



ANNUAL REPORT
2019-20



Cooling the Planet



VISION

We aim to provide comfort by adopting new & innovative technologies, while striving to make the planet a better place.



CORE VALUES

Respect

- Respect for individual irrespective of level
- Respect for all stakeholders

Passion & Commitment

- Inspired minds
- Drive Excellence
- Keeping Promises

Trust

- Integrity - Personal & Professional
- Transparency

Team work

- Shared Purpose
- Collaborative Action
- Joy & Happiness at the Workplace

WHAT'S INSIDE

1 CORPORATE OVERVIEW

02-13

Corporate Information.....	03
Chairman's Message.....	04
Managing Director's Message.....	05
Company Update.....	06

2 STATUTORY REPORTS

14-47

Management Discussion and Analysis.....	14
Directors' Report.....	19
Corporate Governance Report.....	30
Business Responsibility Report	42

3 FINANCIAL STATEMENTS

48-166

Standalone Financial Statements.....	48
Consolidated Financial Statements.....	107



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In this annual report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated performance/results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and realization of assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

Our Board



Front row - Dr. Jyotsna Suri, Mr. Y Iida, Mr. Ramesh Suri, Mr. K Ayukawa, Mr. G.N. Mehra

Back row - Mr. M.A.Pathan, Mr. Shailendra Swarup, Ms. Shradha Suri, Mr. Arvind Kapur, Mrs. Meena Sethi, Mr. K .R. Ramamoorthy, Mr. Toshihiro Saida

Top Management



Sitting left to right - Mr. Y P Negi, Mr. T Murayama, Mr. M K Sethi, Mr. Ramesh Suri, Ms. Shradha Suri, Mr. P K Duggal, Mr. D Srini and Mr. A K Jaiswal

Standing left to right - Mr. D Savio, Mr. P K Yadav, and Mr. A Parashar

Corporate Information

Board of Directors

1. Mr. Ramesh Suri
Chairman
2. Dr. Jyotsna Suri
3. Ms. Shradha Suri
Managing Director
4. Mr Y. Iida
(Representative of DENSO Corporation, Japan)

Mr. Fumitaka Taki
(Alternate Director to Mr. Y. Iida)
5. Mr. K. Ayukawa
(Representative of Suzuki Motor Corporation, Japan)
6. Mr. Toshihiro Saida
(Representative of DENSO Corporation, Japan)
7. Mr. G.N. Mehra
I.A.S. (Retd.)
8. Mr. Shailendra Swarup
9. Mr. K.R. Ramamoorthy
10. Mrs. Meena Sethi
11. Mr. M A Pathan
12. Mr. Arvind Kapur

EVP (Finance) & CFO

Manoj K. Sethi

Company Secretary

Rakesh Arora

Main Bankers

HDFC Bank

Regd. Office

Subros Limited
(CIN:- L74899DL1985PLC020134)
LGF, World Trade Centre,
Barakhamba Lane,
New Delhi 110 001
Phone No: 011-23414946 - 49
Fax: 011-23414945
Website: www.subros.com

Statutory Auditors

Price Waterhouse Chartered Accountants LLP
Building No. 8, 7-8 Floor,
Tower B, DLF Cyber City
Gurugram 122002

Cost Auditors

M/s. Chandra Wadhwa & Co.,
Cost Accountants
1305-1306, Vijaya Building
17, Barakhamba Road
New Delhi - 110001

Secretarial Auditor

RSM & Co.
Company Secretaries
2E/207, Caxton House
Jhandewalan Extension
New Delhi - 110055

Registrar & Transfer Agent

MCS Share Transfer Agent Ltd
F 65, Okhla Industrial Estate, Phase-I,
New Delhi - 110020
Email: admin@mcsregistrars.com

Works

1) Central Works

B-188, Phase-II, Noida P.O. N.E.P.Z.,
Distt. Gautam Budh Nagar (U.P.)

2) Subros Technical Centre

C-51, Phase-II, Noida, P.O. N.E.P.Z.,
Distt. Gautam Budh Nagar (U.P.)

3) Subros Tool Engineering Centre

A-16, Sector 68, Noida (U.P.)

4) Die Casting Plant

B-216, Phase-II, Noida 201304
Distt. Gautam Budh Nagar (U.P.)

5) Manesar Plant

Plot No.395/396 & 403, Sec-8, IMT
Manesar, Dist. Gurgaon (Haryana)

6) Pune Plant

Plot No.B-8 & 9, MIDC Indl. Area,
Chakan, Pune (Maharashtra)

7) Chennai Plant

A-20/1, SIPCOT Industrial Growth Centre
Oragadam, Chennai (Tamil Nadu)

8) Sanand Plant

E-1, TML Vendor Park, Sanand (Gujarat)

9) Karsanpura Plant

Village Karsanpura, Taluka Mandal,
Distt. Ahmedabad (Gujarat)

10) Nalagarh (Himachal) Plant - upcoming

District Baddi, Himachal Pradesh

From the desk of the Chairman

Dear Shareholders,

It's my privilege to present the 35th Annual Report for the year 2019-20. Your unflinching faith and continuous support is a source of great motivation to all of us at Subros.

2019-20 turned out to be a historic year at Subros. This year, we have not only faced numerous ups and downs, but have experienced the unexpected extreme. The last quarter of the fiscal year was marked with escalating global trade tension, and pandemic effect, which resulted in a decline in sentiment. It rippled a weakening economy not only in India, but all over the world. This, coupled with already prevailing BS-VI changeover norms, affected the automobile industry too; automobile industry growth in the last quarter was significantly hampered.

The waves of these rapid changes were also felt at Subros. The Company registered negative growth during this year. Subros is working closely with all our esteemed customers to chalk out a path for recovery and we expect reclamation to pre-COVID-19 levels in the latter part of FY 2020-21.

The short-term growth prospects in automobile sector were not very conducive for Subros. The automobile industry, once considered a luxury, is now a necessity; people want to have independent conveyance whether it is a small car or a two wheeler. Looking at increasing demand and customer projections, we had invested in capacity expansion and inaugurated our new plant in Karsanpura, Gujarat this year.

The Company had already put in place comprehensive risk management strategies. COVID-19 has gripped economies, putting a dent on global growth. While the effects are still hard to predict at this juncture, the influence of the virus outbreak is widely felt. While we expect some impact arising from the outbreak on the Company, we remain confident in our business model and proven track record that will weather us through these uncertain times. Built on strong foundations, Subros has remained profitable since inception, and has withstood some crisis in the past.

We are working on newer technologies to provide solutions for next-generation vehicles, be it Electric or BS-VI vehicles. We are also investing in skill development to equip the Company with trained manpower to meet requirements of the future.

In conclusion, 2019-20, raised the performance bar on all fronts at Subros. Our success, without doubt, is owed to the committed



management, employees, and the enthusiastic support of our customers and partners. I would like to acknowledge every member of the Subros team and hope they will continue to excel undeterred in their endeavours.

I would like to acknowledge the resolute faith and support of our customers, partners (Suzuki Motor Corporation, Japan & DENSO Corporation, Japan), shareholders, dealers, suppliers, and financial institutions, who have been with us on this journey.

I would extend my deepest gratitude and hope to see our Company grow stronger bonds with all our stakeholders.

Before I conclude, I would say a few words in Urdu and express my feelings –

ये जलजले ऊँची दीवारों को गिरा सकते हैं, मैं बुनियाद का पत्थर हूँ, मुझे खौफ नहीं।।

(These earthquakes can knock down high walls, I am the foundation stone, I have no fear.)

Let us stay united and fight with the challenges together.

Thank you

Ramesh Suri
Chairman

From the desk of the Managing Director

Dear Shareholders,

It is an honour to present you an update on Subros and our performance in 2019-20.

The year gone by has been extremely challenging, yet, transformational. We started the year with a lot of uncertainty, as the sector was due to implement a major regulatory change. We were migrating from BS IV to BS VI in a record time of 18 months. To the credit of industry, the entire value chain prepared itself and was ready to transition even though it would impact the sectors sales in the short run.

The last fortnight of the financial year saw us, along with the entire country, hit by the Global Pandemic (COVID-19). We are still reeling under the unprecedented impact and devastation that it has caused in terms of both human life, as well as economic activity.

Due to the Pandemic and the subsequent lockdown, the sales of Q4 were hit, as the last quarter is usually the best one in terms of sales for our sector. The Industry de-grew by 18% in 2019-20 and Subros also showed negative growth of 6.20 %. We have fared better than the industry due to our diversification into the residential and commercial thermal application (RCCP) from Nalagarh. We have also started our operations and commenced supplies from our Karsanpura plant in Gujarat for our customers in the region. The Company saw an extraordinary gain in income due to the final insurance proceeds that came in against our claim in reference to the fire incident at our Manesar Plant in 2016.

The financial results of the Company have been better than market average and expectation, the Company was able to sustain its operational profits at 4.14% despite the drop in sales. This was largely possible due to improved operational efficiencies and material cost reduction done due to an aggressive value engineering drive and localisation. The Company has declared a profit (PBT) of 6.21%. Subros is also on track with its long-term plan to minimize debt, and we were able to reduce debt substantially in the year. Conserving cash and being prudent about investment has enabled us to sustain through tough times including the adverse circumstances we are facing at the moment.

The pandemic and its aftermath have taught us that technology is a pivotal ally to business, and we have been very quickly able to use this ally to become leaner and more effective. Due to the use of technology, we were able to successfully and smoothly move on to a work from home platform with no impact on operations or people efficiency. We are now using this to improve our effectiveness and also re-engineer and restructure costs. Needless to say, the health, safety, and well being of our people is of highest priority, and we have taken every measure to ensure that they are safe and secure.

We continued our CSR program in line with our Vision and Core Values. Our teams worked tirelessly with the schools that we have adopted for underprivileged children, we are proud to say that we were able to get a high and consistent attendance of children throughout the year. We worked on their academic curriculum, as well as their physical and mental wellness. We also engaged the vocational school that we were running for women and were able to make masks and PPE that were then supplied not only for our internal consumption, but also given to the local administration, the police, and health departments. Our teams were working closely with the customer in production of basic ventilator machines needed by the government.



The year ahead (2020-21) is one of the most challenging in the history of Subros, the Global Pandemic's impact on the country, the sector, and the Company is unprecedented. Economic activity in the country was at a complete halt for all of Q1 and the impact continues in Q2. The silver lining is that we are expecting a bounce back based on global trends and also the streaks of hope that we are seeing at the moment. We aim to come out of this in a stable and steady manner whilst trying to minimize the impact.

In this current environment of economic apprehension and fear, Subros stands by its Vision of 'Cooling the Planet'. We strive to provide technology products for comfort of users and create value for all stake holders. Our investments, our empathy, and our pledge are to make our customers and employees feel valued. This is aptly reciprocated with unparalleled levels of energy and commitment to our organizational objectives. We are also doing work on reducing carbon footprint and have started to migrate to alternate forms of energy like solar for power generation across all our plants.

Before I conclude, I extend heartfelt gratitude to all our customers for their trust and support. I am grateful to our partners, Suzuki Motors Corporation, and DENSO Corporation, Japan. A special thank you to Maruti Suzuki India Limited and Suzuki Motor Gujarat for believing in us and standing by us in very trying times. I would also like to thank our supply partners, bankers, and insurance partners for their assistance and unwavering cooperation. I thank our Board for their valuable guidance. And, thank all our shareholders for their continued interest and unremitting belief in this Company. Most importantly my heartfelt gratitude to every member of Team Subros for their unprecedented belief in the Company and selflessly working to bring the Company back to normalcy.

We, at Subros, do believe that it will get better and together our nation will emerge stronger.

Stay safe and healthy

Warm Regards

Shradha Suri
Managing Director

Subros at a Glance

Subros is a leading supplier of Thermal Systems in India. Established in 1985, the company is engaged in the design, manufacturing and supplying of high quality products to all major auto makers in the passenger and commercial vehicle space covering Railways and Home A/C applications.

Subros is a listed company and is a joint venture between Suri Group, Denso Corporation Japan and Suzuki Motor Corporation Japan. Denso is also the company's technology partner and is a leading global supplier of advanced automotive technology systems and components in the auto arena.

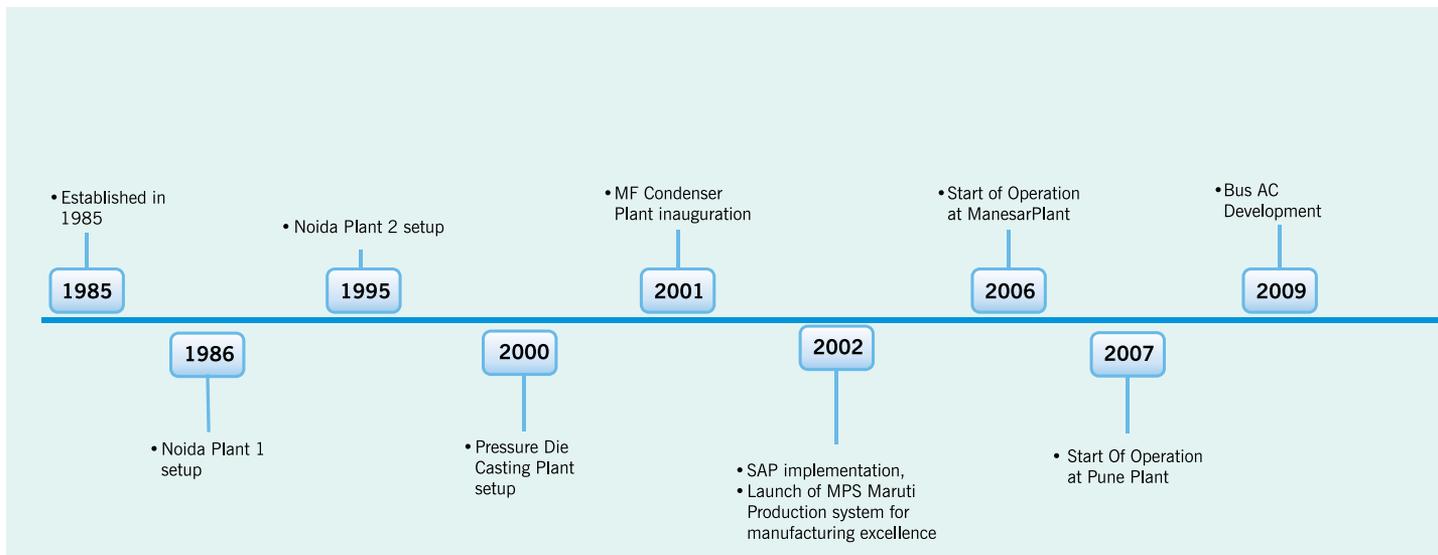
Our Customers



Performance



Subros History



Subros Milestone and Awards

Year	Milestone	Award/Certification
2019-20	<ul style="list-style-type: none"> - Bus AC Electric Kit Developed - Electric Kit for Railway AC Developed - Inauguration of Karsanpura Plant 	<ul style="list-style-type: none"> - MSIL Awards - Overall Excellence - MSIL Awards - Inner part localisation, - MSIL Awards - Vendor system audit rating - M&M SBCB 2.0 program - Bronze recognition - TML –Lucknow Recognition for delivery support in 2018-19 - CII - First Place in Quality Improvement Category - BEE (Govt. of India, Ministry of Power) - National Energy Conservation Award by Bureau of Energy Efficiency - ACMA Award - Winner Poka- Yoke and SMED competition - CII Quality Circle Competition - Winner
2018-19	<ul style="list-style-type: none"> - Introduction of Rotary Vane Compressor - Introduction of Residential and Commercial Cooling Products 	<ul style="list-style-type: none"> - MSIL Awards - Overall Excellence - MSIL Awards - Vendor System Audit - MSIL Awards - Inner Parts Localization - Best Organisation in UP State for providing highest employment to Diploma Apprentices. - ACMA Gold - Consistent Performing Company - ACMA Gold - Excellence in Health, Safety & Environment - ACMA Gold - Manufacturing Excellence - ACMA Gold - Excellence in Quality & Productivity - ACMA Silver - Excellence in Human Resource
2017-18	<ul style="list-style-type: none"> - Introduction of new product - Truck Blower system - Introduction of new Customer SML ISUZU, Bombardier, Medha Ashok Leyland, ICF, Mahindra Truck & Bus Division 	<ul style="list-style-type: none"> - ACMA Award - 6th time for Process Innovation - ACMA Awards - 2nd Time for HR Excellence - ACMA - 3rd time for Excellence in Technology- product innovation. - ACMA awards for Excellence in Supplier development - Best Debutant' Award from Ashok Leyland for Outstanding Support at the Supplier Summit organised by Ashok leyland - TCM - 2nd times CII Level V^o ranking. - National Energy Conservation Award. - India Automotive Supply Chain Excellence Award 2017 by Forest & Solven - Merit Award in International safety from British safety council - Supplier Business Capability Building from M&M



Maruti Excellence Award



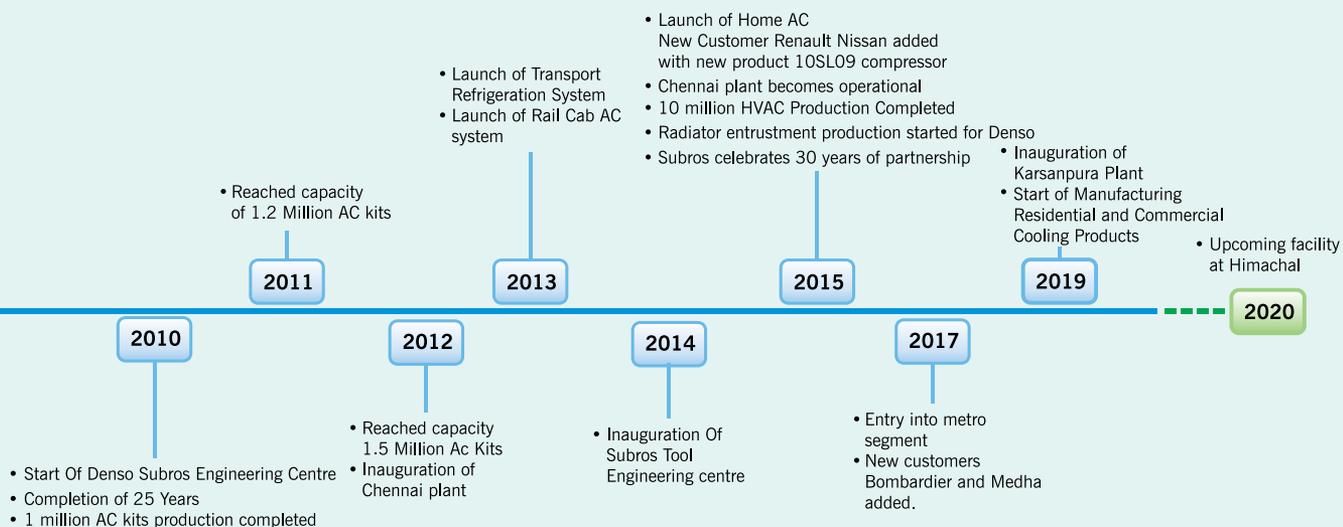
Chennai External Kaizen Competition - ACMA



Silver AWARD at International Convention on Quality Control Circles (ICQCC -2019) held at the Hotel Keio Plaza, Shinagawa, Tokyo, Japan



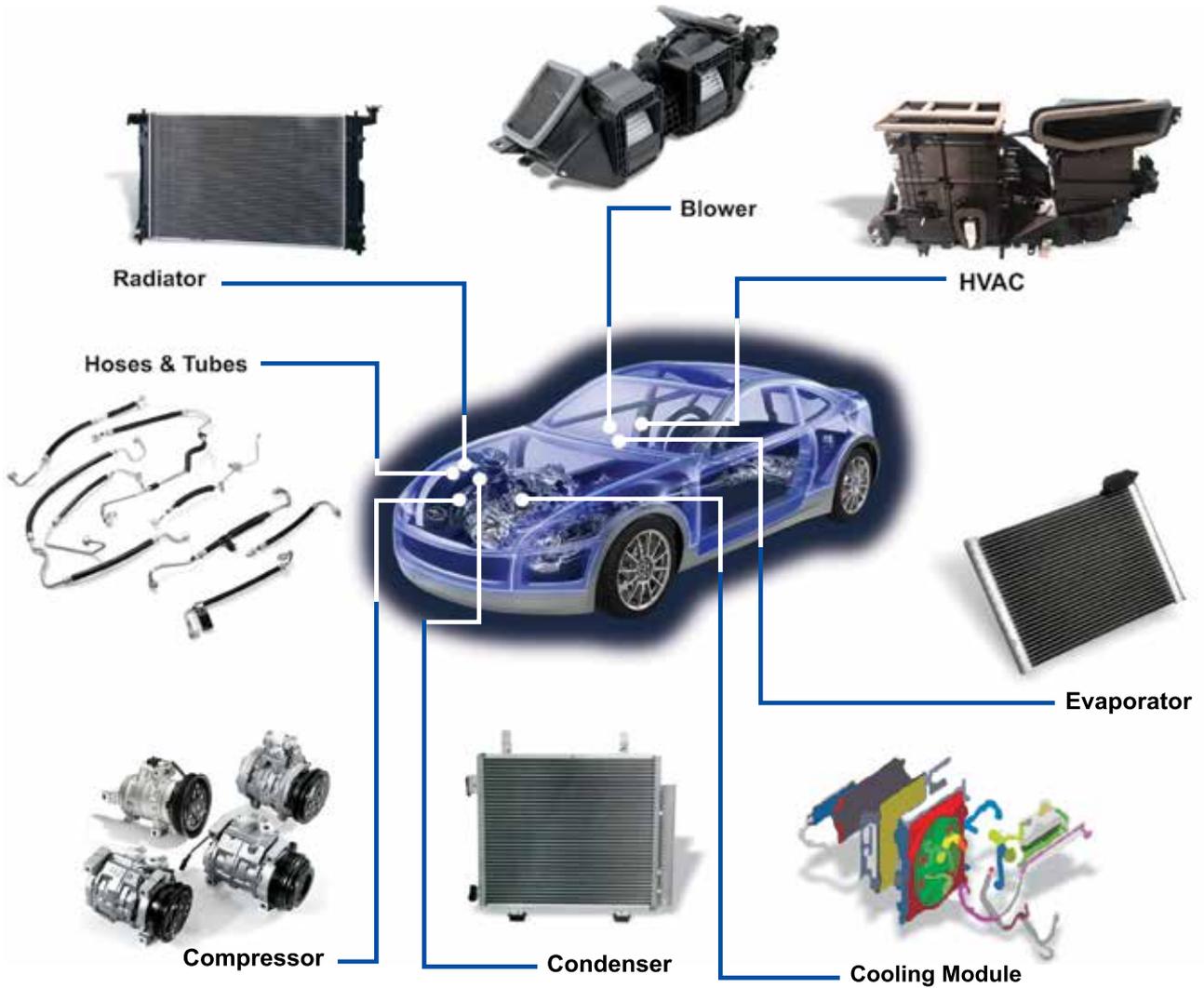
Seven Gold and One Silver at Kaizen Conclave - QCFI - Delhi Chapter 2019



Product Range

Passenger Vehicle AC

The Company manufactures compressors, HVACs, piping's and heat exchangers to suit various vehicle configurations. Our products are reinforced by the technological expertise of our JV partner Denso who are the world leaders in their domain.



Car Air-conditioning and Engine Cooling Parts

Railway AC

Subros has made its foray into Indian Railways with the development of import substitute for driver cabin AC for diesel locomotives



Commercial Vehicle - Bus AC

Subros provides a complete range of Bus Air conditioners & Transport Refrigeration Solutions. The complete range of Subros Air conditioners ranging from 4 KW to 36 KW capacities is suitable for ambulances and buses (4m to 12m). High cooling performance and air flow volume have been achieved by the introduction of highly efficient evaporator and

condenser, and lowering air flow resistance. Fuel saving has been achieved by increased refrigeration cycle efficiency with the introduction of new multi-flow condensers. All Subros ACs use environment friendly R-134a refrigerant.



Transport Refrigeration System

Our complete range of Transport refrigeration solutions is suitable for storage volume up to 50cu.m. Subros is the only company offering integrated solution consisting of Refrigeration Kit and the insulated container.

Residential and Commercial Cooling Products

Subros has developed condenser for outdoor units and is supplying to customers. We are also in process of developing full outdoor unit and components for indoor unit.



Our Presence - Facility & Product Details

S. No.	Manufacturing Units	Address	Year of Establishment	Products
1	Noida 1	B- 188, Noida Phase-II, Dist Gautam Budh Nagar, Noida - 201304, UP, Tel: +91 0120-2562226, 2460135.	1995	Compressor, Compressor Clutch Assembly, Condenser Core Condenser Assembly, Injection Molding, Evaporator Heater Core, Radiator (ECM)
2	Noida 2	B -216, Phase-II, Noida - 201304, Distt: Gautam Budh Nagar (U.P.), Tel: +91 0120 2562226, 2460135	2000	Pressure & Squeeze Die Casting components, Press Shop - Sheet metal parts
3	Noida 3	C-51, Phase-II, Noida-201304, Distt: Gautam Budh Nagar (U.P.)	1986	Design Centre
4	Noida 4	A-16, Sector- 68 Noida - 201301. Distt: Gautam Budh Nagar (U.P.)	2004	Die casting tools, Sheet metal tools, Moulds, Dies, Press Tools
5	Manesar 1	Plot No. 395-396, Sector-8, Phase-III, IMT Manesar, Gurgaon - 122 050, Tel.: +91 - 124 - 2291764	2006	Compressor Clutch Assembly, Condenser Core Condenser Assembly, Hose/Tube HVAC Assembly, Injection Molding
6	Manesar 2	Plant 2 Plot No -403, Sector -8, Phase-II, IMT Manesar, Gurgaon	2016	HVAC Assembly, Radiator (ECM)
7	Pune	B-8 & 9, MIDC-Chakan Ind. Area, Chakan - Talegaon Road, Chakan, Pune - 410 501, Tel.: +91 - 2135 663131	2007	Condenser Assembly, Hose/Tube HVAC Assembly, Injection Molding
8	Chennai	A 20/1, SIPCOT Industrial Growth Centre, Oragadam, Sriperumbudur (Taluk), Kancheepuram (District), Chennai - 602 105. Tel.: +91-044-27107565	2012	Condenser Core, Condenser Assembly, Hose/Tube HVAC Assembly
9	Gujarat 1	Sanand- E-1, TML Vendor Park, Sanand, Ahmedabad - 382170	2011	HVAC Assembly, Hose /Tube, Condenser Assembly
10	Gujarat 2	Village Karsanpura, Taluka Mandal, Ahmedabad, Gujarat - 384335	2019	Automotive HVAC, Hose & Tubes, ECM
11	Himachal	Nalagarh, District Baddi, Himachal Pradesh	upcoming 2020	Residential and Commercial air conditioners

Subros Technical Centre and Denso Subros Engineering Centre

Driven by the need to be self-reliant, reduce product development cost and acquire a competitive edge, Subros has invested heavily to augment Research and Development. This comprises the entire cycle of product design, development and validation.

The facility enables virtual prototyping and simulation of various air conditioning components for optimum efficiency in design, space allocation, airflow and cooling under various climatic conditions among other things. The design and analysis facilities include Catia V4 & V5, Unigraphics CAE (NASTRAN) / CFD (Star-CD). In addition, Subros has established a comprehensive validation centre for both component and vehicle testing.

The Company is continuously investing in innovative technologies and has several patents in its name. The main focus behind the design being safety and sustainability Subros also has a separate Joint Venture with Denso called **Denso Subros Technical Engineering Centre (DSEC)** which focuses on application design for thermal products. The centre comprises of an Environment Test Chamber (Wind Tunnel) equipped with test components in temperatures varying from 30 C to +60 C under varying speed and sun load conditions, a Calorimeter (Bench Test Rig) and Vibration Test Machines for component testing. The plant is also suitably enabled to carry out endurance and reliability test with advanced machines like burst test, salt spray chamber test and pulsation test.



Karsanpura Plant

Our modern manufacturing facility, Karasanpura Gujarat is strategically located in close proximity of Suzuki Motors Gujarat Hansalpur Plant in a plot area of 17.0 acre. This plant is equipped with state of the art technologically advanced manufacturing lines. We use special purpose machines for high quality and productivity. The plant also have the best in class safety features.

The production facility will be completed in Phases. In Phase 1 the injection molding facility HVAC line, tube liquid line, ECN line and hose line has been installed. RS evaporator line, condenser facility and radiator facility will be installed in Phase 2 followed by construction of the compressor line in Phase 3.



Subros Tool Engineering Centre (STEC)

The Subros Tool Room (STEC) is a well equipped world-class facility with state-of-the-art machinery such as CNC Machining Centre, Wire EDM, CNC EDM and CNC Lathe along with other conventional tool room machines. This neoteric facility is also endowed with CAD-CAM facility with Unigraphics NX2, which forms the backbone of this design and development centre. Our qualified and experienced team fulfils all internal tooling requirements such as PDC Dies, Injection Moulds, Sheet Metal Tools, Jigs & Fixtures and Gauges. It has strong tool design office and large tool manufacturing setup to address captive tool and mould requirements. With its competence to handle a dies upto 20 tons, STEC is adept at niche tooling to meet specialty tool requirements for imports substitution and exports.



Dojo Centre

DOJO (Skill Development Centre) A Miniature of the manufacturing lines are set up in DOJO for the realization of the basic manufacturing practices. Employees are skilled for their respective shop floor processes before their deployment on the line for meeting QCDD & PQCD SME targets. This kind of training results in to:

- Developing discipline in new/existing employees, orienting them with 5S production methods. Adherence to rules or compliances, as part of DWM, inculcates an overall improvement in the worker's attitude.

- Development training for 5 Human senses (Eyes, Ear, nose, hand & Tongue) is given to new joinees / employees so as to find Variations ie Normal Vs Abnormal, Usual vs Unusual for Consistency of operations.

This leads to the improvement of all Senses of Employee while actual working in his area.

Our DOJO centre is Approved for providing Apprentice Training & certificate thru Govt of India (ASDC - Automative Skill Development Council)

Noida Dojo Centre



Manesar Dojo Centre



Social Responsibilities

Subros is taking the lead in contributing to the sustainable development of society. To contribute to a better world, Subros provide solutions to social issues through its business activities, thus delivering new value to society. The company is using non CFC refrigerant since 2002. We also have an efficient waste recycling plant, rain water harvesting facility and minimal use of paper in the company.

The Company endeavors to integrate social and environmental concerns in its business operations and interactions with all stakeholders in order to achieve a balance of economic, environmental and social imperatives.

Subros CSR initiatives are very well integrated with the govt policies of not only skilling up the rural talent to make them an integral part of the development journey of the country but also enhancing the education level in govt Schools at the primary & junior levels in order to bring the weaker/down-trodden members of the society under the gamut of inclusive development.

Enhancing Level of Education: Subros has adopted four government School in nearby vicinity. The core purpose is to improve the learning in Schools in sync with the prescribed curriculum of the state govt by using modern tools of education & providing a conducive learning environment. Special projects like "Outcome Based learning" & "Bridge the Gap" are successfully running & proving fruitful in achieving the final goals. Modern library, audio-video centres & learning based physical education under the supervision of expert PE teachers & exposure trips are some of the initiatives worth highlighting.

Skill up to Bring Financial Independence: Subros is running successfully Tailoring

School in nearby village to empowering the women by providing them skill up opportunities & placement facilities. As an outcome of this skill up initiative, not only many of the women have been placed in the nearby export houses/textile industries but some of them have started their own shops/boutiques also thus generating employment opportunities for others also.

Social Initiatives: Subros has partnered with leading NGOs in order to serve the society at a micro level. One of the NGO partner is working on the welfare of the old age people, abandoned people, sick people & disposal of unclaimed bodies. Another NGO partner is working with inmates, under-trials & kids of female inmates (up to 6 yrs of age) to make them skilled & reintegrate with the mainstream.

Environmental Initiatives: Subros is playing a key role in preserving mother nature. Our philosophy is based around our core purpose of "Cooling the Planet". Subros is not only focusing on the plantation across all the locations & usage of environment friendly technologies but also concerned about the measurement & reduction of emission of carbon footprints. We have done an in-depth carbon footprint measurement study & are committed to bring a considerable reduction by taking up various projects to effectively achieve environmental goals.

Health & Social Well Being: As our commitment to bring Health & Social well being, Subros carryout numerous activities across locations. Health Checkup camps, Blood donation camps & Marathon are some of the note worthy activities that are a regular feature of our CSR kitty. Promotion of Paralympic sports is another area Subros is focusing upon.



Blood Donation Camp on Founder's Day



Enhancing Level of Education - Syllabus Related Paintings, Setting up of Library, Physical Education and Promoting Paralympic Sports



Skill up to Bring Financial Independence - Certificate Distribution & Placement Drive

Management Discussion and Analysis

1. Industry Outlook

We are going through unprecedented times. The Indian auto industry has witnessed unusual performance across all segments in FY 2019-20. The segment has been facing a prolonged slowdown with buyer sentiments at an all-time low. The COVID-19 pandemic and subsequent lockdowns at the tail-end of the financial year only compounded the grave situation.

In the just-concluded fiscal year, India's Passenger Vehicle industry reported its bleakest performance of five years. The segment observed worst ever decline of 23.56% in sales unit in H1 of FY 2019-20 from corresponding period in 2018-19. The H2 of FY 2019-20 was showing signs of recovery as monthly sales picked-up, however, COVID-19 pushed March 2020 sales to a historical worst.

The sale of Passenger Vehicles (PV) declined by approx. 18% in FY 2019-20 over the same period last year. It is expected Passenger Vehicle sales will continue to decline by (-) 15% to (-) 18% in FY 2020-21 but expected to show strong growth post recovery. Mobility preferences for personal mode of transport are also expected to have a significant impact on demand. Segment downgrade is anticipated since consumers that buy PV may opt for one segment, one vertical lower.

The main factors, behind such dismal performance, are lack of consumer spending power, increase in purchase cost and distress in rural markets, volatile fuel prices, tight liquidity and BS6 norms migration confusion. A crisis among shadow banks, a key source of funding for small businesses, frail rural spending, and a global slowdown have been responsible in pulling down growth steadily.

In Commercial vehicles, the economic slowdown has coincided with an increase in freight carrying capacity of trucks, which led to a sharp fall in sales as fleet owners could carry more freight on their existing trucks. Lower demand from agriculture and other sectors also contributed to the weak market as fleet owners witnessed a drop in rentals.

FY 2019-20 was a tough year for Indian economy. India's GDP growth in Q3 2019 fell to a six year low to 4.5% from 5% in Q2, and from 7.1% a year ago resulting from lowered consumer spending and reduced private investment. Collapse in shadow banking lending and NPAs in banks and NBFCs put Indian financial sector in doldrums. COVID-19 pandemic has further disrupted the economic backbone. Service sector does account for contracted, passenger, and commercial vehicle sales, but domestic air passenger traffic and foreign tourist arrivals have slumped in March 2020.

- 1.1 The GDP growth in 2020-21 is expected to remain in the moderate territory with some pick up in second half. Combination of fiscal, monetary, and administrative actions will create conditions for revival of economy in the second half of FY 2020-21. Recovery in economic activity is expected to begin in Q3 FY 2020-21. There

should be a gain momentum in Q4 FY 2020-21 as supply lines are gradually restored to normalcy, and demand gradually revives.

- 1.2 To reverse the slump in economy, the government slashed corporate tax rates, withdrew higher taxes on foreign investors, set up a special real estate fund and merged state-run banks.
- 1.3 The automotive industry plays an important role in India's GDP growth. It has a strong multiplier effect and is capable of being the driver of economic growth. India has the distinct global advantage of being the high quality, low-cost producer of auto components. As a result, India is seen as a major sourcing hub for auto components by developed economies. Almost every global auto major has set up facilities in the country, making Indian automotive industry one of the most competitive in the world. Therefore, the growth potential for the Indian auto component industry looks to be promising.
- 1.4 The automobile industry continues to expect tepid demand in near term as it believes that normalcy in businesses may not be restored immediately, even if the lockdown is lifted completely. Automotive rural demand may be under stress majorly due loss of income in agriculture and informal sectors impacting demand. The sector is expected to witness a decline by (-) 10% to (-) 15% across the segments. Industry is expected to pickup in quarter four of financial year.
- 1.5 RBI rate cuts coupled with festive season buying could give a boost to sales from September to November. The Supply Chain is expected to adapt quickly as other countries are coming back faster than normal, however, extended Supply Chain visibility at Tier 2 & Tier 3 level is the biggest risk mitigation factor that vehicle companies will need to work on.
- 1.6 The overall Commercial Vehicles segment registered a degrowth of (-)28.75% in FY 2019-20 as compared to the same period last year. A slowing economy, overcapacity, and a tight financing environment are likely to shrink the demand for trucks and buses in 2020-21. With logistics disruptions continuing in hot zones, and customers not in investment mode, this sector will show a delayed recovery. Segment is expected to decline by (-)20% to (-)25% in this fiscal year. Consumption demand, in both rural and urban areas, will play a major factor in revival of commercial vehicle segment.
- 1.7 The Government aims to develop India as a global manufacturing, and research and development hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRIP) centres, and a National Automotive Board to act as facilitator between the Government and the industry.
- 1.8 The vehicle scrappage policy, which awaits clearance from the finance ministry, aims to eliminate the fleet of old polluting vehicles and boost demand. The situation warrants stimulus to regain growth momentum and there could not be a better time to introduce a scrappage

scheme to provide a much-needed stimulus to the industry.

- 1.9 In addition, big changes in fuel price differentials between petrol, and gasoline, and de-regulation in diesel prices have impacted the demand between petrol and diesel-based vehicles. This development holds positive potential for the Company, as consumer purchase decisions are majorly influenced by considerations of fuel economy and demand for greater fuel efficiency.
- 1.10 The automotive industry is already feeling the effects of electrification or e-mobility, both globally, and in India before COVID-19 outbreak. We need to wait for next move in this transformation. We believe that there would be review of this changeover and may be few years of delay initially.

