



FM:SEC:F-42(17)

3rd September 2021

The Secretary,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

Scrip Code: 500033

Sub.: Annual Report for the Financial Year 2020-21

Dear Sir / Madam,

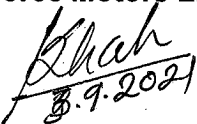
Pursuant to Regulation 30 & 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; please find enclosed the following documents which are being sent to the Members of the Company:

1. Notice of the 62nd Annual General Meeting to be held on Tuesday, 28th September 2021; and
2. Annual Report for the Financial Year ended 31st March, 2021.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **Force Motors Limited**


3.9.2021

Kishore P. Shah
Company Secretary & Compliance Officer

Encl.: A/a.

FORCE MOTORS LIMITED

CIN : L34102PN1958PLC011172

Regd. Office : Mumbai-Pune Road, Akurdi, PUNE - 411 035, INDIA. Tel. : (+91) 20 27476381

Visit us at : www.forcemotors.com

INDIA'S MOST PREFERRED AMBULANCE RANGE



62nd Annual Report 2020-21

FORCE MOTORS LIMITED

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

The **ALL NEW**
TRAX



Ambulance



Crew Van



Delivery Van

BOARD OF DIRECTORS

Abhaykumar Firodia, Chairman

Prasan Firodia, Managing Director

Sudhir Mehta

Pratap Pawar

S. Padmanabhan

Nitin Desai

Dr. Indira Parikh

Arun Sheth

Arvind Mahajan

Anant Talaulicar

Lt. General (Retd.) (Dr.) D. B. Shekatkar

Prashant V. Inamdar, Executive Director (Operations)

CHIEF FINANCIAL OFFICER

Sanjay Kumar Bohra

COMPANY SECRETARY & COMPLIANCE OFFICER

Kishore P. Shah

AUDITORS

Statutory Auditor

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

Secretarial Auditor

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

Internal Auditors

M/s. Capri Assurance and Advisory Services
Chennai.

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

COST ACCOUNTANTS

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

REGISTERED OFFICE

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

WORKS

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

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NOTICE

Notice is hereby given that the 62nd Annual General Meeting (the 'AGM') of the Members of Force Motors Limited (the 'Company') will be held on **Tuesday, the 28th day of September 2021 at 3.00 p.m. through Video Conference ('VC') / Other Audio Visual Means ('OAVM')** to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited standalone and consolidated Financial Statements of the Company, for the Financial Year ended 31st March 2021, together with the Board's Report and Auditors' Report thereon.
2. To declare dividend for the Financial Year ended 31st March 2021.
3. To appoint a Director in place of Mr. Sudhir Mehta (DIN: 00056867), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Contribution to bona fide charitable and other funds

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

"RESOLVED THAT pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing to bona fide charitable and other funds, a sum up to ₹ 25,00,00,000/- (Rupees twenty five crore only), during the Financial Year 2021-22."

5. Appointment of Cost Accountants with remuneration

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

"RESOLVED THAT M/s. Joshi Apte & Associates, Cost Accountants, Pune, who are appointed by the Board of Directors of the Company, to verify and review the cost records of the Company for the Financial Year ending 31st March 2022, be paid remuneration of ₹ 2,40,000/- (Rupees two lakh forty thousand only) plus travelling and out of pocket expenses with taxes, if any."

6. Re-appointment of Mr. Anant Talaulicar as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, based on the recommendation of the Nomination and Remuneration Committee

and the Board of Directors of the Company, Mr. Anant Talaulicar (DIN: 00031051), who was appointed as an Independent Director of the Company for a term of three years up to 12th February 2022 and being eligible for being re-appointed and considering the report of his performance evaluation carried out in the Financial Year 2020-21, be and is hereby re-appointed as an Independent Director on the Board of the Company for a second term of three consecutive years, effective from 13th February 2022.

RESOLVED FURTHER THAT the proposed terms and conditions of appointment of Independent Director, as indicated in the Statement dated 11th August 2021 attached to this Notice, be and are hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to issue letter of appointment to Mr. Anant Talaulicar, in respect of his appointment as an Independent Director and to take all necessary steps as may be required in this respect."

7. Re-appointment of Lt. General (Retd.) Dr. D.B. Shekatkar as an Independent Director

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

"RESOLVED THAT pursuant to provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, the Rules made thereunder read with Schedule IV to the Companies Act, 2013 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Lt. General (Retd.) Dr. D.B. Shekatkar (DIN: 02676828), who was appointed as an Independent Director of the Company for a term of three years up to 12th February 2022, who is above 75 years of age, considering the report of his performance evaluation carried out in the Financial Year 2020-21 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director on the Board of the Company for a second term of three consecutive years, effective from 13th February 2022.

RESOLVED FURTHER THAT the proposed terms and conditions of appointment of Independent Director, as indicated in the Statement dated 11th August 2021 attached to this Notice, be and are hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to issue letter of appointment to Lt. General (Retd.) Dr. D.B. Shekatkar, in respect of his appointment as an Independent Director and to take all necessary steps as may be required in this respect."


NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020, Circular No. 20/2020 dated 5th May 2020 and by Circular No. 02/2021 dated 13th January 2021 issued by the Ministry of Corporate Affairs, Government of India (the 'MCA Circulars') physical attendance of the Members at the AGM venue is not required and the said AGM can be held through video conferencing ('VC') or other audio visual means ('OAVM'). Hence, Members can attend and participate in the ensuing AGM through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Though normally a member entitled to vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member. Pursuant to the 'MCA Circulars', as physical attendance of Members has been dispensed with, the facility to appoint proxy to attend and cast vote for the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the bodies corporate are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
3. The facility of joining the AGM through VC / OAVM will be open 15 minutes before and 15 minutes after the scheduled time of the commencement of the AGM and the Members can join the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM.
4. The Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. In line with the 'MCA Circulars' and the Circulars SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI / HO / CFD / CMD2 / CIR / P/2021/11 issued by SEBI (the 'SEBI Circulars'); the Notice of calling the AGM and the Annual Report 2020-21 are being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. The Notice and the Annual Report 2020-21, has been uploaded on the website of the Company at www.forcemotors.com. The Notice can also be accessed from the website of BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of National Securities Depository Limited (the 'NSDL') (agency for providing the e-Voting facility) i.e. www.evoting.nsdl.com.
6. The Statement, setting out the material facts, pursuant to Section 102 of the Companies Act, 2013 concerning the Special Business mentioned in the Notice, is annexed hereto. All documents are available for inspection on the website of the Company viz. www.forcemotors.com.
7. Brief details of the Directors, who are seeking re-appointment, are annexed hereto as per requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. Pursuant to the provisions of Section 91 of the Companies Act,

2013, the Register of Members and share transfer books of the Company will remain closed from Wednesday, 22nd September 2021 to Tuesday, 28th September 2021 (both days inclusive) for the purpose of AGM to ascertain entitlement for and payment of dividend to be declared.

9. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their questions to the Company Secretary of the Company at compliance-officer@forcemotors.com, so as to reach before 13th September 2021; so that the information required may be made available at the Meeting or by e-mail.

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

10. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. 21st September 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Company at compliance-officer@forcemotors.com or to the R & T Agent at sandip.pawar@linkintime.co.in.

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset the same by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of individual shareholders holding securities in demat mode who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 21st September 2021, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period begins on Saturday, 25th September 2021 at 9:00 a.m. and ends on Monday, 27th September 2021 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 21st September 2021, may cast their vote electronically. The voting rights of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 21st September 2021.

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





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

Step 1 : Access to NSDL e-Voting system

- (A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below :

Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on  App Store  Google Play  
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note : Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 2305 8738 or 022-2305 8542-43

(B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/ OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below :
 - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - (c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - (a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - (b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - (c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - (d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2 : Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system ?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to sanjay_athavale@pgbhagwatca.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Pratik Bhatt (022-2499 4738); Ms Pallavi Mhatre (022-2499 4545) or Mr. Amit Vishal (022-2499 6360) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to sandip.pawar@linkintime.co.in or evoting@nsdl.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to sandip.pawar@linkintime.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at

step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder / member may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER :

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

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER :

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/have questions at the AGM, may register themselves as speakers by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID / folio no., PAN, Mobile Number at compliance-officer@forcemotors.com before 22nd September 2021. Those members who have registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.


OTHER MATTERS :

1. Members of the Company are requested to note that the dividend remaining unclaimed / unpaid for a period of seven years from the date of its transfer to Unclaimed Dividend Account shall be credited to the Investor Education and Protection Fund (the 'IEPF') set up by the Central Government. The Members who have so far not claimed the dividends declared for the Financial Years 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 are requested to make their claim with the Company immediately. The Company has uploaded the details of such shareholders on the website of the Company at www.forcemotors.com and also on the website of the Ministry of Corporate Affairs at www.mca.gov.in. Further, the Members who have not encashed dividend in previous consecutive seven years, are requested to approach the Company / Registrar and Transfer Agent for claiming the same as early as possible, to avoid transfer of the relevant shares to the 'IEPF'.

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

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

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

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

4. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to SEBI Circular dated 20th April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment of dividend to the Members.

For enabling the payment of dividend through electronic mode, the Members holding shares in physical form are requested to furnish the details well in advance to update particulars of their bank account to the Company's R & T Agent; Link Intime India Pvt. Ltd. along with a photocopy of a cancelled cheque of the bank account, self attested copy of Permanent Account Number (PAN) card by

sending an e-mail on 'sandip.pawar@linkintime.co.in'. Members holding shares in electronic form are requested to furnish their bank account details to their respective Depository Participants and make sure that such changes are recorded by them correctly well in advance. The request for updating of particulars of bank account should be signed as per the specimen signature registered with the RTA / Depository Participants, as the case may be.

INFORMATION ON TAX DEDUCTIBLE AT SOURCE ON DIVIDEND

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

Resident Shareholders:

1. Tax shall not be deducted for resident individual shareholders, if the aggregate amount of dividend to be paid during FY 2021-22 does not exceed ₹ 5,000/-.
2. Where, Permanent Account Number (PAN) is made available to the Company and is valid,
 - Tax shall be deducted at source in accordance with Section 194 of the IT Act @ 10%.
 - Tax at source shall not be deducted on the dividend payable in cases where the Individual shareholder provides duly completed and signed Form 15G or Form 15H (applicable to an individual above the age of 60 years), provided that all the eligibility conditions are met.
 - The tax shall be deductible at lower / Nil rate on submission of self-attested copy of the Certificate issued under Section 197 of the IT Act.
3. Where PAN is either not available or is invalid, tax shall be deducted at source @ 20% under Section 206AA of the IT Act.
4. In order to provide exemption from withholding of tax, the following organisations must provide certified copy of their PAN and a self-declaration as listed below:
 - Insurance Companies : A declaration that they are beneficial owners of the shares held;
 - Mutual Funds: A declaration that they are governed by the provisions of Section 10(23D) of the IT Act along with copy of registration documents (self-attested);
 - Corporation established by or under a Central Act which is under any law for the time being in force, exempt from income- tax on its income - Documentary evidence that the person is covered under section 196 of the IT Act.

