.18	71.52	7.42

Particulars	As at 31 March 2017	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	17,320.25	17,054.04	71.52	194.69
Expected credit loss (Loss allowance provision)	167.34	-	-	167.34
Carrying amount of trade receivables	17,152.91	17,054.04	71.52	27.35

Particulars	As at 1 April 2016	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	13,610.23	13,143.49	153.02	313.72
Expected credit loss (Loss allowance provision)	143.07	-	-	143.07
Carrying amount of trade receivables	13,467.16	13,143.49	153.02	170.65

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these banks, the Company does not expect these banks to fail in meeting their obligations. The maximum exposure to credit risk for the components of the balance sheet at 31 March 2018, 31 March 2017 and 01 April 2016 is represented by the carrying amount of each financial asset.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 39. Financial risk management objectives and policies (contd..)

#### d) Liquidity risk

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, buyers credit and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Contractual cash flows			
	Carrying value as at 31 March 2018	0- 1 year	1- 5 year	More than 5 year
Trade Payable	28,946.81	28,946.81	-	-
Borrowings	32,946.36	32,846.12	100.25	-
Other financial liabilities	3,705.28	3,701.51	3.76	-
<b>Total</b>	<b>65,598.45</b>	<b>65,494.44</b>	<b>104.01</b>	<b>-</b>

Particulars	Contractual cash flows			
	Carrying value as at 31 March 2017	0- 1 year	1- 5 year	More than 5 year
Trade Payable	18,515.77	18,515.77	-	-
Borrowings	32,917.72	15,544.73	17,372.99	-
Other financial liabilities	1,725.21	1,721.88	3.33	-
<b>Total</b>	<b>53,158.70</b>	<b>35,782.38</b>	<b>17,376.32</b>	<b>-</b>

Particulars	Contractual cash flows			
	Carrying value as at 1 April 2016	0- 1 year	1- 5 year	More than 5 year
Trade Payable	17,845.13	17,845.13	-	-
Borrowings	28,172.15	12,693.72	15,478.43	-
Other financial liabilities	2,150.40	2,146.98	3.42	-
<b>Total</b>	<b>48,167.68</b>	<b>32,685.83</b>	<b>15,481.85</b>	<b>-</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 40. Capital management

#### The Company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed, as well as the level of dividends to equity shareholders.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as Net debt divided by total

equity. Net debt and total equity are based on the amounts stated in the financial statements.

Particulars	31 March 2018	31 March 2017	01 April 2016
Net Debt (A)*	7,497.50	32,573.96	27,990.85
Equity (B)	62,357.72	28,972.60	26,125.59
<b>Debt Ratio (A/B)</b>	<b>0.12</b>	<b>1.12</b>	<b>1.07</b>

\* Net debt includes Non-Current borrowing, Current borrowing, Current maturities of non-current borrowing net off cash and cash equivalent and other bank balance.

### 41. Segment Reporting

The Company is engaged in the business of manufacturing and assembling of automotive components. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. All operating segments' operating results are reviewed regularly by CODM to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component. Further, the economic environment in which the company operates is significantly similar and not subject to materially different risk and rewards.

The operating segment of the Company is identified to be "Automotive components" as the CODM reviews business performance at an overall Company level as one segment. Further export turnover of the Company is less than 10% of the total turnover; therefore, disclosure relating to geographical segment is also not applicable.

Accordingly, as the company operates in a single business and geographical segment, the reporting requirements for primary and secondary disclosures under Indian Accounting Standard - 108 Operating Segment have not been provided in the financial statements.

### 42. Explanation of the transition to Ind AS

- I. As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies.

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial performance and cash flows.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### Optional Exemptions applied

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### a) Business Combination:

Company has opted for exemption under Ind AS 101 with respect to Business Combinations whereby Company has elect not to apply Ind AS 103 retrospectively to past business combinations i.e. to (business combinations that occurred before the date of transition to Ind ASs).

#### b) Deemed cost exemption on Property, Plant and Equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and investment property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### c) Investment in subsidiaries:

As per the requirements of Ind AS 27, Company has opted to record its equity investment in subsidiary at cost. Ind AS 101 provides that while measuring investment at cost, an entity shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (i) cost determined in accordance with Ind AS 27; or
- (ii) deemed cost. The deemed cost of such an investment shall be its
  - (a) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - (b) previous GAAP carrying amount at that date.

Accordingly, Company has opted to record its investment in subsidiary at previous GAAP carrying amount at transition date.

#### d) Leases:

Ind AS 101 permits that if there is any land lease newly classified as finance lease then the first time adopter may recognise assets and liability at fair value on that date; and any difference between those fair values is recognized in retained earnings.

Company has therefore classified land leases with multi decade lease periods as finance lease as on transition date.

#### Mandatory Exemptions availed

#### a) Estimates

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

#### b) Impairment of Financial asset:

As on 1 April 2016, the date of transition to Ind AS, Company is unable to determine whether there have been significant increases in credit risk since initial recognition without undue cost or effort. Company therefore recognize a loss allowance based on lifetime ECL at each reporting date until the financial instrument is derecognized.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances existing as on the date of transition to the Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on the fact and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

## II. Reconciliations

### Reconciliation of equity as on April 01, 2016 (Date of transition)

Particulars	Footnotes	Previous GAAP 31 March 2016*	Adjustments on transition to IND AS	Ind AS as at 1 April 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	a	41,456.19	3.26	41,459.45
Capital work-in-progress		3,993.11	-	3,993.11
Goodwill		552.35	-	552.35
Other Intangible assets		728.70	-	728.70
Intangible assets under development		-	-	-
Financial assets		-	-	-
- Investments	c	3,989.04	(72.61)	3,916.43
- Loans	d, i	565.30	(195.38)	369.92
Income-tax assets		180.76		180.76
Other non-current assets		793.31	-	793.31
<b>Total non-current assets</b>		<b>52,258.76</b>	<b>(264.73)</b>	<b>51,994.03</b>
<b>Current assets</b>				
Inventories		8,899.17	-	8,899.17
Financial assets		-	-	-
- Loans	d	217.67	54.14	271.81
- Trade receivables		13,467.16	-	13,467.16
- Cash and cash equivalents		58.32	-	58.31
- Other Bank balances		122.99	-	122.99
- Other financial assets	e	60.71	150.76	211.47
Other current assets	d	1,613.01	(155.54)	1,457.47
<b>Total current assets</b>		<b>24,439.02</b>	<b>49.36</b>	<b>24,488.38</b>
<b>Assets held for sale</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>76,697.78</b>	<b>(215.37)</b>	<b>76,482.41</b>

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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**42. Explanation of the transition to Ind AS (contd..)**

Particulars	Footnotes	Previous GAAP 31 March 2016*	Adjustments on transition to IND AS	Ind AS as at 1 April 2016
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		5,115.46	-	5,115.46
Other equity	p	20,945.23	64.90	21,010.13
<b>Total equity</b>		<b>26,060.69</b>	<b>64.90</b>	<b>26,125.59</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	h	15,487.45	(9.02)	15,478.43
- Other financial liabilities	f	-	3.42	3.42
Provisions		-	-	-
Government grant	g	-	3.00	3.00
Net employee defined benefit liabilities		-	-	-
Deferred tax liabilities (net)	j	628.87	29.07	657.94
Other non-current liabilities		-	-	-
<b>Total non current liabilities</b>		<b>16,116.32</b>	<b>26.47</b>	<b>16,142.79</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings		5,716.15	-	5,716.15
- Trade payables		17,845.13	-	17,845.13
- Other financial liabilities	f, h	9,129.44	(4.89)	9,124.55
Government grant	g	-	6.00	6.00
Other current liabilities		622.37	-	622.37
Income-tax Liabilities		91.64	-	91.64
Provisions	k	1,116.04	(307.85)	808.19
<b>Total current liabilities</b>		<b>34,520.77</b>	<b>(306.74)</b>	<b>34,214.03</b>
<b>Total equity and liabilities</b>		<b>76,697.78</b>	<b>(215.37)</b>	<b>76,482.41</b>

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

**Reconciliation of equity as at March 31, 2017**

Particulars	Notes	Previous GAAP 31 March 2017*	Adjustments on transition to IND AS	Ind AS as at 31 March 2017
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	a	46,322.69	3.22	46,325.91
Capital work-in-progress		2,150.14	-	2,150.14
Goodwill	b	400.02	152.33	552.35
Other Intangible assets		730.67	-	730.67
Financial assets				
- Investments	c	3,540.77	(44.27)	3,496.50
- Loans	d, j	631.18	(208.25)	422.93
Income-tax assets		98.83	-	98.83
Other non-current assets		700.96	-	700.96
<b>Total non-current assets</b>		<b>54,575.26</b>	<b>(96.97)</b>	<b>54,478.29</b>
<b>Current assets</b>				
Inventories		9,571.46	-	9,571.46
Financial assets				
- Investments		-	-	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### Reconciliation of equity as at March 31, 2017 (contd..)

Particulars	Notes	Previous GAAP 31 March 2017*	Adjustments on transition to IND AS	Ind AS as at 31 March 2017
- Loans	d	252.52	30.08	282.60
- Trade receivables		17,152.91	-	17,152.91
- Cash and cash equivalents		241.33	-	241.33
- Other Bank balances		102.43	-	102.43
- Other financial assets	e	1,151.60	26.56	1,178.16
Other current assets	d	1,302.38	119.58	1,421.96
<b>Total current assets</b>		<b>29,774.63</b>	<b>176.22</b>	<b>29,950.85</b>
<b>Assets held for sale</b>		<b>140.20</b>	<b>-</b>	<b>140.20</b>
<b>Total assets</b>		<b>84,490.09</b>	<b>79.25</b>	<b>84,569.34</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		5,115.46	-	5,115.46
Other equity	p	23,716.92	140.22	23,857.14
<b>Total equity</b>		<b>28,832.38</b>	<b>140.22</b>	<b>28,972.60</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	h	17,380.99	(8.00)	17,372.99
- Other financial liabilities	f	-	3.33	3.33
Provisions		-	-	-
Government grant	g	-	-	-
Net employee defined benefit liabilities		-	-	-
Deferred tax liabilities (net)	j	622.15	(54.47)	567.68
<b>Total non current liabilities</b>		<b>18,003.14</b>	<b>(59.14)</b>	<b>17,944.00</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings		9,401.16	-	9,401.16
- Trade payables		18,515.77	-	18,515.77
- Other financial liabilities	f, h	7,870.28	(4.83)	7,865.45
Government grant	g	-	3.00	3.00
Other current liabilities		719.34	-	719.34
Income-tax Liabilities		147.59	-	147.59
Provisions		1,000.43	-	1,000.43
<b>Total current liabilities</b>		<b>37,654.55</b>	<b>(1.83)</b>	<b>37,652.74</b>
<b>Total equity and liabilities</b>		<b>84,490.09</b>	<b>79.25</b>	<b>84,569.34</b>

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes	Previous GAAP 31 March 2017	Adjustments on transition to IND AS	Ind AS as at 31 March 2017
<b>REVENUE</b>				
Revenue From Operations		150,340.81	-	150,340.81
Other Income	c, d, g	600.84	47.15	647.99
<b>Total Income (I)</b>		<b>150,941.65</b>	<b>47.15</b>	<b>150,988.80</b>
<b>EXPENSES</b>				
Cost of raw materials and components consumed		88,267.05	-	88,267.05
Changes in inventories of finished goods and work-in-progress		(490.77)	-	(490.77)
Excise duty on sale of goods		13,475.16	-	13,475.16
Employee benefits expense	l	17,279.86	(142.89)	17,136.97
Finance costs	f, h	3,555.79	1.24	3,557.03
Depreciation and amortization expense	a, b	4,918.44	(152.30)	4,766.14
Other Expenses	d, e	19,248.04	140.36	19,388.40
<b>Total expenses (II)</b>		<b>146,253.57</b>	<b>(153.59)</b>	<b>146,099.98</b>
<b>Profit before exceptional item and tax ( III = I - II )</b>		<b>4,688.08</b>	<b>200.74</b>	<b>4,888.82</b>
Exceptional item	i	446.59	(291.48)	155.11
<b>Profit before tax (IV)</b>		<b>4,241.49</b>	<b>492.22</b>	<b>4,733.71</b>
<b>Tax expense: (V)</b>				
Current tax		934.88	-	934.88
Current tax relating to earlier years		(9.71)	-	(9.71)
MAT credit entitlement relating to the earlier year		(49.68)	-	(49.68)
Deferred tax (credit)/ charge	j	(6.72)	15.60	8.88
Deferred tax credit related to earlier years		-	-	-
<b>Profit for the year ( VI = IV - V )</b>		<b>3,372.72</b>	<b>476.62</b>	<b>3,849.34</b>
<b>Other Comprehensive Income (VII)</b>	m			
<b>Items that will not be reclassified to profit or loss</b>				
Re-measurement losses on defined benefit plans	l	-	(142.90)	(142.90)
Income tax relating to re-measurement loss on defined benefit plans	j	-	49.45	49.45
<b>Total Other Comprehensive Income for the year (net of tax)</b>		<b>-</b>	<b>(93.45)</b>	<b>(93.45)</b>
<b>Total Comprehensive Income for the year ( VIII = VI - VII ) (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>3,372.72</b>	<b>388.17</b>	<b>3,755.89</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### III. Notes to the reconciliation of equity as at 1 April 2016 and 31 March 2017 and profit or loss for the year ended 31 March 2017

##### a. Property, Plant and Equipment

While transiting to Ind AS, Company has classified certain leasehold land with multi decade lease term as finance lease as on transition date. Gross block of such assets along-with accumulated depreciation till date has been classified as finance lease asset with a corresponding finance lease obligation. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Finance lease obligation – Depreciation impact	(0.03)
<b>Adjustment before income tax</b>	<b>(0.03)</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Property, plant and equipment	3.22	3.26
<b>Adjustment to retained earnings</b>	<b>3.22</b>	<b>3.26</b>

##### b. Intangibles:

Under Ind AS, amortization of goodwill has not been done unlike Indian GAAP and therefore the amortisation in comparative period has been reversed. Goodwill is rather tested for impairment every year. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Amortisation of goodwill reversed	152.33
<b>Adjustment before income tax</b>	<b>152.33</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Intangible assets	152.33	-
<b>Adjustment to retained earnings</b>	<b>152.33</b>	<b>-</b>

##### c. Investments in Equity Shares and preference shares

Under Indian GAAP, investments in Equity Shares and preference shares have been recognised at cost. Under Ind AS, investment in equity shares and preference shares have been recognised at fair value. On transition date the differential has been routed through Retained earning whereas in comparative period the same will be routed through P&L. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Non-current investment in preference and equity shares measured at fair value	28.33
<b>Adjustment before income tax</b>	<b>28.33</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Non-current investment- Subsidiaries, joint venture and associates	44.27	72.60
Related tax impact	(15.94)	(25.13)
<b>Adjustment to retained earnings</b>	<b>28.33</b>	<b>47.47</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**42. Explanation of the transition to Ind AS (contd..)****d. Security deposit and Prepaid rent**

- (i) Under Indian GAAP, the security deposits have been recorded at transaction value however under Ind AS security deposit paid, being a financial asset, has been recorded initially at fair value & subsequently at amortised cost.
- (ii) Recording of security deposit under Ind AS, initially at fair value gives rise to a differential between transaction value and fair value which has been recognised at prepaid rent. Under Indian GAAP no such prepaid rent was recorded. Such a prepaid rent is amortised over the period of deposit on a straight line basis. The impact of the transition is detailed below:

<b>Statement of Profit and loss</b>	<b>Year ended 31 March 2017</b>
Interest income on security deposits measured at amortised cost	12.81
Amortisation of prepaid rent	(16.40)
<b>Adjustment before income tax</b>	<b>(3.59)</b>

<b>Balance Sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Security Deposit adjusted	128.43	141.24
Prepaid expense adjusted	(119.58)	(135.94)
Related tax impact	(1.24)	(1.83)
<b>Adjustment to retained earnings</b>	<b>7.61</b>	<b>3.47</b>

**e. Derivative asset:**

Under Ind AS, derivative asset has been recognised based on MTM value provided by the bank. The impact of the transition is detailed below:

<b>Statement of Profit and loss</b>	<b>Year ended 31 March 2017</b>
Mark to Market Loss	124.21
<b>Adjustment before income tax</b>	<b>124.21</b>

<b>Balance Sheet</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
Foreign exchange forward contract receivable	26.55	150.76
Related tax impact	42.99	(52.18)
<b>Adjustment to retained earnings</b>	<b>69.54</b>	<b>98.58</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### f. Finance Lease Obligation:

While transiting to Ind AS, Company has classified certain leasehold land with multi decade lease term as finance lease as on transition date. Gross block of such assets along with accumulated depreciation till date has been classified as finance lease asset with a corresponding finance lease obligation

Statement of Profit and loss	Year ended 31 March 2017
Finance charge under Finance lease obligation	0.44
<b>Adjustment before income tax</b>	<b>0.44</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Finance lease obligation-Non Current	3.33	3.42
Finance lease obligation-Current	0.52	0.25
<b>Adjustment to retained earnings</b>	<b>3.33</b>	<b>3.42</b>

#### g. Government Grant:

Under Indian GAAP, government grant received by the Company was recognised under Capital Reserve which has been recognised as an income under Ind AS on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. On transition date, government grant to the extent of useful life of the asset has been recognised through Retained Earnings while in the comparative period the same has been recognised in the statement of Profit and Loss. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Government grant recognised as income	6
<b>Adjustment before income tax</b>	<b>6</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Government grant	3	9
Related tax impact	-	(3.11)
<b>Adjustment to retained earnings</b>	<b>3</b>	<b>5.89</b>

#### h. Processing Fees:

Processing fees on the loans taken by the company bearing variable interest rate have been recognised on a straight line basis. As on transition date the differential has been outed through Retained Earnings. In comparative period as well, the same treatment has been done for additional loans taken during the year. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Amortisation of processing fees	0.80
<b>Adjustment before income tax</b>	<b>0.80</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Borrowings - Non Current	8.00	9.01
Borrowings - Current	5.34	5.13
Related tax impact	-	(4.89)
<b>Adjustment to retained earnings</b>	<b>13.34</b>	<b>9.25</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### i. Share Issue Expenses:

Share issue expenses pertaining to financial year 2015-16, expensed off under previous GAAP in 2016-17, has been adjusted against retained earnings as at 1 April 2016.

#### j. Deferred Taxes:

IGAAP requires deferred taxes recognition using income statement approach, which focuses on differences between accounting profits and taxable profits for the year. Under Ind AS 12, the Company is required to account for the deferred taxes using balance sheet approach which focuses on difference between carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which were not required under IGAAP. Further the Company has recognised deferred taxes on temporary differences arising from transitional adjustments in retained earnings (refer note 15). The minimum alternate Tax (MAT) has been adjusted with deferred tax liabilities while in Indian GAAP the same has been classified in loans and advances amounting to ₹49.71 lacs.

#### k. Provisions

Under Indian GAAP, proposed dividend including dividend tax are recognised in the period to which it relate, irrespective of when they are declared. In Ind AS, proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by the shareholders in the general meeting). In case of the company, the declaration of dividend occurs after period end. Therefore the liability recorded for dividend as at 1 April 2016 has been derecognized against retained earnings as on 1 April 2016

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Provisions	-	(307.84)
Related tax impact	-	-
<b>Adjustment to retained earnings</b>	<b>-</b>	<b>(307.84)</b>

#### l. Defined benefit liabilities (net):

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### m. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from Statement of Profit and Loss to Other Comprehensive Income includes remeasurement of defined benefit plans. Hence, Indian GAAP profit or loss to profit is reconciled to total comprehensive income as per Ind AS.

#### n. Impact of Ind AS adoption on Standalone Statement of Cash flows for the year ended 31 March 2017:

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Cash Flow Statement	Amount as per IGAAP	Effect of transition to Ind AS	Amount as per Ind AS
Net cash flow from operating activities	6,817.67	573.68	7,391.35
Net cash flow from investing activities	(6,960.25)	(303.30)	(7,263.56)
Net cash flow from financing activities	325.60	(270.38)	55.23
Net increase/(decrease) in cash and cash equivalents during the year	183.02	-	183.02
Cash and cash equivalents at 1 April 2016	58.31	-	58.31
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>241.33</b>	<b>-</b>	<b>241.33</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Explanation of the transition to Ind AS (contd..)

#### o. Excise duty

Under Indian GAAP, revenue from sale of goods was presented as net of excise duty. However, under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased by ₹13,475.16 lacs with a corresponding increase in Excise Duty expense.

#### p. Retained earnings

The effect of above changes (decreased)/increased on total equity is as follows:

#### Reconciliation of total equity

Particulars	31 March 2017	1 April 2016
<b>Total equity (shareholder's fund) as per previous GAAP</b>	<b>28,832.37</b>	<b>26,060.69</b>
<b>Adjustments:</b>		
Ind AS impact of previous year carried forward	64.90	-
Government grant	6.00	(9.00)
Proposed dividend and tax	(307.84)	307.84
Security deposit discounting	12.81	(5.29)
Derecognition of share issue expenses	291.48	(291.48)
Finance lease obligation	(0.44)	(0.41)
Reversal of rent on finance lease obligation	0.25	-
Depreciation on leasehold land till transition date	(0.03)	-
Amortisation of prepaid rent	(16.40)	-
Reversal of goodwill amortization	152.33	-
Impact on fair valuation of investments, net	28.33	(72.60)
Measurement of loan at amortised cost	(0.80)	14.14
Recognition of MTM gain / (loss) on derivative	(124.21)	150.76
Deferred tax adjustment on transitional entries	33.85	(29.06)
<b>Total adjustments</b>	<b>140.23</b>	<b>64.90</b>
<b>Total equity as per Ind AS</b>	<b>28,972.60</b>	<b>26,125.59</b>

### 43. Disclosure in relation to Micro and Small enterprises 'Suppliers' as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) The principal amount remaining unpaid to any supplier as at the end of the year	<b>2,069.36</b>	<b>1,451.06</b>	<b>1,207.59</b>
(b) The interest due on principal amount remaining unpaid to any supplier as at the end of the year	0.12	0.08	1.69
(c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 alongwith the amounts of the payments made to the supplier beyond the appointed day during each accounting year			
- Interest paid	6.56	192.75	47.42
- Payment to Suppliers	436.02	1,862.06	9,029.58
(d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	34.02	47.74	101.91
(e) Amount of Interest accrued and remaining unpaid at the end of the year	34.14	47.82	103.60
(f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act.	199.33	171.75	316.68

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## NOTES TO THE STANDALONE FINANCIAL STATEMENTS for the year ended 31 March, 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 44. Research & Development (R & D) Expenses

The Company has incurred following expenditure on its Research and Development center at Gurgaon approved and recognised by the Ministry of Science & Technology, Government of India.

#### a. Capital Expenditure

Particulars	31 March 2018	31 March 2017	1 April 2016
Capital expenditure	11.54	2.23	27.65

#### b. Revenue Expenditure

Particulars	31 March 2018	31 March 2017	1 April 2016
Employee benefits expenses	373.89	248.44	195.75
Power & Fuel	4.40	3.13	9.38
Repair & maintenance	19.24	26.53	24.74
Vehicle Lease Rent	-	2.60	7.80
Travelling & conveyance	11.83	8.78	11.11
Legal & professional charges	12.81	18.42	51.44
Miscellaneous expenses	27.82	94.20	36.38
<b>Total</b>	<b>449.99*</b>	<b>402.10</b>	<b>336.60</b>

\*This includes amount of ₹26.82 which is not allowed as deduction under section 35(2AB) of Income Tax Act 1961 as R&D Expenditure

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
Non-Executive,  
Independent Director  
DIN:00140124

**Ravinder Nagpal**  
Non-Executive,  
Independent Director  
DIN:00102970

**Arjun Sharma**  
Non-Executive,  
Independent Director  
DIN:00003306

**Monica Davar**  
Non-Executive,  
Non-Independent Director  
DIN:00100875

**M.L. Bhagat**  
Non-Executive,  
Independent Director  
DIN:00699750

**Arvind Kapur**  
Non-Executive,  
Independent Director  
DIN:00096308

**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

# CONSOLIDATED FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

To

The Members of **Sandhar Technologies Limited**

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

We have audited the accompanying Consolidated Ind AS Financial Statements of Sandhar Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated State of Affairs, Consolidated Profit and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flows of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We are also responsible to 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 Group and of its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Ind AS 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 Group and its joint ventures to cease to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group and its joint ventures as at 31 March 2018 and their Consolidated Profit and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flows for the year ended on that date.