2 Financial & Operational Performance

- 2.1 Net sales have decreased to about INR 1,993 crores in 2019-20 as compared to last year's figure of INR 2,124 crores; registering a decline of (-)6.20%. The operational profit (EBIDTA) has sustained due to operational efficiencies, and material cost reduction. As a direct consequence of various strategic initiatives taken by management, profitability (PBT) has increased to 6.21% in 2019-20, which is a significant improvement as compared to 5.36% in the previous year.
- 2.2 Commercial Vehicle segment is going through a big transformation. The regulatory introduction of Blowers in Truck application has opened up a new business avenue for the Company. Customer preference for Air-Conditioned trucks has started showing marked increase. There is significant impact on Truck ROI when running per day is increased due to driver comfort is taken care of bbusiness development activities with all OEM's show healthy progress. We see a good future of this segment for the Company.
- 2.3 Business expansion in Railways and Bus Air-conditioning is progressing on track. This year, the Company is gearing up to expand customer portfolio. The Government's decision to replace all Diesel engines with Electric engines serves as a boost for the business. The Company has developed an electric kit for electric engines and has emerged as a strong contender in the segment. As part of the long-term strategy, plans to foray into the Coach AC segment are on the anvil. The production of Coach AC units based on customer approvals shall start. Product development activities are in progress for this new segment.
- 2.4 The Company's decision to expand business in Home AC domain has resulted in substantial growth opportunities for the Company. This is also one of de-risking aspect for the company performance from vulnerable performance of auto sector. The business development activities and product development activities are in place as per market demand. During the year, the Company has finalised purchase of land and building for this business expansion in Nalagarh, Himachal Pradesh, and setup all plant and machinery there.
- 2.5 Imports would continue be challenge for the Company in view of volatility in foreign exchanges and also

fluctuations in geo-political environment. On the other side, this would be an opportunity for us to push localisation in India and become self-sufficient to meet our demand. The Company has continued its efforts to improve the level of localisation of imported parts. Various VA/VE activities were initiated along with active participation of suppliers to improve efficiency of operations. This has contributed greatly in reduction of material cost and exposure to foreign exchange fluctuation. Few major localisation projects are in implementation stage.

- 2.6 The Company values the contribution of and its relationship with vendor partners in achieving operational excellence. For long-term strategic direction of the business, Supply Chain and its up gradation through cluster programmes, is given due focus to work closely with vendor partners. Tier II up gradation is the key for de-risking and meeting future technology requirement and capacity augmentation of the Company.
- 2.7 Ratios where there has been a significant change from FY 2018-19 to FY 2019-20: Despite all bleak market effect on Company performance, there is significant improvement in company ratios. The debt equity ratio has improved to 0.19 in the financial year 2019-20 as against 0.36 in the previous financial year on account of repayment of loans and efficient management of funds. Also the net worth has improved from Rs. 680.13 crores to Rs. 752.30 crores in the financial year ended 2019-20 on account of repayment / reduction in borrowings. There is no change in the return on networth during the financial year 2019-20 as compared to the previous financial year.

3 Research & Development

- 3.1 There is emerging technology upgrade need as per customer programmes. The Company is engaged in all such activities with the help of our technology partner DENSO Corporation, Japan and also with our own Research and Development activities. Subros Technical Centre (STC) is fully geared up to make Subros "Make in India" designs competitive, while meeting global specifications. Through another Design joint venture company with DENSO i.e. DENSO Subros Design Engineering Centre (DSEC), the Company's main focus is to localise the design activities and develop local skills to design Indian and global design products.
- 3.2 At present, new programmes introduced in the Company have achieved 75% localisation (Indian) design content. As India moves towards increasing "green" standards, roadmaps for future technologies are focused towards making energy-efficient, environmentally-friendly products. Our teams are dedicated, and work proactively towards meeting these anticipated requirements through advanced technologies. Additionally, the Company is happy to have the active support and expertise of collaborators for meeting customer and product demands.
- 3.3 The Company maintains continuous investments in state-of-the-art testing facilities for all aspects of vehicle thermal management systems. These include vibration, noise, thermal performance etc. Concomitantly, our

superior CAE (FEA and CFD) capabilities help reduce lead times, and, "Do it right the first time." These capabilities position your Company as a trusted partner for all customers' components and systems validation.

- 3.4 We are continuously focussing on bringing new technologies for the domestic market. After REC (Regional Efficiency Condenser) and RER (Regional Efficient Radiator), the Company has launched new Vane Rotary Compressor last year and now we are stabilising the product. Soon new series of Vane Rotary Compressor will be launched for which business engagement activities are in progress.
- 3.5 FY 2020-21 promises to be stimulating with a considerable activity. Over decades, consistent innovation, constant learning, and benchmarking of best-technology in all endeavours have been the cornerstone for our sustained and consistent growth. Your Company will continue to strive to remain on this path of growth and operational excellence.

4 Information Technology

- 4.1 Information Technology plays an important role in business continuity. The critical significance of IT was felt during this pandemic outbreak. The world moved to virtual platforms and ensured business continuity other than production activities. Your Company's investments in strengthening Information Technology system and facilities have adequately and effectively supported us during this challenging time.
- 4.2 New and emergent technologies bring unprecedented threats to Internet connected devices, and data security becomes a growing concern. The rise in global hacking incidents indicates increase in cyber-attacks. The Company has taken cognizance of vital aspects such as locations of information storage, how can it be moved, access controls, and systems of data processing. In addition, sufficient measures have been taken to safeguard crucial databases.
- 4.3 A large number of initiatives have been undertaken to address the risk identified under each element. Substantial investments have been made in advanced IT tools to enhance the Information Security capabilities. The Company also has a clear roadmap for each of the aspects mentioned. Disaster Recovery (DR) has been given significant attention considering the growing dependence on IT systems within the Company.
- 4.4 The Company has extensive leverage of Information Technology (IT) in its business processes. Many business processes are performed in SAP ERP system, Design Tools etc. which are strong IT-enabled processes and Decision Support Systems. This helps generate process efficiencies, and streamlines operations. It also helps manage complexity and scale, both in-house, and with vendors.
- 4.5 The Company also uses IT for capturing process information, traceability of the components being used in the end product being supplied to customers, digitalisation, and customer service modules for capturing customer feedback.
- 4.6 The Company is continuously working on Information

Security and Disaster Recovery Management System by strengthening the hardware architecture.

5 Internal Controls and their Adequacy

- 5.1 The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide reasonable assurances with regard to maintenance of proper accounting controls. This will ensure reliability of financial reporting, monitoring of operations, protecting assets from unauthorised use or losses, and compliance with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.
- 5.2 Further, in order to meet the robust internal control system in the organisation, the Company has adequate policies and procedures in place for its current size, as well as for growing future needs. These policies and procedures play a pivotal role in the deployment of internal controls. They are reviewed at periodic intervals to ensure relevance and comprehensiveness, and compliance is ingrained into the management review process.
- 5.3 The Company believes that every employee has a role to play in fostering an environment in which compliance with regulations, and ethical behaviour are accorded due importance. Towards this, sessions are periodically held to increase employee awareness on the Company's code of conduct.
- 5.4 The Audit Committee of the Board of Directors, comprising of independent directors and functions, regularly reviews audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards, etc. The documentation of major business processes and testing thereof including, financial closing, computer controls, and entity level controls, is executed as part of the compliance programme.
- #### 6 Risks and concerns
- 6.1 The Company is exposed to external and internal risks associated with business. The operations of the Company are directly dependent on the growth of the Indian automotive industry. General economic conditions that influence the automotive industry, in turn, play a critical role in impacting the operations of the Company.
- 6.2 New players have entered the industry, while existing competitors have stepped up their expansion plans. Naturally, the intensity of competition in almost all the segments of the Indian automotive market has gone up exponentially. The Company is aware of heightened competition and is taking adequate measures to remain competitive in the market place.
- 6.3 The Company continues to grapple with strong competitive pressures from both, domestic, and overseas suppliers. It is also susceptible to financial risk from volatility in interest, foreign exchange rates, and commodity prices. The Company also faces challenges with regard to fast-changing technology, reducing life cycle of new vehicles, and supply constraints from Tier

II suppliers. As a result, implementation of processes to sustain cost efficiencies is brought into the system. Capacity expansion plans are on the anvil to address these changing patterns.

- 6.4 To counter these risks, the Company continues to broaden its product portfolio, increase customer profile, and geographic reach. Keeping this in mind, the Company has ambitious expansion plans to explore the Commercial Vehicle segment such as, Bus Aircon, Railways, Refrigerated Trucks, and Engine Cooling Module. This will enable de-risking, and a reduction of dependency on the Passenger Car segment.
- 6.5 Enterprise Risk Management framework in the Company is well in place and all the key risks are reviewed on a regular basis. The Company has also a Risk Management Committee at the Board level to review the risk framework, all major risks impacting the Company and plan/actions to mitigate such risks.
- 6.6 In addition to this, there is constant monitoring for any new risks that may arise due to changes in external or business environments. While the possibility of negative impact due to such risks cannot be totally ruled out, the Company proactively takes conscious, and reasonable steps to mitigate significant risks that may affect it.

7 Human Resources

- 7.1 Building organisational capability is the key focus of the Company. Observing future technological advancement and enhanced customer preferences, employee capacity and capability are key challenges. The Company is preparing for the same as developing human capital continues to be a key area of strategic focus. With the launch of new programmes for employees, your Company is keeping pace with the changes in the use of technology in education. The continuous focus on leadership development programmes lays emphasis on enhancing the relevance and effectiveness of learning.
- 7.2 The way forward is through concrete steps for employee engagement and motivation. The Company has enlisted services of professional firms for assessing and improving employee effectiveness scores. These are assessed through annual surveys leading to focus on refining employee policy deployment and engagement, and strengthening various areas of employee satisfaction.
- 7.3 Competency mapping and mitigation of competency gaps are important for customer delivery and quality processes. They are key focus areas for the Company. Each function is working on this KPI and ensuring the skill enhancement for all processes.
- 7.4 For Human Resource Development, the Company has setup DOJO centers in plant locations, i.e., Noida, Manesar, Pune, Karsanpura, and Chennai. The training is imparted to the local community for industrial experience. The Company has trained over 6000 young people through skill development at these plants.

8 Marketing

- 8.1 Customer delight is key strategic initiative by the Company. The Company is focusing on enhancing customer satisfaction through QCDD (Quality, Cost,

Delivery, and Development) parameters. The strong belief maintained is that with higher customer satisfaction, the market leadership position can be retained in the long term.

- 8.2 The overall strategy of the Company entails increase in the Commercial Vehicle or Non-Car segment as part of the business expansion and de-risking agenda. As this segment has tremendous potential, the Company has augmented resources to acquire share of the market.
- 8.3 The Company has forayed into the Indian Railways Driver cabin business in the last few years. The business is progressing well by securing future tenders as a result of sustained delivery, quality, and cost-efficient performance. The Company has emerged as a strong player in this segment, and plans future growth by meeting all Air-Conditioning requirements of Diesel Locomotive, and Electric Engine Cabins.
- 8.4 Developing business in Home Air-Con market is another key initiative of the Company. Product development and business development activities are in place and we have good order booking situation in this segment.

9 Product Range

- 9.1 With a wide range of products, which include complete thermal solution for cars, buses, refrigeration vehicles, railways, home AC's, tractors, and trucks, the Company is the only backward integrated business for all Air-Conditioning systems and components in the country. Due to strong Research and Development capabilities, the products are developed based on emergent needs of customers.
- 9.2 Intrinsic to the core of Company philosophy, products are created to not only address the requirements of the future, but are also green and sustainable. The staunch belief of scaling up the business in tandem with accountability towards the environment propels the Company forward on the path to excellence.

10 Corporate Social Responsibility

- 10.1 As an automotive thermal and energy management solutions provider, the Company is committed to driving positive change that brings value to people, customers, environment, and communities. At the same time, the Company maintains outstanding professional, operational, and environmental standards, and strives to understand and incorporate stakeholders' interests in areas of strategy. The aim is to build a positive and sustainable future for all involved.
- 10.2 The Company has adopted schools around the vicinity of plants and provides improved education. The local communities welcome this initiative. Key focus at this stage is to improve the infrastructure of schools and also improve the level of quality of education in the schools. With collaboration of Step by Step education society, many such initiatives are deployed and successfully implemented to these areas.
- 10.3 Empowering women for self-entrepreneurship and developing skills for financial independence, the Company is running skill development center at a village in Manesar. The Company has provided infrastructure

and imparting training to several village women in the vicinity.

- 10.4 The Company has partnered with local NGOs under the umbrella programme of CSR for Community development & Skilling up of Human resources by supporting education and socio-psychological wellbeing of children of incarcerated parents.

11 Future Plan

- 11.1 Post COVID-19 outbreak, we have re-aligned our priorities. The Company focus is to revive old conditions and revive the healthy company performance to set it back on track as it was in pre-COVID-19 time. With this objective, the Company has put forth austerity action points for short-term recoveries in addition to aggressive marketing plans to generate growth for our businesses from existing or new customers.
- 11.2 To safeguard ourselves from the global economic climate volatility, uncertainty, and geo-political risks; viewing growth opportunities in the domestic market and proactively observing the cost pressures, your Company has put in place extensive localisation plans and VAVE plans for key components. The objective is to develop and augment capabilities to provide latest technology product to the customer at low costs. Further, this will help the Company sustain growth profitably, and minimise the impact of fluctuation in economic indicators.
- 11.3 Post COVID-19, the experience of business continuity planning will be a key area for us in this financial year and for the long term. Managing liquidity, Supply Chain risk, workforce management, and IT readiness will be focus area of your Company. The Company has already made actionable plans for preserving and strengthening cash position, creating liquidity, assessing Supply Chain disruption, monitoring/managing risks, safeguarding employee welfare, and scaling up IT resources to meet business requirement in the coming months as businesses resume operations.
- 11.4 Last year Karsanpura plant was completed and production has commenced. At present, the Company is planning to utilise the plant to its full capacity in view of Suzuki Motor Corporation's imminent plans for expansion in Gujarat.
- 11.5 The Company has undertaken various new projects ranging from development of new models and new segments. These projects are at various stages of planning and execution. Though the Company employs sophisticated techniques and processes to forecast the demand of new products, yet the same is subject to margins of error. Timely introduction of new products, their acceptability in the market place, and managing complexity of operations across various manufacturing locations are the key factors to sustain competitiveness.
- 11.6 The Company is enhancing its presence in the Commercial Vehicle segment with a view to consolidate its position and increase market share. The Company

is exploring the potential for introduction of Air-Conditioning in such vehicles, which will certainly add to revenues in subsequent year(s).

12 Mid-Term and Long-Term Plan

- 12.1 The Company is focusing on sustaining and further improving the performance for mid-term and long-term objectives. Geographical expansion, product positioning, and efficiency improvement are the pivotal aspects for future growth in the face of competition.
- 12.2 Based on customer demands, the Company is working on new technology development in-house or by acquiring it from technology partner. The long-term technology roadmap is already envisaged to meet emerging customer expectations, and work is in progress to launch the roadmap at an opportune moment.
- 12.3 Competency build up to meet the future technology challenge is another strategic aspect wherein the Company is putting in aggressive efforts. Leadership development programmes and middle level management development are key focus areas.
- 12.4 COVID-19 outbreak will definitely impact the industry and our business as well. As we have stated Indian auto industry mainly Passenger Vehicle segment will have significant impact in the range of 15- 18% during the year 2020-21. H1 performance would be even more dismal, and H2 has some hope of improvement. It is estimated that it will take about two years to return to the pre-COVID market situation. However, for the Company the impact would not be so significant due to our de-risking strategy, which was launched four years ago. Few sectors like Railways, Home AC, and Bus AC markets are not expected to perform the way other segments are predicted. We anticipate a better positioning in these markets, which will cushion the impact on our business.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important factors that could affect the Company's operations include a downtrend in the automobile sector, significant changes in the political and economic environment, exchange rate fluctuations, tax laws, litigation, labour relations, interest cost, changes in Government regulations and other incidental factors.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 35th Annual Report of the Company together with the audited financial statements for the year ended March 31, 2020.

FINANCIAL RESULTS

Particulars	Standalone		Consolidated	
	Current Year 2019-20 (Rs. In Lakhs)	Previous Year 2018-19 (Rs. In Lakhs)	Current Year 2019-20 (Rs. In Lakhs)	Previous Year 2018-19 (Rs. In Lakhs)
Revenue from operations	199280	212448	199280	212448
Other income	1999	1025	2035	1030
Profit before depreciation, interest and tax	20903	23835	20938	23847
Less: Financial Charges	3634	4219	3634	4219
Less: Depreciation	9030	7885	9030	7885
Add: Share of profits/loss of joint venture (equity method)	-	-	(8)	(1)
Profit before Exceptional items	8239	11731	8266	11742
Less: Exceptional items	(4129)	334	(4129)	334
Net profit before Taxation	12368	11397	12395	11408
Less: Tax	3912	3784	3912	3784
Profit after Taxation	8456	7613	8483	7624
Profit brought forward	32765	26052	32711	25988
Profit available for appropriation	40582	32765	40553	32711

BUSINESS OPERATIONS

The net revenue from operations for the financial year ended March 31, 2020 at Rs.1992.80 crores was lower as against Rs. 2124.48 crores in the previous financial year ended March 31, 2019. This is a direct fallout of Covid-19 lockdown at the end of the financial year 2019-20. However, the Net Profit before tax was higher at Rs. 123.68 crores as compared to Rs.113.97 crores in the previous financial year. During the financial year the ongoing insurance claim in respect of the 2016 Manesar fire incident was fully settled and the same is reflected in the financial statements.

During the financial year 2019-20 the new greenfield plant being set-up in Gujarat to primarily meet the supplies to Suzuki Motor Gujarat Pvt Ltd, became fully operational from November, 2019.

Due to the spread of COVID-19, a global pandemic, the operations of the Company were impacted and all manufacturing plants and offices were shutdown from last week of March, 2020 following a nationwide lockdown imposed by the Government of India. The Company has resumed manufacturing operations in a phased manner in accordance with the directives of the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position & based on its review of current indicators and considering future economic conditions, there is no significant impact on its financial statements as at 31st March, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated

as at the date of approval of these financial statements. The Company will continue to monitor any material changes in the future economic conditions.

The performance of the Company is also discussed in Management Discussion and Analysis, as stipulated under Regulation 34 of the Listing Regulations with the Stock Exchanges, which forms part of the Directors' Report.

EXPANSION AND FUTURE PROSPECTS

In view of the sudden and unprecedented Covid-19 impact on the business, the Company will be re-aligning its strategy for growth by way of introduction of further efficiency in manufacturing processes, new product development, localisation and cost optimisation.

The expansion during the financial year 2020-21 will be mainly in the new domain of home air-conditioning and the new plant at Nalagarh, District Baddi, Himachal Pradesh is expected to be fully operational during the financial year 2020-21. The Company will continue its research and development activities in the new technology domains of electric vehicles, commercial vehicles, bus and rail air-conditioning.

DIVIDEND

Your Company has earned a net profit (after tax) of Rs. 84.56 crores as against Rs. 76.13 crores in the previous financial year. In line with the Dividend Policy of the Company the Board has recommended a dividend of Rs. 0.80 per share (40% on the face value of equity shares of Rs. 2 each) for the financial year ended March 31, 2020 as against Rs. 1.30 per share (65% on the face value of equity shares of Rs. 2 each) in the

previous year. The dividend, if approved by the Members at the ensuing Annual General Meeting, shall absorb a sum of Rs. 521.89 Lakhs (approx).

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 150 Lakhs to the General Reserve and Rs. 750 Lakhs is transferred from the Debenture Redemption Reserve to the General Reserve on account of repayment of Non Convertible Debentures.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There have been no material changes and commitments which affect the financial position of the Company subsequent to the date of financial statement.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review the following changes took place in the Board of your Company:

- (i) Mr. Fumitaka Taki, Alternate Director to Mr. Y. Iida vacated his office from 10.07.2019
- (ii) Mr. Fumitaka Taki was appointed as an Alternate Director to Mr. Y. Iida with effect from 09.08.2019
- (iii) Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Kenichi Ayukawa, Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The brief resume of Mr. Kenichi Ayukawa as required under the Listing Regulations is provided in the Notice of the 35th Annual General Meeting of the Company. The requisite resolution pertaining to the re-appointment appears at the respective item of the Notice along with the Statement and is recommended to the Members for approval.

Declaration from Independent Director: The Company has received necessary declaration(s) from all the Independent Director(s) of the Company as laid down under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

Board Meeting: The Board of Directors met four times during the financial year 2019-20, the details of which are given in the Corporate Governance Report which forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.

Policy on Directors' appointment and remuneration: The policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes and other matters are available on the website (www.subros.com/investors.html) of the Company.

AUDIT COMMITTEE

The Composition of Audit Committee of the Company is described in Corporate Governance Report as stipulated under Listing Regulations, which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis;
- (e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SUBSIDIARIES AND JOINT VENTURES

Thai Subros Ltd., the liquidation process of the non-operational subsidiary company in Thailand has been completed on 1st August, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand.

Denso Subros Thermal Engineering Centre India Private Limited, a Joint Venture, achieved a revenue of Rs. 1752 Lakhs during the financial year 2019-20. The Joint Venture incurred a loss of Rs. 31.61 Lakhs during the year as against Loss of Rs. 3.23 Lakhs in the previous year. Your Company is holding 26% share in this Joint Venture.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 and IND AS 110 - Consolidated Financial Statements read with IND AS 31 - Interest in Joint Ventures, your Directors have pleasure in attaching the Audited Consolidated Financial Statements, which forms a part of this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The information in terms of Section 134(3)(m) of the Companies Act, 2013 read with relevant rules is annexed herewith as Annexure-1 and forms integral part of this report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as on 31st March, 2020 in Form MGT 9 in terms of provisions of Section 134(3) and other applicable provisions of the Companies Act, 2013 read with Rules thereto is available on website of the Company www.subros.com/investors.html and forms integral part of this Annual Report.

AUDITORS AND AUDITOR'S REPORT

Statutory Auditors: M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, hold office until the conclusion of the 37th annual general meeting. The Auditors'

Report to the Members for the year under review does not contain any qualification, reservation or adverse remark. The observations of the Auditors and the relevant notes on accounts are self-explanatory and therefore do not call for any further comments.

Cost Auditors: The Company has re-appointed M/s. Chandra Wadhwa & Company, Cost Accountants, as Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2020-21. The ratification of remuneration payable to Cost Auditors for the financial year 2020-21 is being sought from the Members of the Company at the ensuing Annual General Meeting.

Secretarial Auditors: The Company has re-appointed M/s. RSM & Co., Company Secretaries as Secretarial Auditors to conduct the audit of secretarial and related records of the Company for the financial year ended 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed as Annexure-2 and the same is self-explanatory. The said Secretarial Audit Report does not contain any qualification or adverse remark.

DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the Public.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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

INTERNAL FINANCIAL CONTROLS

The adequacy of Internal Financial Controls is discussed in Management Discussion and Analysis, as stipulated under the Listing Regulations with the Stock Exchanges, which forms part of this Report.

LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any transaction relating to inter-corporate loans, guarantees and investments during the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated a Corporate Social Responsibility (CSR) Policy to undertake CSR initiatives as specified in Schedule VII of the Companies Act, 2013. The Company has constituted a robust and transparent governance structure to oversee the implementation of CSR Policy, in compliance with the requirements of Section 135 of the Companies Act, 2013. The Annual Report on CSR activities is annexed as Annexure-3 and forms integral part of this report. The Policy is placed on the website of the Company www.subros.com/investors.html.

RISK MANAGEMENT

The Company has a risk management policy and framework in place to ensure proper identification and treatment of risks. The identification and mitigation of strategic, business, operational and process risks are carried out for all functions. The key strategic risks along with mitigation plan are presented to the risk management committee on half-yearly basis. Few of such risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report. The implementation of the ERM framework

is continuously evolving and has progressed well during the financial year 2019-20.

VIGIL MECHANISM

Pursuant to Section 177(9) of the Companies Act, 2013, the Company has established a Vigil Mechanism for directors, employees, suppliers, contractors and other stakeholders of the Company. The same is also intended to cover the Whistle Blower Policy under the Listing Regulations. The purpose and objective of this Policy is to cover serious concerns that would have a larger impact on image and values of the Company due to incorrect financial reporting or improper conduct. The Whistle Blower Policy has been placed on the website of the Company www.subros.com/investors.html.

The Statutory Auditors, Cost Auditors or Secretarial Auditors have not reported any frauds under Section 143(2) of the Companies Act, 2013 and rules made thereunder.

SEXUAL HARASSMENT

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. Two Complaints were received during the financial year and the same were satisfactorily addressed.

RELATED PARTY TRANSACTIONS

The Board of Directors has formulated a Related Party Transaction Policy for determining material related party transactions. The Related Party Transaction Policy is available on the website of the Company. A statement of all particulars of Contracts or Arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, is annexed as Annexure-4 and forms integral part of this Report.

LISTING

The Equity Shares of your Company continue to be listed on BSE Limited (BSE), NSE Limited (NSE) and Delhi Stock Exchange Limited (DSE). The listing fees for the year 2019-20 have been paid to the said stock exchanges except to DSE as Securities and Exchange Board of India has withdrawn the recognition granted to DSE on November 19, 2014.

ANNUAL EVALUATION

In compliance with the provisions of the Companies Act, 2013, Listing Regulations and Guidance Note issued by SEBI the Board has formulated a framework, inter alia, for a formal mechanism of evaluation of its performance as well as that of its committees and directors.

In this regard the Board has, inter alia, carried out an annual evaluation of the performance of all the independent director(s). The Nomination & Remuneration Committee ("NRC"), inter alia, reviewed the performance of directors and the Board as a whole and its committee(s). The Independent Directors, inter alia, reviewed performance of non-independent directors, the Board as a whole and its committee and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board.

The evaluation criteria of the performance of every director, Board & its committees included, inter alia, their structure/composition, meeting attendance, expertise drawn from diverse

domains banking, administration, strategic and technical and bring specific competencies relevant to the Company's business. The Board members participation and the overall functioning was quite satisfactory and effective during the year under review. There are no specific observations on the Board evaluation carried out during the year as well as for the previous year.

NON-COVERTIBLE DEBENTURES

Your Company has redeemed the last tranche of Non-Convertible Debentures and the same was made on 30th April, 2020. Accordingly, the entire issue of Non-convertible Debentures of Rs. 50 crores stands redeemed on 30th April, 2020.

CREDIT RATING

ICRA has assigned / reaffirmed the Long Term Ratings at [ICRA] AA- "Stable" and for Short Term Ratings at [ICRA] A1+ "Stable". The NCD Program has been assigned a rating of [ICRA] AA- "Stable".

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

The Company is committed to maintain the highest standards of corporate governance. The Company has complied with the corporate governance requirements, as stipulated under the Listing Regulations. A report on Corporate Governance along with a Certificate from the Practicing Company Secretaries of the Company regarding compliance on the conditions of corporate governance pursuant to Listing Regulations is annexed herewith and forms integral part of this Report. All Policies of the Company are available on the website of the Company www.subros.com/investors.

BUSINESS RESPONSIBILITY REPORT

A report on adoption of responsible business practices in the interest of the social, governance and environmental perspective are as vital as their financial and operational performance. Conforming to the requirements of clause (f) of sub-regulation (2) of Regulation 34 of Listing Regulations the Business Responsibility Report for financial year 2019-20 is annexed herewith and forms integral part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure with respect to remuneration and other details as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure-5 to this Report.

However, with regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the said statement of particulars of employees under Section 197(12) of Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is being sent to the Members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any Member interested in obtaining said statement may write to the Company Secretary at the registered office of the Company.

OTHER DISCLOSURES

The Company has complied with the secretarial standards issued by the Institute of Company Secretaries of India on meetings of Board of Directors and General Meetings.

ACKNOWLEDGMENT

Your Board wishes to convey their sincere gratitude and appreciation to all the employees for their enormous efforts as well as collective contribution to the Company's performance. Your Directors also acknowledge with thanks the co-operation and support extended by Company's bankers, HDFC Bank, Kotak Mahindra Bank & other Banks and our collaborators, DENSO Corporation, Japan and Suzuki Motor Corporation, Japan for their continued assistance. Your Directors also take this opportunity to convey heartfelt gratitude to the Company's valued customers, particularly Maruti Suzuki India Limited, Tata Motors Limited, Mahindra & Mahindra Limited, Renault Nissan Automotive India Pvt. Ltd and Force Motors Limited, for the trust and confidence reposed by them in addition to their unwavering co-operation, encouragement and support extended to the Company.

Last but not the least the Board wishes to thank all Members, vendors and business associates for their immense trust and backing to the Company.

For and on behalf of the Board of Directors

RAMESH SURI
Chairman

(DIN: 00176488)

Place : New Delhi
Dated : 29th June, 2020

ANNEXURE - 1 TO THE DIRECTORS' REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 forming part of Directors' Report.

A) CONSERVATION OF ENERGY		
(i)	The steps taken or impact on conservation of energy	<p>The Company is working consistently towards energy conservation in all key areas related to manufacturing and administrative operations. Various measures are taken to optimize power costs associated with the manufacturing our products. Following are some of the measures initiated / adopted for conservation and optimized utilization of energy during the year under review:</p> <ul style="list-style-type: none"> • Reduced idle running time of machine(s) • Optimized Cooling tower capacity to reduce power consumption • Used Variable frequency drive on air washers motors, air compressors, cooling tower pumps to control voltage and speed to reduce power consumption • Schedule running of air washer so that all air washers do not run simultaneously and hence optimised power usage. • Hydraulic power pack motor capacity optimized to reduce power consumption • Lights of store operated with timer so as to remain off during lunch and dinner hours • Use of occupancy sensor for lights where requirement is not continuous • Fitment of air regulator on Air Blowing operation so that compressed air is used on less pressure
(ii)	The steps taken by the Company for utilizing alternate sources of energy	<ul style="list-style-type: none"> • Commissioning of 965 KW of solar power generating unit at Manesar Plant • The Company is also evaluating various solar power options for its other manufacturing plants
(iii)	The capital investment on energy conservation equipments	<ul style="list-style-type: none"> • Minimum Investment with ROI < 1 Yr
B) TECHNOLOGY ABSORPTION		
(i)	The efforts made towards technology absorption	<p>[A] localization in the field of Fan blower; Condenser; Bus AC compressor; Condenser and Shaft & Gear,</p> <p>[B] Development of new product based on benchmarking and application engineering for Radiator & HVAC development; New Hose development for BS-VI and Development of AC System as per new standards</p> <p>[C] New technology development to meet future market demand for products like Low noise concept HVAC design, Electric vehicle air-conditioning systems</p>
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<p>[A] Cost reduction has been achieved by implementing VA VE ideas and new technology based products.</p> <p>[B] Import substitution has been achieved by in-house manufacturing of parts, localization of material and parts.</p>
(iii)	In case of imported:	The company has imported technology in collaboration with DENSO Corporation, Japan and Suzuki Motor Corporation, Japan since 1986. Further, the Company has also executed new Technical Assistance Agreement (s) with DENSO Corporation, Japan for transfer of technology of compressor for new models.
(a)	Technology (Imported during the last three years reckoned from the beginning of the financial year) The details of technology imported	
(b)	The year of import	
(c)	Whether the technology has been fully absorbed	
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable

(iv)	The expenditure incurred on Research and Development	During the year, various major activities in the field of research and development were carried out by company in the areas of New Product & Technology Development, Application Engineering, Presentations in National & international SAE Events, IP creation and patent filing and Testing of New range of energy efficient compressor	(Rs. In Lakhs)		
				2019-20	2018-19
			(i) Capital	77.22	101.42
			(ii) Recurring	2549.96	2379.46
			(iii) Total Expenditure	2627.18	2480.88
	(iv) Total R&D Expenditure as a percentage of Net Turnover	1.32%	1.17%		
C) FOREIGN EXCHANGE EARNINGS AND OUTGO					
			(Rs. In Lakhs)		
				2019-20	2018-19
			Total foreign exchange earned	6.84	9.00
			Total foreign exchange outgo		
			(i) CIF value of imports (Recurring)	34729.87	40,700.42
	(ii) CIF value of imports (Capital Expenditure)	558.96	72.19		
	(iii) Expenditure in foreign currency	4420.20	3,546.69		

ANNEXURE - 2 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

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

To,

The Members
SUBROS LIMITED
LGF, World Trade Centre,
Barakhamba Lane,
New Delhi- 110 001

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

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

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

1. The Companies Act, 2013("the Act") and rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye - laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendment thereon;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendment thereon;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the audit period);**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, **(Not applicable to the Company during the audit period);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period);**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period).** and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereon;
6. We further report that, having to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws as applicable to the Company:
 - (i) Factories Act 1948, and rules made there under;
 - (ii) The Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;
 - (iii) The Environment Protection Act, 1986 and Rules made thereunder;
 - (iv) The Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder;
 - (v) Contract Labour (Regulation & Abolition) Act, 1970 and Rules made thereunder;
 - (vi) Petroleum Act, 1934 and Rules made thereunder;
 - (vii) Explosives Act, 1884 and Explosive Rules, 2008 and Rules made thereunder;
 - (viii) The Legal Metrology Act, 2009 and Rules made thereunder;

We have also examined compliance with the applicable clause of the following:

- i) Secretarial Standard with regard to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

7. We further report that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

8. We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

Adequate notice is given to all Directors to schedule the Board Meetings, agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting; and

Majority of decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of meetings of the Board of Directors or committee of the Board, as the case may be.

There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

9. We further report that during the audit period ended on 31st March, 2020, the Company has passed following resolution(s) which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

- (i) Closure of Subsidiary Company-Thai Subros Limited in accordance with the statutory process of Thailand.

This report is to be read with our letter of even date which is annexed as "**Annexure-1**" and form an integral part of this report.

For RSM & CO.
Company Secretaries

CS RAVI SHARMA
Partner

Date : June 29, 2020
Place : Delhi

FCS: 4468 | COP No.: 3666
UDINF004468B000397410

Annexure-1

To,

The Members
SUBROS LIMITED

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

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliances of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable Laws, rule and regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company

For RSM & CO.
Company Secretaries

CS RAVI SHARMA
Partner

Date : June 29, 2020
Place : Delhi

FCS: 4468 | COP No.: 3666
UDINF004468B000397410

ANNEXURE - 3 TO THE DIRECTORS' REPORT

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:

Subros endeavors to integrate social and environment concerns in its business operations. The Company demonstrates an increased commitment at all levels in the organization to operate business in an economically, socially and environmentally sustainable manner. The objective of our CSR policy is to actively contribute to the social, environmental & economic development of the society.

2. Composition of CSR Committee: Mr. Ramesh Suri, Ms. Shradha Suri and Mrs. Meena Sethi

3. Average net profit of the company for last three financial years: Rs. 6847.97 Lakhs

4. Prescribed CSR Expenditure: Rs. 136.96 Lakhs

5. Details of CSR spent during the financial year.

a. Total amount to be spent for the financial year: Rs. 136.96 Lakhs

b. Total amount spent during the financial year: Rs 137.02 Lakhs

c. Amount unspent, if any: NIL

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs-wise	Amount spent on the projects or Programs Subheads:	Cumulative expenditure upto to the reporting period (Rs. in Lakhs)	Amount spent: Direct or through implementing agency
			(1) Local area or other (2) Specify the State and district where projects or programs was undertaken		(1) Direct expenditure on projects or programs. (2) Overheads (Rs. in Lakhs)		
1	Green plantations	Environmental Sustainability	Manesar	Program wise	4.42	4.42	Direct
2	Education for under- privileged children	Promoting education	Noida, Pune and Manesar	Program wise	56.24	56.24	Direct
3	Social Campaign	Healthcare, eradicating hunger and malnutrition	Noida	Program wise	74.36	74.36	Direct / implementing agency
		Miscellaneous Activities- Sports Association	Noida	Program wise	2.00	2.00	Direct
	TOTAL				137.02	137.02	

6. Reasons for not spending the Amount: Not applicable

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

Meena Sethi
Chairperson
(CSR Committee)

ANNEXURE - 4 TO THE DIRECTORS' REPORT

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

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

Details of material contracts or arrangements or transactions not at arm's length basis: Not applicable

Details of material contracts or arrangements or transactions at arm's length basis:

S. No.	Name (s) of the related party	Nature of relationship	Nature of contracts/ transactions/ arrangements	Duration of contracts/ transactions/ arrangements	Salient terms of contracts/ transactions/ arrangements including, value if any (Rs. In crores)	Date of approval by the Board/ Audit Committee	Amount paid as advance, if any
1	Global Autotech Ltd	Common Director	Purchase of Auto Components/ Sale of Materials/ transfer or receipt of products, goods, materials, assets or services	Ongoing transactions	195.01	February 6, 2019	Nil

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 29th June, 2020

RAMESH SURI
Chairman
(DIN: 00176488)

ANNEXURE - 5 TO THE DIRECTORS' REPORT

INFORMATION PERTAINING TO REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of Director & Designation	Ratio to median remuneration
Mr. Ramesh Suri - Chairman	22.47
Ms. Shradha Suri - Managing Director	81.08

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, if any, in the financial year:

Name & Designation	Percentage increase in remuneration
Mr. Ramesh Suri - Chairman	--
Ms. Shradha Suri - Managing Director	--
Mr. Manoj Kumar Sethi - EVP (Finance) & CFO	5.96
Mr. Rakesh Arora - Company Secretary	5.85

Note: The remuneration paid to Independent Directors/Non-Executive Director which includes sitting fees is proportionate to their attendance in Board and Committee meetings and the commission paid to the Executive Directors have not been considered in calculation for the percentage increase.

- (iii) **the percentage increase in the median remuneration of employees in the financial year:** 7.69%
- (iv) **the number of permanent employees on the rolls of Company:** 2606 as on 31-3-2020
- (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	31.03.2020
% increase in median salary of employees	7.69%
% increase in average salary of managerial personnel	2.08%

- (vi) **Affirmation that the remuneration is as per the remuneration policy of the Company:** Affirmed that the remuneration is as per remuneration policy of the Company.

Report on Corporate Governance for the year ended March 31, 2020

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Subros Limited is committed to achieve and maintain the highest standards of Corporate Governance. Subros philosophy on Corporate Governance envisages attainment of the highest levels of transparency in accounting policies, strong and independent Board, accountability and equity in all facets of its operations. It is with this conviction that Subros has formulated procedures, policies and systems that are promoting immaculate Corporate Governance Standards within the Company.

The Securities & Exchange Board of India (SEBI) has notified corporate governance provisions and as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has been complying with these provisions effectively. Your Company acknowledges and believes that all its actions must serve the main goal of enhancing overall stakeholders' value on a sustained basis.