Non-Resident Shareholders :

1. Tax is required to be deducted in accordance with the provisions of Section 195 of the IT Act and Section 196D of the IT Act at applicable rates in force. Accordingly, tax @ 20% (plus applicable surcharge, and health and education cess) shall be deducted on the amount of dividend payable. The tax shall be deducted at lower / Nil rate on submission of self-attested copy of the certificate issued under section 195(3) of the IT Act.

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

To avail of DTAA benefits, the non-resident shareholder shall furnish the following documents not later than 5.00 p.m. (IST) on Wednesday, 22nd September 2021, to Link Intime India Private Limited (LIPL), RTA of the Company :-

- Self-attested copy of PAN allotted by the Indian income tax authorities;
- Self-attested Tax Residency Certificate (TRC) issued by the tax/competent authority of the country of residency, evidencing and certifying tax residency status in that country during FY 2021-22;
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, self attested copy of SEBI registration certificate.
- Duly completed and signed Form 10F; and
- Self-declaration by the non-resident shareholder

If the above documents are in a language other than English, a duly notarized and apostilled copy thereof, translated in English language will have to be provided.

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

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

For all Shareholders :

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

Duly completed and signed documents are required to be uploaded through the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> submitted to the R&T Agent, Link Intime India Private Limited on or before 5.00 p.m. (IST) on Wednesday, 22nd September, 2021, in order to enable the Company to determine and deduct appropriate TDS/ withholding tax.

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

1. Select the company (Dropdown)
2. Folio No./DP-Client ID

3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment - 1 (PAN)
7. Document attachment - 2 (Forms)
8. Document attachment - 3 (Any other supporting document)

Please note that no communication on tax determination/deduction shall be entertained after 5.00 p.m. (IST) on Wednesday, 22nd September, 2021. Documents received through any other modes viz. email or hand delivery will not be considered to determine/deduct TDS/withholding tax. Shareholders who have uploaded exemption forms (valid in all respect) on the portal are also required to forward the original form to the Company. For ease of reference, the Form 15G / Form 15H/ Form 10F / Self Declaration are attached separately to the mail, through which Company is sending the Annual Report for the Financial Year 2020-21 to the shareholders.

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

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

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

TDS to be deducted at Higher rate in case of non-filers of Return of Income (Section 206AB of the IT Act):

The Finance Act, 2021, has, inter alia, inserted the provisions of Section 206AB of the Act with effect from July 1, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rates or rates in force; or
- iii. At the rate of 5%

The 'specified person' means a person who has:

- a. not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of Section 139 has expired; and
- b. subjected to tax deduction and collection at source in aggregate amounting to ₹ 50,000/- or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment in India is excluded from the scope of a specified person.

In order to identify such non-filers, Central Board of Direct Taxes ("CBDT") has introduced a new utility 'Compliance Check for Section 206AB & 206CCA'. The Company will check for each of its Shareholders as to whether they qualify as a specified person or not as per Section 206AB of the Act. Based on the report generated from the government utility, the Company will apply higher withholding tax rate on such specified shareholders.

Disclaimer : *This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.*

5. Members holding shares in single name are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.forcemotors.com.
6. In pursuance of 'the MCA Circulars and the SEBI Circulars, all documents referred to in the Notice and Statement thereto are open for inspection through electronic mode on the website of the Company till the conclusion of 62nd Annual General Meeting.
7. Since the AGM will be held through VC / OAVM, the route map is not annexed to the Notice.
8. Members are also requested to always update their PAN, bank account details, address, contact details (Mobile no./e-mail ID).

9. The Directors Identification Number (DIN) of the Directors are as follows :

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

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

Pune, 11th August 2021.

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

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

Kishore P. Shah
Company Secretary &
Compliance Officer

ANNEXURE TO THE NOTICE

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

Item No. 3

Mr. Sudhir Mehta (DIN: 00056867)

Details of appointee :

Brief resume :

Mr. Sudhir Mehta is Chairman & Managing Director of Pinnacle Industries Pvt. Ltd. Pinnacle is India's leading automotive seating and interiors company. He holds a bachelor's degree in Computer Science & Economics - Depauw University, USA and MBA in Finance & International Business - University of Chicago, USA.

Mr. Sudhir Mehta is a serial entrepreneur who has started and successfully led several ventures. The group employs over 3,000 people in India, Israel, Spain and USA. He is also the Past Chairman of CII Western Region.

He was conferred 'The Super Entrepreneur of the Year' award in 2018 by Machinist Magazine (Times Group Publication) and Madhya Pradesh Innovation Leadership Award 2021 for his contribution to the Indian manufacturing sector. He is also a regular contributor of op-ed articles for The Financial Express, The Hindu Business Line, and other publications.

Mr. Mehta is also a Director / Partner in the following companies / LLP: Pinnacle Industries Private Limited, Caveo Pinnacle India Pvt. Ltd., Rivulis Irrigation India Private Limited, Kider (India) Private Limited, Indaux India Private Limited, VDL Pinnacle Engineering India Private Limited, Arcatron Mobility Private Limited, Epitome Components Private Limited, Stone Angel Technologies LLP, VRSS Software LLP, AIC-Pinnacle Entrepreneurship Forum, MCCIA Foundation, Lighthouse Communities Foundation, Association of Certified Valuators and Analysts and Governing Body of Symbiosis Skill and Open University

Directorships in other listed entities : Nil

Committee and Corporate Memberships in other listed entities (Audit/Stakeholders' Relationship Committee) : Nil

Shareholding in the Company : Nil

Nature of expertise in specific functional area: Research and Development, Management and Strategy, Sales & Marketing, Finance, Banking & Investment and Information Technology.

Mr. Mehta is not related to any director of the Company except Mr. Abhaykumar Firodia, Chairman of the Company.