## Other Matters

1. The comparative financial information of the Group and its joint ventures for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Consolidated Ind AS Financial Statements are based on the previously issued Statutory Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 1 April 2016 dated 25 May 2017 and 24 May 2016 respectively expressed an unmodified opinion on those Consolidated Financial Statements, as adjusted for the differences in the accounting principles adopted by the Group and its joint ventures on transition to the Ind AS, which have been audited by us.
2. We did not audit the Financial Statements of three subsidiaries, whose Financial Statements reflect total assets of ₹29,525.77 Lacs and net assets of ₹4,624.69 Lacs as at 31 March 2018, total revenues of ₹26,325.60 Lacs and net cash outflows amounting to ₹174.67 Lacs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of ₹531.62 Lacs for the year ended 31 March 2018, as considered in the Consolidated Ind AS Financial Statements, in respect of six joint ventures, whose Financial Statements have not been audited by us. These Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS 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.

## 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 other auditors on separate financial statements and the other financial information of subsidiaries and joint ventures, as noted in the 'other matters' paragraph, we report to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS 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, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Holding Company, subsidiary companies and joint ventures incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Financial Statements as also the other Financial Information of the subsidiaries and joint ventures incorporated in India, as noted in the 'Other matter' paragraph:
- i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial Position of the Group and its joint ventures. – Refer Note 32 to the Consolidated Ind AS Financial Statement;
- ii. The Group and its joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018;
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its joint ventures incorporated in India during the year ended 31 March 2018; and
- iv. The disclosures in the Consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Consolidated Financial Statements for the year ended 31 March 2017 have been disclosed. – Refer Note 6 D to the Consolidated Ind AS Financial Statement.
- Place: Gurugram  
Date: 26 May 2018

For **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number:  
101248W / W-100022

**Shashank Agarwal**  
Partner  
Membership number: 095109

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

### Report on the Internal Financial Controls 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 Ind AS Financial Statements as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to the Consolidated Ind AS Financial Statements of Sandhar Technologies Limited (hereinafter referred to as "the Company or the Holding Company"), its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to the Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Ind AS Financial Statements included obtaining an understanding

of internal financial controls with reference to the Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the Consolidated Ind AS Financial Statements.

### Meaning of Internal Financial Controls with reference to the Consolidated Ind AS Financial Statements

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

### Inherent Limitations of Internal Financial Controls with reference to the Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated

Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to the Consolidated Ind AS Financial Statements and such internal financial controls with reference to the Consolidated Ind AS Financial Statements were operating effectively as at 31 March 2018, based on the internal control with reference to the Consolidated Ind AS Financial Statements 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 aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Ind AS Financial

Statements insofar as it relates to three subsidiary companies, and six joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies and joint ventures incorporated in India. Our report is not modified in respect of this matter.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm registration No.:  
101248W /W-100022

Place: Gurugram  
Date: 26 May 2018

**Shashank Agarwal**  
Partner  
Membership No.: 095109

## CONSOLIDATED BALANCE SHEET

As at 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	66,261.81	58,152.83	51,225.19
Capital work-in-progress		7,189.38	2,924.88	5,524.20
Goodwill	4	553.30	553.30	553.30
Other Intangible assets	4	942.30	777.76	776.77
Equity accounted investees	5	1,006.81	613.33	524.23
Financial assets	6			
- Investments	6 A	856.44	359.29	270.98
- Loans	6 B	929.42	567.76	429.94
Income-tax assets	8 B	133.10	105.67	181.56
Other non-current assets	8 A	1,307.95	700.96	793.31
<b>Total non-current assets</b>		<b>79,180.51</b>	<b>64,755.78</b>	<b>60,279.48</b>
<b>Current assets</b>				
Inventories	7	20,568.00	16,182.62	15,689.77
Financial assets	6			
- Investments	6 A	576.43	108.18	100.88
- Loans	6 B	1,144.57	907.14	795.49
- Trade receivables	6 C	26,743.15	20,532.80	16,331.18
- Cash and cash equivalents	6 D	25,499.01	567.82	360.48
- Other bank balances	6 E	101.69	102.85	123.44
- Other financial assets	6 F	1,029.35	1,178.38	214.86
Other current assets	8 C, D, E	3,502.89	2,209.42	2,162.14
<b>Total current assets</b>		<b>79,165.09</b>	<b>41,789.21</b>	<b>35,778.24</b>
<b>Assets held for sale</b>		<b>97.17</b>	<b>140.20</b>	<b>-</b>
<b>Total assets</b>		<b>1,58,442.77</b>	<b>1,06,685.19</b>	<b>96,057.72</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	9	6,019.07	5,115.46	5,115.46
Other equity	10	57,405.33	25,096.90	22,165.79
<b>Equity attributable to owners of the Company</b>		<b>63,424.40</b>	<b>30,212.36</b>	<b>27,281.25</b>
<b>Non controlling interest</b>	11	<b>282.81</b>	<b>222.48</b>	<b>184.82</b>
<b>Total equity</b>		<b>63,707.21</b>	<b>30,434.84</b>	<b>27,466.07</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	12	1,282.90	20,916.77	19,441.52
- Other financial liabilities	14	1,011.85	510.90	575.35
<b>Provisions</b>	16	69.64	53.07	40.95
Government grant	18	-	-	3.00
Deferred tax liabilities (net)	17	955.79	856.58	952.29
<b>Total non current liabilities</b>		<b>3,320.18</b>	<b>22,337.32</b>	<b>21,013.11</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	12	20,799.75	18,208.81	12,330.90
- Trade payables	13	34,805.83	23,241.32	22,259.08
- Other financial liabilities	14	31,385.86	9,985.67	11,038.65
Government grant	18	-	3.00	6.00
Other current liabilities	15	1,874.31	1,262.27	1,003.21
Income-tax liabilities	16	1,393.52	207.62	129.52
Provisions	16	1,156.11	1,004.34	811.18
<b>Total current liabilities</b>		<b>91,415.38</b>	<b>53,913.03</b>	<b>47,578.54</b>
<b>Total equity and liabilities</b>		<b>1,58,442.77</b>	<b>1,06,685.19</b>	<b>96,057.72</b>

### Significant accounting policies

2

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

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**

Partner

Membership No.095109

For and on behalf of the Board of Directors of

**Sandhar Technologies Limited****D.N. Davar**

Chairman

DIN:00002008

**Jayant Davar**

Co-Chairman and

Managing Director

DIN:00100801

**Arvind Joshi**

Whole-time Director, Chief

Financial Officer &amp; Company Secretary

DIN:01877905

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Non-Executive,

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**Arvind Kapur**

Non-Executive,

Independent Director

DIN:00096308

**Gaurav Dalmia**

Non-Executive,

Independent Director

DIN:00009639

Place: Gurugram  
Date: 26 May 2018Place: Gurugram  
Date: 26 May 2018

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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>REVENUE</b>			
Revenue from operations	19	1,98,411.98	1,74,760.14
Other income	20	474.17	762.92
<b>Total income (I)</b>		<b>1,98,886.15</b>	<b>1,75,523.06</b>
<b>EXPENSES</b>			
Cost of raw materials and components consumed	21	1,14,902.09	95,178.40
Changes in inventories of finished goods and work-in-progress	22	(1,275.22)	(727.93)
Excise duty on sale of goods		3,776.90	13,621.12
Employee benefits expense	23	26,479.22	22,995.99
Finance costs	26	4,317.43	4,262.17
Depreciation and amortization expense	24	6,752.10	5,835.58
Other expenses	25	33,699.87	29,026.49
<b>Total expenses (II)</b>		<b>1,88,652.39</b>	<b>1,70,191.82</b>
<b>Profit before share of loss of investment accounted for using equity method, exceptional items and tax (III = I - II)</b>		10,233.76	5,331.24
<b>Share in loss of joint ventures accounted for using equity method, net (IV)</b>		531.62	80.82
<b>Profit before exceptional item and tax (V = III - IV)</b>		<b>9,702.14</b>	5,250.42
<b>Exceptional item (VI)</b>	27	-	43.63
<b>Profit before tax (VII = V - VI)</b>		<b>9,702.14</b>	5,206.79
<b>Tax expense:</b>	30		
Current tax		3,082.08	1,044.49
Current tax relating to earlier years		8.61	(4.96)
MAT credit entitlement		-	(49.68)
Deferred tax charge		49.52	53.45
<b>Total tax expense (VIII)</b>		<b>3,140.21</b>	<b>1,043.30</b>
<b>Profit for the year (IX = VII - VIII)</b>		6,561.93	4,163.49
<b>Other comprehensive income</b>	28		
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(84.64)	(145.23)
Income tax relating to re-measurement loss on defined benefit plans		29.53	50.22
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		135.41	(197.15)
Income tax relating to exchange difference in translation		(33.85)	49.29
<b>Total other comprehensive income for the year, net of tax (X)</b>		<b>46.45</b>	<b>(242.87)</b>
<b>Total comprehensive income for the year (XI = IX + X)</b>		<b>6,608.38</b>	3,920.62
<b>(Comprising Profit and Other Comprehensive Income for the year)</b>			
<b>Profit attributable to:</b>			
- Owners of the Company		6,502.08	4,125.52
- Non-controlling interest		59.84	37.97
		<b>6,561.92</b>	<b>4,163.49</b>
<b>Other comprehensive income attributable to:</b>			
- Owners of the Company		45.96	(242.56)
- Non-controlling interest		0.50	(0.31)
		<b>46.46</b>	<b>(242.87)</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company		6,548.04	3,882.96
- Non-controlling interest		60.34	37.66
		<b>6,608.38</b>	3,920.62
<b>Earnings per equity share:</b>	29		
(1) Basic-Par value of ₹10 per share		12.80	8.14
(2) Diluted-Par value of ₹10 per share		12.80	8.14

**Significant accounting policies**

2

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

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**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### A. Equity share capital

Particulars	Note	Equity Shares	
		No. of shares in lacs	Amount
<b>Balance as at 1 April 2016</b>	9	<b>511.55</b>	<b>5,115.46</b>
Changes during the year		-	-
<b>Balance as at 31 March 2017</b>		<b>511.55</b>	<b>5,115.46</b>
Changes during the year		90.36	903.61
<b>Balance as at 31 March 2018</b>		<b>601.91</b>	<b>6,019.07</b>

### B. Other equity

Particulars	Attributable to owners of the Company						Total attributable to owners of the company	Attributable to Non- controlling interest"	Total
	Reserves and Surplus (2)			Items of other comprehensive income (2)					
	Retained earnings	Security Premium	Capital reserves	Exchange differences on translation of foreign operations	Exchange differences on translation of foreign operations	Remeasurements of defined benefit liability			
Balance as at 1 April 2016	18,286.26	311.36	3,190.97	-	377.20	-	22,165.79	184.82	22,350.61
Total Comprehensive income for the year ended 31 March 2017									
Profit for the Year	4,125.85	-	-	-	-	-	4,125.85	37.66	4,163.51
Other comprehensive income (net of tax)	-	-	-	-	(147.86)	(95.01)	(242.87)	-	(242.87)
Exchange differences on translation	(6.59)	-	-	-	-	-	(6.59)	-	(6.59)
Contribution by and distribution to owner									
Dividend on equity shares (Interim)	(547.94)	-	-	-	-	-	(547.94)	-	(547.94)
Dividend on equity shares (Final)	(255.77)	-	-	-	-	-	(255.77)	-	(255.77)
Tax on Dividend (interim and final)	(141.57)	-	-	-	-	-	(141.57)	-	(141.57)
Balance as at 31 March 2017	21,460.24	311.36	3,190.97	-	229.34	(95.01)	25,096.90	222.48	25,319.38

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**B. Other equity (Contd...)**

Particulars	Attributable to owners of the Company						Total attributable to owners of the company	Attributable to Non- controlling interest"	Total
	Reserves and Surplus (2)			Items of other comprehensive income (2)					
	Retained earnings	Security Premium	Capital reserves	Exchange differences on translation of foreign operations	Exchange differences on translation of foreign operations	Remeasurements of defined benefit liability			
Transactions with owners directly recorded in equity									
Fresh issue of equity shares	-	29,096.38	-	-	-	-	29,096.38	-	29,096.38
Share issue expenses	-	(1,485.32)	-	-	-	-	(1,485.32)	-	(1,485.32)
Total Comprehensive income for the year ended 31 March 2018									
Profit for the Year	6,501.59	-	-	-	-	-	6,501.59	60.33	6,561.92
Other comprehensive income (net of tax)	-	-	-	-	101.57	(55.11)	46.46	-	46.46
Contribution by and distribution to owner									
Dividend on equity shares (Final)	(517.61)	-	-	-	-	-	(517.61)	-	(517.61)
Dividend on equity shares (Interim)	(1,023.09)	-	-	-	-	-	(1,023.09)	-	(1,023.09)
Tax on Dividend (interim and final)	(309.98)	-	-	-	-	-	(309.98)	-	(309.98)
Balance as at 31 March 2018	26,111.15	27,922.42	3,190.97	-	330.91	(150.12)	57,405.33	282.81	57,688.14

**Notes:**

1. During the year ended 31 March 2018 and 31 March 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

2. Refer note 10 for nature and purpose of other equity.

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
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**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018



## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A Cash flow from operating activities</b>		
<b>1 Profit before tax</b>	9,702.14	5,206.79
<b>2 Adjustments for:</b>		
Depreciation and amortization expense	6,752.10	5,835.58
Loss/ (Profit) on sale of property, plant and equipment	27.02	(269.29)
Unrealised foreign exchange (gain)/loss	38.99	(98.09)
Interest expense	4,317.43	4,262.17
MTM loss on derivative liability	26.55	124.21
Bad debts and advances written off	1.47	3.30
Interest income on security deposits measured at amortised cost	(10.64)	(12.81)
Gain on investments carried at fair value through profit or loss	(59.73)	(35.63)
Interest income	(73.62)	(39.37)
Government grant	(3.00)	(6.00)
<b>3 Operating profit before working capital changes (1+2)</b>	<b>20,718.71</b>	<b>14,970.86</b>
<b>4 Movements in working capital:</b>		
Increase in trade receivables	(6,211.82)	(4,205.03)
Increase in inventories	(4,385.38)	(492.85)
Increase in long-term loans and advances	(361.66)	(137.82)
Increase in financial assets, including assets held for sale	(46.33)	(1,217.57)
Increase in other current assets	(1,293.47)	(47.28)
Increase in trade payables	11,525.52	1,063.13
Decrease / (Increase) in current provisions	(4.14)	15.63
Increase in other financial liabilities	9.58	232.70
Increase in other current liabilities	612.03	259.06
<b>Total movement in working capital:</b>	<b>(155.67)</b>	<b>(4,530.03)</b>
<b>5 Cash generated from operations (3+4)</b>	<b>20,563.04</b>	<b>10,440.83</b>
<b>6 Less: Income tax paid (net of refunds)</b>	<b>1,765.15</b>	<b>890.40</b>
<b>7 Net cash generated from operating activities (5-6)</b>	<b>18,797.89</b>	<b>9,550.43</b>
<b>B Cash flow from investing activities:</b>		
Purchase of Property, plant and equipment, Capital work in progress, other intangible assets and capital advances	(17,613.96)	(10,920.42)
Proceeds from sale of property, plant and equipment	91.75	334.54
Purchase of non-current investment in joint ventures	(830.92)	(141.78)
Purchase of current investment	(468.25)	(7.30)
Redemption of Bank deposits (having original maturity of more than 3 months)	1.16	20.59
Interest received	85.22	62.57
<b>Net cash used in investing activities:</b>	<b>(18,735.00)</b>	<b>(10,651.80)</b>
<b>C Cash flow from financing activities:</b>		
Repayment of long-term borrowings	(8,503.79)	(10,525.31)
Proceeds from long-term borrowings	8,234.01	11,256.50
Proceeds from short-term borrowings (net)	2,590.94	5,887.03
Proceeds from issue of equity share capital	30,000.00	-
Share issue expenses	(1,485.32)	-
Dividend paid during the year (including dividend distribution tax)	(1,850.68)	(945.28)
Finance costs paid	(4,259.20)	(4,298.56)
<b>Net cash generated from financing activities:</b>	<b>24,725.96</b>	<b>1,374.38</b>
<b>D Net increase in Cash and cash equivalents (A+B+C)</b>	<b>24,788.85</b>	<b>273.01</b>
Impact on cash flow on account of foreign currency translation	142.34	(65.67)
<b>E - 1 Cash and cash equivalents as at the beginning of year</b>	<b>567.82</b>	<b>360.48</b>
<b>E - 2 Cash and cash equivalents as at end of the year</b>	<b>25,499.01</b>	<b>567.82</b>
Cash and cash equivalents include :		
Balances with banks:		
- In current accounts	25,488.54	184.90
- Cheques on hand	-	202.00
Cash on hand	10.47	10.92
Deposits with original maturity for less than three months	-	170.00
<b>Cash and cash equivalents at the end of the year</b>	<b>25,499.01</b>	<b>567.82</b>

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**CONSOLIDATED STATEMENT OF CASH FLOWS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

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

Particulars	Non - current borrowings*	Current borrowings
<b>Opening balance as at 1 April 2017</b>	<b>28,006.11</b>	<b>18,208.81</b>
Cash flows during the year	(269.78)	2,590.94
Non-cash changes due to:		
- Mark to market of derivative liability	(26.55)	-
- Foreign currency translation	(24.11)	-
- Others	(5.13)	-
<b>Closing balance as at 31 March 2018</b>	<b>27,680.54</b>	<b>20,799.75</b>

\*Includes current maturities of non-current borrowings and interest accrued thereon, refer Note 14.

## Notes:

1. The consolidated cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows".

2. Refer note 2 for significant accounting policies.

3. The company paid in cash ₹86.93 Lacs for the year ended 31 March 2018 and ₹93.70 Lacs for the year ended 31 March 2017 towards Corporate Social Responsibility (CSR) expenditure.

4. Amendment to Ind AS 7: Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the consolidated financial statements.

## Significant accounting policies

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

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
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DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 1. Corporate Information

Sandhar Technologies Limited ('STL' or 'the Company' or 'the Parent Company') is a Public Limited Company domiciled in India and was incorporated on 19 October 1987 in New Delhi, India under the provisions of the Companies Act in India. Sandhar Group (the Parent Company and its subsidiary companies together referred to as "the Group") and its joint ventures are principally engaged in the manufacturing and assembling of automotive components such as lock-set, mirrors and various sheet metal components including cabins for two wheelers, four wheelers and off road vehicle industry, designing and manufacturing of moulds, dies and dies parts, machine tools, jigs and fixtures and fabrication and assembly and construction, agri – farm and railway products.

The Consolidated Financial Statements for the year ended 31 March 2018 comprise Financial Statements of the Group and its joint ventures. The Parent Company has entered into the listing agreement with the Securities and Exchange Board of India ('SEBI') on 24 March 2018, pursuant to the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Securities and Exchange Board of India Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016 ('Listing Regulations'), as a result of which its shares have started trading on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 2 April 2018.

The Consolidated Financial Statements for the year ended 31 March 2018 are approved by the Parent Company's Audit Committee and its Board of Directors on 26 May 2018.

### 2. Significant Accounting Policies, Principles of consolidation and Basis of preparation

#### 2.1 Principles of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

#### i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

The subsidiary companies which are included in the consolidation and the Parent Company's holding therein is as under:

S. No.	Name of the Subsidiary Company	Nature of relation	Ownership in % either directly or through subsidiaries			Country of Incorporation and Principal place of Business
			2017-18	2016-17	2015-16	
1	Sandhar Tooling Private Limited (STPL)	Subsidiary	79.92	79.92	79.92	India
2	Sandhar Technologies Barcelona S.L. (STB)	Subsidiary	100	100	100	Spain
	A Breniar Project, SL (BP)	Step Down Subsidiary	100	100	100	Spain
	B Sandhar Technologies Poland sp.Zoo (STP)	Step Down Subsidiary	100	100	100	Poland
	C Sandhar Technologies de Mexico S de RL de CV (STM)	Step Down Subsidiary	100	100	100	Mexico
3	PT Sandhar Indonesia (PTSI) (ceased w.e.f 29 August 2016)	Subsidiary	-	-	100	Indonesia
4.	Sandhar Euro Holdings B.V. (SHBV) (ceased w.e.f 2 January 2017)	Subsidiary	-	-	100	Netherlands
5.	Sandhar Strategic Systems Private Limited (w.e.f. 9th September 2016)	Subsidiary	99.99	99.99	-	India

accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### ii. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### iii. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

### iv. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in its joint ventures.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

The joint venture companies which are included in the consolidation and the Parent Company's holding therein is as under:

S. No.	Name of the Joint Venture Company	JV Partner	% Share in JV			Country of Incorporation and Principal place of Business
			2017-18	2016-17	2015-16	
1.	Indo Toolings Private Limited (ITPL)	JBM Auto Limited	50	50	50	India
2.	Sandhar Han Sung Technologies Private Limited (SHTPL)	Han Sung Imp Co. Limited	50	50	50	India
3.	Sandhar Ecco Green Energy Private Limited (w.e.f 15th January 2016)	DMRG Investment Private Limited and Tarun Agarwal	50	50	50	India
4.	Jinyoung Sandhar Mechatronics Private Limited (Incorporated as on 20th March 2017)	Jinyoung Electro-Mechanics Co. Ltd.	50	50	NA	India
5.	Sandhar Amkin Industries Private Limited (Incorporated as on 6th September 2017)	Amkin Group Private Limited	50	NA	NA	India
6.	Sandhar Daewha Automotive Systems Private Limited (Incorporated as on 20th June 2017)	Daehwa fuel pump ind., Limited	50	NA	NA	India

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

### Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment ('PPE'), are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

### 2.2 Basis of preparation

#### (i) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act'), Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended and other relevant provisions of the Act.

For all the periods up to and including 31 March 2017, the consolidated financial statements were prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act. The consolidated financial statements for the year ended 31 March 2018 are the Group's first consolidated financial statements prepared in accordance with Ind AS 101, First time adoption of Indian Accounting standards has been applied.

An explanation of how the transition to Ind AS has effected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 41.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have a duration of twelve months.

#### (ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

#### (iii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the items which have been measured at fair value or revalued amount:

Items	Measurement basis
Certain financial assets and financial liability (including derivative instrument)	Fair value
Investment in preference shares (unquoted)	Fair value
Net defined benefit plan (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation.

#### (iv) Use of estimates and judgements

In preparation of these consolidated financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

- Recognition and estimation of tax expense including deferred tax– Note 30
- Estimated impairment of financial assets and non-financial assets – Note 2.3(q)
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.3(d)
- Estimation of obligations relating to employee benefits: key actuarial assumptions – Note 31
- Valuation of Inventories – Note 2.3 (j)
- Recognition and measurement of provisions and contingencies: Key assumption about the likelihood and magnitude of an outflow of resources – Note 32
- Lease classification – Note 34
- Fair value measurement – Note 2.2(v)

### (v) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Parent Company's audit committee.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 36 – Financial instrument.

## 2.3 Summary of significant accounting policies

### a. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

- (a) Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- (b) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets held for Sale and Discontinued Operations are measured in accordance with that standard.
- (d) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### b. Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made

payments on behalf of joint venture. If the joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

### c. Foreign currency transactions

The Group's consolidated financial statements are presented in INR, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition or an average rate if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the statement of profit and loss are also recognized in OCI or the statement of profit and loss, respectively).

### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on

the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

### Foreign operations

The assets and liabilities of foreign operations (subsidiaries) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group and its joint ventures, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. In accordance with Ind AS 101, the Group has elected to deem foreign currency translation differences that arose prior to the date of transition to Ind AS, i.e. 1 April 2016, in respect of all foreign operations to be nil at the date of transition. From 1 April 2016 onwards, such exchange differences are recognized in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognized in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### d. Property, plant and equipment ('PPE')

#### (i) Recognition and Measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, import duties and non-refundable purchase taxes, duties or levies, after deducting trade discounts and rebates, any other directly attributable cost of bringing the asset to its working condition for its intended use the cost of replacing part of the plant and equipment and borrowing costs for long – term construction projects if the recognition criteria are met and estimated cost of dismantling and removing the items and restoring the site on which it is located. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 2.2 (iv) regarding significant accounting judgements, estimates and assumptions.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

A property, plant and equipment is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising disposal of property, plant and equipment is recognized in the Statement of Profit and Loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment are no longer amortized or depreciated.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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

#### (ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such property, plant and equipment (refer note 3).

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### (iv) Depreciation

Depreciation on PPE is calculated on a straight-line basis to allocate their cost, net of their estimated residual values, over the estimated useful lives and is recognized in the Statement of Profit and Loss. The identified components are depreciated over their useful life, the remaining asset is depreciated over the life of the principal asset. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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Leasehold land is amortized on a straight line basis over the period of the lease which ranges between 89-99 years.

The Group has used the following rates to provide depreciation which coincides with the rates indicated in Schedule II of the Act, on its PPE, except for temporary erection, Computers (Servers and networks) and Non – commercial vehicles.

Asset category	Useful lives estimated by the management
Factory Buildings	30 years
Other Buildings	60 years
Carpeted RCC Roads	10 years
Tube wells	5 years
Plant and Machinery	7.5 - 20 years
Electrical Installations	10 - 25 years
Office Equipment	5 years
Racks and Bins	10 years
Furniture & Fixtures	10 - 20 years
Commercial Vehicles	8 years
Tools, Moulds and Dies	5 - 6 years

The management has estimated, supported by independent assessment by technical experts, professionals, the useful lives of the following classes of assets:

- The useful lives of temporary erection is estimated 1year, which is lower than those indicated in Schedule II
- Computers (Servers and networks) are depreciated over the estimated useful lives of 3 - 4 years, which is lower than those indicated in Schedule II.
- Non Commercial Vehicles are depreciated over the estimated useful lives of 6 years, which is lower than those indicated in Schedule II.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

In case of Sandhar Technologies Barcelona S.L., the costs of acquisition of equipment, systems or installations for the elimination, reduction or control of the possible

environment impacts of the business are capitalized.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

### e. Goodwill and other intangible assets

#### (i) Recognition and Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an item of intangible asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of Profit or Loss in the period in which the expenditure is incurred.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

#### (ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets (refer note 4).

In case of business combinations that occurred prior to 1 April 2016, Goodwill is valued at the cost of acquisition included on the basis of its deemed cost, which represents the amount recorded under previous GAAP, adjusted for reclassification of certain intangibles.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### (iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### (iv) Amortization

The useful lives of intangible assets are assessed as either finite or indefinite

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospective basis.

#### - Technical knowhow

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 60 to 72 months on straight line basis based on past trends, commencing from the month of commencement of commercial production.

#### - Software

Software purchased by the Group are amortized on a straight line basis i.e. non-standard (customized) software in four years and standard (non-customized) software in five years.

#### - Goodwill

Goodwill is not amortized but will be tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Amortization method, useful lives and residual lives are reviewed at the end of each financial year and adjusted, if appropriate

### f. Leases

#### (i) Determining whether an arrangement contains a lease

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

#### (ii) Assets held under lease

For arrangements entered into prior to 1 April 2016, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

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A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.3 (g)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policies applicable to similar owned assets. Assets held under leases that do not transfer to the Group and its joint ventures substantially all the risk and rewards of ownership (i.e. operating lease) are not recognized in the Group's Balance Sheet.

### (iii) Lease payments

Payments made under operating leases are generally recognized in the statement of profit and loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentive received are recognized as an integral part of the total lease expense over the term of the lease. Operating lease payments are not straight lined in cases where the escalation is expected to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost.

Payments made under finance lease are allocated between the outstanding liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### g. Borrowing Costs

Borrowing cost includes interest, and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs), amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

### h. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

An asset's recoverable amount is the higher of an individual asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value



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less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

The Groups's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

In regard to assets for which impairment loss has been recognized in prior period, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made

only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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

Goodwill is tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### i. Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other operating revenue on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

### j. Inventories

Inventories which includes raw materials, components, stores, work in progress, finished goods and spares are valued at the lower of cost and net realizable value. However, raw materials, components and other items held for use in the production of inventories are not written down

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below cost if the finished products in which they will be incorporated are expected to be sold at or above cost or in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and components: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Companies in the group, adopt First-in-first-out (FIFO) method for valuing raw materials, components, stores and spares (RM & Stores).
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of work-in-progress (WIP) and finished goods (FG) is based on FIFO method. Finished goods inventory as at 31 March 2017 and 1 April 2016 is inclusive of excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realizable value is made on an item-by-item basis.

### k. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, sales tax/ value added tax (VAT)/ Goods and Services Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

#### Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, inclusive of excise duty and exclusive of Goods and Services Tax (GST), Sales Tax, Value Added Taxes (VAT) and is net of returns, allowances, trade discounts and volume rebates.

Revenue is recognized;

- When the significant risks and rewards of ownership have been transferred to the buyer,
- Recovery of the consideration is probable,
- The associated costs and possible return of goods can be estimated reliably,
- There is no continuing effective control over, or managerial involvement with, the goods, and
- The amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale.

#### Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration.

#### Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period,



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where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.

### Dividends

Revenue is recognized when the Group's right to receive the payment is established by the reporting date.

### I. Income tax

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

#### Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

In the situations where the Group is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax asset is recognized in respect of timing differences which are reversed during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Deferred tax assets are recognized on carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred income tax are not provided on the undistributed earnings of the subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### m. Segment reporting

#### Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is

available. The Group is primarily engaged in the manufacturing of auto components for two wheeler and four wheeler industry. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segments and assess their performance. CODM believes that these are governed by same set of risk and returns hence CODM reviews as one balance sheet component.

The Group and its joint ventures are governed by the same set of risks and returns but subject to the geographical industry trends and hence the Group and its joint ventures business activities fall within a single primary business segment. The principal geographical segments are classified as India, Europe and others since there are different risks and returns of the geographies.

### n. Earnings per share (EPS)

Basic earnings / (loss) per share are calculated by dividing the profit or loss for the year attributable to the shareholders of the Group by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### o. Provisions (other than for employee benefits)

#### General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed the expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax

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rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### Warranties

Provision for warranty related costs are recognized when the product is sold or service provided and is based on historical experience. The provision is based on technical evaluation/ historical warranty data and after weighting of all possible outcomes by their associated probabilities. The estimate of such warranty related costs is revised annually. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

### p. Employee benefits

#### India

#### i. Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability

is recognized for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions to the Regional Provident Fund Commissioner towards provident fund, superannuation fund scheme and employee state insurance scheme ('ESI'). Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### iii. Defined benefit plans

The Group operates a defined benefit gratuity plan, which requires contributions to be made to Kotak Mahindra Old Mutual Life Insurance Limited and LIC of India. There are no other obligations other than the contribution payable to the respective trust.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect

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of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

### iv. Other long term employee benefits

#### Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

As per the compensated absence encashment policy, the Group does not have an unconditional right to defer the compensated absence of employees, accordingly the entire compensated absence obligation as determined by an independent actuary has been classified as current liability as at the period/ year end.

#### Europe

In case of Sandhar Technologies Barcelona S.L. according to the sector social agreement (Convenio Siderometalurgico de la provincia de Barcelona) the Company pays 2 additional payrolls in June and December. The 2 additional payments, as well as the holiday payroll are provisioned every month on accrual basis.

### q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i. Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

### ii. Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair Value through Other Comprehensive Income ('FVOCI') – debt instrument;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables. The Group has recognized financial assets viz. security deposit, trade receivables, employee advances at amortized cost. A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Group may make an irrevocable election to present

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in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial asset: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amounts or timings of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, as feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation



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for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### Financial assets: Subsequent measurement and gains and losses

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investment at FVOCI</b>	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investment at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

### Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in

profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### iii. Derecognition

#### Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

#### Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### v. Derivative financial instruments and hedge accounting

The Group uses derivative instruments such as foreign exchange forward contracts and currency swaps to hedge its foreign currency

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognized in profit and loss.

### Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost; and
- Financial assets measured at FVOCI – debt instruments.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

For recognition of impairment loss on financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The financial asset is 90 days or more past due.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to statement of profit and loss and is recognized in OCI.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for the recovery of amount due.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., deposits, and advances.
- Trade receivables that result from transactions that are within the scope of Ind AS 18
- Financial guarantee contracts which are not measured as at FVTPL.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

For assessing increase in credit risk and impairment loss, the Group combines

financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### r. Recognition of interest expense

Interest expense is recognized using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to:

- The amortized cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortized cost of the liability.

### s. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and cheques on hand, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and cheques on hand as they are considered an integral part of the Group's cash management.

### t. Cash dividend and non-cash distribution to equity holders of the parent

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### u. Corporate Social Responsibility ("CSR") expenditure:

CSR expenditure incurred by the Group is charged to the Statement of the Profit and Loss.

### v. Research and development:

Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses, if any.

### w. Recent accounting pronouncements

**A. Ind AS 115- Revenue from Contract with Customers:** On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers.

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The Group has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its consolidated financial statements. The quantitative impact of adoption of Ind AS 115 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

### i. Sales of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership are transferred. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognized when a customer obtains control of the goods. For some made-to-order product contracts, the customer controls all of the work in progress as the products are being manufactured. The revenue from these

contracts will be recognized as the products are being manufactured. The Group's initial assessment indicates that this will result in revenue, and some associated costs, for these contracts being recognized earlier than at present – i.e. before the goods are delivered to the customers' premises.

For certain contracts that permit the customer to return an item, revenue is currently recognized when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognized for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognized sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognized for these contracts and presented separately in the balance sheet.

The Group provides extended warranties in certain contracts that are currently accounted for under Ind AS 37. Under Ind AS 115, such extended warranties will be accounted for as separate performance obligations and a portion of the transaction price will be allocated to it and deferred.

### ii. Rendering of services

The Group is in the business of providing Job work as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method.

Under Ind AS 115, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

Based on the Group's initial assessment, the fair value and the stand-alone selling prices of the services are broadly similar.

### iii. Transition

The Group plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 April 2018) in retained earnings and NCI. As a result, the Group will not present relevant individual line items appearing under comparative period presentation.

Based on the Group's initial assessment, there is no material impact on account of the aforesaid amendment.

### B. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies 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, when an entity has received or paid advance consideration in a foreign currency.

Based on the Group's initial assessment, there is no material impact on account of the aforesaid amendment.

The amendment will come into force from 1 April 2018.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 3. Property, plant and equipment

Particulars	Freehold Land (refer note 1 below)	Leasehold Land	Buildings	Plant and Equipment	Office equipments	Vehicles	Furnitures and Fixtures	Total
<b>Gross carrying amount</b>								
Deemed cost as at 1 April 2016	10,245.69	2,511.72	10,831.51	26,277.06	693.00	283.99	382.22	51,225.19
Additions	-	-	2,670.68	9,714.47	652.72	195.85	114.41	13,348.13
Disposals	-	31.84	28.91	102.20	22.88	38.80	1.18	225.81
Exchange difference on translation of foreign operations	-	-	-	(846.77)	(6.91)	-	(2.38)	(856.06)
<b>Gross carrying value as at 31 March 2017</b>	<b>10,245.69</b>	<b>2,479.88</b>	<b>13,473.28</b>	<b>35,042.56</b>	<b>1,315.93</b>	<b>441.04</b>	<b>493.07</b>	<b>63,491.45</b>
Additions	222.59	-	2,328.86	9,995.68	408.09	163.46	175.47	13,294.15
Disposals	-	-	7.73	131.58	0.55	0.00	1.82	141.68
Exchange difference on translation of foreign operations	-	-	-	1,493.43	10.19	-	4.34	1,507.96
<b>Gross carrying value as at 31 March 2018</b>	<b>10,468.28</b>	<b>2,479.88</b>	<b>15,794.41</b>	<b>46,400.09</b>	<b>1,733.66</b>	<b>604.50</b>	<b>671.06</b>	<b>78,151.88</b>
<b>Accumulated depreciation</b>								
Balance as at 1 April 2016	-	-	-	-	-	-	-	-
Depreciation for the year	-	26.16	568.46	4,397.58	350.24	109.61	86.21	5,538.26
Accumulated depreciation on disposal	-	0.40	13.82	74.58	22.37	38.14	1.18	150.49
Exchange difference on translation of foreign operations	-	-	-	(47.68)	(1.47)	-	-	(49.15)
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>25.76</b>	<b>554.64</b>	<b>4,275.32</b>	<b>326.40</b>	<b>71.47</b>	<b>85.03</b>	<b>5,338.62</b>
Additions	-	25.82	662.19	5,173.39	364.13	109.68	93.52	6,428.73
Disposals	-	-	0.92	41.08	-	0.00	0.75	42.75
Exchange difference on translation of foreign operations	-	-	-	160.90	4.57	-	-	165.47
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>51.58</b>	<b>1,215.91</b>	<b>9,568.53</b>	<b>695.10</b>	<b>181.15</b>	<b>177.80</b>	<b>11,890.07</b>
<b>Net carrying amount</b>								
As at 31 March 2018	10,468.28	2,428.30	14,578.50	36,831.56	1,038.56	423.35	493.26	66,261.81
As at 31 March 2017	10,245.69	2,454.12	12,918.64	30,767.24	989.53	369.57	408.04	58,152.83
As at 1 April 2016	10,245.69	2,511.72	10,831.51	26,277.06	693.00	283.99	382.22	51,225.19

#### 1. Freehold land

- Land aggregating to ₹596.70 Lacs (31 March 2017: ₹596.70 Lacs, 1 April 2016: ₹596.70 Lacs) transferred to the Company pursuant to the scheme of amalgamation dated December 29, 2005 are pending for registration in the name of the Company.
- Land aggregating to ₹5,006.68 Lacs (31 March 2017: ₹5,006.68 Lacs, 1 April 2016: ₹5,006.68 Lacs) transferred to the Company pursuant to the scheme of amalgamation duly approved by Honourable High Court of Delhi, vide its order dated May 2, 2013 are pending for registration in the name of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 4. Intangible assets

Particulars	Computer software	Technical know-how	Goodwill*	Total
<b>Gross carrying amount</b>				
Deemed cost as at 1 April 2016	475.61	301.16	553.30	1,330.07
Additions	244.23	68.73	-	312.96
Disposals	-	-	-	-
Exchange difference on translation of foreign operations	(4.20)	-	-	(4.20)
<b>Gross carrying value as at 31 March 2017</b>	<b>715.64</b>	<b>369.89</b>	<b>553.30</b>	<b>1,638.83</b>
Additions	80.04	409.37	-	489.41
Disposals	169.09	-	-	169.09
Exchange difference on translation of foreign operations	10.49	-	-	10.49
<b>Gross carrying value as at 31 March 2018</b>	<b>637.08</b>	<b>779.26</b>	<b>553.30</b>	<b>1,969.64</b>
<b>Accumulated amortization</b>				
<b>Balance as at 1 April 2016</b>	-	-	-	-
Amortization for the year	178.54	130.07	-	308.61
Accumulated amortization on disposal	-	-	-	-
Exchange difference on translation of foreign operations	(0.84)	-	-	(0.84)
<b>Balance as at 31 March 2017</b>	<b>177.70</b>	<b>130.07</b>	<b>-</b>	<b>307.77</b>
Amortization for the year	202.02	129.63	-	331.65
Accumulated amortization on disposal	169.09	-	-	169.09
Exchange difference on translation of foreign operations	3.71	-	-	3.71
<b>As at 31 March 2018</b>	<b>214.34</b>	<b>259.70</b>	<b>-</b>	<b>474.04</b>
<b>Net carrying amount</b>				
As at 31 March 2018	422.74	519.56	553.30	1,495.60
As at 31 March 2017	537.94	239.82	553.30	1,331.06
As at 1 April 2016	475.61	301.16	553.30	1,330.07

#### \* Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) which represents the lowest level at which the goodwill is monitored for internal management reporting purposes.

The recoverable amount of the cash generating unit was based on its value in use. The value in use of this unit was determined to be higher than the carrying amount and an analysis of the calculation's sensitivity towards change in key assumptions did not identify any probable scenarios where the CGU recoverable amount would fall below their carry amount.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The calculation was based on the following key assumptions:

- The anticipated annual revenue growth and margin included in the cash flow projections are based on past experience, actual operating results and the 5-year business plan in all periods presented.
- The terminal growth rate ranges from 2% to 3% representing management view on the future long-term growth rate.
- Discount rate ranging from 7% to 13% for all periods presented was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on past experience and companies average weighted average cost of capital.

The values assigned to the key assumptions represent the management's assessment of future trends in the industry and based on both internal and external sources.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**5. Equity accounted investees**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investment in equity shares (unquoted)</b>			
In joint ventures			
2 Lacs (31 March 2017: 2 Lacs, 1 April 2016: 2 Lacs) shares of ₹100 each fully paid-up in Indo Toolings Private Limited	-	81.32	66.12
68.54 Lacs (31 March 2017: 48.54 Lacs, 1 April 2016: 31.65 Lacs) shares of ₹10 each fully paid-up (equity shares) in Sandhar Han Sung Technologies Private Limited	331.20	334.25	243.15
6.89 Lacs (31 March 2017: 6.89 Lacs, 1 April 2016: 6.89 Lacs) shares of ₹10 each fully paid-up in Sandhar Ecco Green Energy Private Limited (including goodwill of ₹66.24 Lacs (31 March 2017: ₹66.24 Lacs, 1 April 2016: ₹66.24 Lacs))	172.84	196.76	214.96
24.96 Lacs (31 March 2017: 0.9 Lacs, 1 April 2016: NIL) shares of ₹10 each fully paid-up in Jinyoung Sandhar Mechatronics Private Limited	84.50	1.00	-
4.00 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10 each fully paid-up in Sandhar Amkin Industries Private Limited	30.72	-	-
32.45 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10 each fully paid-up in Sandhar Daewha Automotive Systems Private Limited	306.38	-	-
Share application money for purchase of 8.12 Lacs shares of ₹10 each fully paid-up in Sandhar Daewha Automotive Systems Private Limited*	81.17	-	-
<b>Total equity accounted investees</b>	<b>1,006.81</b>	<b>613.33</b>	<b>524.23</b>

\* On 28 March 2018, the Company remitted ₹81.17 to Sandhar Daewha Automotive Systems Private Limited for the purchase of 8.12 Lacs equity shares of ₹10 each, fully paid up. The allotment of these equity shares was pending as at 31 March 2018. Subsequently these shares were allotted to the Company on 23 April 2018.

**6. Financial assets**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Investments</b>			
<b>A. Non - current Investments</b>			
<b>Investments at cost</b>			
<b>Investments at fair value through profit and loss</b>			
<b>Investments in joint ventures</b>			
<b>(i) Investments in preference shares (Unquoted)</b>			
3.32 Lacs (31 March 2017: 3.32 Lacs, 1 April 2016: 3.32 Lacs) shares of ₹100/- each fully paid-up in Indo Toolings Private Limited	258.18	262.66	238.78
31.92 Lacs (31 March 2017: NIL, 1 April 2016: NIL) shares of ₹10/- each fully paid-up preference shares in Jinyoung Sandhar Mechatronics Private Limited	319.28	-	-
23.43 Lacs (31 March 2017: 6.01 Lacs, 1 April 2016: NIL) shares of ₹10/-each fully paid-up in Sandhar Han Sung Technologies Private Limited	234.38	60.11	-
<b>(ii) Non Trade investment (Unquoted)</b>			
NIL (31 March 2017: 7,995, 1 April 2016: 7,995) equity shares of EUR 1.4966 each in Banco Popular	-	8.28	3.41
NIL (31 March 2017: 16, 1 April 2016: 16) equity shares of EUR 60.11 each in Bantierra	-	0.67	5.67
0.2 Lacs (31 March 2017: 0.2 Lacs, 1 April 2016: 0.2 Lacs) shares of ₹10/- each fully paid-up in VNM Polymers Private Limited	44.60	27.57	23.12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 6. Financial assets (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(iii) Investment in unquoted mutual funds</b>			
Franklin India Low Duration Fund 262,531.69 units (31 March 2017: Nil, 1 April 2016: Nil)	52.44	-	-
Franklin India Ultra Short Bond Fund 872,911.43 units (31 March 2017: Nil, 1 April 2016: Nil)	209.96	-	-
ABSL Cash Plus 112,864.379 units (31 March 2017: Nil, 1 April 2016: Nil)	314.03	-	-
IIFL Cash Opportunities Fund / Class B, Nil Units (31 March 2017: 950,159.80 Units, 1 April 2016: 955,689.64 Units)	-	108.18	100.88
<b>Total investments</b>	<b>1,432.87</b>	<b>467.47</b>	<b>371.86</b>
<b>Aggregate value of unquoted investments</b>	<b>1,432.87</b>	<b>467.47</b>	<b>371.86</b>
<b>Current</b>	<b>576.43</b>	<b>108.18</b>	<b>100.88</b>
<b>Non-Current</b>	<b>856.44</b>	<b>359.29</b>	<b>270.98</b>
<b>B Loans</b>			
Security deposits - Non current	929.57	572.05	514.03
Security deposits - Current	135.02	79.80	54.14
Recoverable from related parties - Current	5.19	5.21	0.00
Loans to employees - Current	30.30	36.01	66.95
Other advances - Current	973.91	786.12	590.31
<b>Total loans</b>	<b>2,073.99</b>	<b>1,479.19</b>	<b>1,225.43</b>
Less: Loss allowance	-	(4.29)	-
<b>Total loans</b>	<b>2,073.99</b>	<b>1,474.90</b>	<b>1,225.43</b>
Break up of total loans			
(a) Secured, considered good;	-	-	-
(b) Unsecured, considered good; and	2,073.99	1,474.90	1,225.43
(c) Doubtful.	-	4.29	-
	2,073.99	1,479.19	1,225.43
Less: Loss allowance	-	(4.29)	-
	<b>2,073.99</b>	<b>1,474.90</b>	<b>1,225.43</b>
<b>Current</b>	<b>1,144.57</b>	907.14	795.49
<b>Non-current</b>	<b>929.42</b>	567.76	429.94
<b>C. Trade receivables</b>			
(unsecured and considered good, unless otherwise stated)			
Total trade receivables	<b>26,743.15</b>	<b>20,532.80</b>	<b>16,331.18</b>
* For explanations on the Company's credit risk management processes, refer to Note 38.			
<b>D. Cash and cash equivalents</b>			
Balances with banks:			
- In current accounts	25,488.54	184.90	222.30
- Cheques on hand	-	202.00	0.67
Cash on hand	10.47	10.92	17.51
Deposits with original maturity for less than three months	-	170.00	120.00
<b>Total Cash and cash equivalents</b>	<b>25,499.01</b>	<b>567.82</b>	<b>360.48</b>

#### Information pursuant to G.S.R. 308 ( E) dated 30 March 2017 issued by Ministry of corporate affairs.

The specified bank notes as defined under the notification issued by the Ministry of Finance, Department of Economic dated 8 November, 2016 are no longer in existence. Hence, the Company has not provided the corresponding disclosures as prescribed in Schedule III to the Companies Act, 2013. Disclosure made in the previous year ended 31 March 2017 consolidated financial statements is as below:

	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	10.53	5.22	15.75
(+) Permitted receipts (including withdrawal from bank)	-	18.84	18.84
(-) Permitted payments	(1.06)	(16.33)	(17.39)
(-) Amount deposited in Banks	(9.47)	(0.58)	(10.05)
Closing cash in hand as on 30 December 2016	-	7.15	7.15