BOARD OF DIRECTORS

The Board currently comprises of twelve Directors and out of which ten are Non-Executive Directors (including six Independent Directors). The Independent Directors have submitted declarations that they meet the criteria of "independence" as laid under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as on March 31, 2020. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

Composition of Board of Directors and Directors attendance record

The Composition and category of the Board of Directors, attendance, Directorship and Committee position during the financial year 2019-20 is as under:

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of Directorships in other Companies#	Committees positions held in other Public Companies @	
					Chairperson	Member
Mr. Ramesh Suri, Chairman	Non Independent, Executive, Promoter	4 of 4	Yes	7	2	3
Ms. Shradha Suri, Managing Director	Non Independent, Executive	4 of 4	Yes	6	-	3
Dr. Jyotsna Suri	Non Independent, Non-Executive	4 of 4	Yes	6	-	1
Mr. Kenichi Ayukawa	Non Independent, Non-Executive, Nominee Director+	3 of 4	Yes	3	-	2
Mr. Yasuhiro Iida	Non Independent, Non-Executive, Nominee Director++	-	-	-	-	-
Mr. Fumitaka Taki	Alternate Director to Mr. Yasuhiro Iida	4 of 4	Yes	-	-	-
Mr. Toshihiro Saida	Non Independent, Non-Executive, Nominee Director++	2 of 4	Yes	-	-	-
Mr. G.N. Mehra	Independent, Non-Executive	4 of 4	Yes	4	5	7
Mr. K.R. Ramamoorthy	Independent, Non-Executive	4 of 4	Yes	3	4	5
Mr. M.A. Pathan	Independent, Non-Executive	4 of 4	Yes	-	-	1
Mr. Shailendra Swarup	Independent, Non-Executive	3 of 4	Yes	8	-	5
Mrs. Meena Sethi	Independent, Non-Executive	4 of 4	Yes	-	-	1
Mr. Arvind Kapur	Independent, Non-Executive	3 of 4	No	6	-	2

@ In accordance with Regulation 26 of the Listing Regulations, Membership/Chairmanship of only Audit Committee and Stakeholders Relationship Committee in all public companies have been considered.

Other than Foreign & Private Companies

+ Represents Suzuki Motor Corporation, Japan (JV equity)

++ Represents DENSO Corporation, Japan (JV equity)

Name of the listed entities where the person is a director and the category of directorship

Name of the Director	Directorships in other listed entity	Category of Directorship
Mr. Ramesh Suri	-	-
Ms. Shradha Suri	Asahi India Glass Limited	Non-Executive, Independent
Dr. Jyotsna Suri	-	-
Mr. Kenichi Ayukawa	Maruti Suzuki India Limited	Executive
Mr. Yasuhiro. Iida	-	-
Mr. Toshihiro Saida	-	-
Mr. Fumitaka Taki	-	-
Mr. G.N. Mehra	Amrit Corp Limited	Non-Executive, Non-Independent
	Bharat Seats Limited	Non-Executive, Independent
	Action Construction Equipment Limited	Non-Executive, Independent
Mr. K.R. Ramamoorthy	Amrit Corp Limited	Non-Executive, Independent
	Nilkamal Limited	Non-Executive, Independent
	Ujjivan Financial Services Limited	Non-Executive, Independent
Mr. M.A. Pathan	-	-
Mr. Shailendra Swarup	JK Paper Limited	Non-Executive, Independent
	Gujarat Fluorochemicals Limited	Non-Executive, Independent
	Bengal & Assam Company Limited	Non-Executive, Independent
	Sterling Tools Limited	Non-Executive, Independent
	Jagran Prakashan Limited	Non-Executive, Independent
	GFL Limited	Non-Executive, Independent
Ms. Meena Sethi	-	-
Mr. Arvind Kapur	Rico Auto Industries Limited	Executive
	Sandhar Technologies Limited	Non-Executive, Independent

Number of Board Meetings

During the year under review, four Board Meetings were held on May 21, 2019; August 9, 2019; October 22, 2019 and January 28, 2020. The time-gap between any two consecutive meetings did not exceed one hundred and twenty days.

Disclosure of relationships between directors inter-se

Except Mr. Ramesh Suri, Dr. Jyotsna Suri and Ms. Shradha Suri being related to each other, no other directors are inter-se related.

Number of shares and convertible instruments held by non- executive directors

Amongst the non-executive Directors, Dr. Jyotsna Suri holds 16,19,200 equity shares in the Company. The other non-executive Directors do not hold any equity share. The Company has not issued any convertible instruments.

The familiarisation programme(s) imparted to independent Directors from time to time is available at www.subros.com/investors.html

The Board has identified the following core skills / expertise / competencies as required in the context of our business(es) and sector(s) for it to function effectively and those actually available with the Board:

Name of the Director	Industry knowledge / experience	Technical skills/ experience	Governance competencies	Behavioural competencies
	Industry experience; Knowledge of sector	Marketing; Public Relations; CEO/ Senior management experience; Strategy development and implementation	Financial literacy; Strategic thinking/ planning; Governance related risk management experience	Team player/ Collaborative; Sound judgment; Integrity and high ethical standards; Mentoring abilities
Mr. Ramesh Suri, Chairman	✓	✓	✓	✓
Ms. Shradha Suri, Managing Director	✓	✓	✓	✓
Dr. Jyotsna Suri	✓	✓	✓	✓
Mr. Kenichi Ayukawa	✓	✓	✓	✓
Mr. Yasuhiro Iida	✓	✓	✓	✓
Mr. Toshihiro Saida	✓	✓	✓	✓
Mr. Fumitaka Taki	✓	✓	✓	✓
Mr. G.N. Mehra	✓	✓	✓	✓
Mr. K.R. Ramamoorthy	✓	✓	✓	✓
Mr. M.A. Pathan	✓	✓	✓	✓
Mr. Shailendra Swarup	✓	✓	✓	✓
Mrs. Meena Sethi	✓	✓	✓	✓
Mr. Arvind Kapur	✓	✓	✓	✓

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management

COMMITTEES OF THE BOARD

The Board has constituted a set of Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters as detailed below.

AUDIT COMMITTEE

The Audit Committee of the Board was constituted on April 30, 2001. The terms of reference are in line with the requirement Listing Regulations. The Audit Committee has the powers pursuant to Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations which include amongst others:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements and auditor report before submission to the Board.
- Reviewing with management, performance of statutory and internal auditors and adequacy of internal control systems.
- Reviewing with the management the quarterly/half-yearly/annual Financial Statements before submission to Board of Directors for approval.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing & seniority, reporting structure coverage & frequency of internal audit.
- Review the functioning of Whistle Blower Policy/Vigil Mechanism.

The Committee reviews the management discussion and analysis of the financial condition and results of operations, statements of significant related party transactions, internal controls and any other matter which may be a part of its terms of reference or referred to by the Board of Directors. The composition of the Audit Committee alongwith the details of the meeting held and attended by the members of the committee during the financial year 2019-20 are detailed below:

Name of Director(s)	Position	Category	Date of Audit Committee Meeting(s)				
			1	2	3	4	5
			21-05-2019	15-07-2019	08-08-2019	21-10-2019	28-01-2020
Mr. G.N. Mehra	Chairman	Independent, Non-executive	√	√	√	√	√
Mr. K.R. Ramamoorthy	Member	Independent, Non-executive	√	√	√	√	√
Mr. M.A. Pathan	Member	Independent, Non-executive	√	√	√	√	√

During the year, the Audit Committee met five times. The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to the meetings for discussions/deliberations. The Company Secretary acts as a Secretary to the Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors was constituted on October 31, 2002. The Committee was renamed as "Nomination and Remuneration Committee" w.e.f. May 26, 2014. The terms of reference are in line with the requirement of Listing Regulations. The Nomination & Remuneration Committee has the powers as provided under Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations which include amongst others:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommended to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management.
- Fixation of salary, perquisites etc. of all Executive Directors of the company at the time of their appointment/re-appointment.
- Deciding commission payable to executive directors.
- Identify persons who qualify to become Directors and who may be appointed in senior management in accordance with criteria laid down and recommend to the Board for their appointment and removal.

The composition of the Nomination & Remuneration Committee alongwith the details of the meeting held and attended by the members of the committee during the financial year 2019-20 are detailed below:

Name of Director(s)	Position	Category	Date of Nomination & Remuneration Committee Meeting
			1
			9-05-2019
Mrs. Meena Sethi	Chairperson	Independent, Non-executive	√
Mr. G. N Mehra	Member	Independent, Non-executive	√
Mr. Shailendra Swarup	Member	Independent, Non-executive	√

The Committee met once during the financial year 2019-20.

The performance evaluation criteria for independent directors are determined by the Nomination & Remuneration Committee. The Nomination & Remuneration Committee has formulated the evaluation criteria for the Independent Directors (based on guidance issued by SEBI) which is broadly based on qualification, experience, knowledge & competency, fulfillment of functions, ability to function as a team, initiate, availability and attendance, commitment, contribution and integrity.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board was constituted on May 26, 2014. The terms of reference of Risk Management Committee are as follows:

- To approve overall risk management framework of the Company.
- Identifying, Analyzing, Evaluating & Treating operational and strategic risks for internal/ external context & regulatory compliances.
- Building & promoting organization's risk work culture by creating Risk awareness through Training & Education of our employees and Handling of conflicting interests.
- Integrating the risk management as part of management control systems.

The composition of the Risk Management Committee alongwith the details of the meeting held and attended by the members of the committee during the financial year 2019-20 are detailed below:

Name of Director(s)	Position	Category	Date of Risk Management Committee Meeting(s)	
			1	2
			16-05-2019	16-10-2019
Mr. M.A Pathan	Chairman	Independent, Non-executive	✓	✓
Mr. Shailendra Swarup	Member	Independent, Non-executive	✓	✓
Mrs. Meena Sethi	Member	Independent, Non-executive	✓	

The Risk Management Committee met two times during the financial year 2019-20.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee (CSR Committee) as required under Section 135 of the Companies Act, 2013 on May 26, 2014. The prime responsibility of the Committee is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of Corporate Social Responsibility Policy. The terms of reference of the CSR Committee are as under:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy and its review from time to time;
- To ensure effective implementation and monitoring of the CSR activities as per approved policy, plans and budget;
- To ensure compliance with the laws, rules and regulations governing CSR and to periodically report to the Board of Directors;
- To ensure compliance with Corporate Governance norms prescribed under Listing Agreement with Stock Exchanges, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof.

The Composition of CSR Committee alongwith the details of the meeting held and attended by the members of the committee during the financial year 2019-20 are detailed below:

Name of Director(s)	Position	Category	Date of CSR Committee Meeting(s)	
			1	2
			9-05-2019	22-10-2019
Mrs. Meena Sethi	Chairperson	Independent, Non-executive	✓	✓
Mr. Ramesh Suri	Member	Executive	✓	✓
Ms. Shradha Suri	Member	Executive	✓	✓

The CSR Committee met two times during the financial year 2019-20. The CSR Policy of the Company can be viewed on Company's website www.subros.com/policy.html. During the year two Meetings of CSR Committee was held.

REMUNERATION OF DIRECTORS

The Non-Executive Directors of the Company are not being paid any remuneration other than the sitting fee(s) for attending the meetings. The details of sitting fee(s) paid during the financial year 2019-20 is given below:

Name of Director	Sitting Fees for Board Meetings (Rs.)	Sitting Fees for other (Rs.)	Total (Rs.)
Dr. Jyotsna Suri	2,75,000	--	2,75,000
Mr. G.N. Mehra	2,75,000	8,55,000	11,30,000
Mr. K.R. Ramamoorthy	2,75,000	3,25,000	6,00,000
Mr. M.A. Pathan	2,75,000	4,15,000	6,90,000
Mr. Shailendra Swarup	2,25,000	1,00,000	3,25,000
Mrs. Meena Sethi	2,75,000	5,90,000	8,65,000
Mr. Arvind Kapur	2,00,000	--	2,00,000
TOTAL			40,85,000

Except for payment of rent, dividend and sitting fees to Dr. Jyotsna Suri, Non-Executive Director, there is no pecuniary relationship or transactions with the non-executive directors.

The remuneration paid/payable to the Chairman and Managing Director during the year 2019-20 is as given below:

Name of the Director	Salary & Allowances	Contributions (*)	Commission	Other Benefits(**)	Total
	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
Mr. Ramesh Suri, Chairman	48.00	-	31.95	0.79	80.74
Ms. Shradha Suri, Managing Director	214.82	10.97	63.89	1.71	291.39
Total	262.82	10.97	95.84	2.50	372.13

(*) represents contribution to Provident Fund

(**) represents differential in actuarial gratuity valuation and perquisites

There are no performance-linked incentives available to the Directors. There is no obligation on the Company to pay severance fees to the Directors. The Company has not granted any stock options to any of its Directors.

STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Pursuant to Section 178 (5) of the Companies Act, 2013 the Company renamed the existing Shareholders/Investors Grievance Committee as "Stakeholders Relationship Committee". This Committee ensures speedy disposal of all grievances/complaints relating to shareholders/investors. The terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company.
- To redress shareholders and investors complaints such as transfer of shares, non-receipt of shares, non receipt of dividend and to ensure expeditious share transfer process.
- Oversee and review all matters connected with the transfer of the Company's securities.
- Perform such other functions as may be necessary or appropriate for the performance of its duties.

The composition of the Stakeholders Relationship Committee is as under:

Name of Members	Position	No. of meetings attended during 2019-20
Mr. G.N. Mehra	Chairman	24 of 24
Mr. Ramesh Suri	Member	24 of 24
Mrs. Meena Sethi	Member	24 of 24

Mr. Rakesh Arora, Company Secretary is the Compliance Officer of the Company. For any clarification / complaint the shareholders may contact to Company Secretary at 011-23414946-49, or at the Registered Office of the Company.

SEBI Complaints Redress Systems (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: centralized web-based complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the Compliant and its current status. All the requests and complaints received from the shareholders were attended to within the stipulated time and two complaints were received and disposed-off during the year.

Investor Grievances Redressal

The number of complaints received and redressed during the year 2019-20 is as follows:

S. No.	Nature of complaint	No. of Shareholder's Complaint received during 2019-20	Number resolved	Number of pending complaints
1	Non-receipt of Annual Report	1	1	0
2	Non-receipt of intimation of NECS	1	1	0

GENERAL BODY MEETINGS

Particulars of the last three Annual General Meetings (AGM's) of the Company are given below:

S. No.	Particulars	Date	Venue	Time
1.	34 th AGM in respect of the year (2018-19)	August 9, 2019	Kamani Auditorium No.1, Copernicus Marg, New Delhi - 110001	11.00 a.m.
2.	33 rd AGM in respect of the year (2017-18)	August 9, 2018		
3.	32 nd AGM in respect of the year (2016-17)	September 18, 2017		
4.	EGM	October 26, 2018	Lakshmi Pat Singhania Auditorium, 4/2 PHD House , Siri Institutional Area, August Kranti Marg, New Delhi-110016	10.30 a.m.

The details of Special resolutions passed in AGM / EGM in the last 3 years are as follows:

AGM/EGM	Subject
34 th AGM in respect of the year (2018-19)	a) Re-appointment of Ms. Shradha Suri as Managing Director of the Company
33 rd AGM in respect of the year (2017- 18)	a) Re-appointment of Mr. Ramesh Suri as Chairman of the Company
32 nd AGM in respect of the year (2016-17)	a) To approve the material related party contracts/arrangements/ transactions with M/s Global Autotech Ltd. b) To increase Authorised Share Capital
EGM in respect of the year (2018-19)	a) To issue of Equity Shares on Preferential Basis.

POSTAL BALLOTS

During the previous three years, the Company has sought the approval of the Shareholders by way of postal ballot. The details of same are as follows:

Date of Postal Ballot Notice: February 6, 2019, Date of Declaration of Results: March 25, 2019						
Particulars of the Resolution	Type of Resolution	No. of Votes Polled	Votes Cast in Favor		Votes Cast against	
			No. of Votes	%	No. of Votes	%
Re-appointment of Mr. Girish Narain Mehra as an Independent Non-Executive Director	Special	53468332	52826114	98.80	642218	1.20
Re-appointment of Mr. Kuttalam Rajagopalan Ramamoorthy as an Independent Director	Special	53468332	53466501	99.99	1831	0.01
Re-appointment of Mr. Mohammed Asad Pathan as an Independent Director	Special	53468332	53466213	99.99	2119	0.01
Re-appointment of Mr. Shailendra Swarup as an Independent Director	Special	53468032	53466286	99.99	1746	0.01
Re-appointment of Mrs. Meena Sethi as an Independent Director	Special	53468324	53282843	99.65	185481	0.35
Appointment of Mr. Arvind Kapur as an Independent Director	Ordinary	53468232	53465786	99.99	2446	0.01

Mr. Ravi Sharma (FCS 4468 and CP No.3666), Partner RSM & Co, Practicing Company Secretary was appointed as the Scrutinizer for carrying out postal ballot process.

None of the business proposed to be transacted at the ensuing AGM requires passing of special resolution through postal ballot.

MEANS OF COMMUNICATION TO SHAREHOLDERS

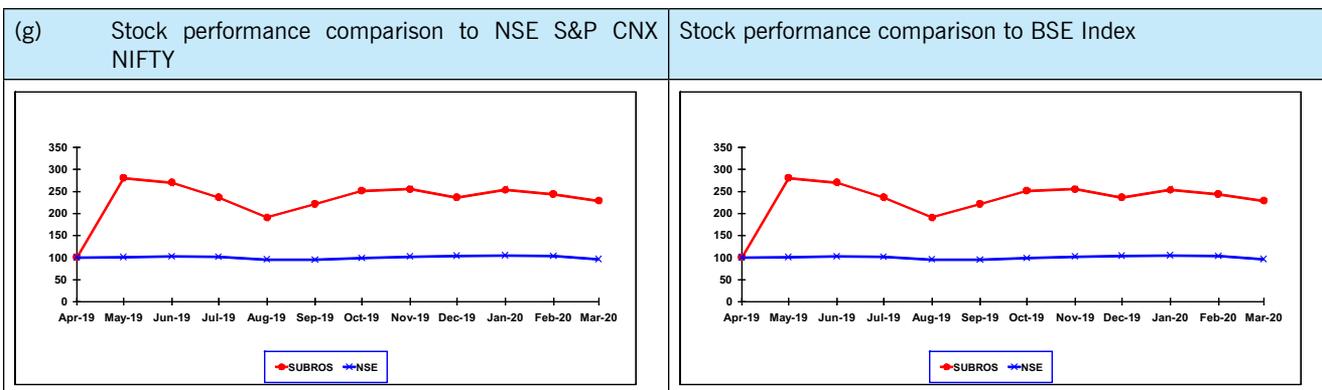
The quarterly, half-yearly, annual financial results of the Company are published in leading English and Hindi newspapers which includes Financial Express and Jansatta. These results are also displayed on the Company's website www.subros.com/investors.html. Official news/press releases and official media releases are sent to stock exchange(s) and are put on the Company's website. The presentations are made to institutional investors and financial analysts and the schedule of such analyst or institutional investors meet are also informed to the stock exchange(s) and put on the Company's website.

GENERAL SHAREHOLDER INFORMATION

S. No.	Items	Particulars
(a)	Annual General Meeting for FY 2019-20 Date Time Venue	Tuesday, the 15 th September, 2020 11.30 A.M. The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details kindly refer to the Notice of this AGM.
(b)	Financial year	April 1, 2019 to March 31, 2020
(c)	Dividend Payment Date	October 14, 2020
(d)	Name and address of each stock exchange(s) Listing Fee(s)	BSE Limited (“BSE”) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 National Stock Exchange of India Ltd., (“NSE”) ‘Exchange Plaza’ Bandra-Kurla Complex, Bandra (East), Mumbai-400051 Delhi Stock Exchange Association Ltd (“DSE”) DSE House, 3/1 Asaf Ali Road, New Delhi 110001 Listing Fee(s) has been paid to BSE and NSE for the FY 2019-20 and 2020-21. The listing fees to DSE is not payable as the Securities and Exchange Board of India has withdrawn the recognition granted to DSE on November 19, 2014
(e)	Stock Code/Symbol Demat ISIN No for NSDL /CDSL	Bombay Stock Exchange (517168) National Stock Exchange (SUBROS) INE 287B01021

f) Market Price Data: High/Low during each month of 2019-20 on BSE & NSE:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2019	306.00	269.25	303.00	267.80
May, 2019	281.95	224.25	285.00	225.00
June, 2019	273.05	232.35	276.80	233.00
July, 2019	243.50	175.10	243.85	176.95
August, 2019	244.80	163.60	245.00	162.80
September, 2019	277.00	208.95	270.00	208.00
October, 2019	262.00	218.00	261.80	220.25
November, 2019	268.00	233.70	270.00	233.25
December, 2019	260.00	225.30	259.90	224.75
January, 2020	299.50	242.05	299.40	242.00
February, 2020	298.90	225.00	299.00	222.00
March, 2020	239.35	117.45	239.35	117.75



Note: Both the prices are indexed at 100 as on 31-3-2020

(h)	Trading of Securities	The securities of the Company are actively traded on BSE and NSE
(i)	Registrar & Share Transfer Agents	M/s. MCS Share Transfer Agent Limited, F- 65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
(j)	Share Transfer System	Shares lodged in physical form are processed and returned, duly transferred, within 14 days normally, except in the cases where litigation is involved. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.

(k) Distribution of Shareholding as on March 31, 2020 (face Value of Rs. 2/- per share)

Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Equity Shares held	% of Shares
0001-0500	21567	89.13	1875756	2.87
0501-01000	1230	5.08	1025728	1.57
01001-02000	763	3.15	1204167	1.85
02001-03000	190	0.79	494182	0.76
03001-04000	118	0.49	410706	0.63
04001-05000	87	0.36	418255	0.64
05001-10000	121	0.50	887403	1.36
10001-50000	68	0.28	1406651	2.16
50001-100000	19	0.08	1315185	2.02
100001 and above	33	0.14	56197717	86.14
Total	24196	100.00	65235750	100.00

Shareholding Pattern as on March 31, 2020

Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Equity Shares
Promoters	24000000	0	0	24000000
Foreign Collaborators	20847150	0	0	20847150
Mutual Funds and UTI	5256618	0	0	5256618
Financial Institutions/Bank	25613	0	0	25613
Insurance Co's	203303	0	0	203303
Foreign Institutional Investors	399605	0	2500	402105
Corporate Bodies	3818468	316138	2393600	6528206

Non-Resident Indian	403675	48189	0	451864
Trust and Fund	1000	500	0	1500
Indian Public	4869404	1928736	495015	7293155
IEPF Account	0	226236	0	226236
TOTAL	59824836	2519799	2891115	65235750

S. No.	Items	Particulars
(l)	Dematerialisation of shares & liquidity	As at March 31, 2020 Demat: - 22,154 Shareholders (91.56% of the total Shareholders) Demat: - 6,23,44,635 Shares (95.57% of the total Shares)
(m)	Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
(n)	Commodity price risk or foreign exchange risk and hedging activities	The Company has in place a Policy on Foreign Exchange to minimise the financial impact of fluctuating foreign currency exchange rates
(o)	Plant locations	Noida, Manesar, Pune, Sanand, Chennai, Karsanpura & Nalagarh
(p)	Address for correspondence	Registered & Corporate Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi 110001.
(q)	Credit Rating	Long Term Ratings at [ICRA] AA-“Stable” (Previous year same) Short Term Ratings at [ICRA] A1+ . “Stable” (Previous year same) NCD rating of [ICRA] AA-“Stable” (Previous year same)
(r)	Debt Securities Demat ISIN No for NSDL	Bombay Stock Exchange: (956831) INE287B07010 The listing fee in respect of NCDs for the financial year 2019-20 and 2020-21 has been paid
(s)	Name of Debenture Trustee	Catalyst Trusteeship Ltd 83-87, 8th Floor, Mittal Tower, B-Wing, Nariman Point, Mumbai 400 021 Tel: 022-49220555, Fax: 022-49220505, Email:dt@ctltrustee.co

OTHER DISCLOSURES

- (a) The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of directors are taken wherever required in accordance with the Policy. The Related Party Transaction policy is disseminated in the website of the Company and the details of Related Party Transaction is placed at as Annexure-4 to the Directors Report.
- (b) The Company has duly complied with the requirement of Listing Agreements with Bombay Stock Exchange, National Stock Exchange, Delhi Stock Exchange, SEBI and other statutory authority of all matters during the last 3 years. No penalty has been imposed on the Company by any of the Stock Exchange or SEBI, or any other statutory authority relating to the above.
- (c) Pursuant to Section 177(9) of the Companies Act, 2013 the Company has established vigil mechanism for its Employees, Vendors, Suppliers and Directors of the Company. The same is covered under the Whistle Blower Policy. The purpose and objective of this Policy is to cover serious concerns that would have a larger impact on image and values of the Company due to incorrect financial reporting or serious improper conduct. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company www.subros.com/policy.html. It is confirmed that no personnel has been denied access to the audit committee.
- (d) The Company has complied with all mandatory requirements prescribed under Regulation 27 of the Listing Regulations. The Company has not adopted any non- mandatory requirements of Regulation 27 of the Listing Regulations except for the constitution of the Risk Management Committee.
- (e) The Company has not adopted a policy on material subsidiaries as there is no operating subsidiary company.
- (f) The policy on related party is available on the website of the Company www.subros.com/policy.html.

- (g) The Company has not carried out any material commodity hedging activities and accordingly no disclosures of commodity price risk and commodity hedging activities are being made.
- (h) The Company has fully utilized the proceeds of the preferential issue as per the objects stated in the explanatory statement to the Notice of extra-ordinary general meeting dated 27.09.2018.
- (i) A certificate of Company Secretary in practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority is annexed herewith as part of this report.
- (j) Where the Board had not accepted any recommendation of any committee of the Board with is mandatorily required, in the relevant financial year: Not applicable
- (k) The details of fees paid to the Statutory Auditors are given in Note 21(a) to the Standalone Financial Statements and Note 21(a) to the Consolidated Financial Statements.
- (l) Disclosures of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
 - (a) Number of complaints filed during the financial year : Two
 - (b) Number of complaints disposed of during the financial year : Two
 - (c) Number of complaints pending as of end the financial year : Nil

NON COMPLIANCE OF ANY REQUIREMENT OF CGR

The Company has complied with all the requirements of corporate governance as stipulated in the Listing Regulations.

DISCRETIONARY REQUIREMENT

The Board: The Chairperson of the Company is of executive category, hence the requirement of maintaining a Chairperson's office at the Company's expense reimbursement of expenses does not apply.

Shareholder Rights: Quarterly Financial Statements are published in newspapers and uploaded on Company's website.

Modified opinion(s) in audit report: During the year under review, there is no audit qualifications on the Company's financial results.

Reporting of Internal Auditor: The internal auditors of the Company have direct access to the Audit Committee.

EQUITY SHARES IN THE SUSPENSE ACCOUNT: In accordance with the requirement of the Listing Regulations there are no equity shares in the suspense account.

COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS OF REGULATION 27 OF THE LISTING REGULATIONS

The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46 of the Listing Regulations.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT:

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management and the same is available on the Company's website. Further confirm that the Company has in respect of the financial year ended March 31, 2020 received from the Members of the Board and Senior officers of the Company a declaration of compliance with the Code of Conduct as applicable to them.

Place : New Delhi
Dated : 29th June, 2020

SHRADHA SURI
MANAGING DIRECTOR
DIN: 00176902

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

The Members

SUBROS LIMITED

LGF, World Trade Centre,

Barakhamba Lane,

New Delhi-110 001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUBROS LIMITED having CIN L74899DL1985PLC020134 and having registered office at LGF, World Trade Centre, Barakhamba Road, New Delhi - 110 001 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

For RSM & Co.
Company Secretaries
FRN P1997DE017000

CS RAVI SHARMA
Partner

Dated : 29th June, 2020

Place : New Delhi

FCS: 4468 | COP No.: 3666
UDIN F004468B000495563

COMPLIANCE CERTIFICATE ON CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of

SUBROS LIMITED

We have examined the compliance of conditions of Corporate Governance by SUBROS LIMITED for the year ended 31st March 2020, as stipulated in SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ("Listing Regulations").

1. 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.
2. 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 Listing Regulations, as applicable,
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RSM & Co.
Company Secretaries
FRN P1997DE017000

CS RAVI SHARMA
Partner

Dated : 29th June, 2020

Place : New Delhi

FCS: 4468 | COP No.: 3666
UDIN F004468B00049631

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L74899DL1985PLC020134
2	Name of the Company	Subros Limited
3	Registered address	LGF, World Trade Centre, Barakhamba Lane, New Delhi – 110 001
4	Website	www.subros.com
5	E-mail id	rakesh.arora@subros.com
6	Financial year reported	1 st April, 2019 to 31 st March, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	29301 – automotive air-conditioning kits
8	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Compressors, HVAC system and Radiator
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	NIL 10 locations
10	Markets served by the Company – Local/State/National/International	All over India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (Rs. in lakhs)	1304.71
2	Total Turnover (INR)	1992.80 crores
3	Total profit after taxes (INR)	84.56 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:-	(a) Environmental sustainability (b) Promoting education (c) Healthcare, eradicating hunger and malnutrition

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/Companies	Yes. Thai Subros Ltd. Also the liquidation process of the non-operational subsidiary company in Thailand has been completed on 1 st August, 2019.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No, BR initiatives are presently limited to operations of the Company
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No, BR initiatives are limited to operations of the Company

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1(a)	Details of Director/Director responsible for implementation of the BR policy/policies DIN Number (if applicable) Name Designation	00176902 Ms. Shradha Suri Managing Director
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1(b)	Details of the BR head DIN Number (if applicable) Name Designation Telephone number e-mail id	- Mr. Manoj K. Sethi EVP (Finance) & CFO 011-23414946-49 msethi@subros.com
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2. Principle-wise (as per NVGs) BR Policy/policies										
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability									
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle									
P3	Businesses should promote the wellbeing of all employees									
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized									
P5	Businesses should respect and promote human rights									
P6	Business should respect, protect, and make efforts to restore the environment									
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner									
P8	Businesses should support inclusive growth and equitable development									
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner									
2(a) Details of compliances (Reply in Y/N)										
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	(1)	(1)	(1)	(2)	(1)	(3)	(1)	(1)	(1)
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

Notes: (1) Code of Conduct of the Company at <http://www.subros.com/code-conduct-ethics.html>

(2) CSR Policy <http://www.subros.com/policy.html>

(3) Environmental Policy <http://www.subros.com/policy.html>

3. Governance related to BR

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

Annually

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

This BRR for the financial year 2019-20 is the first report of the Company that is published. Going forward, we shall publish the BRR for a financial year, annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company?

No.

Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, if covers all related stakeholders.

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

The Company did not receive any complaint in this regard.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

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

The Company is engaged in the manufacture of automotive air-conditioning equipment's as well as air-conditioning systems for bus, railways and home. All of its products e.g. compressors, radiators and HVAC systems pass through rigid quality standards and are highly energy efficient. Also the Company adheres to the statutory compliance norms in this regard.

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

The Company always make efforts towards optimum utilisation of all resources.

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

Yes

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

As a part of our procurement strategy, the process and procedure for end to end supply chain are in place - Some key process include supplier selection - Complete evaluation of supplier on management / technology & design control / process / quality control / Process control, APQP cycle for complete development to SOP and Vendor monitoring on Quality Cost Delivery Development (QCDD) aspect

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

The Company regularly undertakes initiatives to support its vendors in the entire supply chain. The Company procures goods and services from MSME sector also and have been regularly imparting training, technical knowledge upgradation, quality initiatives towards improvement their capacity and capabilities

(a) Vendor up gradation through cluster activities

(b) Technology support - Proving knowledge of process / design of jig and fixture / implementation of low cost automation and poka yoke

(c) Other support - Tooling and Raw material support from Subros for capacity and infrastructure enhancement

5. Does the company have a mechanism to recycle products and waste?

There is no significant process waste and the Company recycles products and wastes, wherever possible. The waste, which cannot be re-used is disposed off in an effective manner.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees.

2606 as on March 31, 2020

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

The total contractual / temporary manpower employed as on 31-3-2020 was 927. This is excluding security and housekeeping manpower.

3. Please indicate the Number of permanent women employees.

There were 98 permanent women employees as on 31-3-2020.

4. Please indicate the Number of permanent employees with disabilities

There were 17 permanent employees with disabilities as on 31-3-2020

5. Do you have an employee association that is recognized by management.

Yes

6. What percentage of your permanent employees is members of this recognized employee association?

It is around 6% as on 31-3-2020

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No. of complaints received during the financial year	No. of complaints pending as on 31-3-2020
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	2	Nil
3	Discriminatory employment	Nil	Nil

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

No	Particulars	Comments
1	Permanent Employees	All category of employees have to undergo mandatory induction, safety and refresher trainings
2	Permanent Women Employees	
3	Casual/Temporary/Contractual Employees	
4	Employees with Disabilities	

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

All our policies are directed towards responsibility and sustainability to the society. We have a number of programmes towards education, skill development, green plantation, eradicating hunger etc.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company is committed to respect for human rights and extend to our suppliers and other stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No stakeholder complaint was received during the financial year 2019-20.

PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The policies extend to the Company and its suppliers / contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
The Company is concerned about the global environmental issues and its low energy products are an example. Also the Company has tapped solar power by way of roof top generation unit and also plans to further using solar power to save global warming and environmental issues.
3. Does the company identify and assess potential environmental risks? Y/N
Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
No
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
One of the major initiatives is setting-up of a roof-top solar power generation unit at a manufacturing plant. The Company is also taking initiatives for development of air-conditioning systems for electric passenger and commercial vehicles.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
The Emissions/Waste generated by the Company are within the permissible limits given by the regulatory bodies.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
Nil

PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a). Automotive Component Manufacturers Association (ACMA)
 - (b). Confederation of Indian Industry (CII)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;
Yes

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
The Company is committed to programmes and initiatives with regard to education, green plantation eradication of hunger and malnutrition, and social campaign.
2. Are the programmes/projects undertaken through in-house team/own foundation / external NGO / government structures / any other organization?
The programmes/projects are undertaken through in-house team as well as external NGO's.
3. Have you done any impact assessment of your initiative?
Yes
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
Rs. 137.02 lacs during the financial year ended on 31-3-2020.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
CSR Team regularly interacts with the local administration and nearby village/community. The Company has adopted nearby government schools as well as initiated a tailoring school in order to benefit community. Also as a part of skill development, program under NAPS (National Apprenticeship Promotion Scheme) hiring diploma & ITI apprentices are made on regular basis.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year**

The Company promptly addresses all consumer complaints and there are no consumer case pending on the end of the 31-3-2020.

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

No

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

No

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

Yes, the Company periodically conducts customer satisfaction surveys.

Independent Auditor's Report

To the Members of Subros Limited

Report on the audit of the Standalone financial statements

Opinion

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

Basis for opinion

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

of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 41 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Appropriateness of capitalisation of internal development costs</p> <p>[Refer note 2 (significant accounting policies) and note 4 (intangible assets under development) to the standalone financial statements]</p> <p>During the year ended March 31, 2020, the Company has capitalized significant costs incurred on internal development of Intangible assets amounting to Rs. 3,297.94 lakhs under the head 'Intangible assets under development'. These intangible assets were predominantly in relation to the projects awarded by original equipment manufacturers. The costs mainly comprised employees' payroll and other costs.</p> <p>The capitalization of internal development costs was a key audit matter due to the amount of the internal development costs capitalized and judgement involved in assessing whether the criteria set out in the Indian Accounting Standard (Ind AS) 38 "Intangible Assets" had been met.</p> <p>Significant judgement was made by the management in the determination of –</p> <ol style="list-style-type: none"> i) costs incurred towards development or for research nature, ii) the costs, including payroll costs, were directly attributable to relevant projects, and iii) key assumptions such as future revenue, margins and the discount rate used to assess the future cash flows. 	<p>We performed the following procedures, amongst others</p> <ul style="list-style-type: none"> - Understood and evaluated the financial controls for the capitalisation of internal development costs and tested such controls. - Assessed the appropriateness of capitalization of product development costs with the criteria to capitalize product development costs and challenged the management through discussions and assessing the products' commercial feasibility. - Tested the accuracy and allocation of capitalized payroll and other costs and assessed whether these are directly attributable to the development as against research. - Assessed underlying cash flow forecasts including the future revenue, expected margins to be achieved with reference to historical data and management approved margins in the AOP (Annual Operating Plan), inputs used by the Management to calculate the discount rate applied by comparing this to the cost of capital for the Company. We also involved the internal expert to evaluate the reasonability of Cost of Capital of the Company used to discount the future cash flows arising from the project. - Performed a sensitivity analysis over the key assumptions which included assessing the impact of change in those assumptions that would be required for future economic benefits falling short of the carrying value of capitalized internal development costs. <p>As a result of the above procedures, the capitalisation of internal development costs by the Company was considered to be appropriate.</p>

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on other legal and regulatory requirements**
14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 15. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - 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 financial statements – Refer Note 26 to the financial statements;
 - ii) The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
 16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Rajib Chatterjee
Partner

Place of the Signature: Gurugram
Date: June 29, 2020

Membership Number 057134
UDIN: 20057134AAAAAH3278

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Subros Limited on the standalone financial statements as of and for the year ended March 31, 2020

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

1. We have audited the internal financial controls with reference to financial statements of Subros Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

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

Rajib Chatterjee
Partner

Place of the Signature: Gurugram
Date: June 29, 2020

Membership Number 057134
UDIN: 20057134AAAAAH3278

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Subros Limited on the standalone financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets (Property, plant and equipment).
- (b) The fixed assets (Property, plant and equipment) are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In view of the lockdown consequent to the outbreak of Coronavirus (Covid-19), the physical verification of fixed assets (Property, plant and equipment) could not be carried out by the Company as at the year end. However, the company has carried out the physical verification of fixed assets (Property, plant and equipment) subsequent to the year end and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets (Property, plant and equipment) to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. Also physical verification of inventory has been carried out by the management subsequent to the year-end due to the lockdown restrictions imposed by the Government of India for which roll-back procedures have been performed to determine the existence and condition of inventory as at the year-end. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.
- We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, though there has been a delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 37 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- Further, for the month of March 2020, the company has paid Goods and Service Tax and filed GSTR 3B (after the due date but) within the timelines allowed by Central Board of Indirect Taxes and Customs under the Circular no: 136/06/2020-GST dated April 03, 2020 on fulfilment of conditions specified therein.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax and goods and services tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of customs, duty of excise, value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	135.23	-	Assessment year 2003-04	Hon'ble High Court of Delhi
The Income Tax Act, 1961	Income Tax	80.90	70.99	Assessment year 2014-15	Income Tax Appellate Tribunal, New Delhi

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	19.41	-	Assessment year 2015-16	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	23.40	4.68	Assessment year 2016-17	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	166.35	6.11	Assessment year 2017-18	Commissioner of Income Tax (Appeals)
The Customs Act, 1962	Custom Duty	1,183.82	-	June 2012 to July 2017	Hon'ble Customs, Excise and Service Tax Appellate Tribunal, Allahabad
The Customs Act, 1962	Custom Duty	15.19	-	July 2017 to March 2019	Commissioner of Customs, Maharashtra
The Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	79.74	79.74	2002-03 to 2004-05	Hon'ble High Court of Andhra Pradesh
The Central Sales Tax Act, 1956	Sales Tax	111.00	-	2015-16	State Tax Officer, Chennai
The Uttar Pradesh Tax on Entry of Goods into Local Areas Act, 2007	Entry Tax	112.33	109.85	October 2008 to November 2011	Hon'ble High Court of Allahabad
The Central Excise Act, 1944	Central Excise Duty	75.81	-	December 2013 to May 2016	Joint Commissioner, Pune
The Central Excise Act, 1944	Central Excise Duty	3,992.18	-	2013-14 to 2017-18	Directorate General Goods & Service Tax Intelligence (Gurugram)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or dues to debenture holders as at the balance sheet date. The Company has not taken any loans or borrowings from Government or financial institutions.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 16 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the

Company.