Mr. Mehta is Chairman of the Stakeholders' Relationship Committee, a member of the Audit Committee and Corporate Social Responsibility Committee of the Board.

Mr. Mehta is not disqualified from being appointed as a director in terms of Section 164 of the Act and being eligible, offers himself for re-appointment.

None of the Directors or Key Managerial Person or their relatives, except Mr. Sudhir Mehta and Mr. Abhaykumar Firodia, are concerned or interested, in any way, in this resolution, except to the extent of their respective shareholding if any, in the Company.

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

Item No. 4

Contribution to bona fide charitable and other funds

As per the provisions of Section 181 of the Act, prior permission of the Company, in general meeting, is required to contribute to bona fide charitable and other funds, if the aggregate amounts, in any financial year exceeds 5% of the Company's average net profit for immediately

preceding three financial years. Considering the Company's financial position in recent years and the requirement of donating certain amount to charitable institutions, the Board of Directors consider that the consent of the Members of the Company should be obtained to contribute the sum up to ₹ 25,00,00,000/- (Rupees twenty five crore only) to bona fide charitable and other funds during the Financial Year 2021-22.

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

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

Item No. 5

Appointment of Cost Accountants with remuneration

The Board, after considering the recommendation of the Audit Committee, has approved the appointment and remuneration to M/s. Joshi Apte & Associates, Cost Accountants, Pune to conduct verification and review of the cost records of the Company for the Financial Year ending 31st March 2022 on a remuneration of ₹ 2,40,000/- (Rupees two lakh forty thousand only) plus travelling and out of pocket expenses and taxes, if any.

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

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

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

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

Item No. 6

Re-appointment of Mr. Anant Talaulicar as an Independent Director

The first term of Mr. Anant Talaulicar as an Independent Director of the Company, was approved by the Members of the Company by postal ballot dated 29th March 2019, for a period of three years, upto 12th February 2022.

The Board proposes to re-appoint Mr. Talaulicar as an Independent Director of the Company, for a second term of three consecutive years w.e.f. 13th February 2022, on the basis of recommendation of the Nomination and Remuneration Committee and the report of performance evaluation of Mr. Talaulicar.

Pursuant to the applicable provisions of Section 149 of the Act, approval of the shareholders through special resolution is required from the shareholders, for re-appointment of Mr. Talaulicar.

The declaration of independence as per Section 149 of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration w.r.t. non disqualification under Section 164(2) of the Act and a declaration to the effect that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, have been received from Mr. Talaulicar.



Brief resume of the appointee :

Mr. Anant J. Talaulicar aged 60 years, is a Mechanical Engineer holding Bachelor's degree in Mechanical Engineering from Mysore University in India, Master's degree in Engineering from the University of Michigan in 1985 and an MBA from Tulane University in 1987.

Mr. Talaulicar started his career with Cummins in the U.S.A. in 1986 as an intern and subsequently held a number of positions both in the United States and in India. He worked in the U.S. for 16 years as financial analyst, manufacturing engineer, project manager, product manager, strategy manager before taking on various general management positions there. He returned to India in March 2003 as Joint Managing Director of Cummins India Limited and was responsible for the Cummins Power Generation and Distribution Businesses in India for a year and then became the Chairman and Managing Director for Cummins India Limited and other group companies.

Since 2004, Mr. Talaulicar has also led the Cummins India Foundation which has implemented sustainable community initiatives such as model villages and higher education. He served as a member of the Confederation of Indian Industry, Society of Indian Automobile Manufacturers and Automobile Components Manufacturers Association.

Mr. Talaulicar is engaged as an advisor to five companies including one start-up. He is also a part time advisor and lecturer at S P Jain Institute of Management & Research. He was a member of the Cummins Inc. global leadership team from August 2009 till October 2017. He was also the President of the Cummins Inc. Components Group from 2010 to 2014. He was the Chairman and Managing Director of the Cummins Group in India from March 2004 through October 2017. During this timeframe, he also served as the Managing Director of Tata Cummins Pvt. Ltd., a 50:50 joint venture between Cummins Inc. and Tata Motors Limited.

Mr. Talaulicar is also serving as the member of trustees of Science & Technology Park with this he is Part time Executive-In-Residence at S P Jain Institute of Management & Research.

Directorships in other listed entities :

KPIT Technologies Limited
Birlasoft Limited
Endurance Technologies Limited
Hi-Tech Gears Limited
India Nippon Electricals Limited
Everest Industries Limited

Committee Memberships in other listed entities (Audit/Stakeholders' Relationship Committee)

KPIT Technologies Limited
Birlasoft Limited
India Nippon Electricals Limited
Everest Industries Limited

Shareholding in the Company : Nil

Nature of expertise in specific functional area: Research and Development, Operations and Engineering

Mr. Talaulicar is not related to any director of the Company.

The Company has prepared a standard draft of Appointment Letter to be issued to Independent Directors, a copy of which is available for inspection as stated in note no. 6 of the Notes to the Notice.

In the opinion of the Board, Mr. Talaulicar fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Considering Mr. Talaulicar's experience in managing

businesses and expertise in auto sector, the Board recommends the resolution for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel or their relatives other than Mr. Anant J. Talaulicar are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

Re-appointment of Lt. General (Dr.) D. B. Shekatkar as an Independent Director

The first term of Lt. General (Dr.) D. B. Shekatkar as an Independent Director, was approved by the Members of the Company by postal ballot dated 29th March 2019, for a period of three years, i.e. upto 12th February 2022.

The Board proposes to re-appoint Mr. Shekatkar as an Independent Director of the Company, for a second term of three consecutive years w.e.f. 13th February 2022, on the basis of recommendation of the Nomination and Remuneration Committee and the report of performance evaluation of Mr. Shekatkar.