Note: For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**6. Financial assets (contd..)**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>E. Other Bank balances</b>			
Deposits with original maturity for more than 3 months but less than 12 months	101.69	102.85	123.44
<b>Total other bank balances</b>	<b>101.69</b>	<b>102.85</b>	<b>123.44</b>
<b>F. Other financial assets</b>			
Derivative assets	-	26.55	150.76
Interest accrued but not due on fixed deposits	3.47	4.42	14.82
Unbilled revenue	1,025.88	1,147.41	49.28
<b>Total other financial assets</b>	<b>1,029.35</b>	<b>1,178.38</b>	<b>214.86</b>
Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those cross currency interest rate swaps and principal swaps that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for external currency borrowings.			
<b>Current</b>	<b>55,094.20</b>	<b>23,397.17</b>	<b>17,926.32</b>
<b>Non-current</b>	<b>1,785.86</b>	<b>927.05</b>	<b>700.93</b>
<b>Total financial assets (A+B+C+D+E+F)</b>	<b>56,880.06</b>	<b>24,324.22</b>	<b>18,627.25</b>

**7. Inventories**

(Valued at lower of cost and net realizable value)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials {includes goods in transit of ₹22.25 Lacs (31 March 2017: ₹830.77 Lacs, 1 April 2017: ₹616.42 Lacs)}	9,087.20	7,004.58	6,752.83
Work in progress	4,576.74	2,973.28	2,943.67
Finished goods {includes goods in transit of ₹617.82 Lacs (31 March 2017: ₹630.85 Lacs, 1 April 2016: ₹429.65 Lacs)}	2,695.08	2,517.90	2,080.21
Stores and spares	4,285.19	3,749.89	3,979.35
	<b>20,644.21</b>	<b>16,245.65</b>	<b>15,756.06</b>
Provision for inventory obsolescence	(76.21)	(63.03)	(66.29)
<b>Total inventories at the lower of cost and net realisable value</b>	<b>20,568.00</b>	<b>16,182.62</b>	<b>15,689.77</b>

**8. Other assets**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Other non - current assets</b>			
<b>A. Capital advances</b>			
(Unsecured and considered good, unless otherwise stated)			
Unsecured and considered good.	1,307.95	700.96	793.31
<b>Total capital advances</b>	<b>1,307.95</b>	<b>700.96</b>	<b>793.31</b>
<b>B. Income-tax asset</b>			
(Unsecured and considered good, unless otherwise stated)			
Advance income-tax (net of provision for taxation)	133.10	105.67	181.56
	133.10	105.67	181.56
<b>Total other non - current assets (A + B)</b>	<b>1,441.05</b>	<b>806.63</b>	<b>974.87</b>
<b>C. Other advances</b>			
Unsecured, considered good.	343.52	244.76	209.95
Doubtful	23.99	47.40	23.99
<b>Total other advances</b>	<b>367.51</b>	<b>292.16</b>	<b>233.94</b>
Less: Loss allowance	(23.99)	(47.40)	(23.99)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 8. Other assets (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Total net other advances</b>	<b>343.52</b>	<b>244.76</b>	<b>209.95</b>
<b>D. Prepaid expenses</b>			
Prepaid expenses	378.04	385.57	380.72
	<b>378.04</b>	<b>385.57</b>	<b>380.72</b>
<b>E. Balance with statutory / government authorities</b> (Unsecured and considered good, unless otherwise stated)			
Unsecured, considered good	2,781.33	1,579.09	1,571.47
<b>Total balance with statutory / government authorities</b>	<b>2,781.33</b>	<b>1,579.09</b>	<b>1,571.47</b>
<b>Total other current assets (C+D+E)</b>	<b>3,502.89</b>	<b>2,209.42</b>	<b>2,162.14</b>
<b>Current (C+D+E)</b>	<b>3,502.89</b>	<b>2,209.42</b>	<b>2,162.14</b>
<b>Non-current (A+B)</b>	<b>1,441.05</b>	<b>806.63</b>	<b>974.87</b>

### 9. Share Capital

Particulars	Amount in ₹ Lacs
<b>A. Authorised share capital</b>	
Balance as at 1 April 2016	
680 Lacs Equity shares of ₹10 each	6,800.00
2 Lacs Preference shares of ₹100 each	200.00
Changes during the year	-
<b>Balance as at 31 March 2017</b>	<b>7,000.00</b>
Changes during the year	-
<b>Balance as at 31 March 2018</b>	<b>7,000.00</b>

#### B. Issued, subscribed and fully paid equity capital

Particulars	No. of shares	Amount in ₹ Lacs
Balance as at 1 April 2016	511.55	5,115.46
Changes during the period	-	-
<b>Balance as at 31 March 2017</b>	<b>511.55</b>	<b>5,115.46</b>
Changes during the period		
- Issue of equity shares of ₹10 each, fully paid up (refer note 9E)	90.36	903.61
<b>Balance as at 31 March 2018</b>	<b>601.91</b>	<b>6,019.07</b>

#### Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having par value of ₹10 per share (31 March 2017: ₹10 per share, 1 April 2016: ₹10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

This apart, Company has paid an interim dividend of ₹1 per equity share which was declared on 19 December 2017 and ₹1 per equity share which was declared on 5 March 2018 for the financial year 2017-18.

In the event of liquidation of the Company, the share 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 share holders."

#### C. Details of shareholders holding more than 5% shares in the company

Particulars	No. of shares in Lacs	% of shareholding	No. of shares in Lacs	% of shareholding
Jayant Davar*	313.06	52.01%	313.06	61.20%
Monica Davar	-	-	26.23	5.13%
GTI Capital Beta Private Limited	-	-	89.35	17.47%

\* 90,909 Equity Shares are held by Mr. Jayant Davar in his Capacity as proprietor of Sandhar Enterprises

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**9. Share Capital (contd..)****D. Aggregate number of bonus shares issued, share issued for consideration other than cash and share bought back during the period of five years immediately preceding the reporting date**

Particulars	Number of shares		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Equity shares allotted as fully paid bonus shares by capitalization of reserves	2,046.18	2,046.18	2,315.11
Equity shares bought back by the company	-	-	44.73

**E. Other notes**

During the year ended 31 March 2018, 2,534,505 equity shares were sold by GTI Capital Beta Private Limited in a Pre - Initial Public Offer (IPO) sale on 13 March 2018.

Further, during the year ended 31 March 2018, the Company has completed the initial public offer (IPO), pursuant to which 15,436,144 equity shares of ₹10 each were allotted, at an issue price of ₹332, consisting of fresh issue of 9,036,144 equity shares and an offer for sale of 6,400,000 equity shares by GTI Capital Beta Private Limited.

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID SANDHAR and Bombay Stock Exchange Limited (BSE) via ID 541163 on 2 April 2018.

The IPO expenses amounting to ₹3,380.30 Lacs which have allocated between the company and selling shareholder in accordance with the applicable laws. The company's share of IPO expenses has been adjusted with securities premium account.

**10. Other Equity**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Capital reserve</b>		
At the beginning and end of the year	3,190.97	3,190.97
	<b>3,190.97</b>	<b>3,190.97</b>
<b>Securities Premium</b>		
Balance at the beginning of the year	311.36	311.36
Add: Fresh issue of equity shares (refer note 9 E)	29,096.38	-
Less: Share issue expenses	(1,485.32)	-
<b>Balance at the end of the year</b>	<b>27,922.42</b>	<b>311.36</b>
<b>Exchange difference on translation of foreign operations</b>		
Balance at the beginning of the year	-	-
Changes during the year	-	(68.41)
Deletion during the year	-	68.41
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	21,460.24	18,286.26
Add: Profit for the year	6,501.59	4,125.85
Reversal of balance of exchange difference on translation of foreign operations	-	(6.59)
Less: Dividend on equity shares (Final)	(517.61)	(547.94)
Less: Dividend on equity shares (Interim)	(1,023.09)	(255.77)
Less: Tax on Dividend	(309.98)	(141.57)
<b>Balance at the end of the year</b>	<b>26,111.15</b>	<b>21,460.24</b>
<b>Other items of Other comprehensive income</b>		
a. Exchange differences on translation of foreign operations		
Balance at the beginning of the year	229.34	377.20
Exchange differences on translation	135.41	(197.15)
Income tax relating to Exchange differences on translation	(33.85)	49.29
Balance at the end of the year	330.90	229.34
b. Remeasurements of defined benefit liability		
Balance at the beginning of the year	(95.01)	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 10. Other Equity (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017
Re-measurement losses on defined benefit plans	(84.64)	(145.23)
Income tax relating to re-measurement loss on defined benefit plans	29.53	50.22
<b>Balance at the end of the year</b>	<b>(150.11)</b>	<b>(95.01)</b>
<b>Total of other equity</b>	<b>57,405.33</b>	<b>25,096.90</b>

#### Nature and purpose of other equity

##### 1. Capital Reserve:

Capital reserve consists of the following:

- Capital reserve created during the year ended 31 March 2013, consequent to the approval by the Hon'ble High Court of Delhi of the scheme of amalgamation of MAG Engineering Private Limited with the Holding Company.
- Capital reserve created on consolidation of the Holding Company with Sandhar Tooling Private Limited.

##### 2. Securities premium:

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

##### 3. Re-measurements of defined benefit obligation:

Re-measurements of defined benefit obligation comprises actuarial gains and losses.

### 11. Non - controlling interest

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Sandhar Tooling Private Limited</b>		
<b>Balance at the beginning of the year</b>	222.48	184.82
Share of profit for the year	60.33	37.66
<b>Balance at the end of the year</b>	<b>282.81</b>	<b>222.48</b>
Revenue	1,548.35	1,369.94
Profit	298.00	189.12
Other comprehensive income	2.47	(1.56)
<b>Total comprehensive income</b>	300.47	187.56
Profit allocated to non-controlling interest	59.84	37.97
Other comprehensive income allocated to non-controlling interest	0.50	(0.31)
<b>Total comprehensive income allocated to non-controlling interest</b>	<b>60.34</b>	<b>37.66</b>
Cash flows from operating activities	89.78	50.32
Cash flows used in investing activities	(92.31)	(17.69)
Cash flows used in financing activities	(14.50)	(21.75)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(17.03)</b>	<b>10.88</b>

### 12. Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A. Non-current borrowings</b>			
<b>Term Loans</b>			
Indian rupee loan from banks (secured) (refer note A,B,D,G,H,I,M,N)	-	10,521.12	4,389.85
Indian rupee loan from others (secured) (refer note E,J,L)	100.25	1,929.29	3,492.08
Indian rupee loan from others (unsecured) (refer note K)	-	4,922.58	6,520.48
Foreign currency loan from bank (secured) (refer note C and F)	-	-	1,076.01
EUR Loan From BBVA (unsecured) (refer note O)	42.38	94.29	163.55
EUR loan from Bankia (unsecured) (refer note P)	-	17.66	-
EUR Loan From B. Popular and La Caixa (Unsecured) (refer note Q)	154.19	231.86	276.40

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**12. Borrowings (contd..)**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
EUR Loan From B. Sabadell & ICF (Unsecured) (refer note R)	81.23	159.46	265.87
EUR loan from B. Popular and Santander (Unsecured) (refer note S)	-	2,070.47	3,006.05
Lease financing loans from financial institutions (Secured) (refer note T)	904.85	970.04	251.23
<b>Total non-current borrowings</b>	<b>1,282.90</b>	<b>20,916.77</b>	<b>19,441.52</b>
Secured	1,005.10	13,420.45	9,209.18
Unsecured	277.80	7,496.32	10,232.34
<b>B. Current borrowings</b>			
a) Current maturity of long term borrowings			
Indian rupee loan from banks (secured) (refer note A,B,D,G,H,I,M,N)	13,684.47	2,622.14	2,345.44
Indian rupee loan from others (secured) (refer note E,J,L)	6,837.25	1,515.56	2,668.53
Indian rupee loan from others (unsecured) (refer note K)	4,925.00	1,598.15	1,247.79
Foreign currency loan from bank (secured) (refer note C and F)	-	407.71	715.81
EUR Loan From BBVA (unsecured) (refer note O)	66.54	56.30	85.83
EUR loan from Bankia (unsecured) (refer note P)	20.41	69.62	-
EUR Loan From B. Popular and La Caixa (Unsecured) (refer note Q)	263.74	191.45	149.06
EUR Loan From B. Sabadell & ICF (Unsecured) (refer note R)	103.49	85.84	88.43
EUR Loan From SEHBV (Unsecured) (refer note U)	-	-	-
Lease financing loans from financial institutions (Secured) (refer note T)	374.32	361.92	263.90
<b>Total Current maturity of long term borrowings</b>	<b>26,275.22</b>	<b>6,908.69</b>	<b>7,564.79</b>
b) Cash credit from banks (secured)			
Cash credit/WCDL/Buyer's line of credit from banks (secured by CL, CGT or SBLC from STL or by invoices financed)	20,799.75	18,208.81	11,829.94
Cash credit/WCDL/Buyer's line of credit from banks (Unsecured)	-	-	500.96
<b>Total current borrowings</b>	<b>47,074.97</b>	<b>25,117.50</b>	<b>19,895.69</b>
Less: Amount presented under "other financial liabilities"	(26,275.22)	(6,908.69)	(7,564.79)
<b>Total current borrowings</b>	<b>20,799.75</b>	<b>18,208.81</b>	<b>12,330.90</b>
Aggregate secured loans	41,695.79	23,116.14	17,823.62
Aggregate unsecured loans	5,379.18	2,001.36	2,072.07

**Terms of borrowings:**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(A) Citi Bank NA-</b>			
a) Indian rupee Loan of ₹100,000,000 carries interest rate of 12.25% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from November, 2012. The loan has been fully repaid in November, 2016.	-	-	125.00
<b>(B) IndusInd Bank Limited #</b>			
a) Indian rupee loan of ₹45,000,000 carries interest @ 11.60% to 12.50% p.a. The loan is repayable in 16 quarterly instalments of ₹2,812,500 from October, 2011. The loan has been fully repaid in July' 2015.	2,125.50	2,925.38	2,051.07

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 12. Borrowings (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
b) Indian rupee loan of ₹100,000,000 carries interest @ 11.35% to 11.75% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from October, 2012. The loan has been fully repaid in July' 2016.			
c) Indian rupee loan of ₹25,000,000 carries interest @ 10.20% to 11.75% p.a. The loan is repayable in 8 half yearly instalments of ₹3,125,000 from August, 2013. The loan has been fully repaid in February' 2017.			
d) Indian rupee loan of ₹100,000,000 carries interest @ 10.20% to 11.75% p.a. The loan is repayable in 16 quarterly instalments of ₹6,250,000 from June, 2013. The loan has been fully repaid in March' 2017.			
e) Indian rupee loan of ₹250,000,000 carries interest @ 10.00% to 10.20%. The loan is repayable in 16 quarterly instalments of ₹15,625,000 from December, 2015.			
f) India rupee loan of ₹10,322,936 carries interest @11.35% to 11.75% p.a. The Indian rupee loan has been fully repaid in August, 2015.			
g) Indian rupee loan of ₹49,034,107 carries interest @ 10.00% to 11.20%. The loan is repayable in 11 quarterly instalments of ₹4,457,646 from June, 2016.			
h) Indian rupee loan of ₹162,800,000 carries interest @ 9.70%. The loan is repayable in 16 quarterly instalments of ₹10,175,000 from June, 2018.			
<b>(C) IndusInd Bank Limited-Foreign Currency loan from Bank-</b>			
a) Buyers Line of Credit Availed for USD 239,212 (Due in May, 2017) & EUR 175,000 (Due in January,2018)			
b) Buyers Line of Credit Availed for USD 475,199 & JPY 52,612,700 (Due in June 2016) (repaid in June, 2016), USD 359,100 (Due in November, 2016) (repaid in November, 2016)	-	273.34	1,119.94
<b>(D) Yes Bank Limited #</b>			
a) Indian rupee loan of ₹150,000,000 carries interest @ 10.50% to 12.00% p.a. The loan is repayable in 16 quarterly instalments of ₹9,380,000 from November, 2014.			
b) Indian rupee loan of ₹85,000,000 carries interest @ 10.50% to 12.00% p.a. The loan is repayable in 16 quarterly instalments of ₹5,312,500 from November, 2015.			
c) Indian rupee loan of ₹150,000,000 carries interest @ 9.60% to 10.25% p.a. The loan is repayable in 20 quarterly instalments of ₹7,500,000 from December, 2017.			
d) Indian rupee loan of ₹200,000,000 carries interest @ 8.60% to 10.25% p.a. The loan is repayable in 20 quarterly instalments of ₹7,500,000 to 11,500,000 from March, 2019.	3,855.55	2,592.38	1,680.95
<b>(E) GE Money Financial Services Private Limited-</b>			
Indian rupee loan of ₹150,000,000 and ₹350,000,000 carries interest @ 11.80% to 12.50% p.a. The loan is repayable in 18 quarterly instalments of ₹8,333,333 and ₹19,444,444 from January, 2013 and February, 2013 respectively. The loan has fully repaid in April,16 and May,2016.	-	-	1,388.89
<b>(F) DBS Bank Limited-</b>			
External Commercial Borrowings of ₹215,000,000 (USD 4,000,000) carries interest @ 9.75% p.a. The loan is repayable in 16 quarterly instalments of ₹13,437,500 (USD 250,000) from August, 2013	-	134.38	671.88
<b>(G) ICICI Bank Limited #</b>			
Indian rupee loan of ₹150,000,000 carries interest @ 10.50% to 12.25% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from December, 2015.	562.50	937.50	1,312.50

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 12. Borrowings (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(H) HDFC Bank Limited #</b>			
a) Indian rupee loan of ₹250,000,000 out of which ₹150,000,000 has been drawn in July 2015 carries interest @ 10.95% to 11.65% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from October, 2016.			
b) Indian rupee loan of ₹6,693,750 has been drawn from balance ₹100,000,000 in March, 2016 which carries interest @ 10.95% to 11.25% p.a. The loan is repayable in 16 quarterly instalments of ₹418,359 from October, 2016			
c) Indian rupee loan of ₹26,654,935 has been drawn from balance ₹100,000,000 which carries interest @ 10.95% to 11.25% p.a. The loan is repayable in 16 quarterly instalments of ₹1,665,933 from October, 2016			
d) Indian rupee loan of ₹50,078,761 has been drawn from balance ₹100,000,000 which carries interest @ 10.95% p.a. The loan is repayable in 15 quarterly instalments of ₹3,338,584 from Jan, 2017			
e) Indian rupee loan of ₹250,000,000 out of which ₹150,000,000 has been drawn in December 2016 carries interest @ 9.90% p.a. The loan is repayable in quarterly instalments of ₹6,000,000 from March, 2018.	5,001.76	4,570.71	1,565.77
f) Indian rupee loan of ₹250,000,000 out of which ₹100,000,000 has been drawn in January 2017 carries interest @ 9.50% p.a. The loan is repayable in quarterly instalments of ₹4,000,000 from March, 2018.			
<b>(I) RBL Bank Limited #</b>			
a) Indian rupee loan of ₹200,000,000 carries interest @ 9.25 to 9.85% p.a. The loan is repayable in 54 monthly instalments of ₹3,703,704 from August, 2018.	2,000.00	2,000.00	-
<b>Above term loans are</b>			
1. First pari passu charge on the entire present and future movable property, plant and equipment of the borrower excluding those assets which are specifically funded by other lenders/Financial Institutions			
2. First pari passu charge on immovable properties, of the borrower as detailed below:			
i. 4, HSIDC Industrial Area, Delhi Gurgaon Road, Gurgaon			
ii. 3, HSIDC Industrial Area, Delhi Gurgaon Road, Gurgaon			
iii. Plant at Village Dhumaspur, P.O Badshahpur, Gurgaon			
iv. Plot no. 24, Sector 3, IMT Manesar, Haryana			
v. Plot no. 44, Sector 3, IMT Manesar, Haryana			
vi. Plot no. 8, Bommasandra- Jigani Link Road Industrial Area, Hubli			
vii. Plot # 12c, Sy No. 47 & 50, KIADB, Bangalore			
viii. Plot # 13a, Sy No. 47 & 50, KIADB, Bangalore			
ix. Sandhar Himachal, Bharatgarh Road, Tehsil Nalagarh, District Solan, Himachal Pradesh			
x. Plot No. 7A, KIADB Industrial Area, Attibele Hobli, Anekal Taluk, Bangalore			
xi. Killa No. 1217/2, 1216 Behrampur Road, Village Khandsa, Gurgaon, Haryana			
* The property Killa No. 1217/2, 1216 Behrampur Road, Village Khandsa, Gurgaon, Haryana was part of the security structure till February, 2016.			
3. Second Pari passu charge on entire present and future current assets of the borrower (Yes Bank does not have second pari-passu charge on entire present and future current assets of the borrower) other than vehicles which are financed exclusively by other lender; Unless mentioned otherwise		-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 12. Borrowings (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(J) Tata Capital Financial Services Limited #</b>			
a) Indian rupee loan of ₹100,000,000 and ₹217,777,777 carries interest @ 10.50% to 12.25% p.a. The loan is repayable in 16 & 14 quarterly instalments of ₹6,250,000 and ₹15,555,556 from April, 2015 and January, 2014 respectively .			
b) Indian rupee loan of ₹200,000,000 carries interest @ 10.50% p.a. The loan is repayable in 16 quarterly instalments of ₹12,500,000 from November, 2015.			
c) Indian rupee loan of ₹150,000,000 carries interest @ 10.50% p.a. The loan is repayable in 16 quarterly instalments of ₹9,375,000 from December, 2016.			
d) Indian rupee loan of ₹138,800,000 carries interest @ 10.50% p.a. The loan is repayable in 12 monthly instalments of ₹11,566,667 from June, 2016.			
Security Clause First & Exclusive Charge over the Immovable property being land and building belonging to the Borrower having clear and marketable title deeds as acceptable to TCFSL-Plot No16, Village Begumpur, Roorkee Tehsil, Haridwar, Plot No13, Sector 5, Phase II, Industrial Estate IMT Bawal, Haryana and Plot No14, Sector 5, Phase II, Industrial Estate IMT Bawal, Haryana. Subservient Charge on entire current assets of the borrower both present and future.			
	1,937.50	3,444.85	4,771.73
<b>(K) Hero FinCorp Limited #</b>			
a) Indian Rupee Loan for ₹450,000,000 carries interest @ 10.50% p.a. The loan is repayable in 20 Quarterly instalment of ₹22,500,000 from January, 2016 & February, 2016.			
b) Indian rupee loan of ₹350,000,000 carries interest @ 10.50% p.a. The loan is repayable in 20 quarterly instalments of ₹17,500,000 from November, 2016.			
The above loans carries a negative lien.			
	4,925.00	6,520.73	7,768.27
<b>(L) Citicorp Finance India Limited #</b>			
Indian Rupee Loan for ₹500,000,000 carries interest @ 8.15% p.a. The loan is repayable in bullet payment after 5 years and it will be roll over on yearly basis.			
	5,000.00	-	-
<b>(M) Vehicle loan are from banks are secured by hypothecation of the financed vehicle.</b>			
	127.08	99.79	-
<b>(N) Vehicle loan from others secured by hypothecation of the financed vehicle.</b>			
	12.08	17.50	-
<b>(O) EUR loan from BBVA and Santander</b> (Corporate guarantee from Parent Company), carries interest @ 3% to 5% p.a. BBVA:- EUR loan of 210,000 repayable in monthly instalment of EUR 3,500 from December 2011. It has ben fully repaid in December 2016. BBVA:- EUR loan of 200,000 repayable in monthly instalment of EUR 3,728 from October 2014. Santander:- EUR loan of 200,000 repayable in monthly instalment of EUR 3,646 from October 2014.			
	108.92	150.58	249.38
<b>(P) EUR loan of 200,000 from Bankia</b> (Comfort letter from Parent company), carries interest @ 2.3% p.a, repayable in monthly instalment of EUR 8,534 EUR (including interest expenses) from July 2016.			
	20.41	87.27	-
<b>(Q) EUR loan of 72,940 from B. Popular</b> , carries interest @ 4.5% to 5.5% p.a., repayable in monthly instalment of EUR 2,190 from March 14. It will finish on 20/04/17.			
<b>La Caixa:</b> EUR loan of 300,000 repayable in monthly instalment of Eur 6,572 from October 2015. Carries interest @ 2.04%.			
<b>EUR loan of 300,000 from B. Popular</b> (Corporate guarantee from STL), carries interest @ 2.85% p.a., repayable in monthly instalment of EUR 8,695 from Jan 16.			
<b>EUR loan of 300,000 from B. Popular</b> (Comfort letter from Parent company), carries interest @ 3% p.a., repayable in monthly instalment of EUR 8,724 from Sep 16.			
<b>EUR loan of 230,000 from B. Popular</b> (Corporate guarantee from Parent company), carries interest @ 3.7% p.a., repayable in monthly instalment of EUR 6,759 from Sep 17.			
	417.92	423.32	425.46

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 12. Borrowings (contd..)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>(R) EUR loan from B.Sabadell &amp; ICF, B Sabadell:-</b> EUR loan of 250,000 repayable in monthly instalment of EUR 5,714 from December 2015, carries interest 4,5%. (Comfort letter from Parent company)			
<b>ICF:-EUR loan of 250,000</b> repayable in monthly instalment of Eur 5,757 from December 2015, carries interest @ 4.875% (Comfort letter from Parent company)	184.73	245.30	354.29
<b>(S) EUR loan from B. Popular and Santander;</b> EUR 3,000,000 Long Term WCL with Santander (SBLC from Parent Company) carries interest @ 1.25% p.a. expiring in April 2018			
<b>EUR 1,000,000 Bullet Term loan from Popular</b> (SBLC from Parent Company) carries interest @ 1.6% p.a. expiring in April 2017	-	2,070.47	3,006.05
<b>(T) Lease financing loans from financial institutions</b> (Some of which with Comfort letter from Parent company), carries interest @ 2.00% to 6.35%, monthly instalment ranging from Eur 84 to EUR 10,170. (Secured)	1,279.17	1,331.96	515.14
<b>(U) Borrowing Includes Loan from Sandhar Euro Holding BV</b> Interest @ 4% P.a. Or 12 Months EURIBOR Plus 3.50% spread, whichever is higher. Interest is charged & payable on a monthly basis.	-	-	593.70

# All the above borrowings represented by Serial No. B, D, G, H, I, J, K, L, have been repaid by the Company on 4 April 2018, through utilisation of proceeds raised by the Company through its IPO.