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Rajib Chatterjee
Partner

Place of the Signature: Gurugram
Date: June 29, 2020

Membership Number 057134
UDIN: 20057134AAAAAH3278

BALANCE SHEET

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	59,166.30	53,216.41
Right-of-use assets	27	2,193.80	-
Capital work-in-progress	3	3,969.54	6,326.46
Intangible assets	4	15,183.84	15,786.22
Intangible assets under development	4	2,625.83	2,275.40
Investments in subsidiary and joint venture	5(a)	176.80	228.65
Financial assets			
i) Loans	5(e)	940.01	961.78
ii) Other financial assets	5(f)	23.26	56.37
Non-current tax assets (net)	9	59.49	48.46
Other non-current assets	7	384.32	3,473.70
Total non-current assets		84,723.19	82,373.45
Current assets			
Inventories	8	23,423.12	24,921.04
Financial assets			
i) Trade receivables	5(b)	18,928.72	16,732.05
ii) Cash and cash equivalents	5(c)	436.97	653.02
iii) Bank balances other than (ii) above	5(d)	8,653.53	8,338.45
iv) Loans	5(e)	94.70	107.89
v) Other financial assets	5(f)	993.14	2,690.93
Other current assets	7	1,598.92	2,243.69
Total current assets		54,129.10	55,687.07
TOTAL ASSETS		1,38,852.29	1,38,060.52
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10 (a)	1,304.71	1,304.71
Other equity	10 (b)	73,924.64	66,708.25
Total equity		75,229.35	68,012.96
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	11 (a)	2,275.71	5,744.31
- Lease liabilities	27	877.42	-
Deferred tax liabilities (net)	6	1,637.91	125.08
Provisions	12	1,104.68	636.13
Total non-current liabilities		5,895.72	6,505.52
Current liabilities			
Financial liabilities			
i) Borrowings	11 (b)	8,981.93	13,031.25
ii) Lease liabilities	27	135.48	-
iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	11 (d)	113.82	346.16
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	11 (d)	38,401.48	38,640.57
iv) Other financial liabilities	11 (c)	7,114.49	8,367.03
Contract liabilities	13 (a)	556.95	603.07
Other current liabilities	13 (b)	1,128.31	1,537.04
Provisions	12	957.70	773.46
Current tax liabilities	11 (e)	337.06	243.46
Total current liabilities		57,727.22	63,542.04
TOTAL LIABILITIES		63,622.94	70,047.56
TOTAL EQUITY AND LIABILITIES		1,38,852.29	1,38,060.52

The accompanying notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
 Firm Registration No- 012754N/N500016
 Chartered Accountants

Rajib Chatterjee
 Partner
 Membership No: 057134

Ramesh Suri
 Chairman
 DIN : 00176488

Shradha Suri
 Managing Director
 DIN : 00176902

Manoj K Sethi
 EVP (Finance)

Place : Gurugram
 Date : June 29, 2020

H.K. Agarwal
 AVP (Finance)

Rakesh Arora
 Company Secretary
 ICSI Membership No:- A8193

Place : New Delhi
 Date : June 29, 2020

STATEMENT OF PROFIT AND LOSS

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars		Note no	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	14	1,99,279.93	2,12,448.49
II	Other income	15	1,998.91	1,024.59
III	Total income (I + II)		2,01,278.84	2,13,473.08
IV	Expenses			
	Cost of material consumed	16	1,40,881.50	1,48,503.32
	Changes in inventories of finished goods and work-in-progress	17	(92.14)	(97.53)
	Employee benefits expense	18	20,727.09	20,646.24
	Finance costs	19	3,633.93	4,218.68
	Depreciation and amortization expense	20	9,030.44	7,884.71
	Other expenses	21	18,859.14	20,586.79
	Total expenses (IV)		1,93,039.96	2,01,742.21
V	Profit before exceptional items and tax (III - IV)		8,238.88	11,730.87
VI	Exceptional items	33	(4,128.56)	334.19
VII	Profit before tax (V-VI)		12,367.44	11,396.68
VIII	Tax expense:	6		
	- Current tax		2,282.49	2,408.43
	- Deferred tax		1,629.31	1,375.72
	Total tax expense (VIII)		3,911.80	3,784.15
IX	Profit for the year (VII-VIII)		8,455.64	7,612.53
X	Other comprehensive income			
	<i>Items that will not be reclassified to profit or loss</i>			
	Loss on remeasurements of post employment benefit obligations	28	(333.34)	(312.43)
	Income tax relating to the above item	6	116.48	109.18
	Other comprehensive income for the year, net of tax (X)		(216.86)	(203.25)
XI	Total comprehensive income for the year (IX + X)		8,238.78	7,409.28
	Earning per equity share (in Rs.) [Face value Rs. 2 each (March 31, 2019 : Rs. 2 each)]	30		
	Basic and Diluted		12.96	12.35

The accompanying notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
Firm Registration No- 012754N/N500016
Chartered Accountants

Rajib Chatterjee
Partner
Membership No: 057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	Amount
Balance at March 31, 2018	10 (a)	1,199.77
Issue of equity shares		104.94
Balance at March 31, 2019		1,304.71
Issue of equity shares		-
Balance at March 31, 2020		1,304.71

B. Other equity

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	Reserves and surplus				Total	
		Securities Premium	General reserve	Debenture redemption reserve	Retained earnings		
Balance as at March 31, 2018	10 (b)	-	11,975.48	1,250.00	26,051.56	39,277.04	
Issue of equity shares, net of transaction costs amounting to Rs. 66.22 Lakhs		20,817.44	-	-	-	20,817.44	
Profit for the year		-	-	-	7,612.53	7,612.53	
Other comprehensive Income		-	-	-	(203.25)	(203.25)	
Total comprehensive income for the year			-	-	-	7,409.28	7,409.28
Dividends paid		-	-	-	(659.87)	(659.87)	
Dividend distribution tax		-	-	-	(135.64)	(135.64)	
Transfer to/(from) retained earnings		-	150.00	-	(150.00)	-	
Transfer (to)/from debenture redemption reserve		-	-	(250.00)	250.00	-	
Balance as at March 31, 2019			20,817.44	12,125.48	1,000.00	32,765.33	66,708.25
Profit for the year		-	-	-	8,455.64	8,455.64	
Other comprehensive Income		-	-	-	(216.86)	(216.86)	
Total comprehensive income for the year			-	-	-	8,238.78	8,238.78
Dividends paid		-	-	-	(848.07)	(848.07)	
Dividend distribution tax	-	-	-	(174.32)	(174.32)		
Transfer to/(from) retained earnings	-	150.00	-	(150.00)	-		
Transfer (to)/from debenture redemption reserve	-	-	(750.00)	750.00	-		
Balance as at March 31, 2020		20,817.44	12,275.48	250.00	40,581.72	73,924.64	

The accompanying notes are an integral part of these financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No- 012754N/N500016
Chartered Accountants

For and on behalf of the Board of Directors of Subros Limited

Rajib Chatterjee
Partner
Membership No: 057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

CASH FLOW STATEMENT

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	12,367.44	11,396.68
Adjustments for:		
Depreciation and amortization expense	9,030.44	7,884.71
Net (profit)/ loss on disposal of property, plant and equipment	(1.51)	72.45
Provision for diminution in value of investment other than temporary difference	-	21.35
Profit on liquidation of subsidiary	(0.42)	-
Interest income on financial assets at amortized cost and others	(683.00)	(276.57)
Finance costs	3,633.93	4,218.68
Provision for inventory obsolescence made / (written back)	354.22	(21.77)
Unrealized foreign currency (gain) / loss (net)	284.31	(599.53)
Fair value changes on derivatives	(1,044.98)	(371.53)
Operating profit before working capital changes	23,940.43	22,324.47
Adjustments for Changes in working capital:		
(Increase)/ Decrease in loans (non-current)	21.77	(23.89)
(Increase)/ Decrease in other financial assets (non-current)	32.28	121.10
(Increase)/ Decrease in inventories	1,143.70	(936.66)
(Increase)/ Decrease in trade receivables	(2,196.67)	(592.52)
(Increase)/ Decrease in loans (current)	13.19	(69.68)
(Increase)/ Decrease in bank balances other than cash and cash equivalents	(317.31)	(7,852.49)
(Increase)/ Decrease in other financial assets (current)	2,491.91	1,119.05
(Increase)/ Decrease in other current assets	644.77	855.82
Increase/ (Decrease) in non-current provisions	135.21	83.14
Increase/ (Decrease) in trade payables	(755.75)	(1,406.23)
Increase/ (Decrease) in contract liabilities	(46.12)	(660.24)
Increase/ (Decrease) in other financial liabilities (current)	1,195.03	(625.61)
Increase/ (Decrease) in other current liabilities	(408.73)	26.86
Increase/ (Decrease) in current provisions	184.24	65.28
Cash generated from operations	26,077.95	12,428.40
Income tax paid (net)	(2,199.92)	(2,423.85)
Net cash inflow from operating activities	23,878.03	10,004.55
Cash flow from investing activities		
Payments for property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development	(9,811.77)	(12,748.13)
Proceeds from liquidation of investment in subsidiary	52.27	-
Proceeds from sale of property, plant and equipment	27.69	57.12
Interest received	456.46	115.60
Net cash (outflow) from investing activities	(9,275.35)	(12,575.41)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from financing activities		
Proceeds from issue of preferential shares	-	20,922.38
Proceeds from long term borrowings	-	1,250.00
Repayment of long term borrowings	(5,958.06)	(12,402.04)
Principal element of lease payment	(81.70)	-
Proceeds / (repayment) of short term borrowings	(4,049.32)	(3,253.54)
Interest paid	(3,707.27)	(3,995.15)
Dividend paid	(848.06)	(659.87)
Dividend distribution tax	(174.32)	(135.64)
Net cash inflow / (outflow) from financing activities	(14,818.73)	1,726.14
Net increase / (decrease) in cash and cash equivalents	(216.05)	(844.72)
Cash and cash equivalents at the beginning of the financial year	653.02	1,497.74
Cash and cash equivalents at the end of the financial year [refer note 5(c)]	436.97	653.02
Cash and cash equivalents as per above comprise of the following:		
Cash on hand	11.26	19.85
Balance with banks	425.71	633.17
	436.97	653.02

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard-7 "Statement of cash flows".

The accompanying notes are an integral part of these financial statements

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

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
Firm Registration No- 012754N/N500016
Chartered Accountants

Rajib Chatterjee
Partner
Membership No: 057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate Information

Subros Limited (“the Company”) is a public limited company incorporated in 1985 and domiciled in India, listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is LGF, World Trade Centre, Barakhamba Lane, New Delhi – 110001. The Company is the leading manufacturer of thermal products for automotive applications in India, in technical collaboration with Denso Corporation Japan. The Company is engaged primarily in the manufacture and sale of auto air conditioning system to automotive original equipment manufacturers. The Company is a joint venture with 36.79% ownership by Suri family of India, 20% ownership by Denso Corporation, Japan & 11.96% ownership by Suzuki Motor Corporation, Japan.

2. Basis of preparation, key accounting estimates and judgments and significant accounting policies

2(a). Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

The financial statements have been prepared on the historical cost convention except for certain items that are measured at fair values, as explained in the accounting policies.

All assets and liabilities have been classified as current or non-current according to the Company’s operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2019:

- Ind AS 116, *Leases*
- Uncertainty over Income- tax Treatments- Appendix C to Ind AS 12, *Income Taxes*
- Plan amendment, Curtailment or Settlement- Amendments to Ind AS 19, *Employee Benefits*
- Amendment to Ind AS 12, *Income Taxes*
- Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, *Investments in Associates and Joint Ventures*
- Amendment to Ind AS 23, *Borrowing costs*

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 36. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2(b). Key accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses for the years presented. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods affected.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the significant effect to the carrying amount of assets and liabilities within the next financial year is included in other notes to the financial statements as mentioned below:

- a. Measurement of employee defined benefit obligations – Refer note 28
- b. Measurement and likelihood of occurrence of provisions and contingencies – Refer note 26
- c. Recognition of deferred tax assets – Refer note 6
- d. Estimation of provision for warranty – Refer note 12
- e. Estimated useful life of property, plant and equipment and intangible assets – Refer note 3 & 4

2(c). Significant accounting policies

i) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. The cost of self-generated assets comprises of raw material, components, direct labour, other direct cost and related production overheads. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The

carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01, 2016 measured as per the previous GAAP and use that carrying values as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013 except in respect of the below mentioned assets where useful life is determined through technical evaluation and is different than those prescribed in schedule II of the Companies Act, 2013.

Plant and machinery : 15-20 years

Leasehold land is depreciated over the period of lease (Also refer note 2(c)(xiv)).

The residual values are not more than 5% of the original cost of the assets. Depreciation methods, useful lives and residual values are reviewed at least at each financial year end.

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

Gains and losses in disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within gains/(losses).

ii) Intangible assets

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use. Estimated useful lives of intangible assets are as follows:

Technical knowhow	:	8 years
Product development	:	8 years
Software	:	3 years

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand competition and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the

expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research and development

Research costs are expensed as incurred. Product development costs are capitalized when technical and commercial feasibility of the products (e.g. air conditioning systems and related products) is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the cost can be measured reliably, in other cases such development costs are taken to the Statement of Profit and Loss. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

Transition to Ind AS

On transition to Ind AS, the Company has elected to measure all its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2016.

iii) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

iv) Investments in Subsidiary and Joint Venture

Investments in subsidiary and joint venture 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 subsidiary and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

v) Inventories

Raw material and spares, work in progress, stores and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and spares and stores comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and

condition. Costs are assigned to individual items of inventory on the basis of weighted average cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

vi) Cash and cash equivalents

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

vii) Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities issued 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 or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost or
- fair value through other comprehensive income (FVOCI) or
- fair value through profit or loss (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 on the principal amount outstanding.

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. 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.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or

expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on a financial asset that is at amortized cost. Loss allowance in respect of financial assets is measured at an amount equal to life time expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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 realize the asset and settle the liability simultaneously.

viii) Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

ix) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

x) Provisions, Contingent liabilities and Contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation 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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax discounting rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

No contingent asset is recognized but disclosed by way of notes to accounts. When the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

xi) Foreign Currency Translation

Functional and presentation currency:

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

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities

denominated in foreign currencies at year end exchange rates are recognized in profit or loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income or other expenses.

xii) Revenue recognition and other income

A. Revenue from contracts with customers

Revenue is recognized based on the price specified in the contract with customers, net of returns, rebates and discounts. Revenue excludes Goods & Services Tax, where applicable on the supply of goods and services.

The Company recognizes revenue when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable and specific criteria have been met for each of the company's activities as described below:

a) Sale of goods

The Company manufactures and sells auto-air conditioning system primarily in the domestic market. Revenue from sale of goods is recognized when control of the goods has transferred, being when the goods are dispatched / delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the customer location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the goods in accordance with the sales contract.

The goods are sold to after-market customers with rebates / discounts based on sales targets over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated rebates / discounts. Accumulated experience is used to estimate and provide for the rebates / discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms, which vary from 30 days to 60 days, which is consistent with market practice. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see note 12.

A receivable is recognized when the goods are delivered

and accepted by the Customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognized where payments received from the customers exceed the goods sold by the Company.

b) Sale of services

Income from services rendered is recognized based on agreements/arrangements with the customers on the performance of service. Revenue from services is recognized in the accounting period in which the services are rendered. Revenue is recognised to the amount to which the Company has a right to invoice.

If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

c) Financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

B. Other income

Income from duty drawback and export incentives is recognized on an accrual basis.

Interest is recognized using the effective interest rate (EIR) method, as income for the period in which it occurs.

Dividend income on investments is recognized when the right to receive dividend is established.

xiii) Employee Benefits

a. Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Post-employment obligations

Provident fund and Employees' state insurance:

Contributions to defined contribution schemes such as Provident fund and Employees' state insurance are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company pays provident fund contribution to government-administered provident fund. The above benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond the monthly contributions.

Superannuation:

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed towards trust fund, the corpus of which is invested with the Life insurance companies.

Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in Company is funded through annual contributions made towards the trust fund, the corpus of which is invested with Life Insurance Corporation of India (LIC).

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognized immediately in profit or loss.

c. Compensated absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in profit or loss in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

xiv) Leases**As a lessee****Till March 31, 2019**

Lease of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or if lower the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of return on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

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

With effect from April 01, 2019

From April 01, 2019, leases are recognized as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amount expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if

the lease term reflects the Company exercising that option.

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

As a lessor

Lease income from operating leases where the Company is lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as result of adopting the new standard.

xv) Income tax

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

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

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

Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary and joint venture where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary and joint venture where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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 deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilized during the specified period i.e., the period for which such credit is allowed to be utilized.

xvi) Trade receivables

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

xvii) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

xviii) Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share:

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

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

xix) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xx) Segment Reporting

The Company is primarily in the business of manufacturing of thermal products (Automotive air conditioning systems and parts thereof) for automotive applications.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Refer note 23 for segment information presented.

xxi) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented as net of the related expense.

xxii) Rounding of amounts

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. Property, plant and equipment and capital work-in-progress

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total	Capital work-in-progress (CWIP)
Gross carrying amount									
Balance as at March 31, 2018	2,111.75	1,323.52	13,261.47	44,967.15	446.32	585.22	862.24	63,557.67	4,685.36
Additions	1.98	-	97.48	1,832.96	33.67	107.47	328.14	2,401.70	4,391.78
Transfer from CWIP	-	-	46.93	2,683.56	-	-	-	2,730.49	(2,730.49)
Disposals / adjustments	(20.11)	-	-	(1,220.32)	(6.48)	(88.69)	(133.00)	(1,468.60)	(20.19)
Balance as at March 31, 2019	2,093.62	1,323.52	13,405.88	48,263.35	473.51	604.00	1,057.38	67,221.26	6,326.46
Adjustment for change in accounting policy (refer note 36)	-	(1,323.52)	-	-	-	-	-	(1,323.52)	
Additions	1,820.33	-	-	-	50.28	43.27	148.19	2,062.07	8,230.72
Transfer from CWIP	-	-	6,475.54	4,091.92	-	-	-	10,567.46	(10,567.46)
Disposals / adjustments	-	-	(4.00)	(97.66)	(3.24)	(67.44)	(126.29)	(298.63)	(20.18)
Balance as at March 31, 2020	3,913.95	-	19,877.42	52,257.61	520.55	579.83	1,079.28	78,228.64	3,969.54
Accumulated depreciation As at March 31, 2018	-	29.71	699.57	9,404.30	85.29	150.61	295.88	10,665.36	-
Depreciation charge during the year	-	21.95	440.50	3,907.20	39.27	74.44	195.24	4,678.60	-
Disposals / adjustments	-	-	-	(1,129.30)	(6.25)	(73.54)	(130.02)	(1,339.11)	-
Balance as at March 31, 2019	-	51.66	1,140.07	12,182.20	118.31	151.51	361.10	14,004.85	-
Adjustment for change in accounting policy (refer note 36)	-	(51.66)	-	-	-	-	-	(51.66)	
Depreciation charge during the year	-	-	579.55	4,461.69	44.72	77.13	218.51	5,381.60	-
Disposals / adjustments	-	-	(0.44)	(84.05)	(2.54)	(63.98)	(121.44)	(272.45)	-
Balance as at March 31, 2020	-	-	1,719.18	16,559.84	160.49	164.66	458.17	19,062.34	-
Net carrying amount As at March 31, 2019	2,093.62	1,271.86	12,265.81	36,081.15	355.20	452.49	696.28	53,216.41	6,326.46
Net carrying amount As at March 31, 2020	3,913.95	-	18,158.24	35,697.77	360.06	415.17	621.11	59,166.30	3,969.54

Notes-

- i) Depreciation pertaining to machineries used for manufacture of moulds has been capitalized during the year amounting to Rs. 108.46 Lakhs (Previous year Rs. 107.33 Lakhs).
- ii) Capital work-in-progress mainly comprises of building and plant and machinery.
- iii) Refer note 25 to these financial statements for disclosure of contractual commitments for the acquisition of property, plant and equipment.

iv) Leased assets

As at March 31, 2019, Leasehold land represents land obtained on long term lease from various government authorities and considered as finance lease:

Particulars	As at March 31, 2020	As at March 31, 2019
Leasehold land		
Cost	-	1,323.52
Accumulated depreciation	-	(51.66)
Net carrying amount	-	1,271.86

Pursuant to the adoption of Ind AS 116, leased assets are presented as a separate line item in the Balance Sheet as at March 31, 2020, see note 27. Refer to note 36 for details about changes in accounting policy.

v) The carrying amount of assets pledged as security for current and non-current borrowings [refer note 11(a) & (b)] are as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	As at March 31, 2020	As at March 31, 2019
Current:			
First Charge			
Inventories	8	23,423.12	24,921.04
Financial assets			
- Trade receivables	5(b)	18,928.72	16,732.05
- Cash and cash equivalents	5(c)	436.97	653.02
- Other bank balances	5(d)	8,593.77	7,997.00
- Loans	5(e)	94.70	107.89
- Other financial assets	5(f)	993.14	2,690.93
Other current assets	7	1,598.92	2,243.69
Total current assets pledged as security		54,069.34	55,345.62
Non current:			
First charge			
Plant and machinery	3	35,697.77	36,081.15
Total non-current assets pledged as security		35,697.77	36,081.15
Total assets pledged as security		89,767.11	91,426.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4. Intangible assets and intangible assets under development

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Specialized softwares	Technical know how	Development cost [Refer note (ii)]	Total	Intangible assets under development
Gross carrying amount					
Balance as at March 31, 2018	208.55	8,299.16	12,650.66	21,158.37	4,298.24
Additions	77.48	39.29	-	116.77	2,885.56
Transfer from intangible assets under development	-	2,294.58	2,613.82	4,908.40	(4,908.40)
Disposals / adjustments	-	-	-	-	-
Balance as at March 31, 2019	286.03	10,633.03	15,264.48	26,183.54	2,275.40
Additions	50.47	7.54	-	58.01	3,297.94
Transfer from intangible assets under development	-	433.59	2,476.39	2,909.98	(2,909.98)
Disposals / adjustments	-	-	20.18	20.18	(37.53)
Balance as at March 31, 2020	336.50	11,074.16	17,761.05	29,171.71	2,625.83
Accumulated amortization					
As at March 31, 2018	124.09	2,499.71	4,460.08	7,083.88	-
Amortization charge for the year	45.57	1,277.22	1,990.65	3,313.44	-
Disposals / adjustments	-	-	-	-	-
Balance as at March 31, 2019	169.66	3,776.93	6,450.73	10,397.32	-
Amortization charge for the year	66.63	1,336.18	2,187.74	3,590.55	-
Disposals / adjustments	-	-	-	-	-
Balance as at March 31, 2020	236.29	5,113.11	8,638.47	13,987.87	-
Net carrying amount					
As at March 31, 2019	116.37	6,856.10	8,813.75	15,786.22	2,275.40
Net carrying amount					
As at Mar 31, 2020	100.21	5,961.05	9,122.58	15,183.84	2,625.83

Notes-

- i) Amortization pertaining to software used for manufacture of moulds has been capitalized during the year amounting to Rs. 5.91 Lakhs (Previous year Nil).
- ii) Consists of capitalised development costs being an internally generated intangible asset.
- iii) Intangible assets under development comprises of technical know how and product development cost incurred by the Company.

5(a). Investments in subsidiary and joint venture*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in equity instruments (fully paid- up) Unquoted		
Investment in subsidiary (carried at cost)		
Thai Subros Limited	-	51.85
Nil (March 31, 2019: 999,300) Fully paid up equity shares of Baht 5 each [Net of provision for other than temporary diminution aggregating to Rs. Nil (March 31, 2019 :- Rs. 21.35 Lakhs)] (refer note 38)		
Investment in joint venture (carried at cost)		
Denso Subros Thermal Engineering Centre India Private Limited (formerly known as Denso Subros Thermal Engineering Centre India Limited) 1,767,999 (March 31, 2019: 17,67,999) Fully paid up equity shares of Rs. 10 each	176.80	176.80
Total investments	176.80	228.65
Aggregate value of unquoted investments	176.80	228.65
Aggregate amount of impairment in the value of investments	-	21.35

5(b). Trade receivables*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	18,855.23	16,657.42
Receivables from related parties (refer note 24)	73.49	74.63
Less: Allowance for doubtful debts	-	-
Total trade receivables	18,928.72	16,732.05
Current portion	18,928.72	16,732.05
Non-current portion	-	-

Breakup of security details*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	18,928.72	16,732.05
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	18,928.72	16,732.05
Allowance for doubtful debts	-	-
Total trade receivables	18,928.72	16,732.05

5(c). Cash and cash equivalents*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- In current accounts	425.71	633.17
Cash on hand	11.26	19.85
Total cash and cash equivalents	436.97	653.02

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

5(d) Bank balances other than cash and cash equivalents*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks		
Deposits with original maturity of more than three months but less than 12 months*	29.52	308.98
Unpaid dividend account	30.24	32.47
Others		
Deposits with original maturity of more than three months but less than 12 months	8,593.77	7,997.00
Total bank balances other than cash and cash equivalents	8,653.53	8,338.45

* Held as security with the banks against bank guarantee and hence not available for free use with the Company.

5(e). Loans*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Security deposits				
Related parties (refer note 24)	-	233.56	-	233.56
Others	66.63	696.55	43.46	710.75
Loans to employees	28.07	9.90	64.43	17.47
Total loans	94.70	940.01	107.89	961.78

Breakup of security details*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	1,034.71	1,069.67
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	1,034.71	1,069.67
Loss allowance	-	-
Total loans	1,034.71	1,069.67

5(f) Other financial assets*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Deposits with maturity of more than 12 months*	-	21.90	-	54.18
Interest accrued on bank deposits	426.40	1.36	199.02	2.19
Derivatives asset	566.74	-	-	-
Due on account of factoring arrangement	-	-	1,553.85	-
Insurance claim recoverable (refer note 26B)	-	-	938.06	-
Total other financial assets	993.14	23.26	2,690.93	56.37

* Held as security with the banks and hence not available for free use with the Company.

6. Income tax

Income tax expense in the Statement of Profit and Loss comprises: *(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Tax expense		
Current tax		
Current tax on profits for the year	2,285.43	2,406.61
Adjustments for current tax of prior periods	(2.94)	1.82
Total current tax expense	2,282.49	2,408.43
Deferred tax		
Minimum alternate tax	174.55	(926.61)
Decrease / (increase) in deferred tax assets	(433.45)	1,070.85
(Decrease) / increase in deferred tax liabilities	1,888.21	1,231.48
Total deferred tax expense / (benefit)	1,629.31	1,375.72
Total tax expense / (credit)	3,911.80	3,784.15

b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting Profit before tax	12,367.44	11,396.68
Computed tax expense at applicable tax rate of 34.944% (previous year 34.944%)	4,321.68	3,982.46
Tax effect of :		
Tax effects of the amounts which are not deductible in calculating taxable income	49.14	(78.42)
Weighted deduction for expenditure incurred on research and development	(459.02)	-
Difference in tax rates and MAT credit	-	(2,422.22)
Incremental deferred tax asset on account of financial assets and other items	-	1,070.85
Incremental deferred tax liability on account of tangible and intangible assets	-	1,231.48
Tax expense recognized in Statement of Profit and Loss	3,911.80	3,784.15

The tax impact of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Opening balance	Recognized in Profit or loss-Credit/(charge)	Recognized in Other Comprehensive Income -Credit/(charge)	Closing Balance
2018-19				
Deferred tax liability in relation to:				
Property, plant and equipment and intangible assets	6,075.98	(1,231.48)	-	7,307.46
Total deferred tax liability(A)	6,075.98	(1,231.48)	-	7,307.46
Deferred tax assets in relation to:				
Expenses deductible in future years	378.41	125.33	-	503.74
Remeasurement of post employment benefit obligations	9.02	-	109.18	118.20
Unabsorbed depreciation	1,094.05	(1,094.05)	-	-
Other items	102.49	(102.13)	-	0.36

Particulars	Opening balance	Recognized in Profit or loss-Credit/(charge)	Recognized in Other Comprehensive Income -Credit/(charge)	Closing Balance
Total deferred tax assets (B)	1,583.97	(1,070.85)	109.18	622.30
Deferred tax liability(net) (C) = (A) - (B)	4,492.01	(2,302.33)	109.18	6,685.16
Minimum alternate tax credit (D)	5,633.47	926.61	-	6,560.08
Deferred tax liabilities/(assets) (net) (C) -(D)	(1,141.46)	(1,375.72)	109.18	125.08
2019-20				
Deferred tax liability in relation to:				
Property, plant and equipment and intangible assets	7,307.46	(1,609.44)	-	8,916.90
Right-of-use assets	-	(278.77)	-	278.77
Total deferred tax liability(A)	7,307.46	(1,888.21)	-	9,195.67
Deferred tax assets in relation to:				
Expenses deductible in future years	503.74	79.86	-	583.60
Lease liabilities	-	353.95	-	353.95
Remeasurement of post employment benefit obligations	118.20	-	116.48	234.68
Other items	0.36	(0.36)	-	-
Total deferred tax assets (B)	622.30	433.45	116.48	1,172.23
Deferred tax liability(net) (C) = (A) - (B)	6,685.16	(1,454.76)	116.48	8,023.44
Minimum alternate tax credit (D)	6,560.08	(174.55)	-	6,385.53
Deferred tax liabilities/(assets) (net) (C) -(D)	125.08	(1,629.31)	116.48	1,637.91

Note

Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

7. Other assets

(unsecured and considered good, unless otherwise stated)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Capital advances	-	384.32	-	3,473.70
Advance to suppliers				
-Related party (refer note 24)	81.17	-	130.71	-
-Others	275.05	-	1,020.79	-
Prepaid expenses	475.52	-	433.83	-
Recoverable from statutory authorities	767.18	-	658.36	-
Total other assets	1,598.92	384.32	2,243.69	3,473.70

8. Inventories

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw material and spares *	18,420.02	19,903.14
Work-in progress	1,617.87	1,442.74
Finished goods	625.43	708.42
Stores	2,759.80	2,866.74
Total Inventories	23,423.12	24,921.04

Inventory includes in transit inventory of:-

Raw material and spares	3,937.73	3,808.74
Finished goods	134.31	314.10

* Net of provision for inventory obsolescence amounting to Rs. 576.59 Lakhs as at March 31, 2020 (March 31, 2019: Rs. 222.37 Lakhs). An amount of Rs. 354.22 Lakhs has been recognised as an expense during the year ended March 31, 2020 (Rs. 21.77 Lakhs written back during the year ended March 31, 2019) and included in 'cost of material consumed' in Statement of Profit and Loss.

Note: Refer note 3 to the financial statements for information on inventories pledged as security by the Company.

9. Non-current tax assets (net)*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provisions - March 31, 2020: Rs 5,784.46 Lakhs; March 31, 2019: Rs. 3,377.85 Lakhs)	59.49	48.46
Total non-current tax assets	59.49	48.46

10. Equity**10(a). Equity share capital***(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized share capital		
125,000,000 (as at March 31, 2019 : 125,000,000) equity shares of Rs. 2 each	2,500.00	2,500.00
Issued share capital		
65,241,450 (as at March 31, 2019 : 65,241,450) equity shares of Rs. 2 each	1,304.83	1,304.83
Subscribed and paid up share capital		
65,235,750 (as at March 31, 2019 : 65,235,750) equity shares of Rs. 2 each, fully paid up	1,304.71	1,304.71
Total	1,304.71	1,304.71

A. Reconciliation of the shares outstanding at the beginning and at the end of the year*(All amounts in Rs. Lakhs, unless otherwise stated)*

Equity shares	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	652,35,750	1,304.71	599,88,600	1,199.77
Add: Shares issued during the year	-	-	52,47,150	104.94
Balance at the end of the year	652,35,750	1,304.71	652,35,750	1,304.71

B. Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

C. Details of shares held by each shareholder holding more than 5% shares

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% of holding	Number of shares held	% of holding
Deeksha Holding Limited	101,37,760	15.54%	101,37,760	15.54%
Jyotsna Holding Private Limited	34,48,000	5.28%	34,48,000	5.28%
R R Holdings Private Limited	32,08,000	4.92%	32,08,000	4.92%
Ramesh Suri	44,59,040	6.84%	44,59,040	6.84%
Denso Corporation	130,47,150	20.00%	130,47,150	20.00%
Suzuki Motor Corporation	78,00,000	11.96%	78,00,000	11.96%

10(b). Other equity**Reserves and surplus***(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	20,817.44	20,817.44
General reserve	12,275.48	12,125.48
Debenture redemption reserve	250.00	1,000.00
Retained earnings	40,581.72	32,765.33
Total other equity	73,924.64	66,708.25

i) Securities premium*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	20,817.44	-
Issue of equity shares, net of transaction costs amounting to Rs. Nil (March 31, 2019: Rs. 66.22 Lakhs)	-	20,817.44
Closing balance	20,817.44	20,817.44

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii) General reserve*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	12,125.48	11,975.48
Transfer from retained earnings	150.00	150.00
Closing balance	12,275.48	12,125.48

General reserve is the retained earnings of a Company which are kept aside out of the Company's profits to meet future (known or unknown) obligations.

iii) Retained earnings

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	32,765.33	26,051.56
Add: Profit for the year	8,455.64	7,612.53
Less: Remeasurement loss on post employment benefit obligation, net of tax	(216.86)	(203.25)
Less: Appropriations		
Transfer to general reserve	(150.00)	(150.00)
Transfer from/(to) debenture redemption reserve	750.00	250.00
Dividend on equity shares including related income tax	(1,022.39)	(795.51)
Closing balance	40,581.72	32,765.33

During the year, a dividend of Rs. 1.30 per share, total dividend Rs. 848.07 Lakhs (previous year: Rs. 1.10 per share, total dividend Rs. 659.87 Lakhs) was paid to equity shareholders.

The Board of Directors recommended a final dividend of Rs. 0.80 per share (nominal value of Rs. 2 per share) for the financial year 2019-20. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been accounted as liability in these financial statements. The total estimated dividend to be paid is Rs. 521.89 Lakhs.

iv) Debenture redemption reserve (DRR)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	1,000.00	1,250.00
Transfer from/(to) retained earnings	(750.00)	(250.00)
Closing balance	250.00	1,000.00

The Companies Act 2013 requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a debenture redemption reserve (DRR) of 25% of the value of debentures issued and outstanding, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilized by the Company except to redeem debentures.

11. Financial liabilities

11(a). Non-current borrowings

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Debentures		
8.50% Non-convertible redeemable debentures	1,000.00	4,000.00
Term loans		
Foreign currency loans from banks	2,127.47	4,661.40
Indian Rupee loans from banks	2,373.86	2,770.90
Total Non-current borrowings	5,501.33	11,432.30
Less: Current maturities of long term debt [included in note 11(c)]	3,194.32	5,636.29
Less: Interest accrued [included in note 11(c)]	31.30	51.70
Non-current borrowings	2,275.71	5,744.31

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Maturity date	Terms of repayment	Coupon/ Interest rate
8.50% Non-convertible redeemable debentures	First charge on specific movable fixed assets of company	1,000.00	4,000.00	April, 2020	Three yearly instalments commencing from April 2018	8.50% p.a. (March 31, 2019 : 8.50%)

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Maturity date	Terms of repayment	Coupon/ Interest rate
Foreign currency loans from banks						
FC Loan 1	Exclusive charge over specific movable fixed assets	1,274.56	1,950.27	September, 2021	Sixteen quarterly instalments commencing from December 2017	USD 3.25% p.a (March 31, 2019 :USD 3.25% p.a)
FC Loan 2	Exclusive charge over specific movable fixed assets	852.91	1,305.04	September, 2021	Sixteen quarterly instalments commencing from December 2017	USD 3.32% p.a (March 31, 2019 :USD 3.32% p.a)
FC Loan 3	Exclusive charge on movable fixed assets and sub- servient charge over movable fixed assets	-	1,406.09	March, 2020	Eight half yearly instalments commencing from September 2016	Not applicable (March 31, 2019 : USD 6M LIBOR+Margin of 2.1% p.a
Total		2,127.47	4,661.40			
Indian Rupee loans from banks						
Loan 1	First charge on movable fixed assets	2,373.86	2,770.90	February, 2023	Fourteen quarterly equal instalments commencing from November, 2019	MCLR + 20 bps (March 31, 2019 : MCLR + 20 bps)
Total		2,373.86	2,770.90			

11(b). Current borrowings

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
From banks		
Cash credit	277.16	2,578.19
Working capital loans from banks	599.79	7,555.74
	876.95	10,133.93
Unsecured		
Cash credit	-	553.06
Working capital loans from banks	5,625.00	2,400.00
Commercial papers	2,479.98	-
	8,104.98	2,953.06
Total current borrowings	8,981.93	13,086.99
Less: Interest accrued [included in note 11(c)]	-	55.74
Total current borrowings	8,981.93	13,031.25

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Coupon/ Interest rate	Maturity Date	Terms of Repayment
Secured						
Cash credit 1	First charge on current assets of the Company	-	40.69	Not applicable (March 31, 2019 : 1yr MCLR + 50 BPS)	Payable on Demand	Payable on Demand
Cash credit 2	First Pari-Passu charge on current assets of the company	277.16	1,686.43	8.20% linked to 1yr MCLR (March 31, 2019: 8.90% linked to 1yr MCLR)	Payable on Demand	Payable on Demand
Cash credit 3	First Pari-Passu charge on current assets of the company	-	851.07	Not applicable (March 31, 2019: 6M MCLR + 60 BPS)	Payable on Demand	Payable on Demand
Working capital loan 1	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	April 10, 2019	90 days from the date of availment
Working capital loan 2	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	May 14, 2019	90 days from the date of availment
Working capital loan 3	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	May 18, 2019	90 days from the date of availment
Working capital loan 4	First Pari-Passu charge on current assets of the company	599.79	-	3M MCLR + 30 BPS (March 31, 2019: Not applicable)	Payable on Demand	Payable on Demand
Unsecured						
Cash credit	Not applicable	-	553.06	Not applicable (March 31, 2019: 6M MCLR + 95 BPS)	Payable on Demand	Payable on Demand
Working capital loan 1	Not applicable	5,625.00	2,000.00	MCLR + spread as applicable at the time of each disbursal. (March 31, 2019: MCLR + spread as applicable at the time of each disbursal)	60 days from the date of availment (March 31, 2019: 75 days from the date of availment)	60 days from the date of availment (March 31, 2019: 75 days from the date of availment)
Working capital loan 2	Not applicable	-	400.00	Not applicable (March 31, 2019: 6M MCLR + 95 BPS)	April 30, 2019	30 days from the date of availment
Commercial papers	Not applicable	2,479.98	-	6.75% (March 31, 2019: Not applicable)	May 15, 2020	90 days from the date of issue
Total		8,981.93	13,086.99			

11(c). Other financial liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt	3,194.32	5,636.29
Capital creditors	1,446.20	890.51
Interest accrued*	62.24	143.06
Security deposit received		
-Related party (refer note 24)	6.14	6.14
-Others	40.24	40.24
Unclaimed dividend**	30.24	32.47
Derivative liability	-	478.24
Others		
Due to director (refer note 24)	99.49	162.62
Payable to employees	2,235.62	977.46
Total	7,114.49	8,367.03

* Includes Rs. 31.30 Lakhs (March 31, 2019: Rs. 107.44 Lakhs) accrued on borrowings [Refer note 11(a) & 11(b)] and includes Rs. 20.31 Lakhs (March 31, 2019: Rs. 14.05 Lakhs) due to micro enterprises and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

** The Company has deposited an amount of Rs. 6.40 Lakhs (Previous year Rs. 4.75 Lakhs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.