Pursuant to the applicable provisions of Section 149 of the Act, approval of the shareholders through special resolution is required from the shareholders, for re-appointment of Mr. Shekatkar.

The declaration of independence as per Section 149 of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration w.r.t. non disqualification under Section 164(2) of the Act, and a declaration to the effect that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority, have been received from Mr. Shekatkar.

Brief resume of the appointee :

Lt. General (Dr.) D. B. Shekatkar, aged 79 years, has academic qualifications as B.Com., M.A. in Strategic Studies, M.Sc. and M.Phil. in Defence Studies, Ph.D in Management Science, Ph. D. in Defence & Strategic studies, Post Graduate Diploma in Ecology and Environment, Post Graduate Diploma in Weapons and Equipment Management.

Mr. Shekatkar has served in the Indian Army for 4 decades and has participated in India- Pakistan war in 1965 in Kashmir and in 1971 in Western Theatre. During the Kargil War in 1999 he was in charge of entire China front in Arunachal Pradesh. He has served in Operation Blue Star in Punjab. During his association with the Indian Army, he was posted extensively in North East combating insurgencies (Internal Revolt) in Assam, Nagaland, Manipur, Mizoram, Tripura and other areas.

Mr. Shekatkar's extensive experience in controlling communal violence in Gujarat and Uttar Pradesh, lead him to Army Headquarters, New Delhi as Deputy Director General of Military Operations (dealing with China and East Asia), as Additional Director General of Military Operations and as Director General of Prospective (Strategic) Planning.

During his tenure in the Indian Army, President of India awarded Mr. Shekatkar with Vishisht Seva Medal in 1981, Second by Ati Vishisht Seva Medal in 1997 and third by Param Vishisht Seva Medal in 2002, for taking trained terrorists which were trained in Afghanistan and Pakistan almost (1267) to the normal life during his posting in the Kashmir valley.

Mr. Shekatkar's work didn't stop after retirement too; he served as Chair Professor in Department of Defence and Strategic Studies, University of Pune. He is also a National President of Forum for Integrated Security of India. He is National Convener of Samarth Bharat Vyaspeeth. He is associated with Large Number of Academic Institutions in Advisory Council and Governing Councils. He devotes his time and energy to prepare the young generation to face challenges of 21st Century. Mr. Shekatkar also co-authored various books on the topics like Security, Terrorism, Internal Security and Intelligence.

Directorships in other listed entities : Nil

Committee Memberships in other listed entities (Audit / Stakeholders' Relationship Committee) : Nil

Shareholding in the Company : Nil

Nature of expertise in specific functional area: Operations and Engineering, Supply Chain Management, Audit & Risk Management and Legal & Corporate Governance.

Mr. Shekatkar is not related to any director of the Company.

The Company has prepared a standard draft of Appointment Letter to be issued to Independent Directors, a copy of which is available for inspection as stated in note no. 6 of the Notes to the Notice.

In the opinion of the Board, Mr. Shekatkar fulfils the conditions specified in the Act and the rules made thereunder and is independent of the management. Considering his long and vast experience, the Board recommends the resolution for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel or their relatives other

than Lt. General (Dr.) D. B. Shekatkar are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

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

Kishore P. Shah
Company Secretary &
Compliance Officer

Pune, 11th August 2021.

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

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

BOARD'S REPORT

To
The Members,

The Directors are pleased to present the 62nd Annual Report, together with the audited standalone and consolidated Financial Statements for the Financial Year ended on 31st March 2021.

1. Financial Results

(₹ in Lakh)
Standalone

Particulars	2020-21	2019-20
Revenue from Operations	1,98,782	3,08,013
Other Income	2,489	4,277
Profit / (Loss) before Depreciation, Exceptional Items & Taxes	940	28,341
Depreciation	17,367	19,452
Profit / (Loss) before Exceptional Items and Tax	(16,427)	8,889
Exceptional Items	--	(3,906)
Profit / (Loss) before Tax	(16,427)	4,983
Provision for Taxation	(5,241)	(836)
Profit / (Loss) After Tax	(11,186)	5,819
Other Comprehensive Income	981	(146)
Comprehensive Income for the year	(10,205)	5,673
Equity Dividend	1,318	1,318
Tax on Equity Dividend	--	271
Balance in Retained Earnings	1,42,281	1,54,608

Consolidated

Particulars	2020-21	2019-20
Revenue from Operations	1,98,819	3,08,052
Other Income	2,489	4,277
Profit / (Loss) before Depreciation, Exceptional Items & Taxes	977	28,380
Depreciation	17,367	19,452
Share of Profit/(Loss) of Joint Venture	(1,195)	(821)
Profit / (Loss) before Exceptional Items and Tax	(17,585)	8,107
Exceptional Items	--	(3,906)
Profit / (Loss) before Tax	(17,585)	4,201
Provision for Taxation	(5,231)	(826)
Profit / (Loss) After Tax	(12,354)	5,027
Other Comprehensive Income	982	(147)
Comprehensive Income for the year	(11,372)	4,880
Attributable to :		
(a) Equity holders of the Company	(11,381)	4,870
(b) Non Controlling Interest	9	10
Net Transfer to General Reserve	5	5
Equity Dividend	1,318	1,318
Tax on equity dividend	--	271
Balance in Retained Earnings	1,39,945	1,53,505

Considering the reserves' position of the Company, the Board of Directors of your Company decided not to transfer further amount

from the profits for the Financial Year under report to General Reserve.