### 13. Trade Payables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade payables of micro enterprises and small enterprises	2,069.36	1,451.06	1,207.59
Trade payables other than micro enterprises and small enterprises	32,736.47	21,790.26	21,051.49
<b>Total trade payables</b>	<b>34,805.83</b>	<b>23,241.32</b>	<b>22,259.08</b>
Terms and conditions of the above financial liabilities: For explanations on the Company's credit risk management processes, refer to Note 38.			

### 14. Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial liabilities at amortised cost</b>			
Payables for capital goods - current	3,804.07	1,837.79	2,431.07
Payables for capital goods - non current	1,008.09	507.57	571.93
Interest accrued but not due	38.08	86.85	92.28
Interest accrued and due on borrowings	84.34	93.80	51.98
Current maturity of long term borrowings (refer note 12)	26,275.22	6,908.70	7,564.79
Security deposit payable	44.92	48.61	51.40
Provision for Interest -MSMEDA	199.33	171.75	316.68
Finance lease obligation - non current	3.76	3.33	3.42
Finance lease obligation - current	0.28	0.52	0.25
Advance from customers	939.62	837.53	505.30
Other financial liabilities	-	0.12	24.90
<b>Total financial liabilities at amortised cost</b>	<b>32,397.71</b>	<b>10,496.57</b>	<b>11,614.00</b>
<b>Current</b>	<b>31,385.86</b>	<b>9,985.67</b>	<b>11,038.65</b>
<b>Non-current</b>	<b>1,011.85</b>	<b>510.90</b>	<b>575.35</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 15. Other current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Other payables:</b>			
Statutory dues	1,500.11	1,012.15	855.49
Other Payable	374.20	250.12	147.72
<b>Total</b>	<b>1,874.31</b>	<b>1,262.27</b>	<b>1,003.21</b>
<b>Current</b>	<b>1,874.31</b>	<b>1,262.27</b>	<b>1,003.21</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 16. Provision

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Provision for employee benefits</b>			
Provision for gratuity (refer note 31)	377.14	250.22	189.14
Provision for leave benefits	770.27	678.39	545.43
<b>Other provisions</b>			
Provision for income tax (net of tax paid)	1,393.52	207.62	129.52
Provision for contingencies**	-	-	2.54
Provision for warranties*	78.34	100.12	111.23
Provision for excise duty	-	28.68	3.79
<b>Total</b>	<b>2,619.27</b>	<b>1,265.03</b>	<b>981.65</b>
<b>Current</b>	<b>2,549.62</b>	<b>1,211.96</b>	<b>940.70</b>
<b>Non-current</b>	<b>69.64</b>	<b>53.07</b>	<b>40.95</b>
<b>*Provision for warranties</b>			
At the beginning of the year	100.12	111.23	109.71
Accrued during the year	58.59	47.78	67.07
Utilized during the year	(80.37)	(58.89)	(65.55)
At the end of the year	78.34	100.12	111.23
Provision is recognized for expected warranty claims on products sold during the last two to five years, based on past experience of level of repairs and returns. It is expected that the most of this cost will be incurred in the next financial year. Assumption used to calculate the provision for warranties were based on current sales level and current information available about returns based on the two to five year warranty period for all products sold.			
<b>**Provision for contingencies</b>			
At the beginning of the year	-	2.54	2.54
Utilized during the year	-	(2.54)	-
At the end of the year	-	-	2.54

### 17. Deferred tax liability (net)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Items leading to creation of deferred tax assets</b>			
-Post-employment benefits	395.22	323.38	253.54
-Provision for doubtful debt & advances	203.00	204.31	195.92
-Employee benefits	271.00	117.00	101.67
-Fair value measurement	8.00	70.05	11.60
<b>Total deferred tax assets</b>	<b>877.22</b>	<b>714.74</b>	<b>562.73</b>
<b>Items leading to creation of deferred tax liabilities</b>			
-Property, plant and equipment: Impact of difference between tax and depreciation/amortization charged for the financial reporting	1,767.87	1,487.66	1,359.94
-Fair value measurement and Mark to market	114.82	133.34	155.08
<b>Total deferred tax liabilities</b>	<b>1,882.69</b>	<b>1,621.00</b>	<b>1,515.02</b>
<b>Deferred tax assets/(liabilities)</b>	<b>(1,005.47)</b>	<b>(906.26)</b>	<b>(952.29)</b>
MAT Credit entitlement	49.68	49.68	-
<b>Net deferred tax assets/(liabilities)</b>	<b>(955.79)</b>	<b>(856.58)</b>	<b>(952.29)</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**18. Government grant**

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Balance at the beginning of the year</b>	3.00	9.00	9.00
Received during the year	-	-	-
Released to the statement of profit and loss	3.00	6.00	-
<b>Balance at the year end</b>	<b>-</b>	<b>3.00</b>	<b>9.00</b>
<b>Current</b>	<b>-</b>	<b>3.00</b>	<b>6.00</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>	<b>3.00</b>

The Company had set up a unit in Haridwar (Uttanchal) in the year March 2010 and was eligible for the grant under Capital Investment Subsidy at the rate of 15% of fixed capital investment in plant and machinery with a maximum limit of ₹30 Lacs. The Company received the subsidy in the financial year 2012-2013 on the basis of capital expenditure incurred in Plant and Machinery of ₹250 Lacs.

Company recognise the government grant as an income on a systematic basis over the periods in which the entity recognises the depreciation on the assets eligible for grant.

**19. Revenue from operations**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products (including excise duty)	1,94,022.15	1,70,848.33
Sale of services	2,475.11	2,333.19
Other operating revenue		
Scrap sale	1,914.72	1,578.62
<b>Revenue from operations</b>	<b>1,98,411.98</b>	<b>1,74,760.14</b>

Revenue from operations, computed in accordance with Ind AS 18 'Revenue', for the current year is not comparable with previous year since the same is net of Goods and Service Tax (GST) whereas excise duty form part of expenses in previous year and current year (uptill 30 June 2017). The comparative revenue from operations of the Company is given below:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations (as reported)	1,98,411.98	1,74,760.14
Less: Excise duty on sales	3,776.90	13,621.12
Revenue from operations (net of excise duty)	1,94,635.08	1,61,139.02

**20. Other income**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Other non-operating income</b>		
Profit on sale of property, plant and equipment	1.55	269.29
Foreign exchange fluctuation gain (net)	42.98	199.44
Government grant	3.00	6.00
Interest from bank	16.10	14.25
<b>Interest from others</b>	<b>57.52</b>	<b>25.13</b>
Interest income on securities measured at amortised cost	10.64	12.81
Gain on investments carried at fair value through profit or loss	59.73	35.63
Liabilities no longer required written back	30.94	113.04
Other miscellaneous income	251.71	87.33
	<b>474.17</b>	<b>762.92</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 21. Cost of raw material and components consumed

Raw material and components consumed

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory at the beginning of the year	7,004.58	6,752.83
Add: Purchases during the year	1,16,954.07	95,450.76
	<b>1,23,958.65</b>	<b>1,02,203.59</b>
Less: Inventory at the end of the year	<b>9,087.20</b>	<b>7,004.58</b>
Cost of raw material and components consumed	1,14,871.45	95,199.01
Adjustment on account of exchange difference	30.64	(20.61)
Net cost of raw material and components consumed	<b>1,14,902.09</b>	<b>95,178.40</b>

### 22. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Closing inventories		
Finished goods	2,695.08	2,517.90
Work in progress	4,576.74	2,973.28
Adjustment on account of exchange difference	(233.71)	185.69
<b>Total (A)</b>	<b>7,038.11</b>	<b>5,676.87</b>
Opening inventories		
Finished goods	2,517.90	2,080.21
Work in progress	2,973.28	2,943.67
Adjustment on account of exchange difference	271.71	(74.94)
<b>Total (B)</b>	<b>5,762.89</b>	<b>4,948.94</b>
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>(1,275.22)</b>	<b>(727.93)</b>

### 23. Employee benefit expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	<b>23,482.67</b>	<b>20,467.04</b>
Contribution to provident and other funds	<b>1,259.44</b>	<b>1,136.73</b>
Staff welfare expenses	<b>1,439.65</b>	<b>1,176.04</b>
Gratuity expense (refer note 31)	<b>297.46</b>	<b>216.18</b>
	<b>26,479.22</b>	<b>22,995.99</b>

### 24. Depreciation and amortization expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment	6,428.74	5,538.25
Amortisation on intangible assets	331.65	308.61
	<b>6,760.39</b>	<b>5,846.86</b>
Less: Depreciation on plant and machinery capitalized during the year	8.29	11.28
	<b>6,752.10</b>	<b>5,835.58</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**25. Other expenses**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Consumption of stores and spares	7,889.02	6,619.23
Packing material	2,419.01	1,788.64
Job work charges	4,947.49	4,706.49
Rent	1,370.59	1,459.58
Rates and taxes	101.19	160.27
Insurance	218.14	194.21
Freight and forwarding charges	2,117.57	1,818.63
Power and fuel	6,596.38	5,862.09
Repairs and maintenance		
- Buildings	215.75	143.59
- Plant and machinery	1,808.29	1,418.27
- Others	1,053.59	930.33
Legal and professional charges	939.50	853.17
Travelling and conveyance	437.30	380.79
Payment to auditor*	68.22	82.81
CSR expenditure	86.93	93.70
Security Charges	7.79	7.78
Service contractor charges	16.46	21.14
Business and Sales promotion	3.79	5.55
Printing and Stationary	1.20	1.51
Provision for doubtful debts and advances	1.60	51.97
Bad debts and advances written off	1.47	3.30
Loss on sale of property, plant and equipment	28.56	-
Loss on sale of investment	4.41	3.15
Provision for warranties (net of reversal)	58.59	47.78
Royalty	438.82	377.57
Commission to directors	456.83	192.82
Provision for Diminution in the value of Inventory	7.24	-
Directors sitting fee	31.04	32.67
Security Service Charges	490.38	477.99
Testing and development expenses	127.64	66.44
Festival and celebration expenses	101.65	39.63
MTM loss on derivative liability	26.55	124.21
Foreign exchange fluctuation loss (net)	401.34	-
Miscellaneous expenses	1,225.54	1,061.18
<b>Total other expenses</b>	<b>33,699.87</b>	<b>29,026.49</b>
<b>* Payment to auditors :</b>		

Particulars	For the year ended 31 March 2018	As at 31 March 2017
<b>As auditor:</b>		
- Audit fee	64.71	66.31
<b>In other capacity</b>		
- Other services (certification fees)	2.43	11.16
- Reimbursement of expenses	1.08	5.34
<b>Total</b>	<b>68.22</b>	<b>82.81</b>

Fees for other services amounting to ₹32 Lacs (pertains to IPO related services forming part of share issue expenses which have been adjusted against premium received on issue of equity shares by the Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 25. Other expenses (contd..)

#### \*\* Disclosure relating to CSR expenditure:

Particulars	For the year ended 31 March 2018	As at 31 March 2017
<b>(a) Gross Amount required to be spent by the Company as per Section 135 of the Act</b>	83.58	84.25
<b>(b) Amount spent during the year on:</b>		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In cash	86.93	93.70
	<b>86.93</b>	<b>93.70</b>

### 26. Finance costs

Particulars	For the year ended 31 March 2018	As at 31 March 2017
<b>Interest to banks on</b>		
- Term loan	1,318.88	1,058.14
- Others	1,135.54	1,161.52
Interest to others	1,345.49	1,597.35
Finance charges	354.40	278.45
Bank charges	149.32	165.47
Finance charge under finance lease obligation	0.46	0.44
Amortisation of processing fees on term loan	13.34	0.80
<b>Total finance costs</b>	<b>4,317.43</b>	<b>4,262.17</b>

### 27. Exceptional Items

Particulars	For the year ended 31 March 2018	As at 31 March 2017
Share issue expenses written off	-	43.63
<b>Total Exceptional Items</b>	<b>-</b>	<b>43.63</b>

### 28. Components of other comprehensive income

Particulars	For the year ended 31 March 2018	As at 31 March 2017
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The disaggregation of changes to OCI by each type of reserve in equity is shown below:

#### During the year ended 31 March 2018:

Particulars	Retained earnings	Total
Re-measurement losses on defined benefit plans	(84.64)	(84.64)
Tax impact on re-measurement loss on defined benefit plans	29.53	29.53
Exchange differences in translating the financial statements of foreign operations	135.41	135.41
Tax impact on translating the financial statements of foreign operations	(33.85)	(33.85)
	<b>46.45</b>	<b>46.45</b>

#### During the year ended 31 March 2017:

Particulars	Retained earnings	Total
Re-measurement losses on defined benefit plans	(145.23)	(145.23)
Tax impact on re-measurement loss on defined benefit plans	50.22	50.22
Exchange differences in translating the financial statements of foreign operations	(197.15)	(197.15)
Tax impact on translating the financial statements of foreign operations	49.29	49.29
	<b>(242.87)</b>	<b>(242.87)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 29. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit attributable to equity holders of the Company	6,561.93	4,163.49
Weighted average number of equity shares used for computing Earning per Share (Basic and Diluted) (Number of shares in Lacs)	512.78	511.55
<b>Earning Per Share (Basic and Diluted) (₹)</b>	<b>12.80</b>	<b>8.14</b>
Face value per share (₹)	10	10

### Reconciliation of weighted average number of equity shares for calculation of Basic and Diluted earnings per share:

Particulars	Number of equity shares	Weighted average number of shares
Equity shares of face value of ₹10 per share:		
Balance as at 1 April 2016	511.55	511.55
Issued during the year 2016-17	-	-
Balance as at 31 March 2017	511.55	511.55
Issued during the year 2017-18 (Number of shares in lacs)	90.36	1.24
Balance as at 31 March 2018	601.91	512.78
At present, the Group does not have any dilutive potential equity shares		

### 30. Income Tax

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:		
<b>Income tax recognized in statement of profit or loss</b>		
<b>Current income tax:</b>		
Current tax	3,082.08	1,044.49
Current tax relating to earlier years	8.61	(4.96)
Less: MAT credit entitlement relating to the earlier years	-	(49.68)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	49.52	53.45
<b>Income tax expense reported in the statement of profit or loss</b>	<b>3,140.21</b>	<b>1,043.30</b>
<b>Income tax recognized in other comprehensive income</b>		
Deferred tax related to items recognised in OCI during the year:		
Net loss on remeasurements of defined benefit plans	29.53	50.22
Exchange differences in translating the financial statements of foreign operations	(33.85)	49.29
<b>Income tax charged to other comprehensive income</b>	<b>(4.32)</b>	<b>99.51</b>

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(b) Reconciliation of effective tax rate		
Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2018 and 31 March 2017:		
Profit for the year	9,702.14	5,206.79
Add: Share in loss of joint ventures accounted for using equity method	531.62	80.82
<b>Profit for the year for computation of income tax</b>	<b>10,233.76</b>	<b>5,287.61</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 30. Income Tax (contd..)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Statutory tax rate</b>	<b>34.608%</b>	<b>34.608%</b>
<b>Income tax expense at the statutory rate</b>	<b>3,541.70</b>	<b>1,829.94</b>
<b>Tax impact of deductible/ non-deductible expenses</b>		
- Effect of Income tax exemption at Haridwar Unit U/S 80 IC	(307.61)	(184.29)
- Effect of Income tax exemption U/S 35 (2AB)	(163.72)	(128.74)
- Effect of Income tax exemption U/S 32 AC (1A)	-	(271.79)
- Effect of reversal of goodwill amortisation	-	(52.72)
- Effect of share issue expenses pertaining to 31 March 2016 adjusted in the retained earnings as at 1 April 2016	-	(100.88)
- Effect of difference in tax rate of Sandhar Tooling Private Limited	(28.59)	(4.44)
- Effect of difference in tax rate of Sandhar Technologies Barcelona, S.L.	(6.15)	(21.31)
- Effect of interest U/S 234	110.34	-
- Others	(5.76)	(22.47)
Income tax expense after adjustment of tax impact of non deductible items	<b>3,140.21</b>	<b>1,043.30</b>

### 31. Gratuity and other post-employment benefit plans

#### A. Defined Contribution Plans - General Description

The Group has a defined benefit gratuity plan for its employees, governed by the Payment of Gratuity Act, 1972. Every employee who has rendered at least five years of continuous service gets a gratuity on departure at the rate of fifteen days of last drawn salary for each completed year of service or part thereof in excess of 6 months. The scheme is funded with insurance companies in the form of qualifying insurance policies. Gratuity benefits are valued in accordance with the Payment of Gratuity Act, 1972. During the year, the maximum amount payable to an employee as per the Payment of Gratuity Act, 1972 has been increased from ₹10 Lacs to ₹20 Lacs.

The most recent actuarial valuation of present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

#### I. Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Liability for gratuity	1,957.05	1,649.27	1,312.09
Plan asset for gratuity	1,579.91	1,399.05	1,122.95
<b>Net defined benefit liability (Current):</b>	<b>(377.14)</b>	<b>(250.22)</b>	<b>(189.14)</b>

#### II. Reconciliation of present value of defined benefit obligation:

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1,649.27	1,312.09
Current service cost	217.78	200.41
Interest cost	123.71	105.60
Benefits paid	(101.19)	(55.23)
Past service cost including curtailment (gains)/losses	60.77	-
Actuarial (gain) / loss on obligation recognised in other comprehensive income	6.73	86.39
<b>Balance at the end of the year</b>	<b>1,957.07</b>	<b>1,649.26</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**31. Gratuity and other post-employment benefit plans (contd..)****III. Reconciliation of fair value of plan assets:**

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	1,399.05	1,122.95
Expected return on plan asset	104.79	90.51
Contribution paid into the plan	176.00	210.00
Benefits paid	(87.33)	(54.72)
Actuarial (gain) / loss on plan asset recognised in other comprehensive income	(12.60)	30.31
Closing fair value of plan asset	1,579.91	1,399.05

**IV. Expense recognised in the Statement of Profit and Loss under employee benefits expense:**

Particulars	As at 31 March 2018	As at 31 March 2017
Current service cost	275.78	200.41
Past service cost	2.76	-
Interest cost	18.92	15.77
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>297.46</b>	<b>216.18</b>

**V. Remeasurement recognised in other comprehensive income (OCI)**

Particulars	As at 31 March 2018	As at 31 March 2017
Actuarial gain / (loss) on Defined Benefit Obligation	(13.54)	(81.71)
Return on Plan Assets excluding interest income	(12.60)	30.31
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(26.14)</b>	<b>(51.40)</b>

**VI. Bifurcation of Actuarial gain/(loss) on Defined benefit obligation:**

Particulars	As at 31 March 2018	As at 31 March 2017
Actuarial gain/(loss) due to demographic assumption change	-	-
Actuarial gain/(loss) due to financial assumption change	79.86	(92.77)
Actuarial gain/(loss) due to experience adjustment	(93.40)	11.05
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(13.54)</b>	<b>(81.72)</b>

The principal assumptions used in determining gratuity and compensated absences are as follows:

**(a) Economic assumptions**

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation assumptions are as follows which have been selected by the company.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	7.89%-7.96% p.a.	7.49% p.a.	8.06% p.a.
Inflation rate	8.00% p.a.	8.00% p.a.	8.00% p.a.
Expected rate of return on assets	8.00% p.a.	8.00% p.a.	8.00% p.a.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 31. Gratuity and other post-employment benefit plans (contd..)

#### (b) Demographic assumptions

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Retirement Age	58 years	58 years	58 years
Attrition Rate			
Up to 30 years	10%-12% p.a.	10% p.a.	10% p.a.
From 31 to 44 years	3%-12% p.a.	3%-12% p.a.	3%-12% p.a.
Above 44 years	1% p.a.	1% p.a.	1% p.a.

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

Particulars	As at 31 March 2018		As at 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(100.00)	108.58	(86.49)	93.12
Expected rate of future salary increase (0.5% movement)	99.83	(93.69)	93.95	79.94

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Gratuity expense expected to be incurred in the next year is ₹279.14 Lacs (previous year ₹238.13 Lacs).

#### Expected maturity analysis:

Particulars	As at 31 March 2018	As at 31 March 2017
Less than 1 year	64.31	50.23
1-2 years	43.01	49.04
2-5 years	192.99	202.29
More than 5 years	1,689.69	1,367.15

Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to ₹197.03 lacs (previous year ₹272.60 lacs). The Company determines the expense for compensated absences basis the actuarial valuation of present value of the obligation, using the Projected Unit Credit Method.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

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

#### A. Capital commitments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	2,463.41	3,256.71	2,493.59

The Company has availed Capital investment subsidy of ₹30 Lacs in earlier years. As per the terms and conditions, the Company has to continue production for specified number of years failing which amount of availed subsidy along with interest, penalty etc. will have to be refunded. The amount of commitment is not quantifiable.

The Company has purchased a land at Pune wherein the Company shall commence the construction on the land and commence production within three years from the date of sub lease deed.

#### B. Contingent liabilities

##### Claims against the Group not acknowledged as debts\*:

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>a. Claims against the Company not acknowledged as debts*</b>			
- Service tax matters (refer note A below)	317.54	372.64	358.68
- Income tax matters (refer note B below)	117.67	50.00	691.82
- Sales tax/VAT matters (refer note C below)	1.27	1.27	8.65
- Demand notice against Land (Chakan & Pathredi) (refer note D below)	837.52	837.52	837.52
- Other matters	36.97	36.74	32.84
<b>b. Guarantees given by the Company (refer note E below)</b>	364.43	82.62	65.58

\* It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities.