11(d). Trade payables*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Trade payables: micro and small enterprises (refer Note 35)	113.82	346.16
Trade payables: others	36,086.39	37,370.50
Trade payables to related parties (refer note 24)	2,315.09	1,270.07
Total	38,515.30	38,986.73

11 (e). Current tax liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	243.46	420.82
Current tax payable for the year	2,285.43	2,406.61
Less:- Taxes paid	2,191.83	2,583.97
Closing balance	337.06	243.46

12. Provisions*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits:				
Provision for leave encashment (refer note 28)	621.95	-	493.73	-
Provision for gratuity (refer note 28)	-	880.84	-	449.65
Provision for warranty	335.75	223.84	279.73	186.48
Total	957.70	1,104.68	773.46	636.13

i) **Information about individual provisions and significant estimates****Provision for employee benefits:**

The provision for employee benefits include leave encashment and gratuity (refer note 2(c)(xiii) and 28).

Provision for warranty:

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The Company generally offers 24 months warranties for its products. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives.

ii) **Movement in provision for warranty**

(All amounts in Rs. Lakhs, unless otherwise stated)

As at March 31, 2018	413.48
Charged/(credited) to profit or loss	
Additional provisions recognized	215.80
Unwinding of discount on provision for warranty	8.48
Discounting of additional provision recognized	(8.98)
Amounts utilized during the year	(162.57)
As at March 31, 2019	466.21
Charged/(credited) to profit or loss	
Additional provisions recognized	227.98
Unwinding of discount on provision for warranty	8.48
Discounting of additional provision recognized	(8.98)
Amounts utilized during the year	(134.10)
As at March 31, 2020	559.59

Sensitivity analysis

As at March 31, 2020, provision for warranty had a carrying amount of Rs. 559.59 Lakhs (March 31, 2019: Rs. 466.21 Lakhs). Were warranty claim costs to differ by 10% of the management's estimates, the provision would be an estimated Rs. 55.96 Lakhs higher or lower (March 31, 2019: Rs. 46.62 Lakhs higher or lower).

13 (a). Contract liabilities

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Contract liabilities	556.95	603.07
Total	556.95	603.07

Notes:

- Contract liabilities represent payments received from the customers in excess of the goods sold by the Company.
- During the year ended March 31, 2020, the Company recognised revenue of Rs. 570.76 Lakhs arising from opening contract liabilities as of April 01, 2019. During the previous year, the Company recognised revenue of Rs. 1,189.61 Lakhs arising from opening contract liabilities as at April 01, 2018.

13(b). Other current liabilities

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	1,128.31	1,537.04
Total	1,128.31	1,537.04

14. Revenue from operations*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contracts with customers		
- Sale of products	1,98,709.04	2,11,306.80
- Sale of services	412.67	917.09
Other operating revenues		
- Sale of scrap	158.22	224.60
Total	1,99,279.93	2,12,448.49

Note 1: Unsatisfied contracts:

The following table shows unsatisfied performance obligation resulting from contracts:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at reporting date	556.95	603.07

Management expects that transaction price allocated to unsatisfied contracts as of March 31, 2020 will be recognized as revenue during the next reporting period.

Note 2: Reconciliation of revenue recognised with contract price:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract Price	1,99,342.61	2,12,522.75
Adjustments for:		
- Rebate/discounts	(62.68)	(74.26)
Revenue from Operations	1,99,279.93	2,12,448.49

Note 3: The Company has disaggregated revenue from contracts with customers based on nature of revenue i.e. sale of products and sale of services. The Company does not have reportable segment. Refer note 23.

Note 4: The company derives revenue from transfer of goods and services at a point of time after acceptance from customers.

Note 5: No significant judgements have been made by the Company in applying Ind AS 115 that significantly affect the determination of the amount and timing of revenue from contracts with customers.

15. Other Income*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on:		
a) Financial assets at amortized cost	672.24	238.54
b) Others	6.03	26.70
Exchange variation on foreign currency transactions (net)	-	163.29
Fair value changes on derivatives	1,044.98	371.53
Unwinding of discount on financial asset	4.73	11.33
Net profit on disposal of property, plant and equipment	1.51	-
Rental income	66.57	48.57
Profit on liquidation of subsidiary (refer note 38)	0.42	-
Other miscellaneous income	202.43	164.63
Total	1,998.91	1,024.59

16. Cost of material consumed*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material and spares		
Raw material and spares at the beginning of the year	19,903.14	19,265.36
Add: Purchase of raw material and spares	1,39,398.38	1,49,141.10
Less: Raw material and spares at the end of the year	18,420.02	19,903.14
Total	1,40,881.50	1,48,503.32

17. Changes in inventories of finished goods and work in progress*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finished goods		
Closing balance	625.43	708.42
Less:- Opening balance	708.42	505.27
	(82.99)	203.15
Work-in-progress		
Closing balance	1,617.87	1,442.74
Less:- Opening balance	1,442.74	1,548.36
	175.13	(105.62)
(Increase) / decrease	(92.14)	(97.53)

18. Employee benefits expense*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus*	18,103.36	17,703.72
Contribution to provident and other funds (refer note 28)**	855.71	764.53
Gratuity (refer note 28)	239.63	164.77
Staff welfare expenses	1,528.39	2,013.22
Total	20,727.09	20,646.24

Note: Government grants

* Net of government grants related to refund of 50% of minimum stipend prescribed by Board of Apprenticeship Training (Northern Region) amounting to Rs. 34.23 Lakhs (March 31, 2019: Rs. 215.66 Lakhs).

** Net of government grants related to payment of employer's contribution towards Employees Provident Fund and Employees Pension Scheme for the new employment, paid by government of India under the Pradhan Mantri Rojgar Protsahan Yojana amounting to Rs. 60.67 Lakhs (March 31, 2019: Rs. 25.38 Lakhs).

There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance.

19. Finance costs*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest costs:		
- Loans from banks	1,734.51	2,692.29
- Loans from others	1,231.46	634.94
Exchange differences regarded as an adjustment to borrowing costs	605.31	894.64
Interest on lease liabilities (refer note 27)	96.34	-
Other finance costs*	6.31	78.33
	3,673.93	4,300.20
Less:- Amount capitalized**	40.00	81.52
Total	3,633.93	4,218.68

* Includes Rs. 6.26 Lakhs (March 31, 2019: Rs. 14.05 Lakhs) due to micro enterprises and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (refer Note 35).

** The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 8.50% (March 31, 2019: 8.79%)

20. Depreciation and amortization expense

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 3)	5,273.14	4,571.27
Depreciation of right-of-use assets (refer note 27)	172.66	-
Amortization of intangible assets (refer note 4)	3,584.64	3,313.44
Total	9,030.44	7,884.71

21. Other expenses

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores	3,851.75	4,542.80
Power and fuel	2,902.38	3,231.32
Rent (refer note 27)	276.46	573.75
Repair and maintenance: Building	366.62	405.45
Repair and maintenance: Plant and machinery	1,300.97	1,501.93
Repair and maintenance: Others	275.43	288.16
Rates, taxes and fees	65.49	40.52
Insurance	462.11	410.05
Royalty	2,092.69	1,908.74
Warranty expenses	219.00	224.28
Selling and distribution expenses	2,953.16	3,946.35
Legal and professional charges	458.68	398.39
Vehicle running and maintenance	159.69	204.58
Travelling and conveyance	464.19	682.08
Payment to auditors [refer note 21(a) below]	54.32	56.29
Exchange variation on foreign currency transactions (net)	420.27	-
Net loss on disposal of property, plant and equipment	-	72.45
Provision for diminution in value of investment other than temporary difference (Refer note 5(a) & 38)	-	21.35
Corporate social responsibility expenses [refer note 21(b) below]	137.02	87.04
Director's sitting fees	40.85	40.20
Other miscellaneous expenses	2,358.06	1,951.06
TOTAL	18,859.14	20,586.79

21(a). Details of payment to auditors

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to auditors*		
As auditor:		
Audit fees (including limited review)	41.10	36.00
Tax audit fee	1.15	2.00
In other capacities:		
Other services	6.75	10.50
Reimbursement of expenses	5.32	7.79
Total	54.32	56.29

* Excluding applicable taxes

21(b). Corporate social responsibility expenses*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to green plantations	4.42	17.68
Contribution to education for under- privileged children	56.26	56.25
Contribution to skills developments	-	6.72
Contribution to social campaign	76.34	6.39
Total	137.02	87.04
<i>Amount required to be spent as per Section 135 of the Act</i>	136.96	78.24
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(i) On purpose other than above	137.02	87.04
Total	137.02	87.04

22. Financial instruments and risk management**22(a). Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FVOCI	FVTPL	Amortized cost	Total
Financial assets				
i) Trade receivables	-	-	18,928.72	18,928.72
ii) Cash and cash equivalents	-	-	436.97	436.97
iii) Bank balance other than cash and cash equivalents	-	-	8,653.53	8,653.53
iv) Loans	-	-	1,034.71	1,034.71
v) Other financial assets	-	566.74	449.66	1,016.40
Total financial assets	-	566.74	29,503.59	30,070.33
Financial liabilities				
i) Borrowings	-	-	11,257.64	11,257.64
ii) Trade payables	-	-	38,515.30	38,515.30
iii) Other financial liabilities	-	-	7,114.49	7,114.49
Total financial liabilities	-	-	56,887.43	56,887.43

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FVOCI	FVTPL	Amortized cost	Total
Financial assets				
i) Trade receivables	-	-	16,732.05	16,732.05
ii) Cash and cash equivalents	-	-	653.02	653.02
iii) Bank balance other than cash and cash equivalents	-	-	8,338.45	8,338.45
iv) Loans	-	-	1,069.67	1,069.67
v) Other financial assets	-	-	2,747.30	2,747.30
Total financial assets	-	-	29,540.49	29,540.49
Financial liabilities				
i) Borrowings	-	-	18,775.56	18,775.56
ii) Trade payables	-	-	38,986.73	38,986.73
iii) Other financial liabilities	-	478.24	7,888.79	8,367.03
Total financial liabilities	-	478.24	65,651.08	66,129.32

The following tables provides an analysis of financial assets and liabilities that are measured at fair value - recurring fair value measurements, grouped into level 1 to level 3, as described below:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020				
	Notes No.	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives asset	5(f)	-	566.74	-	566.74
Total financial assets		-	566.74	-	566.74
Financial liabilities					
Derivative liability	11(c)	-	-	-	-
Total financial liabilities		-	-	-	-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2019				
	Notes No.	Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives asset	5(f)	-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities					
Derivative liability	11(c)	-	478.24	-	478.24
Total financial liabilities		-	478.24	-	478.24

The following tables provides an analysis of financial assets and liabilities that are measured at amortized cost for which fair values are disclosed, grouped into level 1 to level 3, as described below:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020				
	Notes No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Security deposits	5(e)	-	-	996.74	996.74
Loans to employees	5(e)	-	-	37.97	37.97
Trade receivables	5(b)	-	-	18,928.72	18,928.72
Cash and cash equivalents	5(c)	-	-	436.97	436.97
Deposits with original maturity of more than three months but less than 12 months	5(d)	-	-	8,623.29	8,623.29
Deposits with maturity of more than 12 months	5(f)	-	-	21.90	21.90
Unpaid dividend account	5(d)	-	-	30.24	30.24
Interest accrued on bank deposits	5(f)	-	-	427.76	427.76
Total financial assets		-	-	29,503.59	29,503.59
Financial liabilities					
Borrowings	11(a) & 11(b)	-	-	11,257.64	11,257.64
Trade payables	11(d)	-	-	38,515.30	38,515.30
Current maturities of long term debt	11(c)	-	-	3,194.32	3,194.32
Capital creditors	11(c)	-	-	1,446.20	1,446.20
Interest accrued	11(c)	-	-	62.24	62.24
Security deposit received	11(c)	-	-	46.38	46.38
Unclaimed dividend	11(c)	-	-	30.24	30.24
Others					
Due to director	11(c)	-	-	99.49	99.49
Payable to employees	11(c)	-	-	2,235.62	2,235.62
Total financial liabilities		-	-	56,887.43	56,887.43

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2019				
	Notes No.	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	5(e)	-	-	987.77	987.77
Loans to employees	5(e)	-	-	81.90	81.90
Trade receivables	5(b)	-	-	16,732.05	16,732.05
Cash and cash equivalents	5(c)	-	-	653.02	653.02
Deposits with original maturity of more than three months but less than 12 months	5(d)	-	-	8,305.98	8,305.98
Deposits with maturity of more than 12 months	5(f)	-	-	54.18	54.18
Unpaid dividend account	5(d)	-	-	32.47	32.47
Interest accrued on bank deposits	5(f)	-	-	201.21	201.21
Due on account of factoring arrangement	5(f)	-	-	1,553.85	1,553.85
Insurance claim recoverable	5(f)	-	-	938.06	938.06
Total financial assets		-	-	29,540.49	29,540.49
Financial liabilities					
Borrowings	11(a) & 11(b)	-	-	18,775.56	18,775.56
Trade payables	11(d)	-	-	38,986.73	38,986.73
Current maturities of long term debt	11(c)	-	-	5,636.29	5,636.29
Capital creditors	11(c)	-	-	890.51	890.51
Interest accrued	11(c)	-	-	143.06	143.06
Security deposit received	11(c)	-	-	46.38	46.38
Unclaimed dividend	11(c)	-	-	32.47	32.47
Others					
Due to director	11(c)	-	-	162.62	162.62
Payable to employees	11(c)	-	-	977.46	977.46
Total financial liabilities		-	-	65,651.08	65,651.08

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfer between level 1, level 2 and level 3 for the years ended March 31, 2020 and March 31, 2019.

Valuation technique used to determine fair value : The Company has entered into variety of foreign currency forward contracts and swaps to manage its exposure to fluctuations in foreign exchange rates. These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

All short term financial assets and liabilities like trade receivables, cash and cash equivalents, deposit with banks, recoverable from factoring arrangements, insurance claim recoverable, trade payables, capital creditors, security deposit received, payable to employees are stated at amortized cost which is approximately equal to their fair value.

The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity.

The fair value of loans to employees and security deposits are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

22(b). Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimize operating, financial and strategic risks. The note explains the sources of risk which the entity is exposed to and how the entity manages the risks :

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposits with banks, trade receivables, derivative financial instruments, other financial assets measured at amortized cost.	Ageing analysis, credit rating	Diversification of bank deposits, factoring of trade receivables, credit limits and letter of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk- interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps

Credit risk

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and deposits with banking institutions. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

For banks and financial institutions, only high rated banks/institutions are accepted. The Company has deposited liquid funds at various banking institutions. Primary banking institutions are major Indian and foreign banks. In long term credit ratings these banking institutions are considered to be investment grade. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognized commercial banks and are not past due.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major Indian automobile manufacturers and Air-conditioner manufacturer (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of payment due dates is closely monitored on an on-going basis for all customers, thereby practically eliminating the risk of default.

A default on a financial asset is when the counterparty, fails to make contractual payments within the agreed number of days of when they fall due. This definition is determined by considering the business environment in which entity operates and other macro-economic factors. The Company's historical experience of collecting receivables, supported by the level of default, is that credit risk is low. All customer balances which are overdue for more than 180 days are evaluated for provisioning and considered for impairment on an individual basis. The customer balances are written-off as bad debts, when legal remedies available to the Company are exhausted and / or it becomes certain that said balances will not be recovered.

Liquidity risk

The liquidity risk encompasses any risk that the Company cannot fully meet its financial obligations. To manage the liquidity risk, the Company's finance division monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet the operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Company raises short term rupee borrowings for cash flow mismatches and hence carries no significant liquidity risk.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Floating rate:		
- Expiring within one year (cash credit, working capital loans and other facilities)	36,319.95	15,939.06
- Expiring beyond one year (bank loans)	4,750.00	4,750.00

(ii) Maturities of financial liabilities

The table below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Upto 1 year	1-5 Years	More than 5 years	Total
As at March 31, 2020				
Borrowings (including interest)*	12,307.08	2,342.23	-	14,649.31
Trade payables	38,515.30	-	-	38,515.30
Other financial liabilities	3,920.17	-	-	3,920.17
Lease liabilities	180.00	683.51	1,056.77	1,920.28
Total	54,922.55	3,025.74	1,056.77	59,005.06
As at March 31, 2019				
Borrowings (including interest)*	18,917.03	6,444.28	-	25,361.31
Trade payables	38,986.73	-	-	38,986.73
Other financial liabilities	2,252.50	-	-	2,252.50
Total	60,156.26	6,444.28	-	66,600.54

* Does not include future interest payments on contractual maturities of current borrowings as it includes cash credit facilities and working capital loans which are repayable on demand due to which future contractual interest payments are not reasonably determinable.

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

The Company has exposure to foreign currency risk on account of its payables and external commercial borrowings. The Company has a foreign currency exchange risk policy to mitigate this risk by entering into appropriate hedging instruments depending on the future outlook on currencies as considered necessary from time to time for which it has entered into derivative financial instruments such as foreign exchange forward contracts.

Foreign currency derivative contracts outstanding as at the end of the reporting period:

Particulars/Purpose	Amount	As at March 31, 2020	As at March 31, 2019
Hedge of External commercial borrowings	USD (In Lakhs)	28.03	66.71
	Rs. (in Lakhs)	1,875.00	4,440.20
Hedge of foreign currency payables	USD (In Lakhs)	58.50	77.03
	Rs. (in Lakhs)	4,490.70	5,429.95
	JPY (in Lakhs)	7,019.54	12,398.13
	Rs. (in Lakhs)	4,974.17	7,952.04
Cross currency swap	USD (In Lakhs)	77.50	59.52
	JPY (in Lakhs)	8,376.95	6,532.84

Particulars of unhedged foreign currency exposure as at the reporting date:

Particulars/Purpose	Amount	As at March 31, 2020	As at March 31, 2019
Trade payables	GBP (in Lakhs)	-	0.02
	Rs. (in Lakhs)	-	1.53
	Euro (in Lakhs)	0.04	0.06
	Rs. (in Lakhs)	3.64	4.97

Foreign currency sensitivity analysis

The Company is mainly exposed to GBP and EURO.

The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and vice-versa.

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	INR strengthens by 10%	INR weakens by 10%	INR strengthens by 10%	INR weakens by 10%
Impact on profit or loss for the year				
GBP impact	-	-	0.15	(0.15)
EURO impact	0.36	(0.36)	0.50	(0.50)

(ii) Interest rate risk**a) Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	11,003.28	12,963.55
Fixed rate borrowings	3,479.98	11,555.74
Total	14,483.26	24,519.29

Note: The Company has external commercial borrowings with floating interest rate. The interest rate risk has been mitigated through the use of derivative financial instruments such as foreign currency interest rate swaps taken at the time of inception of the borrowings.

As at the end of the reporting period, the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

Particulars	As at March 31, 2020		
	Weighted average interest rate %	Balance	% of total loans
External commercial borrowings, bank loans and cash credit	8.35	11,003.28	76%
Interest rate swaps (notional principal amount)	9.15	(2,127.47)	
Net exposure to cash flow interest rate risk		8,875.81	

Particulars	As at March 31, 2019		
	Weighted average interest rate %	Balance	% of total loans
External commercial borrowings, bank loans and cash credit	9.18	12,963.55	53%
Interest rate swaps (notional principal amount)	9.26	(4,661.39)	
Net exposure to cash flow interest rate risk		8,302.16	

b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest rates - increase by 50 basis points	28.87	27.01
Interest rates - decrease by 50 basis points	(28.87)	(27.01)

(iii) Price risk

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the Company in its various products segment. Due to the competitive market, major OEMs demands price cuts which in turn may affect the profitability of the Company.

The Company has arrangements with its major customers for passing on the price impact. The Company is regularly taking initiatives like VA VE (value addition, value engineering) to reduce its raw material costs to meet targets set up by its customers for cost downs. In respect of customer nominated parts, the Company has back to back arrangements for cost savings with its suppliers.

22(c). Capital management

The Company's objective when managing capital are to:

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

Consistent with others in the industry, the Company monitors Net Debt to EBIDTA ratio i.e., Net Debt (total borrowings and lease liabilities net of cash and cash equivalents) divided by EBIDTA (Profit before tax plus depreciation and amortization expense plus finance cost).

The Company strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBIDTA ratios were as follows:

Particulars	March 31, 2020	March 31, 2019
Net Debt (In Lakhs)	15,059.19	24,519.29
EBIDTA (after exceptional items) (In Lakhs)	25,031.81	23,500.07
Net Debt to EBIDTA (after exceptional items)	0.60	1.04
EBIDTA (before exceptional items) (In Lakhs)	20,903.25	23,834.26
Net Debt to EBIDTA (before exceptional items)	0.72	1.03

The Net debt to EBIDTA (after exceptional items) ratio for the current year increased from 0.56 to 0.60 and Net debt to EBIDTA (before exceptional items) ratio for the current year increased from 0.68 to 0.72 following the adoption of Ind AS 116. Both net debt and EBIDTA increased following the recognition of right-of-use assets and lease liabilities as on April 01, 2019. See note 36 for further information.

Loan covenants

Under the terms of the major borrowings facilities, the Company is required to comply with certain financial covenants and the Company has complied with those covenants throughout the reporting period.

Dividends

Particulars	As at March 31, 2020	As at March 31, 2019
On Equity shares of Rs. 2 each		
Final dividend		
Dividend paid (Rs. In Lakhs)	848.07	659.87
Dividend distribution tax (Rs. In Lakhs)	174.32	135.64
Dividend per equity share	1.30	1.10

The Board of Directors recommended a final dividend of Rs. 0.80 per share (nominal value of Rs. 2 per share) for the financial year 2019-20. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been accounted as liability in these financial statements. The total estimated dividend to be paid is Rs. 521.89 Lakhs.

23. Segment information

The Company is primarily in the business of manufacturing of thermal products.

The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company. Export sales constitute an insignificant portion of total business of the Company. Hence, there is no geographical segment as well.

Entity wide disclosures

(All amounts in Rs. Lakhs, unless otherwise stated)

	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2020	1,99,273.09	6.84	1,99,279.93
For the year ended March 31, 2019	2,12,439.49	9.00	2,12,448.49
Non current segment assets			
As at March 31, 2020	83,523.63	-	83,523.63
As at March 31, 2019	81,078.19	-	81,078.19

- Domestic information includes sales and services rendered to customers located in India.
- Overseas information includes sales and services rendered to customers located outside India.
- Non current segment assets includes property, plant and equipment, right-of-use assets, capital work- in- progress, intangible assets, intangible assets under development and capital advances.
- Revenue from transactions with a single external customer amounting to 10 per cent or more of the Company's revenues is 54% from one customer (previous year: 56%), 26% from second customer (previous year: 13%) and 0.10% from third customer (previous year: 12%).

24. Related party disclosures**Entity having significant influence over the Company (From December 07, 2018)**

Denso Corporation, Japan

Subsidiary of the Company

Thai Subros Limited, Thailand (Liquidated w.e.f August 01, 2019)

Joint venture

Denso Subros Thermal Engineering Centre India Private Limited (DSEC), India
(formerly known as Denso Subros Thermal Engineering Centre India Limited)

Key management personnel

Mr. Ramesh Suri, Chairman
Ms. Shradha Suri, Managing Director
Ms. Jyotsna Suri, Director
Mr. Keiichi Yamauchi, Alternate Director (upto October 12, 2018)
Mr. Yasuhiro Iida, Nominee Director
Mr. Mohammed Asad Pathan, Independent Director
Mr. Ramamoorthy Rajagopalan Kuttalam, Independent Director

Mr. Girish Narain Mehra, Independent Director
 Mr. Shailendra Swarup, Independent Director
 Ms. Meena Sethi, Independent Director
 Mr. Arvind Kapur, Independent Director (From February 06, 2019)
 Mr. Kenichi Ayukawa, Nominee Director
 Mr. Toshihiro Saida, Nominee Director (From February 06, 2019)
 Mr. Fumitaka Taki, Alternate Director (From February 07, 2019)
 Mr. Manoj Kumar Sethi, Executive Vice President – Finance
 Mr. Rakesh Arora, Company Secretary

Relatives of key management personnel

Ms. Ritu Suri, Wife of Mr. Ramesh Suri

Entities over which key management personnel and/or their relatives have control or joint control:

SHS Transport Private Limited
 Rohan Motors Limited
 Hemkunt Service Station Private Limited
 Tempo Automobiles Private Limited
 M/s Ramesh Suri (HUF) (Dissolved w.e.f. September 18, 2018)
 Prima Telecom Limited
 Prima Infratech Private Limited
 Fibcom India Limited
 Deeksha Holding Limited
 Jyotsna Holding Private Limited
 RR Holdings Private Limited

List of other related parties - Post employment benefit plan of the Company

Subros Employees Group Gratuity Cum Life Assurance Trust
 Subros Employees Group Superannuation Cum Life Assurance Trust

Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties:

(a) Transactions with related parties

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Entity having significant influence over the Company			
Denso Corporation	Sale of goods	5.26	1.76
	Reimbursement of expenses	189.43	51.20
	Royalty	1,913.38	523.13
	Receipt of technical services	1,119.52	274.37
	Dividend paid	169.61	85.80
	Subscription for new equity shares issued on preferential basis (refer note 39)	-	20,988.60
Joint venture			
Denso Subros Thermal Engineering Centre India Private Limited (DSEC)	Purchase of intangible assets (Technical knowhow)	506.18	263.17
	Sale of goods	-	0.83
	Sale of services	24.01	-
	Rental income	24.57	24.57
	Reimbursement of expenses received	12.67	13.20
	Reimbursement of expenses paid	-	7.79

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Key management personnel			
Ms. Shradha Suri	Short term benefits	279.51	255.93
	Rent paid	7.28	1.21
	Post employment benefits	11.88	11.21
Mr. Ramesh Suri	Short term benefits	80.74	168.24
	Dividend paid	57.97	15.61
Ms. Jyotsna Suri	Sitting fees	2.75	2.00
	Rent paid	30.00	30.00
	Dividend paid	21.05	17.81
Mr. Mohammed Asad Pathan	Sitting fees	6.90	5.60
Mr. Ramamoorthy Rajagopalan Kuttalam	Sitting fees	6.00	5.00
Mr. Girish Narain Mehra	Sitting fees	11.30	11.60
Mr. Shailendra Swarup	Sitting fees	3.25	4.90
Ms. Meena Sethi	Sitting fees	8.65	9.60
Mr. Arvind Kapur	Sitting fees	2.00	1.50
Mr. Manoj Kumar Sethi	Short term benefits	88.73	83.84
	Post employment benefits	4.60	3.70
	Other long term employee benefits	-	0.54
Mr. Rakesh Arora	Short term benefits	43.94	41.25
	Post employment benefits	2.24	2.02
	Other long term employee benefits	-	0.36
Relatives of key management personnel			
Ms. Ritu Suri	Rent paid	31.80	29.30
	Dividend paid	14.66	12.41
Contribution to funds			
Subros Employees Group Gratuity Cum Life Assurance Trust	Employer's contribution towards gratuity fund	9.50	104.11
Entities over which key management personnel and/or their relatives have control or joint control			
Fibcom India Limited	Purchase of materials	0.77	-
Fibcom India Limited	Sale of goods	1.93	-
Hemkunt Service Station Private Limited	Purchase of materials	10.04	13.29
Hemkunt Service Station Private Limited	Reimbursement of expenses	-	0.43
Prima Infratech Private Limited	Rent paid	223.34	219.34
Prima Infratech Private Limited	Reimbursement of Expenses	0.34	-
Prima Telecom Limited	Sale of goods	3.29	42.06
Prima Telecom Limited	Purchase of materials	26.53	100.03
Prima Telecom Limited	Purchase of property, plant and equipment	3.17	-
Prima Telecom Limited	Receiving of services	0.12	-
M/s Ramesh Suri (HUF)	Rent paid	-	8.56
M/s Ramesh Suri (HUF)	Dividend paid	-	33.44
Rohan Motors Limited	Purchase of property, plant and equipment	18.90	33.32
Rohan Motors Limited	Receiving of services	14.56	14.67
Rohan Motors Limited	Rent paid	13.62	13.62

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Rohan Motors Limited	Dividend paid	0.08	0.07
Rohan Motors Limited	Reimbursement of Expenses	2.40	2.24
Rohan Motors Limited	Sale of goods	3.64	5.54
Rohan Motors Limited	Sale of property, plant and equipment	0.35	-
SHS Transport Private Limited	Receiving of services	930.97	1,046.87
SHS Transport Private Limited	Rent paid	4.67	4.67
Tempo Automobiles Private Limited	Sale of goods	38.75	68.78
Deeksha Holding Limited	Dividend paid	131.79	111.52
Jyotsna Holding Private Limited	Dividend paid	44.82	37.93
RR Holdings Private Limited	Dividend paid	41.70	35.29

(b) Outstanding balances :*(All amounts in Rs. Lakhs, unless otherwise stated)*

Relation	Particulars	As at March 31, 2020	As at March 31, 2019
Entities having significant influence over the Company	Trade payables	1,800.19	894.58
	Trade receivables	5.40	5.46
Joint venture	Trade payables	193.85	152.64
	Trade receivables	1.72	4.03
	Other financial liabilities (security deposit)	6.14	6.14
Key management personnel	Other financial liabilities (due to directors)	99.49	162.62
	Other financial assets (security deposit)	3.30	3.30
	Trade payables	-	0.45
Relatives of key management personnel	Other financial assets (security deposit)	14.41	14.41
Entities over which key management personnel and/or their relatives have control or joint control	Trade payables	321.05	222.40
	Trade receivable	66.37	65.14
	Other assets (advances to suppliers)	80.50	130.04
	Other financial assets (security deposit)	215.85	215.85
Post employment benefit plan of the Company	Other assets	0.67	0.67

Terms and conditions:

- All transactions with related parties are in ordinary course of business and on arm's length basis.
- All outstanding balances are unsecured and will be settled in cash.
- All transactions are exclusive of applicable taxes for which input credit is allowed.

25. Capital commitments

Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) amounting to Rs. 1,534.05 Lakhs (March 31, 2019: Rs. 2,849.68 Lakhs).

26.A. Contingent liabilities**(a) Claims against the Company not acknowledged as debts***(All amounts in Rs. Lakhs, unless otherwise stated)*

	As at March 31, 2020	As at March 31, 2019
Sales tax matters	190.74	259.71
Excise matters	4,067.99	4,077.99
Custom matters	15.19	-
Service tax matters	-	107.83
Income tax matters	219.07	42.81
Claims made by workmen	318.56	268.00

Notes:

- i. It is not practicable for the Company to estimate the timings and amount of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- ii. The Company does not expect any reimbursements in respect of the above contingent liabilities.

(b) Guarantees issued by banks on behalf of the Company amounting to Rs. 1,065.33 Lakhs (March 31, 2019: Rs. 259.74 Lakhs).

(c) Outstanding commitments under letter of credit established by the Company aggregate to Rs. 2,868.22 Lakhs (March 31, 2019: Rs. 2,520.14 Lakhs).

B. Contingent asset

There was a major fire incident in one of the plants of the Company situated at Manesar on May 29, 2016. The fire had severely impacted the building, inventories, plant & machinery. These assets were adequately insured with reinstatement clause and claim was made with the insurance company. Special/urgent actions to restart supplies to the customer post fire incident had temporarily resulted into additional costs which were included in exceptional items in the Statement of Profit and Loss of previous years. The Company had received the final insurance claim with respect to inventories during the year ended March 31, 2017. However, insurance claim settlement in respect of property, plant and equipment was in progress and an interim amount of Rs. 9,697.41 Lakhs was received from the insurance company by March 31, 2019 against loss of property, plant and equipment and additional expenditure incurred to restore supplies aggregating to Rs. 10,635.47 Lakhs. The Company had received Rs. 5,066.62 Lakhs as final settlement amount on April 25, 2019. However, the assessment and settlement of claim amount was probable but not virtually certain on March 31, 2019 and hence, contingent asset amounting to Rs. 5,066.62 Lakhs was not recognised as a receivable on March 31, 2019 as the determination of the claim amount and its receipt was dependent on assessment, final approval and settlement by the insurance company, which happened during the year ended March 31, 2020 and accordingly Rs. 4,128.56 Lakhs, over and above Rs. 938.06 Lakhs disclosed as recoverable under the head "Other Financial Assets" as on March 31, 2019, has been disclosed as an income under the head Exceptional Items for the year ended March 31, 2020.

27. Leases**The Company as a lessee**

This note provides information for leases where the Company is a lessee. The Company leases certain premises and plant and machinery. The lease term is for 11 months - 35 years except in case of leasehold lands where lease term is upto 99 years, but may have an extension option as described in (ii)(b) below:

(i) Amounts recognised in Balance Sheet

The balance sheet shows the following amounts relating to leases:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at April 01, 2019*
Right-of-use assets		
Leasehold land	1,249.91	1,271.86
Buildings	943.89	1,094.60
Total	2,193.80	2,366.46

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at April 01, 2019
Lease liabilities		
Current	135.48	124.78
Non-current	877.42	969.82
Total	1,012.90	1,094.60

* In the previous year, the Company only recognised lease assets in relation to leased assets that were classified as 'finance leases' under Ind AS 17, Leases. The assets were presented in property, plant and equipment. For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, please refer note 36.

Additions to the right-of-use assets during the current financial year were Rs. Nil.

(ii) Amount recognised in the Statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of right-of-use assets (refer note 20)		
Leasehold land	21.95	-
Buildings	150.71	-
Total	172.66	-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense (included in finance costs - refer note 19)	96.34	-
Expense relating to short term leases (included in other expenses - refer note 21)	276.46	-
Total	372.80	-

The total cash outflow for leases (including interest on lease liabilities) for the year ended March 31, 2020 was Rs. 454.50 Lakhs.

(a) Variable lease payments

The Company does not have any leases with variable lease payments.

(b) Extension and termination options

Extension and termination options are included in number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(c) Residual value guarantees

The Company does not provide any residual value guarantee in relation to its leases.

The Company as a lessor

One office premise is let out by the Company on operating lease and its cancellable in nature. Lease rental income is set out in note 15 to these financial statements as "Rental income" in "Other income".

28. Employee benefits

The various benefits provided to employees by the Company are as under:

Defined contribution plans

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss :

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to Provident Fund*	725.86	544.18
Employer's contribution to Employees State Insurance Scheme*	129.85	220.35

* Included in "Contribution to provident and other funds" in Note 18.

Defined benefit plans and other long term benefits

- a) **Contribution to gratuity funds** - The Company provides for gratuity for employees as per The Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and Company makes contribution to recognized funds in India.
- b) **Leave encashment/compensated absence** - The leave obligations cover the Company's liability for earned leave, sick leave and casual leave. The entire amount of the provisions of Rs. 621.95 Lakhs (March 31, 2019: Rs. 493.73 Lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

Particulars	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	545.28	420.46

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Discount rate (per annum)	6.75%
Rate of increase in compensation level (per annum)	7.00%
As at March 31, 2019	
Discount rate (per annum)	7.60%
Rate of increase in compensation level (per annum)	6.50%

Estimate of future increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Components of expenses recognized in the Statement of Profit and Loss in respect of:

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Current service cost	205.46
Past service cost	-
Actuarial loss/(gain)	-
Net interest cost/(income) or the net defined benefit liability/(asset)	34.17
Expenses recognized in Statement of Profit and Loss	239.63
For the year ended March 31, 2019	
Current service cost	158.97
Past service cost	-
Actuarial loss/(gain)	-
Net interest cost/(income) or the net defined benefit liability/(asset)	5.80
Expenses recognized in Statement of Profit and Loss	164.77

Components of expenses recognized in the other comprehensive income in respect of:

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	(333.34)
Actuarial gains/(loss) on:	
- changes in demographic assumptions	(1.26)
- changes in financial assumptions	(237.26)
- experience variance	(89.22)
- plan asset	(5.60)
For the year ended March 31, 2019	(312.43)
Actuarial gains/(loss) on:	
- changes in demographic assumptions	-
- changes in financial assumptions	(142.51)
- experience variance	(167.31)
- plan asset	(2.61)

Actuarial (gain) / loss on obligations

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Actuarial (gain) / loss on arising from change in demographic assumption	1.26
Actuarial (gain) / loss on arising from change in financial assumption	237.25
Actuarial (gain) / loss on arising from experience adjustment	89.22
For the year ended March 31, 2019	
Actuarial (gain) / loss on arising from change in demographic assumption	-
Actuarial (gain) / loss on arising from change in financial assumption	142.51
Actuarial (gain) / loss on arising from experience adjustment	167.31

Actuarial gain / (loss) on plan assets*(All amounts in Rs. Lakhs, unless otherwise stated)*

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Return on plan assets, excluding amount recognized in net interest expense	86.21
Remeasurement for actuarial (gain)/loss arising because of change in effect of asset ceiling	(80.61)
Component of defined benefit costs recognized in other comprehensive income	5.60
For the year ended March 31, 2019	
Return on plan assets, excluding amount recognized in net interest expense	81.38
Remeasurement for actuarial (gain)/loss arising because of change in effect of asset ceiling	(78.77)
Component of defined benefit costs recognized in other comprehensive income	2.61

The current service cost and the interest expense for the year are included in the "Employee benefit expense" in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Present value of obligation	2,105.23
Fair value of plan assets	1,224.39
Surplus/(deficit)	(880.84)
Asset ceiling	-
Net asset/(liability)	(880.84)
As at March 31, 2019	
Present value of obligation	1,583.94
Fair value of plan assets	1,134.29
Surplus/(deficit)	(449.65)
Asset ceiling	-
Net asset/(liability)	(449.65)

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

Movement in the present value of the defined benefit obligation are as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Present value of the obligation as at the beginning	1,583.94
Current service cost	205.46
Interest cost	120.38
Remeasurement (or actuarial) (gain)/loss arising from:	
- Change in demographic assumptions	1.26
- Change in financial assumptions	237.25
- experience variance	89.22
Past service cost	-
Benefits paid	(132.28)
Present value of the obligation as at the end	2,105.23

For the year ended March 31, 2019	
Present value of the obligation as at the beginning	1,130.69
Current service cost	158.97
Interest cost	87.18
Remeasurement (or actuarial) (gain)/loss arising from:	
- Change in demographic assumptions	-
- Change in financial assumptions	142.51
- experience variance	167.31
Past service cost	-
Benefits paid	(102.72)
Present value of the obligation as at the end	1,583.94

Movement in the fair value of the plan assets are as follows:

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Fair value of plan assets at the beginning	1,134.29
Interest income	80.60
Employer contribution	9.50
Benefits paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets at the end	1,224.39
For the year ended March 31, 2019	
Fair value of plan assets at the beginning	1,055.52
Interest income	78.77
Employer contribution	-
Benefits paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets at the end	1,134.29

Major categories of plan assets (as % of total plan assets):

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Funds managed by insurer	100%
Total	100%
As at March 31, 2019	
Funds managed by insurer	100%
Total	100%

Since it is a funded plan with insurer, hence break up of investment by insurer is not available with the Company, hence not given.