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

2. State of Company's Affairs and Future Outlook

The Financial Year 2020-21 was a huge disruption not only in society at large, but in many otherwise very stable activities such as Schools, Tours and Travels, Health, Infra, Hospitality Industry etc. The severity of the two successive Covid-19 waves resulted in inflicting huge economic damage, which was strongly felt in the above sectors of the economy which virtually closed down.

The schools remained closed, tens of thousands of school buses in use all over the country remained idle. Fleet replacement, fleet growth etc. suffered. Similarly, the lockdowns, and the prohibition on international and interstate travel, as also on gatherings of people in the course of pilgrimage, social events etc. virtually shutdown the tours and travels as also the hospitality industry. This heavily affected the Company's business, in which the demand for school buses, tours and travels vehicles, hospitality capable vehicles, as also vehicles or vans especially for ferrying the working population to and from work are very important segments. Thus the market for these products came to a virtual standstill.

In the healthcare sector, where the need for ambulances for ferrying people to hospitals, and to provide intensive care during transit, was severely felt. The sudden and frantic demand for ambulances was largely successfully met by the Company. This served both the critical need of the hour, and also provided to the Company, to its employees, suppliers and dealers – essential business.

It is hoped that by the mid of the Financial Year 2021-22, the country will overcome the severity of Covid-19, on account of the extraordinary effort at vaccinating large numbers in the population, as also due to the large portion of the population having gained immunity from previous Covid-19 infections. Normalcy in economic life is expected to return.

The component business of the Company, for supply of engines and axles to 'Mercedes Benz', and 'BMW', also suffered during this period. However, an on-going recovery is seen.

The Company has been working strenuously, to develop emission efficient engines to meet 'BSVI.2' requirements mandated from the year 2023 onwards, in both diesel and CNG versions. Along with the Monocoque light weight bus platforms developed by the Company, these upgrades in power trains will be essential for future success. Work on electric drive for various platforms of vehicles produced by the Company is on-going.

The new Van platform for shared mobility, a completely clean sheet of paper design featuring current international standard technology showcased at the last Auto Expo, is expected to be introduced only during the current financial year. The severe Covid-19 pandemic greatly affected the supply chain for capital goods, causing nearly a years' delay.

The successor model for the 'Trax' having been introduced towards the end of the previous financial year, has met with good acceptance in the market.

The Company expects to introduce the all new and exciting 4x4 Gurkha SUV platform by the end of Q2 of the current financial year. We look forward with optimism to its success.

3. Change in Nature of Business, if any

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

4. Dividend

The Board recommended a dividend of ₹ 5/- per share for the year under review in its Meeting held on 28th May 2021.

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

5. Share Capital

The paid-up equity share capital as on 31st March 2021 was ₹ 13.18 Crore. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year under review. The Company has not issued any shares with differential voting rights or granted stock options or sweat equity, during the year under review.

6. Annual Return

The Annual Return as on 31st March 2021, pursuant to the provisions of Section 92 of the Act and the Rules framed there under, is available on the website of the Company at <https://www.forcemotors.com/investors/#shareholders-information>

7. Number of Meetings of the Board of Directors

During the Financial Year 2020-21, six meetings of the Board of Directors of the Company were held on 11th May 2020, 29th June 2020, 10th August 2020, 6th November 2020, 11th January 2021 and 12th February 2021. Detailed information is provided in the Report of Corporate Governance.

8. Particulars of Loans, Guarantees or Investments

The Company has not given any loans, guarantees under Section 186 of the Act during the year under review. During the year, the Company has made an investment of ₹ 25,50,00,000/-, in Force MTU Power Systems Private Limited, a subsidiary of the Company. Particulars of investments made by the Company upto the period under report are provided in the Financial Statement attached to this Report.

9. Particulars of Contracts or Arrangements with Related Party

During the Financial Year 2020-21, pursuant to Section 177 of the Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all related party transactions (RPTs) were placed before the Audit Committee for its requisite approval.

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

10. Explanation / Comments on any Qualification of Auditors

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

11. Material Changes and Commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred after the end of the period under review.

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

The Company has continued its efforts to ensure incremental improvements in energy conservation across plant locations, various equipment etc. by use of improved technological solutions.

Increasing use of solar power has enabled the Company to reduce its dependence on normal power supply, utilising the large areas offered by factory roofing in various plants.

Efforts such as controlling compressed air leakages, improved preventive maintenance, auto cut off systems, localised switches, large scale switchover to LED lamps etc. have continued.

Technology Absorption

Technology absorption efforts, though severely disrupted during the Covid-19 pandemic, are continuing. The large scale use of virtual meetings and remote working has enabled a reasonable level of activity to be maintained for most part of the pandemic period.

(₹ in Lakh)

Particulars	2020-21	2019-20
Capital Expenditure on R & D	10,845	19,991
Revenue Expenditure on R & D	11,209	8,948
Total R & D Expenditure	22,054	28,939
Total Income	2,01,271	3,12,290
% of total R & D Expenditure to Total Income	10.96	9.27
Revenue from Operations	1,98,782	3,08,013
% of total R & D Expenditure to Revenue from Operations	11.09	9.40

Foreign Exchange Earnings and Outgo

The foreign exchange earned by the Company during the year under review was of ₹ 73.47 Crore as against ₹ 45.58 Crore during the previous year.

Total foreign exchange outflow during the year under review was ₹ 622.88 Crore as compared to ₹ 1,042.38 Crore during the previous year.

13. Subsidiaries

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

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

The FMTU is ready to go into regular production. Initial high-tech, high-performance engines are delivered to Rolls Royce Power Systems, at their MTU plant for evaluation. Although the project was nearly completed in early 2020, the representatives from MTU were unable to visit India for close to a year, thus the processes related to certifying conformance to manufacturing process and

product quality systems, were severely delayed. There is significant pressure from the international market for supply of the engines meant to be produced in this plant. It is expected that regular functioning of this subsidiary will be achieved over the next quarter, adding to the diversification of the Company's business, comprising of – vehicles in the Van, Minibus, and SUV Segment, as also – engines and transmissions for high-technology, high-value vehicles, and now – the high-technology diesel engines for meeting international requirement of power generation, and railway traction engines etc.