#### Note A:

- i) Show cause notice received in respect of credit taken on freight outward for the period 2005-2006 and 2016-2017. The reply has been submitted and personal hearing is awaited with Assistant Commissioner, Central Excise. The amount involved is ₹9.93 (31 March, 2017: ₹59.70; 1 April, 2016: ₹47.13).
- ii) Show cause notice received in respect of credit taken on manpower supply for the period 2005-2006 to 2014-15 (up to Feb-15). The matter is pending for personal hearing with the Additional Commissioner, Commissioner, and Joint Commissioner, Central Excise. The amount involved is ₹261.07 (31 March, 2017: ₹261.07; 1 April, 2016: ₹261.07).
- iii) Show cause notice received in respect of credit taken on the Services on Commercial and Industrial construction work for the period 2006-2007 and 2008-09 to 2010-11. The matter is pending with Additional Commissioner, Central Excise and CESTAT, Chandigarh. The amount involved is ₹10.35 (31 March 2017: ₹10.43, 1 April 2016: ₹10.43).
- iv) Show cause notices received in respect of credit taken on outdoor catering & courier services for the period 2005-2006 to 2011-12. The matter is pending with the Superintendent and Deputy Commissioner, Central excise. The amount involved is ₹1.05 (31 March 2017: ₹1.23, 1 April 2016: ₹1.23).
- v) Show cause notices received in respect of credit taken on various services such clearing and forwarding agency services, Construction and industrial Construction, repair & maintenance, travel agent, pandal, authorized service station & outward freight, for the period 2004-05 to 2016-17 (up to Mar-2017). The personal hearing attended & final order awaited from Assistant Commissioner, LTU New Delhi. The amount involved is ₹35.14 (31 March 2017: ₹40.21, 1 April 2016: ₹38.82).

#### Note B:

- i) In respect of Assessment Year 2010-11, demand was raised on account of TDS benefit not given by the Assessing Authority. The rectification letter for the same been filed and the matter is pending with Assistant Commissioner of Income Tax for rectification. The amount involved is ₹7.60 (31 March 2017: ₹7.60, 1 April 2016: ₹7.60).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

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

- ii) In respect of Assessment Year 2010-11, Commissioner of Income Tax (Appeal), LTU ordered for the calculation of the liability for disallowances under section 14-A and referred the case to Assessing officer which is pending with the said authority. The amount involved is ₹5.10 (31 March 2017: ₹5.10, 1 April 2016: ₹5.10).
  - iii) In respect of Assessment Year 2011-12 & 2012-13 demand was raised due to disallowance of certain expenses and also certain penalty proceedings on the above issue. The matter is pending with Commissioner of Income Tax (Appeal), LTU and appeal is partly allowed by authority. Further appeal has been filed with ITAT. The amount involved is ₹24.61 (31 March 2017: ₹24.61, 1 April 2016: ₹164.00).
  - iv) In respect of Assessment Year 2011-12, demand was raised due to short payment of TDS under section 201 (1A). The matter is pending with Commissioner of Income Tax (Appeal), LTU. The amount involved is ₹12.69 (31 March 2017: ₹12.69, 1 April 2016: ₹12.69).
  - v) In respect of assessment year 2013-14, intimation under section 143(1) has been received in which deduction under Chapter-VIA & advance tax benefit was not given by authorities. Letter for rectification of mistake has been filed with the authorities, and the same has been rectified. The amount involved is ₹ NIL (31 March 2017: ₹ NIL, 1 April 2016: ₹502.43)
  - vi) In respect of assessment year 2013-14, demand was issued against expenses disallowed under section 35(2AB) for which deduction under Chapter-VIA was claimed. The appeal has been filed with CIT (A)-LTU-Saket. The amount involved is ₹64.54 (31 March 2017: ₹ NIL, 1 April 2016: ₹ NIL)
  - vii) In respect of assessment year 2014-15, demand was issued against expenses disallowed under section 35(2AB) for which deduction under Chapter-VIA was claimed. The appeal has been filed with ITAT. The amount involved is ₹3.12 (31 March 2017: ₹ NIL, 1 April 2016: ₹ NIL)
- involved is ₹ Nil (31 March 2017: ₹ NIL, 1 April 2016: ₹2.62)
- iii) In respect of Financial Year 2009-10, demand was raised due to calculation mistake while calculating difference amount between Form 100 and Form 240 as per KVAT. The letter has been filed on 18th February 2016 with The Joint Commissioner of Commercial Taxes, Bangalore. The amount involved is ₹ Nil (31 March 2017: ₹ Nil, 1 April 2016: ₹2.05).
  - iv) In respect of Financial Year 2009-10, demand was raised on account of incorrect amount taken of Direct Export in the order. The application has been filed on 03rd February 2016 with The Joint Commissioner of Commercial Taxes, Bangalore. The amount involved is ₹ Nil (31 March 2017: ₹ Nil, 1 April 2016: ₹2.70)

#### Note D:

- i) In respect of Pathredi Land, Rajasthan State Industrial Development and Investment Corporation has issued a letter dated October 23, 2015 whereby demand of ₹761.04 has been raised for allowing a time extension for making additional investment in the project on land allotted to the Company (31 March 2017: ₹761.04, 1 April 2016: ₹761.04). The Company has filed a request letter to waive off the same.
- ii) In respect of Chakan Land, Maharashtra Industrial Development Corporation has issued a letter dated March 3, 2015, asking Company to pay an additional amount aggregating to ₹76.48 for a further time extension (31 March 2017: ₹76.48, 1 April 2016: ₹76.48). The Company is in process to file the waiver letter to Maharashtra Industrial Development Corporation.

Based on the status of cases and as advised by Company's tax/legal advisors, wherever applicable, the management believes that the Company has strong chance of success and hence no provision against matters disclosed in "Claims against the Company not acknowledged as debts" are considered necessary.

#### Note C:

- i) In respect of Financial Year 2000-2001, demand was raised on account of non-payment of Local Area Development Tax (LADT) by the Company. The matter is pending with Joint Excise & Taxation Commissioner (Appeals). The amount involved is ₹1.27 (31 March 2017: ₹1.27, 1 April 2016: ₹1.27).
- ii) In respect of Financial Year 2012-13, demand was raised on account of non-issuance of proper statutory form. The appeal has been filed with The Joint Commissioner of Commercial Taxes (Appeal), Bangalore. The assessment has been completed and final order received. The amount

#### Note E:

In relation to 32(2) above guarantee given by the Company:

To facilitate grant of financing facilities to the Company's Joint Ventures and Subsidiaries, Company has given Corporate Guarantees to banks. As at the year-end, the outstanding Corporate Guarantee/Stand by-Letter of Credits so given amounts to ₹364.43 (31 March 2017: ₹82.62, 1 April 2016: ₹65.58).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### A. Name of Related Party and Relationship

<b>Enterprises under common control</b>	Sanjeevani Impex Private Limited Sandhar Intelli-Glass Solutions Limited (formerly known as SLD Auto Ancillary Limited) Sandhar Info Systems Limited Sandhar Estate Private Limited YSG Estates Private Limited Sandhar Enterprises KDB Investment Private Limited Jubin Finance & Investment Limited Raasaa Retail Private Limited Haridwar Estates Private Limited
<b>Joint Ventures</b>	Indo Toolings Private Limited Sandhar Han Sung Technologies Private Limited Sandhar Ecco Green Energy Private Limited Jinyoung Sandhar Mechatronics Private Limited Sandhar Amkin Industries Private Limited ( w.e.f. 6th September 2017) Sandhar Daewha Automotive Systems Private Limited ( w.e.f. 20th June 2017)
<b>Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company</b>	Mr. Jayant Davar
<b>Key Managerial Personnel</b>	Mr. Jayant Davar (Co-Chairman-and-Managing Director) Mr. Arvind Joshi (Whole time Director, C.F.O. & Company Secretary)
<b>Relatives of Key Managerial Personnel and relatives of Individual owning an interest in the voting power of reporting enterprise that gives them significant influence over the Company</b>	Mr. D. N. Davar (Chairman) Mrs. Monica Davar Master Neeljay Davar Mrs. Santosh Davar Mrs. Poonam Juneja Mrs. Urmila Joshi
<b>Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence</b>	Swaran Enterprises (Mrs. Santosh Davar is a Partner) Shorah Realty LLP

#### B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Nature of transaction	Name of related party	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
Purchase of Goods	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	2,392.93	2,025.72
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	11.04	1.52

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Related Party Transactions (contd..)

Nature of transaction	Name of related party	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of goods	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	1.97	-
	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	0.24	-
Purchase of PPE	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	14.07	-
	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	157.36	413.90
Reimbursement of expenses from	Sandhar Hang Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	19.18	13.08
	Sandhar Infosystems Limited	Enterprises under Common control with the Reporting Enterprises	0.01	0.01
	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	0.07	0.17
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	3.46	5.21
	Sandhar Daewha Automotives Systems Pvt Ltd	Joint Venture of Reporting Enterprises	21.66	-
	Sandhar Amkin Industries Pvt Limited		10.73	-
Lease rentals (including service tax) paid to	Sandhar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	29.59	29.16
	Jubin Finance & Investment Limited	Enterprises under Common control with the Reporting Enterprises	266.65	261.35
	YSG Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	-	2.21
	Urmila Joshi	Key Managerial Personnel & their relatives	8.63	7.50
	Jayant Davar	Key Managerial Personnel & their relatives	6.00	6.00
	Shorah Realty LLP	Key Managerial Personnel & their relatives	0.45	-
Lease rentals (including service tax) received from	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	1.16	1.11
	Sandhar Hang Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	10.55	7.19

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Related Party Transactions (contd..)

Nature of transaction	Name of related party	Relationship	For the year ended 31 March 2018	For the year ended 31 March 2017
Managerial remuneration	Jayant Davar	Key Managerial Personnel & their relatives	547.22	303.08
	Arvind Joshi	Key Managerial Personnel & their relatives	157.53	101.25
Dividend paid	Jayant Davar	Key Managerial Personnel & their relatives	936.47	468.23
	Others	Enterprises under Common control with the Reporting Enterprises	154.14	77.07
	Others	Key Managerial Personnel & their relatives	176.00	88.00
Investment in JV's and subsidiaries	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	374.26	229.03
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	567.98	1.00
	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	405.68	
	Sandhar Amkin Industries Pvt Ltd	Joint Venture of Reporting Enterprises	40.00	-
Capital Advances Given to	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	-	19.60

#### Balances Outstanding

Nature of Balances outstanding	Name of related party	Relationship	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 1 April 2016
Outstanding Receivable	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	33.58	21.12	-
	Haridwar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	99.50	99.50	99.50
	Sandhar Ecco Energy Private Limited	Joint Venture of Reporting Enterprises	0.09	0.52	113.65
	Sandhar Intelli Glass Solutions Limited	Enterprises under Common control with the Reporting Enterprises	-	-	0.10
	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	1.29	5.21	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Related Party Transactions (contd..)

Nature of Balances outstanding	Name of related party	Relationship	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 1 April 2016
Outstanding Receivable	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	0.05	-	-
	Sandhar Amkin Industries Pvt Ltd	Joint Venture of Reporting Enterprises	0.21	-	-
Outstanding Payable	Swaran Enterprises	Enterprises over which relatives of Key Managerial Personnel are able to exercise significant influence	311.20	248.67	276.22
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	0.34	0.44	-
	Sandhar Ecco Energy Private Limite	Joint Venture of Reporting Enterprises	1.54	143.31	37.42
	Urmila Joshi		-	0.56	0.56
Security deposit given to	Sandhar Estates Private Limited	Enterprises under Common control with the Reporting Enterprises	36.00	36.00	36.00
	Jubin Finance & Investment Limited	Enterprises under Common control with the Reporting Enterprises	98.88	98.88	98.88
Managerial Remuneration Payable	Jayant Davar	Key Managerial Personnel & their relatives	415.20	171.06	150.79
	Arvind Joshi	Key Managerial Personnel & their relatives	63.00	35.91	33.14
Investment in JV's and subsidiaries	Indo Toolings Private Limited	Joint Venture of Reporting Enterprises	352.50	352.50	352.50
	Sandhar Han Sung Technologies Private Limited	Joint Venture of Reporting Enterprises	919.85	545.59	316.56
	Sandhar Ecco Green Energy Private Limited	Joint Venture of Reporting Enterprises	222.48	222.48	222.48

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 33. Related Party Transactions (contd..)

Nature of Balances outstanding	Name of related party	Relationship	Balance as at 31 March 2018	Balance as at 31 March 2017	Balance as at 1 April 2016
Investment in JV's and subsidiaries	Jinyoung Sandhar Mechatronics Private Limited	Joint Venture of Reporting Enterprises	568.97	1.00	-
	Sandhar Daewha Automotives System Pvt Ltd	Joint Venture of Reporting Enterprises	405.68	-	-
	Sandhar Amkin Industries Private Ltd	Joint Venture of Reporting Enterprises	40.00	-	-

#### C. Terms and conditions of transactions with related parties

All transactions with these related parties are priced on arm's length basis and resulting outstanding balances at the year-end are unsecured and interest free and are to be settled in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### 34. Finance lease obligations

	31-Mar-18			31-Mar-17			1-Apr-16		
	Future Minimum lease payment	Interest element of MLP	Present value of MLP	Future Minimum lease payment	Interest element of MLP	Present value of MLP	Minimum lease payment	Interest element of MLP	Present value of MLP
Within one year	0.28	0.12	0.16	0.27	0.10	0.17	0.25	0.07	0.18
After one year but not more than five years	1.26	0.72	0.54	1.20	0.62	0.58	1.15	0.53	0.62
More than five years	346.21	344.33	1.88	346.55	344.55	2.00	346.87	344.74	2.13
<b>Total</b>	<b>347.75</b>	<b>345.17</b>	<b>2.58</b>	<b>348.02</b>	<b>345.27</b>	<b>2.75</b>	<b>348.27</b>	<b>345.34</b>	<b>2.93</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 35. Following are the disclosures in respect of outstanding derivative contracts:

Category of derivative instrument	Purpose of the derivative instrument	Currency	Outstanding Principal (in Foreign Currency) As at 31 March 2018	Outstanding Principal (in Foreign Currency) As at 31 March 2017	Outstanding Principal (in Foreign Currency) As at 1 April 2016
Cross currency cum interest rate swap	Hedge against exposure on loan repayment for USD loan and its interest payments. The interest rate has been swapped to pay fixed interest @ 9.75% p.a.	USD	-	3.36	12.50
Principal swap	Hedge against long term Buyers Line of Credit for JPY Exposure	JPY	-	-	526.13
Principal swap	Hedge against long term Buyers Line of Credit for USD Exposure	USD	-	2.39	10.74
Principal and interest swap	Hedge against exposure on loan repayment for USD loan and its interest payments.	USD	-	15.18	-

Further the company has not entered into any derivative instrument for speculation purpose.

### 36. Financial Instruments- Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value			Fair value		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial assets</b>						
<b>A. FVTPL:</b>						
Investment in Unquoted Equity Shares	44.60	36.52	32.20	44.60	36.52	32.20
Investment in Unquoted Mutual Funds	576.43	108.18	100.88	576.43	108.18	100.88
Derivative Assets (CCIRS, Options and IRS)	-	26.55	150.76	-	26.55	150.76
<b>B. Amortised Cost:</b>						
Security deposit paid Recoverable from related party	1,064.59	651.85	568.17	1,064.59	651.85	568.17
Loans to employees	5.19	5.21	-	5.19	5.21	-
Other advances	30.30	36.01	66.95	30.30	36.01	66.95
	973.91	786.12	590.31	973.91	786.12	590.31
<b>Total</b>	<b>2,073.99</b>	<b>1,479.19</b>	<b>1,225.43</b>	<b>2,073.99</b>	<b>1,479.19</b>	<b>1,225.43</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

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### 36. Financial Instruments- Fair Values (contd..)

Particulars	Carrying value			Fair value		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial liabilities</b>						
<b>A. Amortised Cost:</b>						
<b>Borrowings</b>						
Loans	48,357.87	46,034.27	39,337.21	48,357.87	46,034.27	39,337.21
Finance Lease Obligations	4.04	3.85	3.67	4.04	3.85	3.67
<b>Total</b>	<b>48,361.91</b>	<b>46,038.12</b>	<b>39,340.88</b>	<b>48,361.91</b>	<b>46,038.12</b>	<b>39,340.88</b>

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short-term maturities of these instruments. Accordingly, management has not disclosed fair values for financial instruments such as trade receivables, trade payables, cash and cash equivalents, other current assets, interest accrued on fixed deposits, other current liabilities etc.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Long-term fixed-rate and variable-rate Receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of unquoted instruments, is calculated by arriving at intrinsic value of the investee. The fair value of loans from banks

and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The Company has entered into derivative financial instruments with financial institutions/ banks through Cross currency interest rate swap and principals swap.

Such derivatives are valued using valuation techniques, which employs the use of market observable inputs. Valuation technique applied by the company is Mark to Market as provided by the bank as on the date of valuation.

#### Discount rates used in determining fair value:

The interest rates used to discount estimated future cash flows, where applicable, are based on the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

### 37. Fair Values hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial statements that are

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

All financial instruments for which fair value is recognised or disclosed are categorised with in the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The company has an established control framework with respect to the measurements of fair values. This includes a valuation team and has overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Finance

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 37. Fair Values hierarchy (contd..)

Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's audit committee.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

#### A. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

Particulars	Total	Fair value measurement using		
		Quoted prices in	Significant	Significant
		active markets	observable inputs	unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	44.60	-	-	44.60
Investment in Unquoted Mutual Funds	576.43			576.43
Derivative Assets (CCIRS and principal swap)	-	-	-	-
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Security deposit paid	1,064.59	-	-	1,064.59
Recoverable from related party	5.19	-	-	5.19
Loans to employees	30.30	-	-	30.30
Other advances	973.91	-	-	973.91
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Loans	48,357.87	-	-	48,357.87
Finance Lease Obligations	4.04	-	-	4.04

There have been no transfers between Level 1 and Level 2 during the period.

#### B. Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

Particulars	Total	Fair value measurement using		
		Quoted prices in	Significant	Significant
		active markets	observable inputs	unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	36.52	-	-	36.52
Investment in Unquoted Mutual Funds	108.18			108.18
Derivative Assets (CCIRS and principal swap)	26.55	-	-	26.55
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Security deposit paid	651.85	-	-	651.85
Recoverable from related party	5.21	-	-	5.21
Loans to employees	36.01	-	-	36.01
Other advances	786.12	-	-	786.12
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Loans	46,034.27	-	-	46,034.27
Finance Lease Obligations	3.85	-	-	3.85

There have been no transfers between Level 1 and Level 2 during the period.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 37. Fair Values hierarchy (contd..)

#### C. Quantitative disclosures fair value measurement hierarchy for assets as at 01 April 2016:

Particulars	Total	Fair value measurement using		
		Quoted prices in	Significant	Significant
		active markets	observable inputs	unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at FVTPL:</b>				
Investment in Unquoted Equity Shares	32.20	-	-	32.20
Investment in Unquoted Mutual Funds	100.88	-	-	100.88
Derivative Assets (CCIRS and principal swap)	150.76	-	-	150.76
<b>Assets measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Security deposit paid	568.17	-	-	568.17
Recoverable from related party	-	-	-	-
Loans to employees	66.95	-	-	66.95
Other advances	590.31	-	-	590.31
<b>Liabilities measured at amortised cost for which fair values are disclosed (refer note 36):</b>				
Loans	39,337.21	-	-	39,337.21
Finance Lease Obligations	3.67	-	-	3.67

### 38. Financial risk management objectives and policies

The Company is primarily engaged in the manufacturing and assembling of automotive components such as lock-set, mirrors and various sheet metal components including cabins for four wheelers and off road vehicle industry. The Company's principal financial liabilities, comprises loans and borrowings, trade and other payables and finance lease obligation. The main purpose of these financial liabilities is to support the Company's operations. The Company's principal financial assets include investments in equity, employee advances, trade and other receivables, security deposits, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions viz. CCIRS and Principal Swaps.

The Company has exposure to the following risks arising from financial instruments

- Market risk (see (b));
- Credit risk (see (c)); and
- Liquidity risk (see (d)).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

#### a) Risk Management Framework

The Company's activities makes it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The

Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The board provides assurance to the shareholders that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 38. Financial risk management objectives and policies (contd..)

reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Measurement	Management of risk
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis, Credit ratings	Diversification of bank deposits, credit limits and letter of credit.
Liquidity Risk	Borrowings and liabilities	Cash flow forecasting, Sensitivity analysis	Availability of borrowing facilities.
Market risk - foreign currency risk	Future commercial transactions, Recognised financial liabilities not denominates in Indian Rupee (INR)	Cash flow forecasting, Sensitivity analysis	Cross currency principal interest swaps
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	

#### b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk, currency risk, price risk, and commodity risk. Financial instruments affected by market risk include loans and borrowings, investment, deposits, advances and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

#### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.

The Company enters Cross Currency Interest Rate Swaps to manage its Forex and interest rate risk, in which it agrees to exchange, at specified intervals, the difference between floating and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to management is as follows:

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>Financial Liabilities</b>			
<b>Fixed rate instruments</b>			
- Foreign currency loan (fixed)	-	189.93	671.88
- Vehicle Loan	139.16	117.29	-
<b>Variable rate instruments</b>			
- Term Loans	27,418.96	27,518.24	26,928.13
- Cash credit from bank	20,799.75	18,208.81	12,330.90
<b>Financial Assets</b>			
<b>Fixed rate instruments</b>			
- Fixed Deposits	101.69	102.85	123.44
- Loans	2,073.99	1,474.90	1,225.43

The Company does not account for fixed rate financial assets or financial liabilities at fair value through profit or loss, and the company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**38. Financial risk management objectives and policies (contd..)****Interest Rate sensitivity**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

Particulars	Increase / decrease in basic points	Profit or loss	Profit or loss (net of tax)
<b>31-Mar-18</b>			
Secured term loan from banks	100	217.62	150.96
Cash credit from bank	100	207.99	144.29
Other borrowings	100	56.57	39.24
Secured term loan	(100)	(217.62)	(150.96)
Cash credit from bank	(100)	(207.99)	(144.29)
Other borrowings	(100)	(56.57)	(39.24)
<b>31-Mar-17</b>			
Secured term loan	100	178.03	123.50
Cash credit from bank	100	182.09	126.31
Other borrowings	100	94.97	65.88
Secured term loan	(100)	(178.03)	(123.50)
Cash credit from bank	(100)	(182.09)	(126.31)
Other borrowings	(100)	(94.97)	(65.88)

**Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and borrowings in foreign currency (ECB borrowings).

The Company manages its foreign currency risk by entering into derivatives. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

**Details of unhedged foreign currency exposures:**

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Amount In	Amount in ₹	Amount In	Amount in ₹	Amount In	Amount in ₹
	Foreign Currency		Foreign Currency		Foreign Currency	
Trade Payables (USD)	70.44	4,582.05	37.52	2,455.10	24.15	1,598.50
Trade Payables (JPY)	2,444.39	1,490.29	509.18	298.07	1,323.54	773.97
Trade Payables (GBP)	0.22	19.73	0.47	38.04	0.30	28.47
Trade Payables (EUR)	12.17	974.71	8.13	563.06	9.41	707.21
Trade Receivables (USD)	10.51	683.68	5.43	352.23	3.84	253.79
Trade Receivables (EUR)	-	-	1.24	85.50	1.18	88.44
Buyers credit facility (EUR)	-	-	1.75	122.40	1.75	131.51

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 38. Financial risk management objectives and policies (contd..)

The following significant exchange rates were applied at the year end:

Particulars	Year end rates		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
INR/ JPY	0.6097	0.5854	0.5848
INR/ USD	65.0462	65.4324	66.1773
INR/ GBP	91.7050	81.6822	95.0898
INR/ EUR	80.1022	69.2615	75.1513

### Sensitivity Analysis

Any changes in the exchange rate of foreign currency against INR is not expected to have significant impact on the Company's profit due to the short credit period. Accordingly, a 1% appreciation/depreciation of the INR as indicated below, against the USD would have increased/reduced profit by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variable remains constant.