Sensitivity analysis

Significant actuarial assumptions for the determination of employee defined benefit obligation using projected unit credit method are discount rate and expected salary growth rate. The sensitivity analysis below has been determined based on reasonably possible changes in respective assumption occurring at the end of reporting period, while holding all other assumptions constant. Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
	Change in defined benefit obligation
Increase in discount rate by 0.5%	Decrease by 95.00
Decrease in discount rate by 0.5%	Increase by 102.75
Increase in expected salary growth rate by 0.5%	Increase by 98.69
Decrease in expected salary growth rate by 0.5%	Decrease by 92.30
As at March 31, 2019	
	Change in defined benefit obligation
Increase in discount rate by 0.5%	Decrease by 68.65
Decrease in discount rate by 0.5%	Increase by 73.92
Increase in expected salary growth rate by 0.5%	Increase by 71.73
Decrease in expected salary growth rate by 0.5%	Decrease by 67.26

The fair value of the plan assets is taken as per the account statements of the insurance companies.

The average duration of the employee defined benefit obligation of gratuity fund as at March 31, 2020 is 13.60 years (March 31, 2019 is 13.65 years).

The Company expects to make a contribution of Rs. 290.46 Lakhs (March 31, 2019: Rs. 222.18 Lakhs) to the defined benefit plans during the next financial year.

Maturity Profile of Defined Benefit Obligation

(All amounts in Rs. Lakhs, unless otherwise stated)

Year	Gratuity (Funded)
As at March 31, 2020	
April 1, 2020 - March 31, 2021	122.54
April 1, 2021 - March 31, 2022	123.51
April 1, 2022 - March 31, 2023	109.37
April 1, 2023 - March 31, 2024	142.93
April 1, 2024 - March 31, 2025	111.45
April 1, 2025 - March 31, 2026	107.68
April 1, 2026 Onwards	1,387.75
Total	2,105.23
As at March 31, 2019	
April 1, 2019 - March 31, 2020	78.10
April 1, 2020 - March 31, 2021	34.74
April 1, 2021 - March 31, 2022	79.87
April 1, 2022 - March 31, 2023	73.19
April 1, 2023 - March 31, 2024	94.52
April 1, 2024 - March 31, 2025	101.56
April 1, 2025 Onwards	1,121.96
Total	1,583.94

29. Research and development expenses

The Company has two in-house Research and Development Centres, approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The details of research and development expenses is as under:-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Noida	Pune	Noida	Pune
Capital expenditure	77.22	-	101.42	-
Revenue expenditure - charged to Statement of Profit and Loss*	960.76	14.35	782.25	40.70
Revenue expenditure - towards development cost	1,556.69	18.16	1,542.15	14.36
Total	2,594.67	32.51	2,425.82	55.06

* Net of contract research income

Provision for taxation has been made after taking into account the benefit available on expenditure incurred on Research and Development Centres. Such expenditure is subject to approval of appropriate authorities.

30. Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (Rs.)	12.96	12.35
Diluted earnings per share (Rs.)	12.96	12.35
Profit attributable to the equity holders of the Company used in calculating basic earnings per shares and diluted earnings per share (Rs. Lakhs)	8,455.64	7,612.53
Weighted average number of equity shares for the purpose of basic earnings per share and diluted earnings per share (numbers)	65,235,750	61,641,812

31. Expenses capitalized

Following construction/development period expenses (other than borrowing cost and cost of materials consumed) incurred on making dies and tools and building and developing new product/technology have been capitalized or clubbed with capital work –in-progress or intangible assets under development, as the case may be :-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and other amenities to staff	2,097.46	2,015.82
Power and fuel	179.51	184.82
Rent	199.47	202.65
Repair and maintenance	172.71	125.38
Depreciation	114.37	107.33
Other overheads	507.34	555.04
Total	3,270.86	3,191.04

32. Borrowing costs

Borrowing cost amounting to Rs. 40 Lakhs (Previous Year: Rs. 81.52 Lakhs) has been capitalized with the cost of property, plant and equipment as per Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs".

33. Exceptional items

- a) The Company has received Rs. 5,066.62 Lakhs on April 25, 2019 as final settlement amount from insurance company against loss of property, plant and equipment and additional expenditure incurred to restore supplies at Manesar plant due to fire incident and accordingly Rs. 4,128.56 Lakhs, over and above Rs. 938.06 Lakhs disclosed as recoverable under the head "Other financial assets" as on March 31, 2019, has been disclosed as an income under the head Exceptional Items for the year ended March 31, 2020. Also refer note 26B.

- b) The Company has introduced a Voluntary Separation Scheme to provide an opportunity to the workmen of Pune Plant to opt for early separation to optimise on manpower cost and productivity improvement and incurred one time expenditure of Rs. 334.19 Lakhs during the year ended March 31, 2019. This has been disclosed as Exceptional Item.

34. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	436.97	653.02
Current borrowings	(8,981.93)	(13,086.99)
Non-current borrowings	(5,501.33)	(11,432.30)
Lease liabilities	(1,012.90)	-
Net debt	(15,059.19)	(23,866.27)

Description	Cash & cash equivalents	Current borrowings (Incl interest)	Non-current borrowings (Incl current maturities and interest)	Lease liabilities	Net debt
As at March 31, 2018	1,497.74	(16,304.59)	(22,350.85)	-	(37,157.70)
Cash flows	(844.72)	3,253.54	11,469.67	-	13,878.49
Foreign exchange adjustments	-	-	(623.83)	-	(623.83)
Interest expense	-	(2,086.01)	(1,241.22)	-	(3,327.23)
Interest paid	-	2,050.07	1,313.93	-	3,364.00
As at March 31, 2019	653.02	(13,086.99)	(11,432.30)	-	(23,866.27)
Recognised on adoption of Ind AS 116 (refer note 36)	-	-	-	(1,094.60)	(1,094.60)
As at April 01, 2019	653.02	(13,086.99)	(11,432.30)	(1,094.60)	(24,960.87)
Cash flows	(216.05)	4,049.31	6,154.92	81.70	10,069.88
Foreign exchange adjustments	-	-	(244.36)	-	(244.36)
Interest expense	-	(2,444.01)	(521.96)	(96.34)	(3,062.31)
Interest paid	-	2,499.76	542.37	96.34	3,138.47
As at March 31, 2020	436.97	(8,981.93)	(5,501.33)	(1,012.90)	(15,059.19)

35. Dues to micro and small enterprises

The company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:- [Refer note 11(d)]

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	113.82	346.16
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	20.31	14.05
(iii) Principal amount paid to suppliers registered under the MSMED ACT, beyond the appointed day during the year	692.94	1,026.48
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	6.17	10.60
(vii) Further interest remaining due and payable for earlier years	14.05	-

36. Changes in accounting policies

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

Impact on the financial statements - lease accounting

The Company has adopted Ind AS 116 retrospectively from April 01, 2019, but has not restated comparatives for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet as on April 01, 2019.

The new accounting policies are disclosed in Note 2(c)(xiv).

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as on April 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.25% / 9.75%.

For long term leases related to leasehold land obtained from government authorities previously classified as finance lease, the entity recognised the carrying amount of the leased asset immediately before transition as the carrying amount of the right-of-use asset at the date of initial application.

(i) Practical expedients applied

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

- Exclude the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short term leases.
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Electing not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

(ii) Measurement of Lease Liabilities

Operating lease commitments disclosed as at March 31, 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,094.60
Add: Finance lease liabilities recognised as at March 31, 2019	-
Lease liability recognised as at April 01, 2019	1,094.60
Of which are:	
Current lease liabilities	124.78
Non-current lease liabilities	969.82
	1,094.60

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis with the cumulative effect of initially applying the standard recognised at the date of initial application, with right-of-use asset recognised at an amount equal to the lease liability, adjusted by the prepaid lease rent.

(iv) Adjustments recognised in the balance sheet on April 01, 2019

The change in accounting policy affected the following items in the balance sheet on April 01, 2019:

Property, plant and equipment - decrease by Rs. 1,271.86 Lakhs

Right-of-use assets increase by Rs. 2,366.46 Lakhs

Prepayments - decrease by Rs 18.47 Lakhs

Lease liabilities (net of prepayments) - increase by Rs 1,076.13 Lakhs

The net impact on retained earnings on April 01, 2019 was decrease by Rs Nil.

(v) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

37. The Supreme Court of India has passed an order dated February 28, 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The Company will continue to monitor and evaluate its position based on future events and developments.
38. Pursuant to the approval of Board of Directors in their meeting held on May 28, 2018 for closure of Company's overseas subsidiary Thai Subros Ltd. and filing of liquidation application in Thailand on January 09, 2019, the management has assessed the recoverability of their investment in subsidiary and recognised the provision for diminution in the value of its investment in subsidiary amounting to Rs. 21.35 Lakhs during the year ended March 31, 2019. The liquidation of the subsidiary has been completed on August 01, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand and the Company has recognized a gain of Rs. 0.42 Lakhs during the year ended March 31, 2020 included in 'Other Income' on account of money realized over and above the carrying value of its investment in subsidiary.
39. During the previous year, the Company had issued 5,247,150 equity shares at a price of Rs 400 per equity share (face value of Rs 2 each) on preferential basis to Denso Corporation, Japan on December 07, 2018.
40. The Company has elected not to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, there is no impact on current and deferred tax as at and for the year ended March 31, 2020.
41. Due to the spread of COVID-19, a global pandemic, the operations of the Company were impacted and all manufacturing plants and offices were shutdown following a nationwide lockdown imposed by the Government of India. The Company has resumed manufacturing operations in a phased manner in accordance with the directives of the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position & based on its review of current indicators and considering future economic conditions, there is no significant impact on its financial statements for the year ended March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes in the future economic conditions.
42. The financial statements were approved by the Board of Directors and authorized for issue on June 29, 2020.

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
 Firm Registration No- 012754N/N500016
 Chartered Accountants

Rajib Chatterjee
 Partner
 Membership No :057134

Ramesh Suri
 Chairman
 DIN : 00176488

Shradha Suri
 Managing Director
 DIN : 00176902

Manoj K Sethi
 EVP (Finance)

Place : Gurugram
 Date : June 29, 2020

H.K. Agarwal
 AVP (Finance)

Rakesh Arora
 Company Secretary
 ICSI Membership No:- A8193

Place : New Delhi
 Date : June 29, 2020

Form AOC-I

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

Part "A": Subsidiaries

Sl. No.	(Information in respect of each subsidiary to be presented with amounts in Lacs)	
1	Name of the subsidiary	Thai Subros Limited
2	Reporting period for the subsidiary concerned	01-08-2019
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in case of foreign subsidiary	THB (Thai Baht) Exc Rate Closing as on 01/8/2019 1 THB= Rs. 2.3094
4	Share capital (Paid up Share Capital)	115.47
5	Reserves & surplus	(60.81)
6	Total assets	54.66
7	Total Liabilities	54.66
8	Investments	0.00
9	Turnover	0.00
10	Profit before taxation * (At average rate)	(0.30)
11	Provision for taxation	0.00
12	Profit after taxation * (At average rate)	(0.30)
13	Other Comprehensive Income	0.00
14	Total Comprehensive Income	(0.30)
15	Proposed Dividend	0.00
16	% of shareholding	100%

* Average exchange rate for 2019-20 1THB = Rs. 2.2469

- Notes:-
- Names of subsidiaries which are yet to commence operations **NA**
 - Names of subsidiaries which have been liquidated or sold during the year. **Refer note-3**
 - Pursuant to the approval of Board of Directors in their meeting held on 28th May, 2018 for closure of Company's overseas subsidiary Thai Subros Ltd. and filing of liquidation application in Thailand on 9th January, 2019, the liquidation of the subsidiary has been completed on 1st August, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand

Part "B": Associates and Joint Ventures

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

Sl. No.	Name of Associates /Joint Ventures	Denso Subros Thermal Engineering Centre India Private Limited (INR in Lacs)
1	Latest audited Balance Sheet Date	31-03-2020
2	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	1767999
	Amount of Investment in Associates/Joint Venture	176.80
	Extent of Holding %	26%
3	Description of how there is significant influence	Joint Venture
4	Reason why the associate/joint venture is not consolidated	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	145.85
6	Profit / Loss for the year	
	i. Considered in Consolidation	(10.88)
	ii. Not Considered in Consolidation	-

- Notes:-
- Names of Associates or joint ventures which are yet to commence operations **NA**
 - Names of Associates or joint ventures which have been liquidated or sold during the year. **NA**

INDEPENDENT AUDITOR'S REPORT

To the Members of Subros Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Subros Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and its joint venture (refer Note 35 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in

accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 15 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 16 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 42 to the consolidated financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the group and its joint venture. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Appropriateness of capitalisation of internal development costs</p> <p>[Refer note 2 (significant accounting policies) and note 4 (intangible assets under development) to the consolidated financial statements]</p> <p>During the year ended March 31, 2020, the Group has capitalized significant costs incurred on internal development of Intangible assets amounting to Rs. 3,297.94 Lakhs under the head 'Intangible assets under development'. These intangible assets were predominantly in relation to the projects awarded by original equipment manufacturers. The costs mainly comprised employees' payroll and other costs.</p>	<p>We performed the following procedures, amongst others</p> <ul style="list-style-type: none"> - Understood and evaluated the financial controls for the capitalisation of internal development costs and tested such controls. - Assessed the appropriateness of capitalization of product development costs with the criteria to capitalize product development costs and challenged the management through discussions and assessing the products' commercial feasibility. - Tested the accuracy and allocation of capitalized payroll and other costs and assessed whether these are directly attributable to the development as against research.

<p>The capitalization of internal development costs was a key audit matter due to the amount of the internal development costs capitalized and judgement involved in assessing whether the criteria set out in the Indian Accounting Standard (Ind AS) 38 “Intangible Assets” had been met.</p> <p>Significant judgement was made by the management in the determination of –</p> <ol style="list-style-type: none"> costs incurred towards development or for research nature, the costs, including payroll costs, were directly attributable to relevant projects, and key assumptions such as future revenue, margins and the discount rate used to assess the future cash flows. 	<ul style="list-style-type: none"> - Assessed underlying cash flow forecasts including the future revenue, expected margins to be achieved with reference to historical data and management approved margins in the AOP (Annual Operating Plan), inputs used by the Management to calculate the discount rate applied by comparing this to the cost of capital for the Company. We also involved the internal expert to evaluate the reasonability of Cost of Capital of the Company used to discount the future cash flows arising from the project. - Performed a sensitivity analysis over the key assumptions which included assessing the impact of change in those assumptions that would be required for future economic benefits falling short of the carrying value of capitalized internal development costs. <p>As a result of the above procedures, the capitalisation of internal development costs by the Company was considered to be appropriate.</p>
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Other Information

6. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 15 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and of its joint venture.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

basis of these consolidated financial statements.

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

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

of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The consolidated Ind AS financial statements include the Group's share of total comprehensive income (comprising loss and other comprehensive income) of Rs. (10.88) lakhs for the year ended March 31, 2020 as considered in the consolidated Ind AS financial statements, in respect of joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other information insofar as it relates to the aforesaid joint venture, is based solely on the report of the other auditors.
16. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. Nil and net assets of Rs. Nil as at March

31, 2020, total revenue of Rs. Nil, total comprehensive income (comprising of loss and other comprehensive income) of Rs 0.30 lakhs and net cash flows amounting to Rs (52.64) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

17. As required by Section 143(3) of the Act, 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 financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its joint venture incorporated in India, none

of the directors of the Holding company and its joint venture incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company and its joint venture 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:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its joint venture— Refer Note 26 to the consolidated financial statements.
 - ii. The Group and its joint venture had long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the joint venture incorporated in India during the year March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group and its joint venture for the year ended March 31, 2020.

18. The Group and its joint venture has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Further, from May 16, 2019 onward, the joint venture is a private limited company and accordingly, reporting under Section 197(16) of the Act is not applicable to the joint venture.

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

Rajib Chatterjee
Partner

Place of the Signature: Gurugram
Date: June 29, 2020

Membership Number 057134
UDIN: 20057134AAAAAI3818

Annexure A to Independent Auditors' Report

Referred to in paragraph 17(f) of the Independent Auditors' Report of even date to the members of Subros Limited on the consolidated financial statements as of and for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Subros Limited (hereinafter referred to as "the Holding Company") and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its joint venture, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company and its joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of the main audit report.

Other Matter

9. 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 financial statements insofar as it relates to its joint venture, which is company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

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

Rajib Chatterjee
Partner

Place of the Signature: Gurugram
Date: June 29, 2020

Membership Number 057134
UDIN: 20057134AAAAAI3818

CONSOLIDATED BALANCE SHEET

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	59,166.30	53,216.41
Right of use assets	27	2,193.80	-
Capital work-in-progress	3	3,969.54	6,326.46
Intangible assets	4	15,183.84	15,786.22
Intangible assets under development	4	2,625.83	2,275.40
Investment accounted for using the equity method	5(a)(ii)	145.85	156.73
Financial assets			
i) Loans	5(e)	940.01	961.78
ii) Other financial assets	5(f)	23.26	56.37
Non-current tax assets (net)	9	59.49	48.46
Other non-current assets	7	384.32	3,473.70
Total non-current assets		84,692.24	82,301.53
Current assets			
Inventories	8	23,423.12	24,921.04
Financial assets			
i) Trade receivables	5(b)	18,928.72	16,732.05
ii) Cash and cash equivalents	5(c)	436.97	705.66
iii) Bank balances other than (ii) above	5(d)	8,653.53	8,338.45
iv) Loans	5(e)	94.70	107.89
v) Other financial assets	5(f)	993.14	2,690.93
Other current assets	7	1,598.92	2,243.69
Total current assets		54,129.10	55,739.71
TOTAL ASSETS		1,38,821.34	1,38,041.24
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10 (a)	1,304.71	1,304.71
Other equity	10 (b)	73,895.85	66,689.59
Total equity		75,200.56	67,994.30
LIABILITIES			
Non-current liabilities			
Financial liabilities			
- Borrowings	11 (a)	2,275.71	5,744.31
- Lease liabilities	27	877.42	-
Deferred tax liabilities (net)	6	1,635.75	123.84
Provisions	12	1,104.68	636.13
Total non-current liabilities		5,893.56	6,504.28
Current liabilities			
Financial liabilities			
i) Borrowings	11 (b)	8,981.93	13,031.25
ii) Lease liabilities	27	135.48	-
iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	11 (d)	113.82	346.16
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	11 (d)	38,401.48	38,641.19
iv) Other financial liabilities	11 (c)	7,114.49	8,367.03
Contract liabilities	13 (a)	556.95	603.07
Other current liabilities	13 (b)	1,128.31	1,537.04
Provisions	12	957.70	773.46
Current tax liabilities	11 (e)	337.06	243.46
Total current liabilities		57,727.22	63,542.66
TOTAL LIABILITIES		63,620.78	70,046.94
TOTAL EQUITY AND LIABILITIES		1,38,821.34	1,38,041.24

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

This is the consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
Firm Registration No- 012754N/N500016
Chartered Accountants

Rajib Chatterjee
Partner
Membership No :057134
Place : Gurugram
Date : June 29, 2020

Ramesh Suri
Chairman
DIN : 00176488
H.K. Agarwal
AVP (Finance)

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in Rs. Lakhs, unless otherwise stated)

	Particulars	Note no	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	14	1,99,279.93	2,12,448.49
II	Other income	15	2,034.72	1,030.08
III	Total income (I + II)		2,01,314.65	2,13,478.57
IV	Expenses			
	Cost of material consumed	16	1,40,881.50	1,48,503.32
	Changes in inventories of finished goods and work-in-progress	17	(92.14)	(97.53)
	Employee benefits expense	18	20,727.09	20,657.44
	Finance costs	19	3,633.93	4,218.68
	Depreciation and amortization expense	20	9,030.44	7,884.74
	Other expenses	21	18,859.31	20,569.01
	Total expenses (IV)		1,93,040.13	2,01,735.66
V	Profit before exceptional items, share of net profits of joint venture accounted for using equity method and tax (III - IV)		8,274.52	11,742.91
VI	Share of net profit/(loss) of joint venture accounted for using equity method	5(a)(ii)	(8.22)	(0.84)
VII	Profit before exceptional items and tax (V + VI)		8,266.30	11,742.07
VIII	Exceptional items	33	(4,128.56)	334.19
IX	Profit before tax (VII-VIII)		12,394.86	11,407.88
X	Tax expense:	6		
	-Current tax		2,282.49	2,408.43
	-Deferred tax		1,629.31	1,375.72
	Total tax expense (X)		3,911.80	3,784.15
XI	Profit for the year (IX-X)		8,483.06	7,623.73
XII	Other comprehensive income			
	<i>Items that may be reclassified to profit or loss</i>			
	Exchange differences on translation of foreign operations		-	(3.30)
	Income tax relating to the above item	6	-	1.15
	<i>Items that will not be reclassified to profit or loss</i>			
	Loss on remeasurements of post employment benefit obligations	28	(333.34)	(312.43)
	Share of other comprehensive income of joint venture accounted for using equity method	5(a)(ii)	(2.66)	(0.27)
	Income tax relating to the above item	6	117.40	109.27
	Other comprehensive income for the year, net of tax (XII)		(218.60)	(205.58)
XIII	Total comprehensive income for the year (XI + XII)		8,264.46	7,418.15
	Earning per equity share (in Rs.) [Face value Rs. 2 each (March 31, 2019 : Rs. 2 each)]	30		
	Basic and Diluted		13.00	12.37

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

This is the consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited

Firm Registration No- 012754N/N500016

Chartered Accountants

Rajib Chatterjee

Partner

Membership No :057134

Place : Gurugram

Date : June 29, 2020

Ramesh Suri

Chairman

DIN : 00176488

H.K. Agarwal

AVP (Finance)

Place : New Delhi

Date : June 29, 2020

Shradha Suri

Managing Director

DIN : 00176902

Rakesh Arora

Company Secretary

ICSI Membership No:- A8193

Manoj K Sethi

EVP (Finance)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	Amount
Balance at March 31, 2018	10 (a)	1,199.77
Issue of equity shares		104.94
Balance at March 31, 2019		1,304.71
Issue of equity shares		-
Balance at March 31, 2020		1,304.71

B. Other equity

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	Reserves and surplus				Other reserves	Total	
		Securities Premium	General reserve	Debenture redemption reserve	Retained earnings	Foreign currency translation reserve		
Balance as at March 31, 2018	10 (b)	-	11,975.48	1,250.00	25,988.22	31.06	39,244.76	
Issue of equity shares, net of transaction costs amounting to Rs. 66.22 Lakhs		20,817.44	-	-	-	-	20,817.44	
Profit for the year		-	-	-	7,623.73	-	7,623.73	
Other comprehensive Income		-	-	-	(205.58)	-	(205.58)	
Total comprehensive income for the year			-	-	-	7,418.15	-	7,418.15
Dividends paid		-	-	-	(734.45)	-	(734.45)	
Dividend distribution tax		-	-	-	(61.06)	-	(61.06)	
Exchange differences on translation of foreign operations		-	-	-	-	4.75	4.75	
Transfer to/(from) retained earnings		-	150.00	-	(150.00)	-	-	
Transfer (to)/from debenture redemption reserve		-	-	(250.00)	250.00	-	-	
Balance as at March 31, 2019			20,817.44	12,125.48	1,000.00	32,710.86	35.81	66,689.59
Profit for the year		-	-	-	8,483.06	-	8,483.06	
Other comprehensive income		-	-	-	(218.60)	-	(218.60)	
Total comprehensive income for the year			-	-	-	8,264.46	-	8,264.46
Dividends paid		-	-	-	(848.07)	-	(848.07)	
Dividend distribution tax		-	-	-	(174.32)	-	(174.32)	
Foreign currency translation reserve transferred on liquidation of subsidiary		-	-	-	-	(35.81)	(35.81)	
Transfer to/(from) retained earnings		-	150.00	-	(150.00)	-	-	
Transfer (to)/from debenture redemption reserve		-	-	(750.00)	750.00	-	-	
Balance as at March 31, 2020			20,817.44	12,275.48	250.00	40,552.93	-	73,895.85

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

This is the consolidated Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No- 012754N/N500016
Chartered Accountants

For and on behalf of the Board of Directors of Subros Limited

Rajib Chatterjee
Partner
Membership No :057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	12,394.86	11,407.88
Adjustments for:		
Depreciation and amortization expense	9,030.44	7,884.74
Net (profit)/loss on disposal of property, plant and equipment	(1.51)	72.74
Interest income on financial assets at amortized cost and others	(683.00)	(276.57)
Finance costs	3,633.93	4,218.68
Provision for inventory obsolescence made / (written back)	354.22	(21.77)
Unrealized foreign currency (gain) / loss (net)	284.31	(598.08)
Foreign currency translation reserve transferred from Other comprehensive income	(35.81)	
Fair value changes on derivatives	(1,044.98)	(371.53)
Share of net profit of joint venture accounted for using equity method	8.22	0.84
Operating profit before working capital changes	23,940.68	22,316.93
Adjustments for Changes in working capital:		
(Increase)/ Decrease in loans (non-current)	21.77	(23.89)
(Increase)/ Decrease in other financial assets (non-current)	32.28	121.10
(Increase)/ Decrease in inventories	1,143.70	(936.66)
(Increase)/ Decrease in trade receivables	(2,196.67)	(592.52)
(Increase)/ Decrease in loans (current)	13.19	(69.68)
(Increase)/ Decrease in Bank balances other than cash and cash equivalents	(317.31)	(7,852.49)
(Increase)/ Decrease in other financial assets (current)	2,491.91	1,119.05
(Increase)/ Decrease in other current assets	644.77	856.27
Increase/ (Decrease) in non-current provisions	135.21	83.14
Increase/ (Decrease) in trade payables	(756.37)	(1,361.74)
Increase/ (Decrease) in Contract liabilities	(46.12)	(660.24)
Increase/ (Decrease) in other financial liabilities (current)	1,195.03	(626.71)
Increase/ (Decrease) in other current liabilities	(408.73)	26.81
Increase/ (Decrease) in current provisions	184.24	65.28
Cash generated from operations	26,077.58	12,464.65
Income tax paid (net)	(2,199.92)	(2,423.85)
Net cash inflow from operating activities	23,877.66	10,040.80
Cash flow from investing activities		
Payments for property, plant and equipment, capital work in progress, intangible assets and intangible assets under development	(9,811.77)	(12,748.13)
Proceeds from sale of property, plant and equipment	27.69	57.09
Interest received	456.46	115.60
Net cash (outflow) from investing activities	(9,327.62)	(12,575.44)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from financing activities		
Proceeds from issue of preferential shares	-	20,922.38
Proceeds from long term borrowings	-	1,250.00
Repayment of long term borrowings	(5,958.06)	(12,402.04)
Principal element of lease payment	(81.70)	-
Proceeds / (repayment) of short term borrowings	(4,049.32)	(3,253.54)
Interest paid	(3,707.27)	(3,995.15)
Dividend paid	(848.06)	(659.87)
Dividend distribution tax	(174.32)	(135.64)
Net cash inflow / (outflow) from financing activities	(14,818.73)	1,726.14
Net increase / (decrease) in cash and cash equivalents	(268.69)	(808.50)
Cash and cash equivalents at the beginning of the financial year	705.66	1,514.16
Cash and cash equivalents at the end of the financial year [refer note 5(c)]	436.97	705.66
Cash and cash equivalents as per above comprise of the following:		
Cash on hand	11.26	19.85
Balance with banks	425.71	685.81
	436.97	705.66

Note: The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 "Statement of cash flows".

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

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

For Price Waterhouse Chartered Accountants LLP For and on behalf of the Board of Directors of Subros Limited
Firm Registration No- 012754N/N500016
Chartered Accountants

Rajib Chatterjee
Partner
Membership No :057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:- A8193

Place : New Delhi
Date : June 29, 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate Information

Subros Limited (the Company), its subsidiary (collectively called as "Group") and joint venture are engaged in the following businesses:

- i. Subros Limited is the leading manufacturer of thermal products for automotive applications in India, in technical collaboration with Denso Corporation Japan. The Company is engaged primarily in the manufacture and sale of auto air conditioning system to automotive original equipment manufacturers.
- ii. Subsidiary was engaged in import and export of parts and equipment to be used for car air conditioner, and all types of vehicle parts and equipment. Refer note 5(a)(i).
- iii. Joint venture is engaged in the business of providing application design services primarily to Subros Limited and to other entities related to the Denso Group.

Subros Limited is a public limited company incorporated in 1985 and domiciled in India, listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The address of its registered office is LGF, World Trade Centre, Barakhamba Lane, New Delhi – 110001. The Company is a joint venture with 36.79% ownership by Suri family of India, 20% ownership by Denso Corporation, Japan & 11.96% ownership by Suzuki Motor Corporation, Japan.

2(a). Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

The consolidated financial statements have been prepared on the historical cost convention except for certain items that are measured at fair values, as explained in the accounting policies.

The financial statements of the overseas subsidiary for the year ended March 31, 2019 were prepared on a liquidation basis. The liquidation of the subsidiary has been completed on August 01, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand. Hence, the financial statements of the subsidiary have been consolidated upto August 01, 2019 (i.e. date of liquidation).

All assets and liabilities have been classified as current or non-current according to the group's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating

cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2019:

- Ind AS 116, *Leases*
- Uncertainty over Income- tax Treatments- Appendix C to Ind AS 12, *Income Taxes*
- Plan amendment, Curtailment or Settlement- Amendments to Ind AS 19, *Employee Benefits*
- Amendment to Ind AS 12, *Income Taxes*
- Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, *Investments in Associates and Joint Ventures*
- Amendment to Ind AS 23, *Borrowing costs*

The group had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 37. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2(b). Principles of consolidation and equity accounting

i. Subsidiary

Subsidiary is an entity over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the group. It is deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiary is shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

ii. Joint Venture

Interest in joint venture is accounted for using equity method, after initially being recognized at cost in the consolidated balance sheet.

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture are recognized as a reduction in carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its joint venture are eliminated to the extent of the group's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount.

2(c). Key accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the years presented. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods affected.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the significant effect to the carrying amount of assets and liabilities within the next financial year is included in other notes to the consolidated financial statements as mentioned below:

- Measurement of employee defined benefit obligations – Refer note 28
- Measurement and likelihood of occurrence of provisions and contingencies – Refer note 26
- Recognition of deferred tax assets – Refer note 6

- Estimation of provision for warranty – Refer note 12
- Estimated useful life of property, plant and equipment and intangible assets – Refer note 3 & 4

2(d). Significant accounting policies

i) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. The cost of self-generated assets comprises of raw material, components, direct labour, other direct cost and related production overheads. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01, 2016 measured as per the previous GAAP and use that carrying values as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013 except in respect of the below mentioned assets where useful life is determined through technical evaluation and is different than those prescribed in schedule II of the Companies Act, 2013.

Plant and machinery : 15-20 years

Leasehold land is depreciated over the period of lease (Also refer note 2(d)(xiii)).

The residual values are not more than 5% of the original cost of the assets. Depreciation methods, useful lives and residual values are reviewed at least at each financial year end.

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

Gains and losses in disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within gains/(losses).

In respect of property, plant and equipment owned by the subsidiary company, depreciation is charged on straight line basis over the estimated useful life as

follows:-

Office equipment : 5 years

ii) Intangible assets

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use. Estimated useful lives of intangible assets are as follows:

Technical knowhow : 8 years

Product development : 8 years

Software : 3 years

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand competition and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research and development

Research costs are expensed as incurred. Product development costs are capitalized when technical and commercial feasibility of the products (e.g. air conditioning systems and related products) is demonstrated, future economic benefits are probable, the group has an intention and ability to complete and use or sell the product and the cost can be measured reliably, in other cases such development costs are taken to the Statement of Profit and Loss. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use.

Transition to Ind AS

On transition to Ind AS, the group has elected to measure all its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2016.

In respect of intangible assets owned by the subsidiary company, amortization is charged on straight line basis over the estimated useful life as follows:-

Softwares : 10 years

iii) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered

an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

iv) Inventories

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

v) Cash and cash equivalents

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

vi) Financial Instruments

Recognition and initial measurement

Trade receivables and debt securities issued 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.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost or
- fair value through other comprehensive income

- (FVOCI) or
- fair value through profit or loss (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 on the principal amount outstanding.

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. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as

held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition:

Financial assets

The 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.

Impairment of financial assets:

The group recognizes a loss allowance for expected credit losses on a financial asset that is at amortized cost. Loss allowance in respect of financial assets is measured at an amount equal to life time expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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.

vii) Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

viii) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

ix) Provisions, Contingent liabilities and Contingent assets

Provisions are recognized when the Group has a present legal or constructive obligation 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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax discounting rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 the obligation or a reliable estimate of the amount cannot be made.

No contingent asset is recognized but disclosed by way of notes to accounts. When the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

x) Foreign Currency Translation**Functional and presentation currency:**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupees (INR), which is Subros Limited's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other income or other expenses.

Group Companies:

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing

rate at the date of that balance sheet

- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognized in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

xi) Revenue recognition and other income

A. Revenue from contracts with customers

Revenue is recognized based on the price specified in the contract with customers, net of returns, rebates and discounts. Revenue excludes Goods & Services Tax, where applicable on the supply of goods and services.

The group recognizes revenue when the group performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable and specific criteria have been met for each of the group's activities as described below:

a) Sale of goods

The group manufactures and sells auto-air conditioning system primarily in the domestic market. Revenue from sale of goods is recognized when control of the goods has transferred, being when the goods are dispatched / delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the customer location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the goods in accordance with the sales contract.

The goods are sold to after-market customers with rebates / discounts based on sales targets over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated rebates / discounts. Accumulated experience is used to estimate and provide for the rebates / discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms, which vary from 30 days to 60 days, which is consistent with market practice. The group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see note 12.

A receivable is recognized when the goods are delivered and accepted by the Customer as this is the point in time that the consideration is unconditional because

only the passage of time is required before the payment is due.

A contract liability is recognized where payments received from the customers exceed the goods sold by the group.

b) Sale of services

Income from services rendered is recognized based on agreements/arrangements with the customers on the performance of service. Revenue from services is recognized in the accounting period in which the services are rendered. Revenue is recognised to the amount to which the group has a right to invoice.

If the services rendered by the group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

c) Financing component

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

B. Other income

Income from duty drawback and export incentives is recognized on an accrual basis.

Interest is recognized using the effective interest rate (EIR) method, as income for the period in which it occurs.

Dividend income on investments is recognized when the right to receive dividend is established.

xii) Employee Benefits

a. Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Post-employment obligations

Provident fund and Employees' state insurance:

Contributions to defined contribution schemes such as Provident fund and Employees' state insurance are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company pays provident fund contribution to government-administered provident fund. The above benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond the monthly contributions.

Superannuation:

Certain employees of the Company are participants in a

defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed towards trust fund, the corpus of which is invested with the Life insurance companies.

Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The gratuity plan in group is funded through annual contributions made towards the trust fund, the corpus of which is invested with Life Insurance Corporation of India (LIC).

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognized immediately in profit or loss.

c. Compensated absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in profit or loss in the period in which they arise. Past-service costs are recognized immediately in profit or loss.

xiii) Leases

As a lessee

Till March 31, 2019

Lease of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or if lower the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of return on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

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

With effect from April 01, 2019

From April 01, 2019, leases are recognized as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amount expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

As a lessor

Lease income from operating leases where the group is lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective lease assets are included in balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as result of adopting the new standard.

xiv) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based

on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

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

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

Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary and joint venture where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary and joint venture where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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 deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT

credit to be utilized during the specified period i.e., the period for which such credit is allowed to be utilized.

xv) Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share:

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

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

xvi) Trade receivables

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

xvii) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other

payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

xviii) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xix) Segment Reporting

The group is primarily in the business of manufacturing of thermal products (Automotive air conditioning systems and parts thereof) for automotive applications.