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

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

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

14. Risk Management

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

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

Further, in compliance with the notification dated 5th May 2021 issued by SEBI amending Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have formed the Risk Management Committee. The details of the Committee are covered in the Report on Corporate Governance.

15. Changes in the Directors and Key Managerial Personnel

During the year under review, the shareholders of the Company approved the re-appointment of Mr. Prashant V. Inamdar (DIN: 07071502), the Executive Director (Operations) of the Company, who was liable to retire by rotation, in the Annual General Meeting held on 29th September 2020.

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

16. Declaration of Independent Directors

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

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

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

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

18. Adequacy of Internal Financial Controls

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

19. Fixed Deposits

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

Sl. No.	Particulars	Nos.	₹ (in Lakh)
a)	accepted or renewed during the year	0	0
b)	remained unpaid or unclaimed as at the end of the year (31st March 2021)*	08	1.70
c)	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved.		
	i) at the beginning of the year	Nil	Nil
	ii) maximum during the year	Nil	Nil
	iii) at the end of the year	Nil	Nil

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

20. Corporate Social Responsibility (CSR)

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

21. Audit Committee

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

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

22. Policy on Directors Appointment and Criteria

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

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

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

24. Corporate Governance

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

25. Business Responsibility Report

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

26. Details of Directors and Employees' Remuneration

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

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

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

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

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

28. Details of Frauds Reported by Auditors

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

29. Directors' Responsibility Statement

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

- in the preparation of the Annual Financial Statements for the year ended 31st March 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- for the Financial Year ended 31st March 2021, such accounting policies as mentioned in the Notes to the Financial Statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the loss of the Company for the year ended 31st March 2021;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Financial Statements have been prepared on a going concern basis;

- that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively;

- that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

30. Secretarial Standards of the ICSI

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

31. Statutory Auditor

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

32. Cost Accountant

The Board of Directors of the Company had appointed M/s. Joshi Apte & Associates, Cost Accountants, Pune, for verification and review of the Cost Records of the Company, for the Financial Year 2020-21. M/s. Joshi Apte & Associates, Cost Accountants, Pune, have verified and reviewed the said records for the Financial Year 2020-21.

33. Secretarial Audit Report

Mr. I. U. Thakur, Company Secretary in Practice having Membership No. FCS 2298, was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2020-21, as required under Section 204 of the Act and Rules made thereunder. The Secretarial Audit Report, in Form MR-3, for the Financial Year 2020-21 is annexed to this report.

34. Industrial Relations

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

35. Appreciation

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

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


Abhaykumar Firodia
 Chairman
 DIN: 00025179

Pune, 28th May 2021

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

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

ANNEXURE TO THE BOARD'S REPORT

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

1. The ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2020-21 & increase in the remuneration in the Financial Year 2020-21 :

Sl. No.	Name	Ratio of Remuneration to each Director/ to median remuneration of employees	% Increase / Decrease in the Financial Year
(A)	Whole-time Director / Managerial Personnel		
1.	Mr. Prasan Firodia, Managing Director	12.25	(84.97)
2.	Mr. Prashant V. Inamdar, Executive Director (Operations)	25.21	(1.42)
(B)	Non-Executive Directors		
1.	Mr. Sudhir Mehta	0.97	--
2.	Mr. Arvind Mahajan	0.77	(11.11)
3.	Mr. Arun Sheth	0.87	28.57
4.	Mr. Pratap Pawar	1.06	--
5.	Mr. S. Padmanabhan	0.97	(16.67)
6.	Mr. Nitin Desai	0.77	(11.11)
7.	Dr. Indira J. Parikh	1.26	62.50
8.	Mr. Anant J. Talaulicar	0.48	--
9.	Lt. Gen. (Dr.) D. B. Shekatkar	0.68	--
	Key Managerial Personnel		
1.	Mr. Sanjay Kumar Bohra, Chief Financial Officer	32.11	(6.05)
2.	Mr. Kishore P. Shah, Company Secretary	2.76	(14.34)

2. Mr. Abhaykumar Firodia, Chairman of the Company, is not drawing any remuneration from the Company.
3. The percentage increase in the median remuneration of employees is 1% for the Financial Year 2020-21.
4. There were 5,122 permanent employees excluding trainees and contractual employees on the rolls of the Company as on 31st March 2021.
5. The average percentage decrease in the salaries of employees other than the managerial personnel in the last Financial Year 2020-21 was 7.9% whereas percentage decrease in the managerial remuneration was 15% for the same Financial Year.
6. It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2021**

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

To,
The Members,
FORCE MOTORS LIMITED

Pune

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

Based on my verification of the Force Motors Limited books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

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

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

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

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

I further report that :

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

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

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

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

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

I further report that due to the outbreak of COVID -19 pandemic and the lockdown, physical examination of documents under Companies Act, 2013 was not possible; therefore we have relied upon the documents provided by the Company in electronic mode for Audit purpose.