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure JPY	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/JPY Increases by 1 %		0.6097	0.0061	2,444.39	(14.90)	(10.34)
	INR/JPY Decreases by 1 %		0.6097	(0.0061)	2,444.39	14.90	10.34
<b>As at 31 March 2017</b>	INR/JPY Increases by 1 %	Import Trade payables	0.5854	0.0059	509.18	(2.98)	(2.07)
	INR/JPY Decreases by 1 %		0.5854	(0.0059)	509.18	2.98	2.07
<b>As at 1 April 2016</b>	INR/JPY Increases by 1 %		0.5848	0.0058	1,323.54	(7.74)	(5.37)
	INR/JPY Decreases by 1 %		0.5848	(0.0058)	1,323.54	7.74	5.37

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure USD	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/USD Increases by 1 %		65.0462	0.6505	70.44	(45.82)	(31.79)
	INR/USD Decreases by 1 %		65.0462	(0.6505)	70.44	45.82	31.79
<b>As at 31 March 2017</b>	INR/USD Increases by 1 %	Import Trade payables	65.4324	0.6543	37.52	(24.55)	(17.03)
	INR/USD Decreases by 1 %		65.4324	(0.6543)	37.52	24.55	17.03
<b>As at 1 April 2016</b>	INR/USD Increases by 1 %		66.1773	0.6618	24.15	(15.98)	(11.09)
	INR/USD Decreases by 1 %		66.1773	(0.6618)	24.15	15.98	11.09

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 38. Financial risk management objectives and policies (contd..)

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure GBP	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/GBP Increases by 1 %		91.7050	0.9171	0.22	(0.20)	(0.14)
	INR/GBP Decreases by 1 %		91.7050	(0.9171)	0.22	0.20	0.14
<b>As at 31 March 2017</b>	INR/GBP Increases by 1 %	Import Trade payables	81.6822	0.8168	0.47	(0.38)	(0.26)
	INR/GBP Decreases by 1 %		81.6822	(0.8168)	0.47	0.38	0.26
<b>As at 1 April 2016</b>	INR/GBP Increases by 1 %		95.0898	0.9509	0.30	(0.28)	(0.20)
	INR/GBP Decreases by 1 %		95.0898	(0.9509)	0.30	0.28	0.20

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure EUR	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/EUR Increases by 1 %		80.1022	0.8010	12.17	(9.75)	(6.76)
	INR/EUR Decreases by 1 %		80.1022	(0.8010)	12.17	9.75	6.76
<b>As at 31 March 2017</b>	INR/EUR Increases by 1 %	Import Trade payables	69.2615	0.6926	8.13	(5.63)	(3.91)
	INR/EUR Decreases by 1 %		69.2615	(0.6926)	8.13	5.63	3.91
<b>As at 1 April 2016</b>	INR/EUR Increases by 1 %		75.1513	0.7515	9.41	(7.07)	(4.91)
	INR/EUR Decreases by 1 %		75.1513	(0.7515)	9.41	7.07	4.91

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure USD	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/USD Increases by 1 %		65.0462	0.6505	10.51	(6.84)	(4.74)
	INR/USD Decreases by 1 %		65.0462	(0.6505)	10.51	6.84	4.74
<b>As at 31 March 2017</b>	INR/USD Increases by 1 %	Trade Receivable	65.4324	0.6543	5.43	(3.56)	(2.47)
	INR/USD Decreases by 1 %		65.4324	(0.6543)	5.43	3.56	2.47
<b>As at 1 April 2016</b>	INR/USD Increases by 1 %		66.1773	0.6618	3.84	(2.54)	(1.76)
	INR/USD Decreases by 1 %		66.1773	(0.6618)	3.84	2.54	1.76



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

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### 38. Financial risk management objectives and policies (contd..)

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure EUR	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/EUR Increases by 1 %		80.1022	0.8010	-	-	-
	INR/EUR Decreases by 1 %		80.1022	(0.8010)	-	-	-
<b>As at 31 March 2017</b>	INR/EUR Increases by 1 %	Buyers Credit Facility	69.2615	0.6926	1.75	(1.21)	(0.84)
	INR/EUR Decreases by 1 %		69.2615	(0.6926)	1.75	1.21	0.84
<b>As at 1 April 2016</b>	INR/EUR Increases by 1 %		75.1513	0.7515	1.75	(1.32)	(0.91)
	INR/EUR Decreases by 1 %		75.1513	(0.7515)	1.75	1.32	0.91

Particulars	Change in currency rate	Nature of Exposure	Year end rates	Changes in rates	Net exposure EUR	Effect on profit before tax (₹)	Effect on profit after tax (₹)
<b>As at 31 March 2018</b>	INR/EUR Increases by 1 %		80.1022	0.8010	-	-	-
	INR/EUR Decreases by 1 %		80.1022	(0.8010)	-	-	-
<b>As at 31 March 2017</b>	INR/EUR Increases by 1 %	Trade Receivables	69.2615	0.6926	1.24	(0.86)	(0.59)
	INR/EUR Decreases by 1 %		69.2615	(0.6926)	1.24	0.86	0.59
<b>As at 1 April 2016</b>	INR/EUR Increases by 1 %		75.1513	0.7515	1.18	(0.88)	(0.61)
	INR/EUR Decreases by 1 %		75.1513	(0.7515)	1.18	0.88	0.61

#### Equity price risk

The Company's listed & non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including foreign exchange transactions and other financial instruments.

#### Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a company of

financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Company's exposure to customers is diversified and some customer contributes more than 10% of outstanding accounts receivable as of 31st March, 2018, 31st March, 2017 and 1st April, 2016, however there was no default on account of those customers in the past.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits to customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The Company performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis lifetime expected losses and where receivables are due for more than six months.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 38. Financial risk management objectives and policies (contd..)

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

#### (a) Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans	1,144.57	907.14	795.49
Other financial assets	1,029.35	1,178.38	214.86
<b>Total</b>	<b>2,173.92</b>	<b>2,085.52</b>	<b>1,010.35</b>

#### (b) The ageing analysis of trade receivables for which loss allowance is measured using Life time Expected Credit Losses as of the reporting date is as follows:

Particulars	As at 31 March 2018	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	26,910.49	26,664.21	71.52	174.76
Expected credit loss (Loss allowance provision)	167.34	-	-	167.34
Carrying amount of trade receivables	26,743.15	26,664.21	71.52	7.42

Particulars	As at 31 March 2017	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	20,700.14	20,433.93	71.52	194.69
Expected credit loss (Loss allowance provision)	167.34	-	-	167.34
Carrying amount of trade receivables	20,532.80	20,433.93	71.52	27.35

Particulars	As at 1 April 2016	0- 6 Month	6 – 12 month	More than 12 months
Gross Carrying Amount	16,474.25	16,007.51	153.02	313.72
Expected credit loss (Loss allowance provision)	143.07	-	-	143.07
Carrying amount of trade receivables	16,331.18	16,007.51	153.02	170.65

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these

banks, the Company does not expect these banks to fail in meeting their obligations. The maximum exposure to credit risk for the components of the balance sheet at 31 March 2018, 31 March 2017 and 01 April 2016 is represented by the carrying amount of each financial asset.

#### d) Liquidity risk

Liquidity risk refers to the risk that the company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, buyers credit and bank loans. The Company assessed

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 38. Financial risk management objectives and policies (contd..)

the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Contractual cash flows			
	Carrying value as at 31 March 2018	0- 1 year	1- 5 year	More than 5 year
Trade Payable	34,805.83	34,805.83	-	-
Borrowings	48,357.87	47,074.97	1,282.90	-
Other financial liabilities	6,122.50	5,110.64	1,011.85	-
<b>Total</b>	<b>89,286.20</b>	<b>86,991.44</b>	<b>2,294.75</b>	-

Particulars	Contractual cash flows			
	Carrying value as at 31 March 2017	0- 1 year	1- 5 year	More than 5 year
Trade Payable	23,241.32	23,241.32	-	-
Borrowings	46,034.27	25,117.50	20,916.77	-
Other financial liabilities	3,587.87	3,076.97	510.90	-
<b>Total</b>	<b>72,863.46</b>	<b>51,435.79</b>	<b>21,427.67</b>	-

Particulars	Contractual cash flows			
	Carrying value as at 1 April 2016	0- 1 year	1- 5 year	More than 5 year
Trade Payable	22,259.08	22,259.08	-	-
Borrowings	39,337.22	19,895.70	19,441.52	-
Other financial liabilities	4,049.21	3,473.86	575.35	-
<b>Total</b>	<b>65,645.51</b>	<b>45,628.64</b>	<b>20,016.87</b>	-

### 39. Capital management

#### The Company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed, as well as the level of dividends to equity shareholders.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as Net debt divided by total

equity. Net debt and total equity are based on the amounts stated in the financial statements

Particulars	31 March 2018	31 March 2017	01 April 2016
Net Debt (A)*	22,180.74	45,255.42	38,752.44
Equity (B)	63,707.21	30,434.84	27,466.07
<b>Debt Ratio (A/B)</b>	<b>0.35</b>	<b>1.49</b>	<b>1.41</b>

\* Net debt includes Non-Current borrowing, Current borrowing, Current maturities of non-current borrowing net off Current investment and cash, cash equivalent and other bank balance.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 40. Segment Reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of manufacture and sale of automobile components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of Profit and Loss represents the revenue, total expenses and the net profit of the sole reportable segment.

#### Geographical information

The Group's revenue from operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

#### Revenue from Operations

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from external customers		
India	173,643.22	151,645.00
Europe	24,768.76	23,115.14
<b>Total</b>	<b>198,411.98</b>	<b>174,760.14</b>

#### Non-current Assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
India	64,034.02	52,249.64	49,091.04
Europe	15,146.49	12,506.14	11,188.44
<b>Total</b>	<b>79,180.51</b>	<b>64,755.78</b>	<b>60,279.48</b>

#### Major customer

Revenue from transactions of the Company with some of its OEM customers exceed 10 per cent or more of the Company's total revenue

### 41. Explanation of the transition to Ind AS

- i) These financial statements, for the year ended 31 March 2018, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, the Group's date of transition to Ind AS. This note explains exemptions availed by the

Group in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

#### Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions.

#### (a) Business Combination:

Company has opted for exemption under Ind AS 101 with respect to Business Combinations whereby Company has elect not to apply Ind AS 103 retrospectively to past business combinations i.e. to (business combinations that occurred before the date of transition to Ind ASs).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

#### (b) Deemed cost:

Ind AS 101 permits a first-time adopter, where there is no change in functional currency, to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### (c) Investment in subsidiaries:

As per the requirements of Ind AS 27, company has opted to record its investment in subsidiary at cost. Ind AS 101 provides that while measuring investment at cost, an entity shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (i) cost determined in accordance with Ind AS 27; or
- (ii) deemed cost. The deemed cost of such an investment shall be its
  - (a) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - (b) previous GAAP carrying amount at that date.

Accordingly, company has opted to record its investment in subsidiary at previous GAAP carrying amount at transition date.

#### (d) Investment in joint ventures

Ind AS 101 permits a first-time adopter to elect while changing from proportionate consolidation to equity method, to measure its investments in a joint venture at the date of transition as the aggregate of the carrying amount of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The resultant amount is regarded as deemed cost of investment in the joint venture at initial recognition.

Accordingly, the Group has elected to carry the deemed cost of investment in joint ventures as the aggregate amount of the assets of liabilities that was previously proportionately consolidated.

#### (e) Leases:

Ind AS 101 permits that If there is any land lease newly classified as finance lease then the first time adopter may recognise assets and liability at fair value on that date; and any difference between those fair values is recognised in retained earnings.

Company has therefore classified land leases with multi decade lease periods as finance lease as on transition date.

#### Estimates

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at

1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

#### Impairment of Financial asset:

As on 1 April 2016, the date of transition to Ind AS, Company is unable to determine whether there have been significant increases in credit risk since initial recognition without undue cost or effort. Company therefore recognize a loss allowance based on lifetime ECL at each reporting date until the financial instrument is derecognized.

#### Classification and measurement of financial assets

Company has measured financial assets at amortised cost, based on the facts and circumstances that exist as on 1 April 2016, the date of transition to Ind AS, for the asset that meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**41. Explanation of the transition to Ind AS (contd..)**

## ii) Reconciliation

Reconciliation of equity as at 01 April, 2016 (Date of transition to Ind AS)

Particulars	Notes	Previous GAAP 1 April 2016*	Adjustments on transition to IND AS	Ind AS as at 1 April 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	a, l	51,430.17	(204.98)	51,225.19
Capital work-in-progress		5,524.20	-	5,524.20
Goodwill	l	621.44	(68.14)	553.30
Other Intangible assets	l	791.04	(14.27)	776.77
Equity accounted investees	l	-	524.23	524.23
Financial assets			-	-
- Investments	c, l	311.08	(40.10)	270.98
- Loans	d, l	633.10	(203.16)	429.94
Income-tax assets	l	181.59	(0.03)	181.56
Other non-current assets		793.31	-	793.31
<b>Total non-current assets</b>		<b>60,285.93</b>	<b>(6.45)</b>	<b>60,279.48</b>
<b>Current assets</b>				
Inventories	l	15,982.15	(292.38)	15,689.77
Financial assets				
- Investments	e	100.00	0.88	100.88
- Loans	d	741.35	54.14	795.49
- Trade receivables	l	16,667.67	(336.49)	16,331.18
- Cash and cash equivalents	l	370.28	(9.80)	360.48
- Other Bank balances	l	233.53	(110.09)	123.44
- Other financial assets	f, l	65.39	149.47	214.86
Other current assets	d	2,317.67	(155.53)	2,162.14
<b>Total current assets</b>		<b>36,478.04</b>	<b>(699.80)</b>	<b>35,778.24</b>
<b>Assets held for sale</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>96,763.97</b>	<b>(706.25)</b>	<b>96,057.72</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		5,115.46	-	5,115.46
Other equity	t	22,213.15	(47.36)	22,165.79
<b>Equity attributable to owners of the Company</b>		<b>27,328.61</b>	<b>(47.36)</b>	<b>27,281.25</b>
Non controlling interest	q	193.86	(9.04)	184.82
<b>Total equity</b>		<b>27,522.47</b>	<b>(56.40)</b>	<b>27,466.07</b>
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	i	19,450.54	(9.02)	19,441.52
- Other financial liabilities	g	571.93	3.42	575.35
Provisions	l	57.81	(16.86)	40.95
Government grant	h	-	3.00	3.00
Deferred tax liabilities (net)	k	734.59	217.70	952.29
<b>Total non current liabilities</b>		<b>20,814.87</b>	<b>198.24</b>	<b>21,013.11</b>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	l	12,468.28	(137.38)	12,330.90
- Trade payables	l	22,500.81	(241.73)	22,259.08
- Other financial liabilities	g, i	11,043.53	(4.88)	11,038.65
Government grant	h	-	6.00	6.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Particulars	Notes	Previous GAAP 1 April 2016*	Adjustments on transition to IND AS	Ind AS as at 1 April 2016
Other current liabilities	l	1,111.31	(108.10)	1,003.21
Income-tax liabilities		129.52	-	129.52
Provisions	m	1,173.18	(362.00)	811.18
<b>Total current liabilities</b>		<b>48,426.63</b>	<b>(848.09)</b>	<b>47,578.54</b>
<b>Total equity and liabilities</b>		<b>96,763.97</b>	<b>(706.25)</b>	<b>96,057.72</b>

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

### Reconciliation of equity as at 31 March, 2017

Particulars	Notes	Previous GAAP 31 March 2017*	Adjustments on transition to IND AS	As at 31 March 2017
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	l	58,387.38	(234.55)	58,152.83
Capital work-in-progress		2,924.88	-	2,924.88
Goodwill	b, l	452.64	100.66	553.30
Other Intangible assets	l	796.41	(18.65)	777.76
Equity accounted investees	l	-	613.33	613.33
<b>Financial assets</b>				
- Investments	c, l	311.95	47.34	359.29
- Loans	d, l	779.70	(211.94)	567.76
Income-tax assets	l	106.93	(1.26)	105.67
Other non-current assets	l	765.38	(64.42)	700.96
<b>Total non-current assets</b>		<b>64,525.27</b>	<b>230.51</b>	<b>64,755.78</b>
<b>Current assets</b>				
Inventories	l	16,706.37	(523.75)	16,182.62
<b>Financial assets</b>				
- Investments	e	100.00	8.18	108.18
- Loans	d	877.06	30.08	907.14
- Trade receivables	l	20,933.16	(400.36)	20,532.80
- Cash and cash equivalents	l	604.09	(36.27)	567.82
- Other Bank balances	l	127.12	(24.27)	102.85
- Other financial assets	f, l	1,151.94	26.44	1,178.38
Other current assets	d, l	2,149.33	60.09	2,209.42
<b>Total current assets</b>		<b>42,649.07</b>	<b>(859.86)</b>	<b>41,789.21</b>
<b>Assets held for sale</b>		<b>140.20</b>	<b>-</b>	<b>140.20</b>
<b>Total assets</b>		<b>107,314.54</b>	<b>(629.35)</b>	<b>106,685.19</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		5,115.46	-	5,115.46
Other equity	t	25,017.97	78.93	25,096.90
<b>Equity attributable to owners of the Company</b>		<b>30,133.43</b>	<b>78.93</b>	<b>30,212.36</b>
Non controlling interest	q	221.51	0.97	222.48
<b>Total equity</b>		<b>30,354.94</b>	<b>79.90</b>	<b>30,434.84</b>
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	i	20,924.76	(7.99)	20,916.77
- Other financial liabilities	g, l	507.57	3.33	510.90
Provisions	l	81.69	(28.62)	53.07

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Particulars	Notes	Previous GAAP 31 March 2017*	Adjustments on transition to IND AS	As at 31 March 2017
Deferred tax liabilities (net)	k	732.45	124.13	856.58
<b>Total non current liabilities</b>		<b>22,246.47</b>	<b>90.85</b>	<b>22,397.32</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
- Borrowings	l	18,326.45	(117.64)	18,208.81
- Trade payables	l	23,623.26	(381.94)	23,241.32
- Other financial liabilities	g, i	9,990.49	(4.82)	9,985.67
Government grant	h	-	3.00	3.00
Other current liabilities	l	1,389.65	(127.38)	1,262.27
Income-tax liabilities		207.62	-	207.62
Provisions	l	1,175.66	(171.32)	1,004.34
<b>Total current liabilities</b>		<b>54,713.13</b>	<b>(800.10)</b>	<b>53,913.03</b>
<b>Total equity and liabilities</b>		<b>107,314.54</b>	<b>(629.35)</b>	<b>106,685.19</b>

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

### Group Reconciliation of profit & loss for the year ended 31 March, 2017

Particulars	Notes	Previous GAAP 31 March 2017	Adjustments on transition to IND AS	For the year ended 31 March 2017
<b>REVENUE</b>				
Revenue from operations	l	176,495.81	(1,735.67)	174,760.14
Other income	c, d, h, l	715.73	47.19	762.92
<b>Total income (I)</b>		<b>177,211.54</b>	<b>(1,688.48)</b>	<b>175,523.06</b>
<b>EXPENSES</b>				
Cost of raw materials and components consumed	l	96,021.95	(843.55)	95,178.40
Changes in inventories of finished goods and work-in-progress	l	(906.70)	178.77	(727.93)
Excise duty on sale of goods	l	13,808.75	(187.63)	13,621.12
Employee benefits expense	l, n	23,536.29	(540.30)	22,995.99
Finance costs	g, l, i	4,274.00	(11.83)	4,262.17
Depreciation and amortization expense	a, b, l	6,027.61	(192.03)	5,835.58
Other expenses	d, f, l	29,454.09	(427.60)	29,026.49
<b>Total expenses (II)</b>		<b>172,215.99</b>	<b>(2,024.17)</b>	<b>170,191.82</b>
<b>Profit before share of loss of investment accounted for using equity method, exceptional items and tax (III = I - II)</b>		4,995.55	335.69	5,331.24
Share in loss of joint ventures accounted for using equity method, net (IV)		-	80.82	80.82
<b>Profit before exceptional item and tax (V = III - IV)</b>		<b>4,995.55</b>	<b>254.87</b>	<b>5,250.42</b>
<b>Exceptional item (VI)</b>	j, l	<b>341.97</b>	<b>(298.34)</b>	<b>43.63</b>
<b>Profit before tax (VII = V - VI)</b>		<b>4,653.58</b>	<b>553.21</b>	<b>5,206.79</b>
<b>Tax expense:</b>				
Current tax	l	1,056.09	(11.60)	1,044.49
Current tax relating to earlier years	l	(4.96)	-	(4.96)
MAT credit entitlement	l	(57.94)	8.26	(49.68)
Deferred tax charge	k, l	(3.98)	57.43	53.45
<b>Total tax expense (VIII)</b>		<b>989.21</b>	<b>54.09</b>	<b>1,043.30</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Particulars	Notes	Previous GAAP 31 March 2017	Adjustments on transition to IND AS	For the year ended 31 March 2017
<b>Profit for the year (IX = VII - VIII)</b>		<b>3,664.37</b>	<b>499.12</b>	<b>4,163.49</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Re-measurement losses on defined benefit plans	p	-	(145.23)	(145.23)
Income tax relating to re-measurement loss on defined benefit plans	p	-	50.22	50.22
<i>Items that will be reclassified to profit or loss</i>				
Exchange differences in translating the financial statements of foreign operations	o	-	(197.15)	(197.15)
Income tax relating to exchange difference in translation	o	-	49.29	49.29
<b>Total other comprehensive income for the year, net of tax (X)</b>		<b>-</b>	<b>(242.87)</b>	<b>(242.87)</b>
<b>Total comprehensive income for the year (XI = IX + X) (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>3,664.37</b>	<b>256.26</b>	<b>3,920.63</b>
Profit attributable to:				
- Owners of the Company		3,627.68	497.84	4,125.52
- Non-controlling interest		36.69	1.28	37.97
		3,664.37	499.12	4,163.49
<b>Other comprehensive income attributable to:</b>				
- Owners of the Company		-	(242.56)	(242.56)
- Non-controlling interest		-	(0.31)	(0.31)
		-	(242.87)	(242.87)
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company		3,627.68	255.28	3,882.96
- Non-controlling interest		36.69	0.97	37.66
		<b>3,664.37</b>	<b>256.25</b>	<b>3,920.62</b>

iii) Notes to the reconciliation of equity as at 1 April 2016 and 31 March 2017 and profit or loss for the year ended 31 March 2017

#### a. Property, Plant and Equipment

While transiting to Ind AS, the Group has classified certain leasehold land with multi decade lease term as finance lease as on transition date. Gross block of such assets along with accumulated depreciation till date has been classified as finance lease asset with a corresponding finance lease obligation. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Finance lease obligation – Depreciation impact	(0.03)
<b>Adjustment before income tax</b>	<b>(0.03)</b>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Property, plant and equipment	3.22	3.26
<b>Adjustment to retained earnings</b>	<b>3.22</b>	<b>3.26</b>

#### b. Intangibles:

Under Ind AS, amortization of goodwill has not been done unlike Indian GAAP and therefore the amortisation in comparative period has been reversed. Goodwill is rather tested for impairment every year. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Amortisation of goodwill reversed	153.08
<b>Adjustment before income tax</b>	<b>153.08</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Intangible assets	153.08	-
<b>Adjustment to retained earnings</b>	<b>153.08</b>	<b>-</b>

#### c. Investments in Equity Shares and preference shares

Under Indian GAAP, investments in Equity Shares and preference shares have been recognised at cost have been recognised at cost. Under Ind AS, investment in equity shares and preference shares have been recognised at fair value. On transition date the differential has been routed through Retained Earning whereas in comparative period the same will be routed through P&L. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Non-current investment in preference and equity shares measured at fair value	28.33
<b>Adjustment before income tax</b>	<b>28.33</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Non-current investment- Subsidiaries, joint venture and associates	44.27	72.60
Related tax impact	(15.94)	(25.13)
<b>Adjustment to retained earnings</b>	<b>28.33</b>	<b>47.47</b>

#### d. Security deposit and Prepaid rent

- Under Indian GAAP, the security deposits have been recorded at transaction value however under Ind AS security deposit paid, being a financial asset, has been recorded initially at fair value and subsequently at amortised cost.
- Recording of security deposit under Ind AS, initially at fair value gives rise to a differential between transaction value and fair value which has been recognised at prepaid rent. Under Indian GAAP no such prepaid rent was recorded. Such a prepaid rent is amortised over the period of deposit on a straight line basis.