The Board of Directors of the group, which has been identified as being the chief operating decision maker (CODM), evaluates the group's performance, allocate resources based on the analysis of the various performance indicator of the group as a single unit. Refer note 23 for segment information presented.

xx) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented as net of the related expense.

xxi) Rounding of amounts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. Property, plant and equipment and capital work-in-progress

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total	Capital work-in-progress (CWIP)
Gross carrying amount									
Balance as at March 31, 2018	2,111.75	1,323.52	13,261.47	44,967.15	446.32	585.22	862.29	63,557.72	4,685.36
Additions	1.98	-	97.48	1,832.96	33.67	107.47	328.14	2,401.70	4,391.78
Transfer from CWIP	-	-	46.93	2,683.56	-	-	-	2,730.49	(2,730.49)
Disposals / adjustments	(20.11)	-	-	(1,220.32)	(6.48)	(88.69)	(133.05)	(1,468.65)	(20.19)
Balance as at March 31, 2019	2,093.62	1,323.52	13,405.88	48,263.35	473.51	604.00	1,057.38	67,221.26	6,326.46
Adjustment for change in accounting policy (refer note 37)	-	(1,323.52)	-	-	-	-	-	(1,323.52)	-
Additions	1,820.33	-	-	-	50.28	43.27	148.19	2,062.07	8,230.72
Transfer from CWIP	-	-	6,475.54	4,091.92	-	-	-	10,567.46	(10,567.46)
Disposals / adjustments	-	-	(4.00)	(97.66)	(3.24)	(67.44)	(126.29)	(298.63)	(20.18)
Balance as at March 31, 2020	3,913.95	-	19,877.42	52,257.61	520.55	579.83	1,079.28	78,228.64	3,969.54
Accumulated depreciation As at March 31, 2018	-	29.71	699.57	9,404.30	85.29	150.61	295.93	10,665.41	-
Depreciation charge during the year	-	21.95	440.50	3,907.20	39.27	74.44	195.24	4,678.60	-
Disposals / adjustments	-	-	-	(1,129.30)	(6.25)	(73.54)	(130.07)	(1,339.16)	-
Balance as at March 31, 2019	-	51.66	1,140.07	12,182.20	118.31	151.51	361.10	14,004.85	-
Adjustment for change in accounting policy (refer note 37)	-	(51.66)	-	-	-	-	-	(51.66)	-
Depreciation charge during the year	-	-	579.55	4,461.69	44.72	77.13	218.51	5,381.60	-
Disposals / adjustments	-	-	(0.44)	(84.05)	(2.54)	(63.98)	(121.44)	(272.45)	-
Balance as at March 31, 2020	-	-	1,719.18	16,559.84	160.49	164.66	458.17	19,062.34	-
Net carrying amount As at March 31, 2019	2,093.62	1,271.86	12,265.81	36,081.15	355.20	452.49	696.28	53,216.41	6,326.46
Net carrying amount As at March 31, 2020	3,913.95	-	18,158.24	35,697.77	360.06	415.17	621.11	59,166.30	3,969.54

Notes-

- i) Depreciation pertaining to machineries used for manufacture of moulds has been capitalized during the year amounting to Rs. 108.46 Lakhs (Previous year Rs. 107.33 Lakhs).
- ii) Capital work-in-progress mainly comprises of building and plant and machinery.
- iii) Refer note 25 to these financial statements for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- iv) Leased assets

As at March 31, 2019, Leasehold land represents land obtained on long term lease from various government authorities and considered as finance lease:

Particulars	As at March 31, 2020	As at March 31, 2019
Leasehold land		
Cost	-	1,323.52
Accumulated depreciation	-	(51.66)
Net carrying amount	-	1,271.86

Pursuant to the adoption of Ind AS 116, leased assets are presented as a separate line item in the Balance Sheet as at March 31, 2020, see note 27. Refer to note 37 for details about changes in accounting policy.

v) The carrying amount of assets pledged as security for current and non-current borrowings [refer note 11(a) & (b)] are as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Note no	As at March 31, 2020	As at March 31, 2019
Current:			
First Charge			
Inventories	8	23,423.12	24,921.04
Financial assets			
- Trade receivables	5(b)	18,928.72	16,732.05
- Cash and cash equivalents	5(c)	436.97	705.66
- Other bank balances	5(d)	8,593.77	7,997.00
- Loans	5(e)	94.70	107.89
- Other financial assets	5(f)	993.14	2,690.93
Other current assets	7	1,598.92	2,243.69
Total current assets pledged as security		54,069.34	55,398.26
Non current:			
First charge			
Plant and Machinery	3	35,697.77	36,081.15
Total non-current assets pledged as security		35,697.77	36,081.15
Total assets pledged as security		89,767.11	91,479.41

4. Intangible assets and intangible assets under development

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Specialized softwares	Technical know how	Development cost [Refer note (ii)]	Total	Intangible assets under development
Gross carrying amount					
Balance as at March 31, 2018	208.98	8,299.16	12,650.66	21,158.80	4,298.24
Additions	77.48	39.29	-	116.77	2,885.56
Transfer from intangible assets under development	-	2,294.58	2,613.82	4,908.40	(4,908.40)
Disposals / adjustments	(0.43)	-	-	(0.43)	-
Balance as at March 31, 2019	286.03	10,633.03	15,264.48	26,183.54	2,275.40
Additions	50.47	7.54	-	58.01	3,297.94
Transfer from intangible assets under development	-	433.59	2,476.39	2,909.98	(2,909.98)
Disposals / adjustments	-	-	20.18	20.18	(37.53)
Balance as at March 31, 2020	336.50	11,074.16	17,761.05	29,171.71	2,625.83
Accumulated amortization					
As at March 31, 2018	124.23	2,499.71	4,460.08	7,084.02	-
Amortization charge for the year	45.60	1,277.22	1,990.65	3,313.47	-
Disposals / adjustments	(0.17)	-	-	(0.17)	-
Balance as at March 31, 2019	169.66	3,776.93	6,450.73	10,397.32	-
Amortization charge for the year	66.63	1,336.18	2,187.74	3,590.55	-
Disposals / adjustments	-	-	-	-	-
Balance as at March 31, 2020	236.29	5,113.11	8,638.47	13,987.87	-
Net carrying amount					
As at March 31, 2019	116.37	6,856.10	8,813.75	15,786.22	2,275.40
Net carrying amount					
As at Mar 31, 2020	100.21	5,961.05	9,122.58	15,183.84	2,625.83

Notes-

- Amortization pertaining to software used for manufacture of moulds has been capitalized during the year amounting to Rs. 5.91 Lakhs (Previous year Nil).
- Consists of capitalised development costs being an internally generated intangible asset.
- Intangible assets under development comprises of technical know how and product development cost incurred by the group.

5 (a) Interest in other entities

(i) Interest in subsidiary

Name of the entity and equity contribution	Place of business/ country of incorporation	Ownership interest as at March 31, 2020	Ownership interest as at March 31, 2019	Principal activities
Thai Subros Limited* [Nil (March 31, 2019: 999,300) fully paid up equity shares of Baht 5 each]	Thailand	-	100%	Importing and exporting of parts and equipment to be used for car air conditioner and all types of vehicles parts and equipments

*Pursuant to the approval of Board of Directors in their meeting held on May 28, 2018 for closure of Thai Subros Limited, the liquidation application has been filed in Thailand on January 09, 2019. Consequently, the liquidation of the subsidiary has been completed on August 01, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand.

(ii) Investment accounted for using the equity method*

Name of the entity and equity contribution	Place of business/ country of incorporation	% of ownership interest	Accounting method	Carrying amount as at March 31, 2020	Carrying amount as at March 31, 2019	Principal activities
Denso Subros Thermal Engineering Centre India Private Limited (formerly known as Denso Subros Thermal Engineering Centre India Limited) [1,767,999 (March 31, 2019: 1,767,999) fully paid up equity shares of Rs. 10 each]	India	26%	Equity method	156.73	157.84	Providing application design services primarily to Subros Limited and to other entities related to the Denso Group.
Add:- Share of profit / (loss) of joint venture accounted for using the equity method				(10.88)	(1.11)	
Total equity accounted investment				145.85	156.73	

* Unlisted entity- no quoted price available.

Summarized financial information for joint venture

The table below provide summarized financial information for joint venture. The information disclosed reflects the amounts presented in the financial statements of joint venture.

Summarized Balance Sheet of:- Denso Subros Thermal Engineering Centre India Private Limited

(All amounts in Rs. Lakhs, unless otherwise stated)

Description	As at March 31, 2020	As at March 31, 2019
Current assets		
Financial assets		
(i) Trade receivables	464.51	352.07
(ii) Cash and cash equivalents	341.55	521.79
(iii) Other current financial assets	1.54	0.27
(iv) Loans	3.80	-
Other current assets	204.29	97.95
Employee benefits	-	13.05
Total current assets	1,015.69	985.13
Total non-current assets	173.36	161.06
Current liabilities		
Financial liabilities		
(i) Trade payables	156.04	97.47
(ii) Other financial liabilities	198.26	202.82
Other current liabilities	55.41	41.17
Short-term provisions	175.68	170.95
Total current liabilities	585.39	512.41
Total non-current liabilities	42.72	30.99
Net assets	560.94	602.79

Reconciliation to carrying amounts*(All amounts in Rs. Lakhs, unless otherwise stated)*

Description	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening net assets	602.79	607.07
Profit / (Loss) for the year	(31.61)	(3.23)
Other comprehensive income	(10.24)	(1.05)
Closing net assets	560.94	602.79
Group's share in %	26%	26%
Group's share in INR	145.85	156.73
Carrying amount	145.85	156.73

Summarized Statement of Profit and Loss*(All amounts in Rs. Lakhs, unless otherwise stated)*

Description	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	1,784.58	1,947.96
Interest income	16.39	18.62
Employee benefits expense	(1,236.56)	(1,192.48)
Depreciation and amortization expense	(34.98)	(33.76)
Other expenses	(534.48)	(664.55)
Income tax expenses	(26.56)	(79.02)
Profit / (Loss) for the year	(31.61)	(3.23)
Other comprehensive income	(10.24)	(1.05)
Total comprehensive income	(41.85)	(4.28)

Note: There are no contingent liabilities and commitments related to joint venture as on March 31, 2020 and March 31, 2019.

5(b). Trade receivables*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	18,855.23	16,657.42
Receivables from related parties (refer note 24)	73.49	74.63
Less: Allowance for doubtful debts	-	-
Total trade receivables	18,928.72	16,732.05
Current portion	18,928.72	16,732.05
Non-current portion	-	-

Breakup of security details*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	18,928.72	16,732.05
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	18,928.72	16,732.05
Allowance for doubtful debts	-	-
Total trade receivables	18,928.72	16,732.05

5(c). Cash and cash equivalents*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31,2019
Balances with banks		
- In current accounts	425.71	685.81
Cash on hand	11.26	19.85
Total cash and cash equivalents	436.97	705.66

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.

5(d) Bank balances other than cash and cash equivalents*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31,2019
Earmarked balances with banks		
Deposits with original maturity of more than three months but less than 12 months*	29.52	308.98
Unpaid dividend account	30.24	32.47
Others		
Deposits with original maturity of more than three months but less than 12 months	8,593.77	7,997.00
Total bank balances other than cash and cash equivalents	8,653.53	8,338.45

* Held as security with the banks against bank guarantee and hence not available for free use with the group.

5(e). Loans*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020		As at March 31,2019	
	Current	Non-current	Current	Non-current
Security deposits				
Related parties (refer note 24)	-	233.56	-	233.56
Others	66.63	696.55	43.46	710.75
Loans to employees	28.07	9.90	64.43	17.47
Total loans	94.70	940.01	107.89	961.78

Breakup of security details*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31,2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	1,034.71	1,069.67
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	1,034.71	1,069.67
Loss allowance	-	-
Total loans	1,034.71	1,069.67

5(f) Other financial assets

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Deposits with maturity of more than 12 months*	-	21.90	-	54.18
Interest accrued on bank deposits	426.40	1.36	199.02	2.19
Derivatives asset	566.74	-	-	-
Due on account of factoring arrangement	-	-	1,553.85	-
Insurance claim recoverable (refer note 26B)	-	-	938.06	-
Total other financial assets	993.14	23.26	2,690.93	56.37

* Held as security with the banks and hence not available for free use with the group.

6. Income tax

Income tax expense in the Statement of Profit and Loss comprises:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Tax expense		
Current tax		
Current tax on profits for the year	2,285.43	2,406.61
Adjustments for current tax of prior periods	(2.94)	1.82
Total current tax expense	2,282.49	2,408.43
Deferred tax		
Minimum alternate tax	174.55	(926.61)
Decrease / (increase) in deferred tax assets	(433.45)	1,070.85
(Decrease) / increase in deferred tax liabilities	1,888.21	1,231.48
Total deferred tax expense / (benefit)	1,629.31	1,375.72
Total tax expense / (credit)	3,911.80	3,784.15

b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting Profit before tax	12,394.86	11,407.88
Computed tax expense at applicable tax rate of 34.944% (previous year 34.944%)	4,331.26	3,986.37
Tax effect of :		
Tax effects of the amounts which are not deductible in calculating taxable income	39.56	(82.33)
Weighted deduction for expenditure incurred on research and development	(459.02)	-
Difference in tax rates and MAT credit	-	(2,422.22)
Incremental deferred tax asset on account of financial assets and other items	-	1,070.85
Incremental deferred tax liability on account of tangible and intangible assets	-	1,231.48
Tax expense recognized in Statement of Profit and Loss	3,911.80	3,784.15

The tax of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Opening balance	Recognized in Profit or loss-Credit/(charge)	Recognized in Other Comprehensive Income -Credit/(charge)	Adjustments	Closing Balance
2018-19					
Deferred tax liability in relation to:					
Property, plant and equipment and intangible assets	6,075.98	(1,231.48)	-	-	7,307.46
Total deferred tax liability(A)	6,075.98	(1,231.48)	-	-	7,307.46
Deferred tax assets in relation to:					
Expenses deductible in future years	378.41	125.33	-	-	503.74
Remeasurement of post employment benefit obligations and exchange differences on translation of foreign operations	9.02	-	110.42	-	119.44
Deduction allowable on unabsorbed depreciation	1,094.05	(1,094.05)	-	-	-
Other items	102.49	(102.13)	-	-	0.36
Total deferred tax assets(B)	1,583.97	(1,070.85)	110.42	-	623.54
Deferred tax liability(net) (C) = (A) - (B)	4,492.01	(2,302.33)	110.42	-	6,683.92
Minimum alternative tax credit (D)	5,633.47	926.61	-	-	6,560.08
Deferred tax liability/(asset) (net) (C) - (D)	(1,141.46)	(1,375.72)	110.42	-	123.84
2019-20					
Deferred tax liability in relation to:					
Property, plant and equipment and intangible assets	7,307.46	(1,609.44)	-	-	8,916.90
Right-of-use assets	-	(278.77)	-	-	278.77
Total deferred tax liability(A)	7,307.46	(1,888.21)	-	-	9,195.67
Deferred tax assets in relation to:					
Expenses deductible in future years	503.74	79.86	-	-	583.60
Lease liabilities	-	353.95	-	-	353.95
Remeasurement of post employment benefit obligations and exchange differences on translation of foreign operations	119.44	-	117.40	-	236.84
Other items	0.36	(0.36)	-	-	-
Total deferred tax assets(B)	623.54	433.45	117.40	-	1,174.39
Deferred tax liability(net) (C) = (A) - (B)	6,683.92	(1,454.76)	117.40	-	8,021.28
Minimum alternative tax credit (D)	6,560.08	(174.55)	-	-	6,385.53
Deferred tax liability/(asset) (net) (C) - (D)	123.84	(1,629.31)	117.40	-	1,635.75

Note: Deferred tax assets and deferred tax liabilities have been offset to the extent they relate to the same governing taxation laws.

7. Other assets

(unsecured and considered good, unless otherwise stated)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-current	Current	Non-current
Capital advances	-	384.32	-	3,473.70
Advance to suppliers				
-Related party (refer note 24)	81.17	-	130.71	-
-Others	275.05	-	1,020.79	-
Prepaid expenses	475.52	-	433.83	-
Recoverable from statutory authorities	767.18	-	658.36	-
Total other assets	1,598.92	384.32	2,243.69	3,473.70

8. Inventories

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw material and spares *	18,420.02	19,903.14
Work-in progress	1,617.87	1,442.74
Finished goods	625.43	708.42
Stores	2,759.80	2,866.74
Total Inventories	23,423.12	24,921.04

Inventory includes in transit inventory of:-

Raw material and spares	3,937.73	3,808.74
Finished goods	134.31	314.10

* Net of provision for inventory obsolescence amounting to Rs.576.59 Lakhs as at March 31, 2020 (March 31, 2019: Rs. 222.37 Lakhs). An amount of Rs. 354.22 Lakhs has been recognised as an expense during the year ended March 31, 2020 (Rs. 21.77 Lakhs written back during the year ended March 31, 2019) and included in 'cost of material consumed' in Statement of Profit and Loss.

Note: Refer note 3 to the financial statements for information on inventories pledged as security by the group.

9. Non-current tax assets (net)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provisions - March 31, 2020: Rs. 5,784.46 Lakhs; March 31, 2019: Rs. 3,377.85 Lakhs)	59.49	48.46
Total non-current tax assets	59.49	48.46

10. Equity**10(a). Equity share capital**

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized share capital		
125,000,000 (as at March 31, 2019 : 125,000,000) equity shares of Rs. 2 each	2,500.00	2,500.00
Issued share capital		
65,241,450 (as at March 31, 2019 : 65,241,450) equity shares of Rs. 2 each	1,304.83	1,304.83
Subscribed and paid up share capital		
65,235,750 (as at March 31, 2019 : 65,235,750) equity shares of Rs. 2 each, fully paid up	1,304.71	1,304.71
Total	1,304.71	1,304.71

A. Reconciliation of the shares outstanding at the beginning and at the end of the year*(All amounts in Rs. Lakhs, unless otherwise stated)*

Equity shares	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	652,35,750	1,304.71	599,88,600	1,199.77
Add: Shares issued during the year	-	-	5,247,150	104.94
Balance at the end of the year	652,35,750	1,304.71	652,35,750	1,304.71

B. Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the group after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend.

C. Details of shares held by each shareholder holding more than 5% shares

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% of holding	Number of shares held	% of holding
Deeksha Holding Limited	1,01,37,760	15.54%	1,01,37,760	15.54%
Jyotsna Holding Private Limited	34,48,000	5.28%	34,48,000	5.28%
R R Holdings Private Limited	32,08,000	4.92%	32,08,000	4.92%
Ramesh Suri	44,59,040	6.84%	44,59,040	6.84%
Denso Corporation	1,30,47,150	20.00%	1,30,47,150	20.00%
Suzuki Motor Corporation	78,00,000	11.96%	78,00,000	11.96%

10(b). Other equity**A. Reserves and surplus***(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	20,817.44	20,817.44
General reserve	12,275.48	12,125.48
Debenture redemption reserve	250.00	1,000.00
Retained earnings	40,552.93	32,710.86
Total reserves and surplus	73,895.85	66,653.78

i) Securities premium*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	20,817.44	-
Issue of equity shares, net of transaction costs amounting to Rs. Nil (March 31, 2019: Rs. 66.22 Lakhs)	-	20,817.44
Closing balance	20,817.44	20,817.44

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii) General reserve

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	12,125.48	11,975.48
Transfer from retained earnings	150.00	150.00
Closing balance	12,275.48	12,125.48

General reserve is the retained earnings of a group which are kept aside out of the Group's profits to meet future (known or unknown) obligations.

iii) Retained earnings

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	32,710.86	25,988.22
Add: Profit for the year	8,483.06	7,623.73
Add: Other comprehensive income	(218.60)	(205.58)
Less: Appropriations		
Transfer to general reserve	(150.00)	(150.00)
Transfer from/(to) debenture redemption reserve	750.00	250.00
Dividend on equity shares including related income tax	(1,022.39)	(795.51)
Closing balance	40,552.93	32,710.86

During the year, a dividend of Rs. 1.30 per share, total dividend Rs. 848.07 Lakhs (previous year: Rs. 1.10 per share, total dividend Rs. 659.87 Lakhs) was paid to equity shareholders.

The Board of Directors recommended a final dividend of Rs. 0.80 per share (nominal value of Rs. 2 per share) for the financial year 2019-20. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been accounted as liability in these financial statements. The total estimated dividend to be paid is Rs. 521.89 Lakhs.

iv) Debenture redemption reserve (DRR)

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	1,000.00	1,250.00
Transfer from/(to) retained earnings	(750.00)	(250.00)
Closing balance	250.00	1,000.00

The Companies Act 2013 requires that where a group issues debentures, it shall create a debenture redemption reserve out of profits of the group available for payment of dividend. The group is required to maintain a debenture redemption reserve (DRR) of 25% of the value of debentures issued and outstanding, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilized by the group except to redeem debentures.

B. Other reserves

Foreign currency translation reserve

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	35.81	31.06
Additions / (deletions)* during the year	(35.81)	4.75
Closing balance	-	35.81

* The cumulative amount is transferred to other income on liquidation of foreign subsidiary. Refer note 39.

Nature and purpose of Foreign currency translation reserve:

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

11. Financial liabilities**11(a). Non-current borrowings***(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Debentures		
8.50% Non-convertible redeemable debentures	1,000.00	4,000.00
Term loans		
Foreign currency loans from banks	2,127.47	4,661.40
Indian Rupee loans from banks	2,373.86	2,770.90
Total Non-current borrowings	5,501.33	11,432.30
Less: Current maturities of long term debt [included in note 11(c)]	3,194.32	5,636.29
Less: Interest accrued [included in note 11(c)]	31.30	51.70
Non-current borrowings	2,275.71	5,744.31

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Maturity date	Terms of repayment	Coupon/ Interest rate
8.50% Non-convertible redeemable debentures	First charge on specific movable fixed assets of company	1,000.00	4,000.00	April, 2020	Three yearly instalments commencing from April 2018	8.50% p.a. (March 31, 2019 : 8.50%)

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Maturity date	Terms of repayment	Coupon/ Interest rate
Foreign currency loans from banks						
FC Loan 1	Exclusive charge over specific movable fixed assets	1,274.56	1,950.27	September, 2021	Sixteen quarterly instalments commencing from December 2017	USD 3.25% p.a. (March 31, 2019 : USD 3.25% p.a.)
FC Loan 2	Exclusive charge over specific movable fixed assets	852.91	1,305.04	September, 2021	Sixteen quarterly instalments commencing from December 2017	USD 3.32% p.a. (March 31, 2019 : USD 3.32% p.a.)
FC Loan 3	Exclusive charge on movable fixed assets and sub-servient charge over movable fixed assets	-	1,406.09	March, 2020	Eight half yearly instalments commencing from September 2016	Not applicable (March 31, 2019 : USD 6M LIBOR+Margin of 2.1% p.a)
Total		2,127.47	4,661.40			

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Maturity date	Terms of repayment	Coupon/ Interest rate
Indian Rupee loans from banks						
Loan 1	First charge on movable fixed assets	2,373.86	2,770.90	February, 2023	Fourteen quarterly equal instalments commencing from November 2019	MCLR + 20 bps (March 31, 2019 : MCLR + 20 bps)
Total		2,373.86	2,770.90			

11(b). Current borrowings

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
From banks		
Cash credit	277.16	2,578.19
Working capital loans from banks	599.79	7,555.74
	876.95	10,133.93
Unsecured		
Cash credit	-	553.06
Working capital loans from banks	5,625.00	2,400.00
Commercial papers	2,479.98	-
	8,104.98	2,953.06
Total current borrowings	8,981.93	13,086.99
Less: Interest accrued [included in note 11(c)]	-	55.74
Total current borrowings	8,981.93	13,031.25

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Coupon/ Interest rate	Maturity Date	Terms of Repayment
Secured						
Cash credit 1	First charge on current assets of the Company	-	40.69	Not applicable (March 31, 2019 : 1yr MCLR + 50 BPS)	Payable on Demand	Payable on Demand
Cash credit 2	First Pari-Passu charge on current assets of the company	277.16	1,686.43	8.20% linked to 1yr MCLR (March 31, 2019: 8.90% linked to 1yr MCLR)	Payable on Demand	Payable on Demand
Cash credit 3	First Pari-Passu charge on current assets of the company	-	851.07	Not applicable (March 31, 2019: 6M MCLR + 60 BPS)	Payable on Demand	Payable on Demand
Working capital loan 1	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	April 10, 2019	90 days from the date of availment
Working capital loan 2	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	May 14, 2019	90 days from the date of availment
Working capital loan 3	First Pari-Passu charge on current assets of the company	-	2,518.58	Not applicable (March 31, 2019: 8.75%)	May 18, 2019	90 days from the date of availment
Working capital loan 4	First Pari-Passu charge on current assets of the company	599.79	-	3M MCLR + 30 BPS (March 31, 2019: Not applicable)	Payable on Demand	Payable on Demand
Unsecured						
Cash credit	Not applicable	-	553.06	Not applicable (March 31, 2019: 6M MCLR + 95 BPS)	Payable on Demand	Payable on Demand
Working capital loan 1	Not applicable	5,625.00	2,000.00	MCLR + spread as applicable at the time of each disbursement. (March 31, 2019: MCLR + spread as applicable at the time of each disbursement)	60 days from the date of availment (March 31, 2019: 75 days from the date of availment)	60 days from the date of availment (March 31, 2019: 75 days from the date of availment)

Borrowings	Security	As at March 31, 2020	As at March 31, 2019	Coupon/ Interest rate	Maturity Date	Terms of Repayment
Working capital loan 2	Not applicable	-	400.00	Not applicable (March 31, 2019: 6M MCLR + 95 BPS)	April 30, 2019	30 days from the date of availment
Commercial papers	Not applicable	2,479.98	-	6.75% (March 31, 2019: Not applicable)	May 15, 2020	90 days from the date of issue
Total		8,981.93	13,086.99			

11(c). Other financial liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt	3,194.32	5,636.29
Capital creditors	1,446.20	890.51
Interest accrued*	62.24	143.06
Security deposit received		
-Related party (refer note 24)	6.14	6.14
-Others	40.24	40.24
Unclaimed dividend**	30.24	32.47
Derivative liability	-	478.24
Others		
Due to director (refer note 24)	99.49	162.62
Payable to employees	2,235.62	977.46
Total	7,114.49	8,367.03

* Includes Rs. 31.30 Lakhs (March 31, 2019: Rs. 107.44 Lakhs) accrued on borrowings [Refer note 11(a) & 11(b)] and includes Rs. 20.31 Lakhs (March 31, 2019: Rs. 14.05 Lakhs) due to micro enterprises and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

** The Company has deposited an amount of Rs. 6.40 Lakhs (Previous year Rs. 4.75 Lakhs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.

11(d). Trade payables*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Trade payables: micro and small enterprises (refer Note 36)	113.82	346.16
Trade payables: others	36,086.39	37,371.12
Trade payables to related parties (refer note 24)	2,315.09	1,270.07
Total	38,515.30	38,987.35

11 (e). Current tax liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	243.46	420.82
Current tax payable for the year	2,285.43	2,406.61
Less:- Taxes paid	2,191.83	2,583.97
Closing balance	337.06	243.46

12. Provisions*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits:				
Provision for leave encashment (refer note 28)	621.95	-	493.73	-
Provision for gratuity (refer note 28)	-	880.84	-	449.65
Provision for warranty	335.75	223.84	279.73	186.48
Total	957.70	1,104.68	773.46	636.13

i) Information about individual provisions and significant estimates**Provision for employee benefits:**

The provision for employee benefits include leave encashment and gratuity (refer note 2(d)(xii) and 28).

Provision for warranty:

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. The group generally offers 24 months warranties for its products. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives.

ii) Movement in provision for warranty*(All amounts in Rs. Lakhs, unless otherwise stated)*

As at March 31, 2018	413.48
Charged/(credited) to profit or loss	
Additional provisions recognized	215.80
Unwinding of discount on provision for warranty	8.48
Discounting of additional provision recognized	(8.98)
Amounts utilized during the year	(162.57)
As at March 31, 2019	466.21
Charged/(credited) to profit or loss	
Additional provisions recognized	227.98
Unwinding of discount on provision for warranty	8.48
Discounting of additional provision recognized	(8.98)
Amounts utilized during the year	(134.10)
As at March 31, 2020	559.59

Sensitivity analysis

As at March 31, 2020, provision for warranty had a carrying amount of Rs. 559.59 Lakhs (March 31, 2019: Rs. 466.21 Lakhs). Were warranty claim costs to differ by 10% of the management's estimates, the provision would be an estimated Rs. 55.96 Lakhs higher or lower (March 31, 2019: Rs. 46.62 Lakhs higher or lower).

13(a). Contract liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Contract liabilities	556.95	603.07
Total	556.95	603.07

Notes:

- Contract liabilities represent payments received from the customers in excess of the goods sold by the group.
- During the year ended March 31, 2020, the group recognised revenue of Rs. 570.76 Lakhs arising from opening contract liabilities as of April 01, 2019. During the previous year, the group recognised revenue of Rs. 1,189.61 Lakhs arising from opening contract liabilities as at April 01, 2018.

13(b). Other current liabilities*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	1,128.31	1,537.04
Total	1,128.31	1,537.04

14. Revenue from operations*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contracts with customers		
- Sale of products	1,98,709.04	2,11,306.80
- Sale of services	412.67	917.09
Other operating revenues		
- Sale of scrap	158.22	224.60
Total	1,99,279.93	2,12,448.49

Note 1: Unsatisfied contracts:

The following table shows unsatisfied performance obligation resulting from contracts:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at reporting date	556.95	603.07

Management expects that transaction price allocated to unsatisfied contracts as of March 31, 2020 will be recognized as revenue during the next reporting period.

Note 2: Reconciliation of revenue recognised with contract price:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract Price	1,99,342.61	2,12,522.75
Adjustments for:		
- Rebate/discounts	(62.68)	(74.26)
Revenue from Operations	1,99,279.93	2,12,448.49

Note 3: The group has disaggregated revenue from contracts with customers based on nature of revenue i.e. sale of products and sale of services. The group does not have reportable segment. Refer note 23.

Note 4: The group derives revenue from transfer of goods and services at a point of time after acceptance from customers.

Note 5: No significant judgements have been made by the group in applying Ind AS 115 that significantly affect the determination of the amount and timing of revenue from contracts with customers.

15. Other Income*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on:		
a) Financial assets at amortized cost	672.24	238.54
b) Others	6.03	26.70
Exchange variation on foreign currency transactions (net)	-	165.65
Foreign currency translation reserve transferred on liquidation of subsidiary (Refer note 10(b))	35.81	-
Fair value changes on derivatives	1,044.98	371.53
Unwinding of discount on financial asset	4.73	11.33
Net profit on disposal of property, plant and equipment	1.51	-
Rental income	66.57	48.57
Other miscellaneous income	202.85	167.76
Total	2,034.72	1,030.08

16. Cost of material consumed*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material and spares		
Raw material and spares at the beginning of the year	19,903.14	19,265.36
Add: Purchase of raw material and spares	1,39,398.38	1,49,141.10
Less: Raw material and spares at the end of the year	18,420.02	19,903.14
Total	1,40,881.50	1,48,503.32

17. Changes in inventories of finished goods and work in progress*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finished goods		
Closing balance	625.43	708.42
Less:- Opening balance	708.42	505.27
	(82.99)	203.15
Work-in-progress		
Closing balance	1,617.87	1,442.74
Less:- Opening balance	1,442.74	1,548.36
	175.13	(105.62)
(Increase) / decrease	(92.14)	(97.53)

18. Employee benefits expense*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus*	18,103.36	17,714.86
Contribution to provident and other funds (refer note 28)**	855.71	764.59
Gratuity (refer note 28)	239.63	164.77
Staff welfare expenses	1,528.39	2,013.22
Total	20,727.09	20,657.44

Note: Government grants

* Net of government grants related to refund of 50% of minimum stipend prescribed by Board of Apprenticeship Training (Northern Region) amounting to Rs. 34.23 Lakhs (March 31, 2019: Rs. 215.66 Lakhs).

** Net of government grants related to payment of employer's contribution towards Employees Provident Fund and Employees Pension Scheme for the new employment, paid by government of India under the Pradhan Mantri Rojgar Protsahan Yojana amounting to Rs. 60.67 Lakhs (March 31, 2019: Rs. 25.38 Lakhs).

There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of government assistance.

19. Finance costs*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest costs:		
- Loans from banks	1,734.51	2,692.29
- Loans from others	1,231.46	634.94
Exchange differences regarded as an adjustment to borrowing costs	605.31	894.64
Interest on lease liabilities (refer note 27)	96.34	-
Other finance costs*	6.31	78.33
	3,673.93	4,300.20
Less:- Amount Capitalized**	40.00	81.52
Total	3,633.93	4,218.68

* Includes Rs. 6.26 Lakhs (March 31, 2019: Rs. 14.05 Lakhs) due to micro enterprises and small enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (Refer Note 36)

** The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the group's general borrowings during the year, in this case 8.50% (March 31, 2019: 8.79%)

20. Depreciation and amortization expense*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 3)	5,273.14	4,571.27
Depreciation of right-of-use assets (refer note 27)	172.66	-
Amortization of intangible assets (refer note 4)	3,584.64	3,313.47
Total	9,030.44	7,884.74

21. Other expenses*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores	3,851.75	4,542.80
Power and fuel	2,902.38	3,231.32
Rent (refer note 27)	276.46	574.02
Repair and maintenance: Building	366.62	405.45
Repair and maintenance: Plant and machinery	1,300.97	1,501.93
Repair and maintenance: Others	275.43	288.16
Rates, taxes and fees	65.49	40.61
Insurance	462.11	410.05
Royalty	2,092.69	1,908.74
Warranty expenses	219.00	224.28
Selling and distribution expenses	2,953.16	3,946.35
Legal and professional charges	458.73	400.30
Vehicle running and maintenance	159.69	204.58
Travelling and conveyance	464.19	682.08
Payment to auditors [refer note 21(a) below]	54.32	56.72
Exchange variation on foreign currency transactions (net)	420.27	-
Net loss on disposal of property, plant and equipment	-	72.74
Corporate social responsibility expenses [refer note 21(b) below]	137.02	87.04
Director's sitting fees	40.85	40.20
Other miscellaneous expenses	2,358.18	1,951.64
TOTAL	18,859.31	20,569.01

21(a). Details of payment to auditors*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to auditors*		
As auditor:		
Audit fees (including limited review)	41.10	36.43
Tax audit fee	1.15	2.00
In other capacities:		
Other services	6.75	10.50
Reimbursement of expenses	5.32	7.79
Total	54.32	56.72

* Excluding applicable taxes

21(b). Corporate social responsibility expenses*(All amounts in Rs. Lakhs, unless otherwise stated)*

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to green plantations	4.42	17.68
Contribution to education for under- privileged children	56.26	56.25
Contribution to skills developments	-	6.72
Contribution to social campaign	76.34	6.39
Total	137.02	87.04
<i>Amount required to be spent as per Section 135 of the Act</i>	136.96	78.24
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than above	137.02	87.04
Total	137.02	87.04

22. Financial instruments and risk management**22(a). Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2020 is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FVOCI	FVTPL	Amortized cost	Total
Financial assets				
i) Trade receivables	-	-	18,928.72	18,928.72
ii) Cash and cash equivalents	-	-	436.97	436.97
iii) Bank balance other than cash and cash equivalents	-	-	8,653.53	8,653.53
iv) Loans	-	-	1,034.71	1,034.71
v) Other financial assets	-	566.74	449.66	1,016.40
Total financial assets	-	566.74	29,503.59	30,070.33
Financial liabilities				
i) Borrowings	-	-	11,257.64	11,257.64
ii) Trade payables	-	-	38,515.30	38,515.30
iv) Other financial liabilities	-	-	7,114.49	7,114.49
Total financial liabilities	-	-	56,887.43	56,887.43

The carrying value and fair value of financial instruments by categories as of March 31, 2019 is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	FVOCI	FVTPL	Amortized cost	Total
Financial assets				
i) Trade receivables	-	-	16,732.05	16,732.05
ii) Cash and cash equivalents	-	-	705.66	705.66
iii) Bank balance other than cash and cash equivalents	-	-	8,338.45	8,338.45
iv) Loans	-	-	1,069.67	1,069.67
v) Other financial assets	-	-	2,747.30	2,747.30
Total financial assets	-	-	29,593.13	29,593.13
Financial liabilities				
i) Borrowings	-	-	18,775.56	18,775.56
ii) Trade payables	-	-	38,987.35	38,987.35
iii) Other financial liabilities	-	478.24	7,888.79	8,367.03
Total financial liabilities	-	478.24	65,651.70	66,129.94

The following tables provides an analysis of financial assets and liabilities that are measured at fair value - recurring fair value measurements, grouped into level 1 to level 3, as described below:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes No.	As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives asset	5(f)	-	566.74	-	566.74
Total financial assets		-	566.74	-	566.74
Financial liabilities					
Derivative liability	11(c)	-	-	-	-
Total financial liabilities		-	-	-	-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes No.	As at March 31, 2019			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives asset	5(f)	-	-	-	-
Total financial assets		-	-	-	-
Financial liabilities					
Derivative liability	11(c)	-	478.24	-	478.24
Total financial liabilities		-	478.24	-	478.24

The following tables provides an analysis of financial assets and liabilities that are measured at amortized cost for which fair values are disclosed, grouped into level 1 to level 3, as described below:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes No.	As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	5(e)	-	-	996.74	996.74
Loans to employees	5(e)	-	-	37.97	37.97
Trade receivables	5(b)	-	-	18,928.72	18,928.72
Cash and cash equivalents	5(c)	-	-	436.97	436.97
Deposits with original maturity of more than three months but less than 12 months	5(d)	-	-	8,623.29	8,623.29
Deposits with maturity of more than 12 months	5(f)	-	-	21.90	21.90
Unpaid dividend account	5(d)	-	-	30.24	30.24
Interest accrued on bank deposits	5(f)	-	-	427.76	427.76
Total financial assets		-	-	29,503.59	29,503.59
Financial liabilities					
Borrowings	11(a) & 11(b)	-	-	11,257.64	11,257.64
Trade payables	11(d)	-	-	38,515.30	38,515.30
Current maturities of long term debt	11(c)	-	-	3,194.32	3,194.32
Capital creditors	11(c)	-	-	1,446.20	1,446.20

Particulars	Notes No.	As at March 31, 2020			
		Level 1	Level 2	Level 3	Total
Interest accrued	11(c)	-	-	62.24	62.24
Security deposit received	11(c)	-	-	46.38	46.38
Unclaimed dividend	11(c)	-	-	30.24	30.24
Others					
Due to director	11(c)	-	-	99.49	99.49
Payable to employees	11(c)	-	-	2,235.62	2,235.62
Total financial liabilities		-	-	56,887.43	56,887.43

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes No.	As at March 31, 2019			
		Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	5(e)	-	-	987.77	987.77
Loans to employees	5(e)	-	-	81.90	81.90
Trade receivables	5(b)	-	-	16,732.05	16,732.05
Cash and cash equivalents	5(c)	-	-	705.66	705.66
Deposits with original maturity of more than three months but less than 12 months	5(d)	-	-	8,305.98	8,305.98
Deposits with maturity of more than 12 months	5(f)	-	-	54.18	54.18
Unpaid dividend account	5(d)	-	-	32.47	32.47
Interest accrued on bank deposits	5(f)	-	-	201.21	201.21
Due on account of factoring arrangement	5(f)	-	-	1,553.85	1,553.85
Insurance claim recoverable	5(f)	-	-	938.06	938.06
Total financial assets		-	-	29,593.13	29,593.13
Financial liabilities					
Borrowings	11(a) & 11(b)	-	-	18,775.56	18,775.56
Trade payables	11(d)	-	-	38,987.35	38,987.35
Current maturities of long term debt	11(c)	-	-	5,636.29	5,636.29
Capital creditors	11(c)	-	-	890.51	890.51
Interest accrued	11(c)	-	-	143.06	143.06
Security deposit received	11(c)	-	-	46.38	46.38
Unclaimed dividend	11(c)	-	-	32.47	32.47
Others					
Due to director	11(c)	-	-	162.62	162.62
Payable to employees	11(c)	-	-	977.46	977.46
Total financial liabilities		-	-	65,651.70	65,651.70

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfer between level 1, level 2 and level 3 for the years ended March 31, 2020 and March 31, 2019.

Valuation technique used to determine fair value : The group has entered into variety of foreign currency forward contracts and swaps to manage its exposure to fluctuations in foreign exchange rates. These financial exposures are managed in accordance with the group's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

All short term financial assets and liabilities like trade receivables, cash and cash equivalents, deposit with banks, recoverable from factoring arrangements, insurance claim recoverable, trade payables, capital creditors, security deposit received, payable to employees are stated at amortized cost which is approximately equal to their fair value.