Statement of Profit and loss	Year ended 31 March 2017
Interest income on security deposits measured at amortised cost	20.27
Amortisation of prepaid rent	(16.40)
<b>Adjustment before income tax</b>	<b>(3.87)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Security Deposit adjusted	128.43	141.24
Prepaid expense adjusted	(119.58)	(135.94)
Related tax impact	(1.24)	(1.83)
<b>Adjustment to retained earnings</b>	<b>7.61</b>	<b>3.47</b>

#### e. Investment in mutual funds

Under Indian GAAP, investment made in mutual funds shown as current investments and valued at lower of cost and fair value, whereas under Ind AS, such investments has been classified and measured as fair value through profit and loss at each reporting date. As a result, investment is increased by ₹0.88 Lacs on 1 April 2016 and ₹8.18 Lacs on 31 March 2017.

#### f. Derivative asset:

Under Ind AS, derivative asset has been recognised based on MTM value provided by the bank. The impact of the transition is detailed below:

Statement of Profit and loss	Year ended 31 March 2017
Mark to Market Loss	124.21
<b>Adjustment before income tax</b>	<b>124.21</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Foreign exchange forward contract receivable	26.55	150.76
Related tax impact	42.99	(52.18)
<b>Adjustment to retained earnings</b>	<b>69.54</b>	<b>98.58</b>

#### g. Finance Lease Obligation:

While transiting to Ind AS, the Group has classified certain leasehold land with multi decade lease term as finance lease as on transition date. Gross block of such assets along with accumulated depreciation till date has been classified as finance lease asset with a corresponding finance lease obligation.

Statement of Profit and loss	Year ended 31 March 2017
Finance charge under Finance lease obligation	0.44
<b>Adjustment before income tax</b>	<b>0.44</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Finance lease obligation-Non Current	3.33	3.42
Finance lease obligation-Current	0.52	0.25
<b>Adjustment to retained earnings</b>	<b>3.85</b>	<b>3.67</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

#### h. Government Grant:

Under Indian GAAP, government grant received by the company was recognised under Capital Reserve which has been recognised as an income under Ind AS on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. On transition date, government grant to the extent of useful life of the asset has been recognised through Retained Earnings while in the comparative period the same has been recognised in P&L. The impact of the transition is detailed below:

Statement of Profit and loss		Year ended 31 March 2017
Government grant recognised as income		6
<b>Adjustment before income tax</b>		<b>6</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Government grant	3	9
Related tax impact	-	(3.11)
<b>Adjustment to retained earnings</b>	<b>3</b>	<b>5.89</b>

#### i. Processing Fees:

Processing fees on the loans taken by the company bearing variable interest rate have been recognised on a straight line basis. As on transition date the differential has been outed through Retained Earnings. In comparative period as well, the same treatment has been done for additional loans taken during the year. The impact of the transition is detailed below:

Statement of Profit and loss		Year ended 31 March 2017
Amortisation of processing fees		0.96
<b>Adjustment before income tax</b>		<b>0.96</b>

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Borrowings - Non Current	8.00	9.01
Borrowings – Current	5.34	5.13
Related tax impact	-	(4.89)
<b>Adjustment to retained earnings</b>	<b>13.34</b>	<b>9.25</b>

#### j. Share Issue Expenses:

Under Share issue expenses pertaining to financial year 2015-16, expensed off under previous GAAP in 2016-17, has been adjusted against retained earnings as at 1 April 2016.

#### k. Deferred Taxes:

IGAAP requires deferred taxes recognition using income statement approach, which focuses on differences between accounting profits and taxable profits for the year. Under Ind AS 12, the company is required to account for the deferred taxes using balance sheet approach which focuses on difference between carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which were not required under IGAAP. Further the company has recognised deferred taxes on temporary differences arising from transitional adjustments in retained earnings. The minimum alternate Tax (MAT) has been adjusted with deferred tax liabilities while in Indian GAAP the same has been classified in loans and advances amounting to ₹49.71 Lacs.

#### l. Joint Ventures:

Under the previous GAAP, Indo Toolings Private Limited, Sandhar Han Sung Technologies Private Limited, Sandhar Ecco Green Energy Private Limited, Jinyoung Sandhar Mechatronics Private Limited, Sandhar Amkin Industries Private Limited,

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Sandhar Daewha Automotive Systems Private Limited, were classified as 'jointly controlled entity' and accordingly accounted for using proportionate consolidation method. On transition to Ind AS these entities have been classified as joint ventures and consolidated using equity method. Based on the optional exemption exercised by the Group, the investment in these entities has been measured at the carrying amount of Net assets at the date of transition in consolidated financial statements as per proportionate consolidation method. No impairment has been identified on the investment at the date of transition. Details of assets, liabilities along with the consequential changes in the Statement of Profit and Loss as well as cash flow statement are summarized below.

The proportionately consolidated amount of assets and liabilities of Indo Toolings Private Limited, Sandhar Han Sung Technologies Private Limited, Sandhar Ecco Green Energy Private Limited, Jinyoung Sandhar Mechatronics Private Limited, Sandhar Amkin Industries Private Limited, Sandhar Daewha Automotive Systems Private Limited were as below:

Balance sheet	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>		
Property, plant and equipment	237.77	208.24
Goodwill	52.42	68.14
Other Intangible assets	18.65	14.27
Non current Investments	(91.61)	(32.51)
Non current loans	3.68	-
Current loans	-	7.73
Income tax assets	1.26	0.03
Other non current assets	64.42	-
Inventories	523.76	292.38
Trade receivables	400.36	336.49
Cash and cash equivalents	36.26	9.81
Other bank balances	24.27	110.09
Other current assets	59.49	-
Other financial assets - current	0.11	1.29
<b>LIABILITIES</b>		
Provisions	28.62	16.86
Deferred tax liabilities	(99.53)	(62.62)
Other financial liabilities - non current	(0.01)	-
Current Borrowings	117.64	137.38
Trade payables	381.95	241.73
Current provisions	171.32	-
Other current liabilities	127.38	108.07
<b>Total net assets</b>	<b>603.47</b>	<b>574.54</b>

The proportionate consolidated amounts of income and expenses under previous GAAP were as below:

Statement of profit and loss	Year ended 31 March 2017
<b>INCOME</b>	
Revenue from operations	1,735.67
Other income	7.40
<b>EXPENSES</b>	
Cost of raw materials and components consumed	843.55
Changes in inventories of finished goods and work-in-progress	(178.76)
Excise duty on sale of goods	187.63
Employee benefits expense	395.06
Finance costs	13.24
Depreciation and amortization expense	38.97
Other expenses	567.98
<b>Loss before tax and exceptional item</b>	<b>(124.61)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Exceptional item	6.86
<b>Loss before tax</b>	<b>(131.47)</b>
Tax expense	(35.71)
<b>Loss after tax</b>	<b>(95.76)</b>

Analysis of changes in cash and cash equivalents for the purpose of consolidated statement of cash flows under Ind AS is as below:

Particulars	As at 31 March 2017	As at 1 April 2016
Cash and cash equivalents as per previous GAAP	604.09	370.28
Joint ventures -equity accounting	(36.29)	(9.81)
<b>Cash and cash equivalents for the purpose of statement of cash flows under Ind AS</b>	<b>567.80</b>	<b>360.47</b>

#### m. Provisions

Under Indian GAAP, proposed dividend including dividend tax are recognised in the period to which it relate, irrespective of when they are declared. In Ind AS, proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by the shareholders in the general meeting). In case of the company, the declaration of dividend occurs after period end. Therefore the liability recorded for dividend as at 1 April 2016 has been derecognized against retained earnings as on 1 April 2016.

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Provisions	-	(362.00)
Related tax impact	-	-
<b>Adjustment to retained earnings</b>	<b>-</b>	<b>(362.00)</b>

#### n. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### o. Foreign currency translation

Under Indian GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Under Ind AS, Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2016.

#### p. Other comprehensive income

Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income includes remeasurement of defined benefit plans. Hence, Indian GAAP profit or loss to profit is reconciled to total comprehensive income as per Ind AS.

#### q. Non-controlling interest

Under previous GAAP, non-controlling interest were presented in the consolidated balance sheet separately (as minority interest) from the equity and liabilities. Under Ind AS non-controlling interest are presented in the consolidated balance sheet within total equity, separately from the equity attributable to the owners of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 41. Explanation of the transition to Ind AS (contd..)

Balance Sheet	As at 31 March 2017	As at 1 April 2016
Total equity	222.80	184.83
Changes in non-controlling interest (minority interest)	(1.29)	9.03
Non-controlling interest (Minority interest)	221.51	193.86
<b>Adjustment to retained earnings</b>	<b>-</b>	<b>-</b>

#### r. Excise duty

Under Indian GAAP, revenue from sale of goods was presented as net of excise duty. However, under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased by ₹13,621.12 lacs with a corresponding increase in Excise Duty expense.

#### s. Impact of Ind AS adoption on Consolidated Statement of Cash flows for the year ended 31 March 2017:

Particulars	Amount as per IGAAP	Effect of transition to Ind AS	Amount as per Ind AS
Net cash flow from operating activities	9,255.68	229.08	9,484.76
Net cash flow from investing activities	(10,497.40)	(154.40)	(10,651.80)
Net cash flow from financing activities	1,475.52	(101.14)	1,374.38
Net increase/(decrease) in cash and cash equivalents during the year	233.80	(26.46)	207.34
Cash and cash equivalents at 1 April 2016	370.28	(9.80)	360.48
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>604.08</b>	<b>(36.26)</b>	<b>567.82</b>

#### t. Retained earnings:

The effect of above changes (decreased)/increased on total equity is as follows:

#### Reconciliation of total equity

	31-Mar-17	1-Apr-16
<b>Total equity (shareholder's fund) as per previous GAAP</b>	<b>25,017.97</b>	<b>22,213.15</b>
<b>Adjustments:</b>		
Ind AS impact of previous year carried forward	(47.37)	-
Government grant	6.00	(9.00)
Proposed dividend and tax	(362.59)	362.59
Security deposit discounting	18.37	(5.30)
Derecognition of share issue expenses	291.48	(291.48)
Finance lease obligation	(0.44)	(0.41)
Reversal of rent on finance lease obligation	0.25	-
Depreciation on leasehold land till transition date	(0.03)	-
Amortisation of prepaid rent	(16.40)	-
Reversal of goodwill amortization	152.33	-
Impact on fair valuation of investments, net	28.33	(72.60)
Measurement of loan at amortised cost	(0.80)	14.14
Recognition of MTM gain / (loss) on derivative	(124.21)	150.76
Net effect of equity accounting of joint ventures	50.13	(41.27)
Deferred tax adjustment on transitional entries	83.88	(154.79)
<b>Total adjustments</b>	<b>78.93</b>	<b>(47.36)</b>
<b>Total equity as per Ind AS</b>	<b>25,096.90</b>	<b>22,165.79</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**42. Interest in Joint venture**

The Group has a 50% interest in Sandhar Hang Sung Technologies Private Limited., Sandhar Eco Green Energy Private Limited, Sandhar Amkin Industries Private Limited, Jinyoung Sandhar Mechatronics Private Limited and Indo Toolings Private Limited, joint venture entities are involved in manufacturing of the group's main automotive products in India.

The Group's interest in Sandhar Hang Sung Technologies Private Limited., Sandhar Ecco Green Energy Private Limited, Sandhar Amkin Industries Private Limited, Jinyoung Sandhar Mechatronics Private Limited and Indo Toolings Private Limited is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of investment in consolidated financial statements are set out below :

Sandhar Ecco Green Energy Private Limited.

Summarised balance sheet as at 31 March, 2018:

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	186.96	256.62	443.95
Non-Current assets	42.36	34.92	17.54
Current Liabilities	16.12	23.66	163.74
Non-current liabilities	-	6.84	0.31
Equity	213.20	261.04	297.44
Proportion of the group's ownership	106.60	130.52	148.72

**Summarised Statement of profit & loss of Sandhar Ecco Green Energy Private Limited:**

Particulars	31 March 2018	31 March 2017
Revenue	638.09	438.53
Other incomes	11.51	3.86
Cost of Raw Material & Component Consumed	540.20	323.96
Employee Benefits Expense	88.03	76.91
Finance Costs	-	0.14
Depreciation and Amortization Expense	5.01	4.05
Other Expenses	77.29	79.81
Profit Before Tax	(60.93)	(42.48)
Income tax expense	(13.09)	(7.95)
Profit for the year (continuing operations)	(47.84)	(34.53)
Other comprehensive income for the year, net of tax	-	(1.88)
Total Comprehensive income for the year (continuing operations)	(47.84)	(36.41)
Group's share of profit for the year	(23.92)	(18.21)

**Sandhar Han Sung Technologies Private Limited**

Summarised balance sheet as at 31 March, 2018 :

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	662.36	278.13	153.25
Non-Current assets	1,462.77	731.55	426.95
Current Liabilities	907.90	204.94	85.95
Non-current liabilities	86.33	16.29	7.95
Equity	1,130.90	788.45	486.30
Proportion of the group's ownership	565.45	394.23	243.15



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Interest in Joint venture (contd..)

#### Summarised Statement of profit & loss

Particulars	31 March 2018	31 March 2017
Revenue	605.12	343.17
Other incomes	1.98	1.58
Cost of Raw Material & Component Consumed	349.10	202.42
Employee Benefits Expense	188.12	149.92
Finance Costs	5.01	0.39
Depreciation and Amortization Expense	64.82	36.43
Other Expenses	286.05	172.27
Profit Before Tax	(286.00)	(216.68)
Income tax expense	120.92	(60.93)
Profit for the year (continuing operations)	(406.93)	(155.75)
Other comprehensive income for the year, net of tax	0.87	(0.16)
Total Comprehensive income for the year (continuing operations)	(406.05)	(155.91)
Group's share of profit for the year	(203.03)	(77.96)

#### Indo Toolings Private Limited

##### Summarised balance sheet as at 31 March, 2018 :

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	1322.36	1,795.35	1126.79
Non-Current assets	673.72	685.84	682.93
Current Liabilities	1,201.11	1,533.44	965.17
Non-current liabilities	856.15	784.81	712.31
Equity	(61.18)	162.94	132.24
Proportion of the group's ownership	(30.59)	81.47	66.12

#### Summarised Statement of profit & loss

Particulars	31 March 2018	31 March 2017
Revenue	2,209.02	3,112.98
Other incomes	57.23	54.33
Cost of Raw Material & Component Consumed	922.74	1,471.69
Employee Benefits Expense	559.82	517.03
Finance Costs	98.09	89.89
Depreciation and Amortization Expense	15.80	19.27
Other Expenses	894.37	1,038.84
Profit Before Tax	(224.59)	30.59
Income tax expense	0.67	(0.86)
Profit for the year (continuing operations)	(225.24)	31.45
Other comprehensive income for the year, net of tax	1.12	(0.75)
Total Comprehensive income for the year (continuing operations)	(224.12)	30.70
Group's share of profit for the year	(112.06)	15.35

#### Sandhar Amkin Industries Private Limited

##### Summarised balance sheet as at 31 March, 2018 :

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	151.41	-	-
Non-Current assets	73.18	-	-
Current Liabilities	13.15	-	-
Non-current liabilities	-	-	-
Equity	211.44	-	-
Proportion of the group's ownership	105.72	-	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

**42. Interest in Joint venture (contd..)****Summarised Statement of profit & loss**

Particulars	31 March 2018	31 March 2017
Revenue	-	-
Other incomes	0.22	-
Cost of Raw Material & Component Consumed	-	-
Employee Benefits Expense	8.37	-
Finance Costs	0.01	-
Depreciation and Amortization Expense	-	-
Other Expenses	16.84	-
Profit Before Tax	(25.00)	-
Income tax expense	(6.44)	-
Profit for the year (continuing operations)	(18.56)	-
Other comprehensive income for the year, net of tax	-	-
Total Comprehensive income for the year (continuing operations)	(18.56)	-
Group's share of profit for the year	(9.28)	-

**Jinyoung Sandhar Mechatronics Private Limited****Summarised balance sheet as at 31 March, 2018**

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	730.41	-	-
Non-Current assets	775.94	-	-
Current Liabilities	677.60	-	-
Non-current liabilities	21.22	-	-
Equity	807.53	-	-
Proportion of the group's ownership	403.77	-	-

**Summarised Statement of profit & loss**

Particulars	31 March 2018	31 March 2017
Revenue	763.75	-
Other incomes	3.42	-
Cost of Raw Material & Component Consumed	826.69	-
Employee Benefits Expense	126.96	-
Finance Costs	0.28	-
Depreciation and Amortization Expense	17.93	-
Other Expenses	125.71	-
Profit Before Tax	(330.41)	-
Income tax expense	-	-
Profit for the year (continuing operations)	(330.40)	-
Other comprehensive income for the year, net of tax	-	-
Total Comprehensive income for the year (continuing operations)	(330.40)	-
Group's share of profit for the year	(165.20)	-

**Sandhar Daewha Automotive Systems Private Limited****Summarised balance sheet as at 31 March, 2018 :**

Particulars	31 March 2018	31 March 2017	1 April 2016
Current assets	281.76	-	-
Non-Current assets	526.01	-	-
Current Liabilities	28.27	-	-
Non-current liabilities	4.38	-	-
Equity	775.12	-	-
Proportion of the group's ownership	387.56	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 42. Interest in Joint venture (contd..)

#### Summarised Statement of profit & loss

Particulars	31 March 2018	31 March 2017
Revenue	-	-
Other incomes	5.13	-
Cost of Raw Material & Component Consumed	-	-
Employee Benefits Expense	13.99	-
Finance Costs	-	-
Depreciation and Amortization Expense	-	-
Other Expenses	39.92	-
Profit Before Tax	(48.78)	-
Income tax expense	12.53	-
Profit for the year (continuing operations)	(36.25)	-
Other comprehensive income for the year, net of tax	-	-
Total Comprehensive income for the year (continuing operations)	(36.25)	-
Group's share of profit for the year	(18.13)	-

The Group had no contingent liabilities or capital commitment relating to its interest in Sandhar Hang Sung Technologies Private Limited., Sandhar Ecco Green Energy Private Limited, Sandhar Amkin Industries Private Limited, Jinyoung Sandhar Mechatronics Private Limited and Indo Toolings Private Limited as at March 31, 2018 & 2017 and April 01, 2016.

All the Joint Ventures companies cannot distribute its profits until obtains the consent from the two venture partners.

### 43. Research & Development (R & D) Expenses

The Company has incurred following expenditure on its Research and Development center at Gurgaon approved and recognised by the Ministry of Science & Technology, Government of India.

#### a. Capital Expenditure

Particulars	31 March 2018	31 March 2017	1 April 2016
Capital expenditure	11.54	2.23	27.65

#### b. Revenue Expenditure

Particulars	31 March 2018	31 March 2017	1 April 2016
Employee benefits expenses	373.89	248.44	195.75
Power & Fuel	4.40	3.13	9.38
Repair & maintenance	19.24	26.53	24.74
Vehicle Lease Rent	-	2.60	7.80
Travelling & conveyance	11.83	8.78	11.11
Legal & professional charges	12.81	18.42	51.44
Miscellaneous expenses	27.82	94.20	36.38
<b>Total</b>	<b>449.99*</b>	<b>402.10</b>	<b>336.60</b>

\*This includes amount of ₹26.82 which is not allowed as deduction under section 35(2AB) of Income Tax Act 1961 as R&D Expenditure.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2018

(Rupees in lacs, except share data, per share data and unless otherwise stated)

### 44. Disclosure of additional information as required by the Schedule III

Name of the entity	2017-18							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	Amount (in ₹)	As % of consolidated profit or loss	Amount (in ₹)	As % of consolidated profit or loss	Amount (in ₹)	As % of consolidated profit or loss	Amount (in ₹)
<b>Parent</b>								
Sandhar Technologies Limited	94.30%	59,811.92	104.16%	6,772.54	(127.42%)	(58.57)	102.53%	6,713.97
<b>Indian Subsidiaries of Sandhar Technologies Ltd.</b>								
Sandhar Tooling Pvt Ltd	1.72%	1,092.92	4.55%	295.98	5.37%	2.47	4.56%	298.44
Sandhar Strategic Systems Private Limited	-	0.66	0.00%	(0.24)	-	-	0.00%	(0.24)
Minority interest in Sandhar Tooling Pvt Ltd.	(0.45%)	(282.63)	(0.92%)	(59.84)	(1.08%)	(0.50)	(0.92%)	(60.33)
<b>Foreign subsidiaries of Sandhar Technologies Ltd.</b>								
Sandhar Technologies Barcelona, SL	5.26%	3,334.10	0.40%	26.23	220.96%	101.56	1.95%	127.80
PT Sandhar Indonesia	-	-	-	-	-	-	-	-
Sandhar Euro Holding B.V.	-	-	-	-	-	-	-	-
<b>Joint ventures</b>								
Indo Toolings Private Limited	0.41%	258.18	(1.73%)	(112.62)	1.22%	0.56	(1.71%)	(112.06)
Jinyoung Sandhar Mechatronics Private Limited	0.64%	403.77	(2.54%)	(165.20)	-	-	(2.52%)	(165.20)
Sandhar Amkin Industries Private Limited	0.05%	30.72	(0.14%)	(9.28)	-	-	(0.14%)	(9.28)
Sandhar Daewha Automotive Systems Private Limited	0.61%	387.56	(0.28%)	(18.12)	-	-	(0.28%)	(18.12)
Sandhar Ecco Green Energy Private Limited	0.27%	172.84	(0.37%)	(23.91)	-	-	(0.37%)	(23.91)
Sandhar Han Sung Technologies Private Limited	0.89%	565.62	(3.13%)	(203.46)	0.95%	0.44	(3.10%)	(203.03)
Less: Cost of investment in joint ventures	(3.71%)	(2,351.26)	-	-	-	-	-	-
Consolidated Net Assets/ Profit after tax	100.00%	63,424.40	100.00%	6,502.08	100.00%	45.96	100.00%	6,548.04

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration number 101248W/W-100022

**Shashank Agarwal**  
Partner  
Membership No.095109

For and on behalf of the Board of Directors of  
**Sandhar Technologies Limited**

**D.N. Davar**  
Chairman  
DIN:00002008

**Jayant Davar**  
Co-Chairman and  
Managing Director  
DIN:00100801

**Arvind Joshi**  
Whole-time Director, Chief  
Financial Officer & Company Secretary  
DIN:01877905

**K.L. Chugh**  
Non-Executive,  
Independent Director  
DIN:00140124

**Ravinder Nagpal**  
Non-Executive,  
Independent Director  
DIN:00102970

**Arjun Sharma**  
Non-Executive,  
Independent Director  
DIN:00003306

**Monica Davar**  
Non-Executive,  
Non-Independent Director  
DIN:00100875

**M.L. Bhagat**  
Non-Executive,  
Independent Director  
DIN:00699750

**Arvind Kapur**  
Non-Executive,  
Independent Director  
DIN:00096308

**Gaurav Dalmia**  
Non-Executive,  
Independent Director  
DIN:00009639

Place: Gurugram  
Date: 26 May 2018

Place: Gurugram  
Date: 26 May 2018

## NOTES



**SANDHAR**  
Growth. Motivation. Better Life

**Sandhar Technologies Limited**

B-6/20 L.S.C. Safdarjung Enclave, New Delhi-110029

CIN: L74999DL1987PLC029553

[www.sandhar.co.in](http://www.sandhar.co.in)