The fair value of borrowings is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity.

The fair value of loans to employees and security deposits are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

22(b). Financial risk management

The group's activities expose it to credit risk, liquidity risk and market risk. In order to minimize any adverse effects on the financial performance of the group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimize operating, financial and strategic risks. The note explains the sources of risk which the entity is exposed to and how the entity manages the risks :

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposits with banks, trade receivables, derivative financial instruments, other financial assets measured at amortized cost.	Ageing analysis, credit rating	Diversification of bank deposits, factoring of trade receivables, credit limits and letter of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk- interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps

Credit risk

The credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the group and arises principally from the group's receivables from customers and deposits with banking institutions. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

For banks and financial institutions, only high rated banks/institutions are accepted. The group has deposited liquid funds at various banking institutions. Primary banking institutions are major Indian and foreign banks. In long term credit ratings these banking institutions are considered to be investment grade. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognized commercial banks and are not past due.

The group has developed guidelines for the management of credit risk from trade receivables. The group's primary customers are major Indian automobile manufacturers and Air-conditioner manufacturer (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of payment due dates is closely monitored on an on-going basis for all customers, thereby practically eliminating the risk of default.

A default on a financial asset is when the counterparty, fails to make contractual payments within the agreed number of days of

when they fall due. This definition is determined by considering the business environment in which entity operates and other macro-economic factors.

The group's historical experience of collecting receivables, supported by the level of default, is that credit risk is low. All customer balances which are overdue for more than 180 days are evaluated for provisioning and considered for impairment on an individual basis. The customer balances are written-off as bad debts, when legal remedies available to the group are exhausted and / or it becomes certain that said balances will not be recovered.

Liquidity risk

The liquidity risk encompasses any risk that the group cannot fully meet its financial obligations. To manage the liquidity risk, the group's finance division monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet the operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The group raises short term rupee borrowings for cash flow mismatches and hence carries no significant liquidity risk.

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

(All amounts in Rs. Lakhs, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Floating rate:		
- Expiring within one year (cash credit, working capital loans and other facilities)	36,319.95	15,939.06
- Expiring beyond one year (bank loans)	4,750.00	4,750.00

(ii) Maturities of financial liabilities

The table below analyze the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Upto 1 year	1-5 Years	More than 5 years	Total
As at March 31, 2020				
Borrowings (including interest)*	12,307.08	2,342.23	-	14,649.31
Trade payables	38,515.30	-	-	38,515.30
Other financial liabilities	3,920.17	-	-	3,920.17
Lease liabilities	180.00	683.51	1,056.77	1,920.28
Total	54,922.55	3,025.74	1,056.77	59,005.06
As at March 31, 2019				
Borrowings (including interest)*	18,917.03	6,444.28	-	25,361.31
Trade payables	38,987.35	-	-	38,987.35
Other financial liabilities	2,252.50	-	-	2,252.50
Total	60,156.88	6,444.28	-	66,601.16

* Does not include future interest payments on contractual maturities of current borrowings as it includes cash credit facilities and working capital loans which are repayable on demand due to which future contractual interest payments are not reasonably determinable.

Market risk

(i) Foreign currency risk

The group has exposure to foreign currency risk on account of its payables and external commercial borrowings. The group has a foreign currency exchange risk policy to mitigate this risk by entering into appropriate hedging instruments depending on the future outlook on currencies as considered necessary from time to time for which it has entered into derivative financial instruments such as foreign exchange forward contracts.

Foreign currency derivative contracts outstanding as at the end of the reporting period:

Particulars/Purpose	Amount	As at March 31, 2020	As at March 31, 2019
Hedge of External commercial borrowings	USD (In Lakhs)	28.03	66.71
	INR (in Lakhs)	1,875.00	4,440.20
Hedge of foreign currency payables	USD (In Lakhs)	58.50	77.03
	INR (in Lakhs)	4,490.70	5,429.95
	JPY (in Lakhs)	7,019.54	12,398.13
	INR (in Lakhs)	4,974.17	7,952.04
Cross currency swap	USD (In Lakhs)	77.50	59.52
	JPY (in Lakhs)	8,376.95	6,532.84

Particulars of unhedged foreign currency exposure as at the reporting date:

Particulars/Purpose	Amount	As at March 31, 2020	As at March 31, 2019
Trade payables	GBP (in Lakhs)	-	0.02
	INR (in Lakhs)	-	1.53
	Euro (in Lakhs)	0.04	0.06
	INR (in Lakhs)	3.64	4.97

Foreign currency sensitivity analysis

The group is mainly exposed to GBP and EURO.

The following table details the group's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	INR strengthens by 10%	INR weakens by 10%	INR strengthens by 10%	INR weakens by 10%
Impact on profit or loss for the year				
GBP impact	-	-	0.15	(0.15)
EURO impact	0.36	(0.36)	0.50	(0.50)

(ii) Interest rate risk**a) Interest rate risk exposure**

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	11,003.28	12,963.55
Fixed rate borrowings	3,479.98	11,555.74
Total	14,483.26	24,519.29

Note: The group has external commercial borrowings with floating interest rate. The interest rate risk has been mitigated through the use of derivative financial instruments such as foreign currency interest rate swaps taken at the time of inception of the borrowings.

As at the end of the reporting period, the group had the following variable rate borrowings and interest rate swap contracts outstanding:

Particulars	As at March 31, 2020		
	Weighed average interest rate %	Balance	% of total loans
External commercial borrowings, bank loans and cash credit	8.35	11,003.28	76%
Interest rate swaps (notional principal amount)	9.15	(2,127.47)	
Net exposure to cash flow interest rate risk		8,875.81	
Particulars	As at March 31, 2019		
	Weighed average interest rate %	Balance	% of total loans
External commercial borrowings, bank loans and cash credit	9.18	12,963.55	53%
Interest rate swaps (notional principal amount)	9.26	(4,661.39)	
Net exposure to cash flow interest rate risk		8,302.16	

b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest rates - increase by 50 basis points	28.87	27.01
Interest rates - decrease by 50 basis points	(28.87)	(27.01)

(iii) Price risk

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the group in its various products segment. Due to the competitive market, major OEMs demands price cuts which in turn may affect the profitability of the group.

The group has arrangements with its major customers for passing on the price impact. The group is regularly taking initiatives like VA VE (value addition, value engineering) to reduce its raw material costs to meet targets set up by its customers for cost downs. In respect of customer nominated parts, the group has back to back arrangements for cost savings with its suppliers.

22(c). Capital management

The group's objective when managing capital are to:

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

Consistent with others in the industry, the group monitors Net Debt to EBIDTA ratio i.e, Net Debt (total borrowings and lease liabilities net of cash and cash equivalents) divided by EBIDTA (Profit before tax plus depreciation and amortization expense plus finance cost).

The Company strategy is to ensure that the Net Debt to EBITDA is managed at an optimal level considering the above factors. The Net Debt to EBIDTA ratios were as follows:

Particulars	March 31, 2020	March 31, 2019
Net Debt (In Lakhs)	15,059.19	24,519.29
EBIDTA (after exceptional items) (In Lakhs)	25,059.23	23,511.30
Net Debt to EBIDTA (after exceptional items)	0.60	1.04
EBIDTA (before exceptional items) (In Lakhs)	20,930.67	23,845.49
Net Debt to EBIDTA (before exceptional items)	0.72	1.03

The Net debt to EBIDTA (after exceptional items) ratio for the current year increased from 0.56 to 0.60 and Net debt to EBIDTA (before exceptional items) ratio for the current year increased from 0.68 to 0.72 following the adoption of Ind AS 116. Both net debt and EBIDTA increased following the recognition of right-of-use assets and lease liabilities as on April 01, 2019. See note 37 for further information.

Loan covenants

Under the terms of the major borrowings facilities, the group is required to comply with certain financial covenants and the group has complied with those covenants throughout the reporting period.

Dividends

Particulars	As at March 31, 2020	As at March 31, 2019
On Equity shares of Rs. 2 each		
Final dividend		
Dividend paid (Rs. In Lakhs)	848.07	659.87
Dividend distribution tax (Rs. In Lakhs)	174.32	135.64
Dividend per equity share	1.30	1.10

The Board of Directors recommended a final dividend of Rs. 0.80 per share (nominal value of Rs. 2 per share) for the financial year 2019-20. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been accounted as liability in these financial statements. The total estimated dividend to be paid is Rs. 521.89 Lakhs.

23. Segment information

The group is primarily in the business of manufacturing of thermal products.

The Board of Directors of the group, which has been identified as being the chief operating decision maker (CODM), evaluates the group's performance, allocate resources based on the analysis of the various performance indicator of the group as a single unit. Therefore, there is no reportable segment for the group. Export sales constitute an insignificant portion of total business of the group. Hence, there is no geographical segment as well.

Entity wide disclosures

(All amounts in Rs. Lakhs, unless otherwise stated)

	Domestic	Overseas	Total
Revenue from operations			
For the year ended March 31, 2020	199,273.09	6.84	199,279.93
For the year ended March 31, 2019	212,439.49	9.00	212,448.49
Non current segment assets			
As at March 31, 2020	83,523.63	-	83,523.63
As at March 31, 2019	81,078.19	-	81,078.19

- Domestic information includes sales and services rendered to customers located in India.
- Overseas information includes sales and services rendered to customers located outside India.
- Non current segment assets includes property, plant and equipment, right-of-use assets, capital work- in- progress, intangible assets, intangible assets under development and capital advances.
- Revenue from transactions with a single external customer amounting to 10 per cent or more of the group's revenues is 54% from one customer (previous year: 56%), 26% from second customer (previous year: 13%) and 0.10% from third customer (previous year: 12%).

24. Related party disclosures

Entity having significant influence over the Company (From December 07, 2018)

Denso Corporation, Japan

Joint venture

Denso Subros Thermal Engineering Centre India Private Limited (DSEC), India
(formerly known as Denso Subros Thermal Engineering Centre India Limited)

Key management personnel

Mr. Ramesh Suri, Chairman
Ms. Shradha Suri, Managing Director
Ms. Jyotsna Suri, Director
Mr. Keiichi Yamauchi, Alternate Director (upto October 12, 2018)
Mr. Yasuhiro Iida, Nominee Director
Mr. Mohammed Asad Pathan, Independent Director

Mr. Ramamoorthy Rajagopalan Kuttalam, Independent Director
 Mr. Girish Narain Mehra, Independent Director
 Mr. Shailendra Swarup, Independent Director
 Ms. Meena Sethi, Independent Director
 Mr. Arvind Kapur, Independent Director (From February 06, 2019)
 Mr. Kenichi Ayukawa, Nominee Director
 Mr. Toshihiro Saida, Nominee Director (From February 06, 2019)
 Mr. Fumitaka Taki, Alternate Director (From February 07, 2019)
 Mr. Manoj Kumar Sethi, Executive Vice President – Finance
 Mr. Rakesh Arora, Company Secretary

Relatives of key management personnel

Ms. Ritu Suri, Wife of Mr. Ramesh Suri

Entities over which key management personnel and/or their relatives have control or joint control:

SHS Transport Private Limited
 Rohan Motors Limited
 Hemkunt Service Station Private Limited
 Tempo Automobiles Private Limited
 M/s Ramesh Suri (HUF) (Dissolved w.e.f. September 18, 2018)
 Prima Telecom Limited
 Prima Infratech Private Limited
 Fibcom India Limited
 Deeksha Holding Limited
 Jyotsna Holding Private Limited
 RR Holdings Private Limited

List of other related parties - Post employment benefit plan of the group

Subros Employees Group Gratuity Cum Life Assurance Trust
 Subros Employees Group Superannuation Cum Life Assurance Trust

Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties:

(a) Transactions with related parties

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Entities having significant influence over the Company			
Denso Corporation	Sale of Goods	5.26	1.76
	Reimbursement of expenses	189.43	51.20
	Royalty Expenses	1,913.38	525.13
	Receipt of Technical Services	1,119.52	274.37
	Dividend paid	169.61	85.80
	Subscription for new equity shares issued on preferential basis (Refer note 40)	-	20,988.60
Joint venture			
Denso Subros Thermal Engineering Centre India Private Limited (DSEC)	Purchase of intangible assets (Technical knowhow)	506.18	263.17
	Sale of Goods	-	0.83
	Sale of services	24.01	-
	Rental income	24.57	24.57
	Reimbursement of expenses received	12.67	13.20
	Reimbursement of Expenses paid	-	7.79

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Key management personnel*			
Ms. Shradha Suri	Short term benefits	279.51	255.93
	Rent paid	7.28	1.21
	Post employment benefits	11.88	11.21
Mr. Ramesh Suri	Short term benefits	80.74	168.24
	Dividend paid	57.97	15.61
Ms. Jyotsna Suri	Sitting fees	2.75	2.00
	Rent paid	30.00	30.00
	Dividend paid	21.05	17.81
Mr. Mohammed Asad Pathan	Sitting fees	6.90	5.60
Mr. Ramamoorthy Rajagopalan Kuttalam	Sitting fees	6.00	5.00
Mr. Girish Narain Mehra	Sitting fees	11.30	11.60
Mr. Shailendra Swarup	Sitting fees	3.25	4.90
Ms. Meena Sethi	Sitting fees	8.65	9.60
Mr. Arvind Kapur	Sitting fees	2.00	1.50
Mr. Manoj Kumar Sethi	Short term benefits	88.73	83.84
	Post employment benefits	4.60	3.70
	Other long term employee benefits	-	0.54
Mr. Rakesh Arora	Short term benefits	43.94	41.25
	Post employment benefits	2.24	2.02
	Other long term employee benefits	-	0.36
Relatives of key management personnel			
Ms. Ritu Suri	Rent paid	31.80	29.30
	Dividend paid	14.66	12.41
Contribution to funds			
Subros Employees Group Gratuity Cum Life Assurance Trust	Employer's contribution towards gratuity fund	9.50	104.11
Entities over which key management personnel and/or their relatives have control or joint control:			
Fibcom India Limited	Purchase of materials	0.77	-
Fibcom India Limited	Sale of goods	1.93	-
Hemkunt Service Station Private Limited	Purchase of materials	10.04	13.29
Hemkunt Service Station Private Limited	Reimbursement of expenses	-	0.43
Prima Infratech Private Limited	Rent paid	223.34	219.34
Prima Infratech Private Limited	Reimbursement of Expenses	0.34	-
Prima Telecom Limited	Sale of goods	3.29	42.06
Prima Telecom Limited	Purchase of materials	26.53	100.03
Prima Telecom Limited	Purchase of property, plant and equipment	3.17	-
Prima Telecom Limited	Receiving of services	0.12	-
M/s Ramesh Suri (HUF)	Rent paid	-	8.56
M/s Ramesh Suri (HUF)	Dividend paid	-	33.44

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Rohan Motors Limited	Purchase of property, plant and equipment	18.90	33.32
Rohan Motors Limited	Receiving of services	14.56	14.67
Rohan Motors Limited	Rent paid	13.62	13.62
Rohan Motors Limited	Dividend paid	0.08	0.07
Rohan Motors Limited	Reimbursement of Expenses	2.40	2.24
Rohan Motors Limited	Sale of goods	3.64	5.54
Rohan Motors Limited	Sale of property, plant and equipment	0.35	-
SHS Transport Private Limited	Receiving of services	930.97	1,046.87
SHS Transport Private Limited	Rent paid	4.67	4.67
Tempo Automobiles Private Limited	Sale of goods	38.75	68.78
Deeksha Holding Limited	Dividend paid	131.79	111.52
Jyotsna Holding Private Limited	Dividend paid	44.82	37.93
RR Holdings Private Limited	Dividend paid	41.70	35.29

(b) Outstanding balances :*(All amounts in Rs. Lakhs, unless otherwise stated)*

Relation	Particulars	As at March 31, 2020	As at March 31, 2019
Entities having significant influence over the Company	Trade payables	1,800.19	894.58
	Trade receivables	5.40	5.46
Joint venture	Trade payables	193.85	152.64
	Trade receivables	1.72	4.03
	Other financial liabilities (security deposit)	6.14	6.14
Key management personnel	Other financial liabilities (due to directors)	99.49	162.62
	Other financial assets (security deposit)	3.30	3.30
	Trade payables	-	0.45
Relatives of key management personnel	Other financial assets (security deposit)	14.41	14.41
Entities over which key management personnel and/or their relatives have control or joint control	Trade payables	321.05	222.40
	Trade receivable	66.37	65.14
	Other assets (advances to suppliers)	80.50	130.04
	Other financial assets (security deposit)	215.85	215.85
Post employment benefit plan of the Company	Other assets	0.67	0.67

Terms and conditions:

- All transactions with related parties are in ordinary course of business and on arm's length basis.
- All outstanding balances are unsecured and will be settled in cash.
- All transactions are exclusive of applicable taxes for which input credit is allowed.

25. Capital commitments

Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) amounting to Rs. 1,534.05 Lakhs (March 31, 2019: Rs. 2,849.68 Lakhs).

26. A. Contingent liabilities**(a) Claims against the group not acknowledged as debts***(All amounts in Rs. Lakhs, unless otherwise stated)*

	As at March 31, 2020	As at March 31, 2019
Sales tax matters	190.74	259.71
Excise matters	4,067.99	4,077.99
Custom matters	15.19	-
Service tax matters	-	107.83
Income tax matters	219.07	42.81
Claims made by workmen	318.56	268.00

Notes:

- i. It is not practicable for the group to estimate the timings and amount of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- ii. The group does not expect any reimbursements in respect of the above contingent liabilities.
 - (b) Guarantees issued by banks on behalf of the group amounting to Rs.1,065.33 Lakhs (March 31, 2019: Rs. 259.74 Lakhs).
 - (c) Outstanding commitments under letter of credit established by the group aggregate to Rs. 2,868.22 Lakhs (March 31, 2019: Rs. 2,520.14 Lakhs).

B. Contingent asset

There was a major fire incident in one of the plants of the group situated at Manesar on May 29, 2016. The fire had severely impacted the building, inventories, plant & machinery. These assets were adequately insured with reinstatement clause and claim was made with the insurance company. Special/urgent actions to restart supplies to the customer post fire incident had temporarily resulted into additional costs which were included in exceptional items in the Statement of Profit and Loss of previous years. The group had received the final insurance claim with respect to inventories during the year ended March 31, 2017. However, insurance claim settlement in respect of property, plant and equipment was in progress and an interim amount of Rs. 9,697.41 Lakhs was received from the insurance company by March 31, 2019 against loss of property, plant and equipment and additional expenditure incurred to restore supplies aggregating to Rs. 10,635.47 Lakhs. The group had received Rs. 5,066.62 Lakhs as final settlement amount on April 25, 2019. However, the assessment and settlement of claim amount was probable but not virtually certain on March 31, 2019 and hence, contingent asset amounting to Rs. 5,066.62 Lakhs was not recognised as a receivable on March 31, 2019 as the determination of the claim amount and its receipt was dependent on assessment, final approval and settlement by the insurance company, which happened during the year ended March 31, 2020 and accordingly Rs. 4,128.56 Lakhs, over and above Rs. 938.06 Lakhs disclosed as recoverable under the head "Other Financial Assets" as on March 31, 2019, has been disclosed as an income under the head Exceptional Items for the year ended March 31, 2020.

27. Leases**The group as a lessee**

This note provides information for leases where the group is a lessee. The group leases certain premises and plant and machinery. The lease term is for 11 months - 35 years except in case of leasehold lands where lease term is upto 99 years, but may have an extension option as described in (ii)(b) below:

(i) Amounts recognised in Balance Sheet

The balance sheet shows the following amounts relating to leases:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at April 01, 2019*
Right-of-use assets		
Leasehold land	1,249.91	1,271.86
Buildings	943.89	1,094.60
Total	2,193.80	2,366.46

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at April 01, 2019
Lease liabilities		
Current	135.48	124.78
Non-current	877.42	969.82
Total	1,012.90	1,094.60

* In the previous year, the group only recognised lease assets in relation to leased assets that were classified as 'finance leases' under Ind AS 17, Leases. The assets were presented in property, plant and equipment. For adjustments recognised on adoption of Ind AS 116 on April 01, 2019, please refer note 37.

Additions to the right-of-use assets during the current financial year were Rs. Nil.

(ii) Amount recognised in the Statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of right-of-use assets (refer note 20)		
Leasehold land	21.95	-
Buildings	150.71	-
Total	172.66	-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense (included in finance costs - refer note 19)	96.34	-
Expense relating to short term leases (included in other expenses - refer note 21)	276.46	-
Total	372.80	-

The total cash outflow for leases (including interest on lease liabilities) for the year ended March 31, 2020 was Rs. 454.50 Lakhs.

(a) Variable lease payments

The group does not have any leases with variable lease payments.

(b) Extension and termination options

Extension and termination options are included in number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

(c) Residual value guarantees

The group does not provide any residual value guarantee in relation to its leases.

The group as a lessor

One office premise is let out by the group on operating lease and its cancellable in nature. Lease rental income is set out in note 15 to these financial statements as "Rental income" in "Other income".

28. Employee benefits

The various benefits provided to employees by the group are as under:

Defined contribution plans

During the year, the group has recognized the following amounts in the Statement of Profit and Loss :

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to Provident Fund*	725.86	544.24
Employer's contribution to Employees State Insurance Scheme*	129.85	220.35

* Included in "Contribution to provident and other funds" in Note 18.

Defined benefit plans and other long term benefits

- a) **Contribution to gratuity funds** - The group provides for gratuity for employees as per The Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and group makes contribution to recognized funds in India.
- b) **Leave encashment/compensated absence** - The leave obligations cover the group's liability for earned leave, sick leave and casual leave. The entire amount of the provisions of Rs. 621.95 Lakhs (March 31, 2019: Rs. 493.73 Lakhs) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

Particulars	As at March 31, 2020	As at March 31, 2019
Leave obligations not expected to be settled within the next 12 months	545.28	420.46

These plans typically expose the group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Interest risk

The plan exposes the group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Discount rate (per annum)	6.75%
Rate of increase in compensation level (per annum)	7.00%
As at March 31, 2019	
Discount rate (per annum)	7.60%
Rate of increase in compensation level (per annum)	6.50%

Estimate of future increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Components of expenses recognized in the Statement of Profit and Loss in respect of:

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Current service cost	205.46
Past service cost	-
Actuarial loss/(gain)	-
Net interest cost/(income) or the net defined benefit liability/(asset)	34.17
Expenses recognized in Statement of Profit and Loss	239.63
For the year ended March 31, 2019	
Current service cost	158.97
Past service cost	-
Actuarial loss/(gain)	-
Net interest cost/(income) or the net defined benefit liability/(asset)	5.80
Expenses recognized in Statement of Profit and Loss	164.77

Components of expenses recognized in the other comprehensive income in respect of:

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	(333.34)
Actuarial gains/(loss) on:	
-changes in demographic assumptions	(1.26)
-changes in financial assumptions	(237.26)
-experience variance	(89.22)
-plan asset	(5.60)
For the year ended March 31, 2019	(312.43)
Actuarial gains/(loss) on:	
-changes in demographic assumptions	-
-changes in financial assumptions	(142.51)
-experience variance	(167.31)
-plan asset	(2.61)

Actuarial (gain) / loss on obligations

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Actuarial (gain) / loss on arising from change in demographic assumption	1.26
Actuarial (gain) / loss on arising from change in financial assumption	237.25
Actuarial (gain) / loss on arising from experience adjustment	89.22
For the year ended March 31, 2019	
Actuarial (gain) / loss on arising from change in demographic assumption	-
Actuarial (gain) / loss on arising from change in financial assumption	142.51
Actuarial (gain) / loss on arising from experience adjustment	167.31

Actuarial gain / (loss) on plan assets*(All amounts in Rs. Lakhs, unless otherwise stated)*

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Return on plan assets, excluding amount recognized in net interest expense	86.21
Remeasurement for actuarial (gain)/loss arising because of change in effect of asset ceiling	(80.61)
Component of defined benefit costs recognized in other comprehensive income	5.60
For the year ended March 31, 2019	
Return on plan assets, excluding amount recognized in net interest expense	81.38
Remeasurement for actuarial (gain)/loss arising because of change in effect of asset ceiling	(78.77)
Component of defined benefit costs recognized in other comprehensive income	2.61

The current service cost and the interest expense for the year are included in the "Employee benefit expense" in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Present value of obligation	2,105.23
Fair value of plan assets	1,224.39
Surplus/(deficit)	(880.84)
Asset ceiling	-
Net asset/(liability)	(880.84)
As at March 31, 2019	
Present value of obligation	1,583.94
Fair value of plan assets	1,134.29
Surplus/(deficit)	(449.65)
Asset ceiling	-
Net asset/(liability)	(449.65)

Note: The group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions.

Movement in the present value of the defined benefit obligation are as follows:*(All amounts in Rs. Lakhs, unless otherwise stated)*

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Present value of the obligation as at the beginning	1,583.94
Current service cost	205.46
Interest cost	120.38
Remeasurement (or actuarial) (gain)/loss arising from:	
-Change in demographic assumptions	1.26
-Change in financial assumptions	237.25
-experience variance	89.22
Past service cost	-
Benefits paid	(132.28)
Present value of the obligation as at the end	2,105.23

For the year ended March 31, 2019	
Present value of the obligation as at the beginning	1,130.69
Current service cost	158.97
Interest cost	87.18
Remeasurement (or actuarial) (gain)/loss arising from:	
-Change in demographic assumptions	-
-Change in financial assumptions	142.51
-experience variance	167.31
Past service cost	-
Benefits paid	(102.72)
Present value of the obligation as at the end	1,583.94

Movement in the fair value of the plan assets are as follows:

PARTICULARS	Gratuity (Funded)
For the year ended March 31, 2020	
Fair value of plan assets at the beginning	1,134.29
Interest income	80.60
Employer contribution	9.50
Benefits paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets at the end	1,224.39
For the year ended March 31, 2019	
Fair value of plan assets at the beginning	1,055.52
Interest income	78.77
Employer contribution	-
Benefits paid	-
Actuarial gain/(loss) on plan assets	-
Fair value of plan assets at the end	1,134.29

Major categories of plan assets (as % of total plan assets):

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
Funds managed by insurer	100%
Total	100%
As at March 31, 2019	
Funds managed by insurer	100%
Total	100%

Since it is a funded plan with insurer, hence break up of investment by insurer is not available with the group, hence not given.

Sensitivity analysis

Significant actuarial assumptions for the determination of employee defined benefit obligation using projected unit credit method are discount rate and expected salary growth rate. The sensitivity analysis below has been determined based on reasonably possible changes in respective assumption occurring at the end of reporting period, while holding all other assumptions constant. Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(All amounts in Rs. Lakhs, unless otherwise stated)

PARTICULARS	Gratuity (Funded)
As at March 31, 2020	
	Change in defined benefit obligation
Increase in discount rate by 0.5%	Decrease by 95.00
Decrease in discount rate by 0.5%	Increase by 102.75
Increase in expected salary growth rate by 0.5%	Increase by 98.69
Decrease in expected salary growth rate by 0.5%	Decrease by 92.30
As at March 31, 2019	
	Change in defined benefit obligation
Increase in discount rate by 0.5%	Decrease by 68.65
Decrease in discount rate by 0.5%	Increase by 73.92
Increase in expected salary growth rate by 0.5%	Increase by 71.73
Decrease in expected salary growth rate by 0.5%	Decrease by 67.26

The fair value of the plan assets is taken as per the account statements of the insurance companies.

The average duration of the employee defined benefit obligation of gratuity fund as at March 31, 2020 is 13.60 years (March 31, 2019 is 13.65 years).

The group expects to make a contribution of Rs. 290.46 Lakhs (March 31, 2019: Rs. 222.18 Lakhs) to the defined benefit plans during the next financial year.

Maturity Profile of Defined Benefit Obligation

(All amounts in Rs. Lakhs, unless otherwise stated)

Year	Gratuity (Funded)
As at March 31, 2020	
April 1, 2020 - March 31, 2021	122.54
April 1, 2021 - March 31, 2022	123.51
April 1, 2022 - March 31, 2023	109.37
April 1, 2023 - March 31, 2024	142.93
April 1, 2024 - March 31, 2025	111.45
April 1, 2025 - March 31, 2026	107.68
April 1, 2026 Onwards	1,387.75
Total	2,105.23
As at March 31, 2019	
April 1, 2019 - March 31, 2020	78.10
April 1, 2020 - March 31, 2021	34.74
April 1, 2021 - March 31, 2022	79.87
April 1, 2022 - March 31, 2023	73.19
April 1, 2023 - March 31, 2024	94.52
April 1, 2024 - March 31, 2025	101.56
April 1, 2025 Onwards	1,121.96
Total	1,583.94

29. Research and development expenses

The group has two in-house Research and Development Centres, approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The details of research and development expenses is as under :-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Noida	Pune	Noida	Pune
Capital expenses	77.22	-	101.42	-
Revenue expenditure - charged to Statement of Profit and Loss*	960.76	14.35	782.25	40.70
Revenue expenditure - towards development cost	1,556.69	18.16	1,542.15	14.36
Total	2,594.67	32.51	2,425.82	55.06

* Net of contract research income

Provision for taxation has been made after taking into account the benefit available on expenditure incurred on Research and Development Centres. Such expenditure is subject to approval of appropriate authorities.

30. Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (Rs.)	13.00	12.37
Diluted earnings per share (Rs.)	13.00	12.37
Profit attributable to the equity holders of the group used in calculating basic earnings per share and diluted earnings per share (Rs. Lakhs)	8,483.06	7,623.73
Weighted average number of equity shares for the purpose of basic earnings per share and diluted earnings per share (numbers)	6,52,35,750	6,16,41,812

31. Expenses capitalized

Following construction/development period expenses (other than borrowing cost and cost of materials consumed) incurred on making dies and tools and building and developing new product/technology have been capitalized or clubbed with capital work –in-progress or intangible assets under development, as the case may be :-

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and other amenities to staff	2,097.46	2,015.82
Power and fuel	179.51	184.82
Rent	199.47	202.65
Repair and maintenance	172.71	125.38
Depreciation	114.37	107.33
Other overheads	507.34	555.04
Total	3,270.86	3,191.04

32. Borrowing costs

Borrowing cost amounting to Rs. 40 Lakhs (Previous Year: Rs. 81.52 Lakhs) has been capitalized with the cost of property, plant and equipment as per Indian Accounting Standard (Ind AS) 23 on "Borrowing Costs".

33. Exceptional items

- a) The group has received Rs. 5,066.62 Lakhs on April 25, 2019 as final settlement amount from insurance company against loss of property, plant and equipment and additional expenditure incurred to restore supplies at Manesar plant due to fire incident and accordingly Rs. 4,128.56 Lakhs, over and above Rs. 938.06 Lakhs disclosed as recoverable under the head "Other financial assets" as on March 31, 2019, has been disclosed as an income under the head Exceptional Items for the year ended March 31, 2020. Also refer note 26B.

- b) The group has introduced a Voluntary Separation Scheme to provide an opportunity to the workmen of Pune Plant to opt for early separation to optimise on manpower cost and productivity improvement and incurred one time expenditure of Rs. 334.19 Lakhs during the year ended March 31, 2019. This has been disclosed as Exceptional Item.

34. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	436.97	705.66
Current borrowings	(8,981.93)	(13,086.99)
Non-current borrowings	(5,501.33)	(11,432.30)
Lease liabilities	(1,012.90)	-
Net debt	(15,059.19)	(23,813.63)

Description	Cash & cash equivalents	Current borrowings (Incl interest)	Non-current borrowings (Incl current maturities and interest)	Lease liabilities	Net debt
As at March 31, 2018	1,514.16	(16,304.59)	(22,350.85)	-	(37,141.28)
Cash flows	(808.50)	3,253.54	11,469.67	-	13,914.71
Foreign exchange adjustments	-	-	(623.83)	-	(623.83)
Interest expense	-	(2,086.01)	(1,241.22)	-	(3,327.23)
Interest paid	-	2,050.07	1,313.93	-	3,364.00
As at March 31, 2019	705.66	(13,086.99)	(11,432.30)	-	(23,813.63)
Recognised on adoption of Ind AS 116 (refer note 37)	-	-	-	(1,094.60)	(1,094.60)
As at April 01, 2019	705.66	(13,086.99)	(11,432.30)	(1,094.60)	(24,908.23)
Cash flows	(268.69)	4,049.31	6,154.92	81.70	10,017.24
Foreign exchange adjustments	-	-	(244.36)	-	(244.36)
Interest expense	-	(2,444.01)	(521.96)	(96.34)	(3,062.31)
Interest paid	-	2,499.76	542.37	96.34	3,138.47
As at March 31, 2020	436.97	(8,981.93)	(5,501.33)	(1,012.90)	(15,059.19)

35. Additional Information required by Schedule III

(All amounts in Rs. Lakhs, unless otherwise stated)

Name of the entity in the group	Net Assets (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	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Subros Limited								
March 31, 2020	99.81%	75,054.71	100.10%	8,491.58	98.78%	(215.94)	100.14%	8,275.64
March 31, 2019	99.69%	67,785.54	100.13%	7,633.88	98.82%	(203.16)	100.16%	7,430.72
Subsidiary - Foreign								
Thai Subros Ltd								
March 31, 2020	0.00%	-	(0.00%)	(0.30)	0.00%	-	0.00%	(0.30)
March 31, 2019	0.08%	52.03	(0.12%)	(9.31)	1.05%	(2.15)	(0.15%)	(11.46)

Joint Venture (Investment as per equity method) - Indian								
Denso Subros Thermal Engineering Centre India Private Limited (formerly known as Denso Subros Thermal Engineering Centre India Limited)								
March 31, 2020	0.19%	145.85	(0.10%)	(8.22)	1.22%	(2.66)	(0.13%)	(10.88)
March 31, 2019	0.23%	156.73	(0.01%)	(0.84)	0.13%	(0.27)	(0.01%)	(1.11)
Total								
March 31, 2020	100.00%	75,200.56	100.00%	8,483.06	100.00%	(218.60)	100.00%	8,264.46
March 31, 2019	100.00%	67,994.30	100.00%	7,623.73	100.00%	(205.58)	100.00%	7,418.15

Refer note 5(a)(i) for details of subsidiary which has been consolidated and refer note 5(a)(ii) for details of interest in joint venture company consolidated using equity method of accounting.

36. Dues to micro and small enterprises

The group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:- [Refer note 11(d)]

(All amounts in Rs. Lakhs, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	113.82	346.16
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	20.31	14.05
(iii) Principal amount paid to suppliers registered under the MSMED ACT, beyond the appointed day during the year	692.94	1,026.48
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act for payments already made	6.17	10.60
(vii) Further interest remaining due and payable for earlier years	14.05	-

37. Changes in accounting policies

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

Impact on the financial statements - lease accounting

The group has adopted Ind AS 116 retrospectively from April 01, 2019, but has not restated comparatives for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet as on April 01, 2019.

The new accounting policies are disclosed in Note 2(d)(xiii).

On adoption of IndAS 116, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IndAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as on April 01, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 01, 2019 was 9.25% / 9.75%.

For long term leases related to leasehold land obtained from government authorities previously classified as finance lease, the group recognised the carrying amount of the leased asset immediately before transition as the carrying amount of the right-of-use asset at the date of initial application.

(i) Practical expedients applied

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

- Exclude the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Accounting for operating leases with a remaining lease term of less than 12 months as at April 01, 2019 as short term leases.
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Electing not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying Ind AS 17 and Appendix C to IndAS 17, Determining whether an Arrangement contains a Lease.

(ii) Measurement of Lease Liabilities

Operating lease commitments disclosed as at March 31, 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,094.60
Add: Finance lease liabilities recognised as at March 31, 2019	-
Lease liability recognised as at April 01, 2019	1,094.60
Of which are:	
Current lease liabilities	124.78
Non-current lease liabilities	969.82
	1,094.60

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis with the cumulative effect of initially applying the standard recognised at the date of initial application, with right-of-use asset recognised at an amount equal to the lease liability, adjusted by the prepaid lease rent.

(iv) Adjustments recognised in the balance sheet on April 01, 2019

The change in accounting policy affected the following items in the balance sheet on April 01, 2019:

Property, plant and equipment - decrease by Rs. 1,271.86 Lakhs

Right-of-use assets increase by Rs. 2,366.46 Lakhs

Prepayments - decrease by Rs 18.47 Lakhs

Lease liabilities (net of prepayments) - increase by Rs 1,076.13 Lakhs

The net impact on retained earnings on April 01, 2019 was decrease by Rs Nil.

(v) Lessor accounting

The group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

38. The Supreme Court of India has passed an order dated February 28, 2019 in the matter of The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir & Ors in Civil Appeal No. 6221 of 2011 and few other linked cases. In the said order, the Supreme Court has clarified the definition of the Basic Wage under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant financial impact and accordingly, no provision has been made in these financial statements. The group will continue to monitor and evaluate its position based on future events and developments.
39. Pursuant to the approval of Board of Directors in their meeting held on May 28, 2018 for closure of Company's overseas subsidiary Thai Subros Ltd, the liquidation of the subsidiary has been completed on August 01, 2019 vide Certificate issued by Department of Business Development, Ministry of Commerce, Thailand.
40. During the previous year, the Company had issued 5,247,150 equity shares at a price of Rs 400 per equity share (face value of Rs 2 each) on preferential basis to Denso Corporation, Japan on December 07, 2018.
41. The group has elected not to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, there is no impact on current and deferred tax as at and for the year ended March 31, 2020.
42. Due to the spread of COVID-19, a global pandemic, the operations of the group and its joint venture were impacted and all manufacturing plants and offices were shutdown following a nationwide lockdown imposed by the Government of India. The group and its joint venture have resumed manufacturing operations in a phased manner in accordance with the directives of the Government of India. The group and its joint venture have evaluated impact of this pandemic on the business operations

and financial position & based on the review of current indicators and considering future economic conditions, there is no significant impact on the financial statements for the year ended March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The group and its joint venture will continue to monitor any material changes in the future economic conditions.

43. The financial statements were approved by the Board of Directors and authorized for issue on June 29, 2020.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No- 012754N/N500016
Chartered Accountants

For and on behalf of the Board of Directors of Subros Limited

Rajib Chatterjee
Partner
Membership No :057134

Ramesh Suri
Chairman
DIN : 00176488

Shradha Suri
Managing Director
DIN : 00176902

Manoj K Sethi
EVP (Finance)

Place : Gurugram
Date : June 29, 2020

H.K. Agarwal
AVP (Finance)

Rakesh Arora
Company Secretary
ICSI Membership No:-
A8193

Place : New Delhi
Date : June 29, 2020

Our Plants



Noida Plant - 1



Noida Plant - 2



Pune Plant



Manesar Plant - 1



Manesar Plant - 2



Chennai Plant



Karsanpura Plant



Nalagarh Plant

Our Technical Centres



Subros Technical Engineering Centre



Subros Tool Engineering Centre



DENSO

Subros

SUZUKI

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