Place : Pune

Date : 27th May 2021

Signature

Name of Company Secretary in practice : I U Thakur

C. P. Number : 1402 Membership no.: 2298

Peer Review No:497/2016

UDIN : F002298C000376815

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

'Annexure A'

To,
The Members
Force Motors Limited

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

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

Place : Pune

Date : 27th May 2021

I. U. THAKUR

Company Secretary

C. P. Number : 1402 Membership no.: 2298

Peer Review No:497/2016

UDIN : F002298C000376815

ANNUAL REPORT ON CSR ACTIVITIES 2020-21
1. Brief outline on CSR Policy of the Company:

- The Corporate Social Responsibility (CSR) Policy of the Company covers the causes that Company may pursue as its CSR.
- Based on the profit for each financial year, the Chief Financial Officer shall indicate the amount to be spent during the year.
- The procedure for approval of the project(s), investment / incurring costs and monitoring is also laid down in the policy.

2. Composition of CSR Committee :

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S. Padmanabhan, Chairman	Independent Director	1	1
2.	Mr. Nitin Desai, Member	Independent Director	1	1
3.	Mr. Sudhir Mehta, Member	Non-Executive Non-Independent Director	1	1

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company. - <https://www.forcemotors.com/investors#shareholders-information>
- Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Nil
- Average net profit of the Company as per section 135(5). - ₹ 14,780 Lakh
- (a) Two percent of average net profit of the Company as per section 135(5) - ₹ 296 Lakh
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil
(c) Amount required to be set off for the financial year, if any. - Nil
- (a) Total CSR obligation for the financial year (7a + 7b - 7c). - ₹ 296 Lakh
- (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (in ₹)	Amount unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount Transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 3,00,74,036/-	NIL	N.A.	N.A.	NIL	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year :

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes / No)	5 Location of the project		6 Project duration	7 Amount allocated for the project (in ₹)	8 Amount spent in the Current financial Year (in ₹)	9 Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	10 Mode of Implementation - Direct (Yes / No)	11 Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Contribution for construction of Shri Ram Temple at Ayodhya	Protection of National heritage, arts and culture including restoration of buildings and sites of historical importance	No	Uttar Pradesh	Ayodhya	--	35 Lakh	35 Lakh	N. A.	No	Shri Ram Janmbhoomi Teerth Kshetra Trust	N. A.
2.	Contribution for construction of school building	Promoting Education	No	Maharashtra	Satara	Upto 3 years	141 Lakh	141 Lakh	N. A.	No	Aundh Shikshan Mandal, Aundh, Khatav, Dist - Satara, Maharashtra.	N. A.
	TOTAL						176 Lakh	176 Lakh				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	
Sr.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount Spent for the project (₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through implementing agency	
				State	District			Name	CSR Registration No.
1.	Contribution towards supporting its learning centres imparting primary education to poor girls	Promoting Education	No	Madhya Pradesh	Khargone	7.60 Lakh	No	IIMPACT Gurgaon, Haryana - 122 002.	N. A.
2.	Supply of Ventilators as COVID-19 Relief activity	Disaster Management & relief	Yes (Pune and PTM, Dhar) No (Indore and Satara)	Madhya Pradesh & Maharashtra	Indore, Dhar, Pune and Satara	59.06 Lakh	Yes		N. A.
3.	Supply of Ventilators as COVID-19 Relief activity to Jehangir Hospital		Yes	Maharashtra	Pune	11.76 Lakh	Yes		N. A.
4.	Amount contributed for running Mobile dispensary seva as COVID-19 Relief activity		Yes	Maharashtra	Pune	7.50 Lakh	No	Bhartiya Jain Sanghatana, Pune	N. A.
5.	Support frontline healthcare & ambulance warriors as COVID-19 Relief activity		No	Maharashtra	Mumbai	5 Lakh	No	Ketto Online Ventures, Andheri(West), Mumbai	N. A.
6.	Providing Ambulance to Sasoon Hospital as COVID-19 Relief activity		Yes	Maharashtra	Pune	20.78 Lakh	Yes		N. A.
7.	Distribution of food grain/grocery kits among needy as COVID-19 Relief activity		No	Bihar & Maharashtra	Patna & Pune	13.04 Lakh	Yes		N. A.
	TOTAL					124.74 Lakh			

- (d) Amount spent in Administrative Overheads : Nil
 (e) Amount spent on Impact Assessment, if applicable Not Applicable
 (f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e) ₹ 300.74 Lakh
 (g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	2,95,60,852
(ii)	Total amount spent for the Financial Year	3,00,74,036
(iii)	Excess amount spent for the financial year [(ii)-(i)]	5,13,184
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	5,13,184

10. (a) Details of Unspent CSR amount for the preceding three financial years : Not Applicable

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s) : Not Applicable

1 Sr. No.	2 Project ID	3 Name of the Project	4 Financial Year in which the project was commenced	5 Project duration	6 Total amount allocated for the project (in ₹)	7 Amount spent on the project in the reporting Financial Year (in ₹)	8 Cumulative amount spent at the end of reporting Financial Year (in ₹)	9 Status of the project - Completed / Ongoing
	TOTAL							

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**) - Not Applicable

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

12. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - Not Applicable

S. Padmanabhan
Chairman, CSR Committee
DIN : 00001207

Prasan Firodia
Managing Director
DIN : 00029664

Pune, 28th May 2021

BUSINESS RESPONSIBILITY REPORT

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

PREFACE

The Securities and Exchange Board of India ('the SEBI') has mandated India's top 1000 listed entities based on their market capitalization, to submit a Business Responsibility Report ('the BRR'), in line with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

GENERAL INFORMATION

- Corporate Identity Number (CIN) of the Company : L34102PN1958PLC011172
- Name of the Company : Force Motors Limited
- Registered address : Mumbai-Pune Road, Akurdi, Pune - 411 035.
- Website : www.forcemotors.com
- E-mail id : sbhora@forcemotors.com
- Financial Year reported : 1st April 2020 to 31st March 2021
- Sector(s) that the Company is engaged in (industrial activity code-wise):

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

- List three key products / services that the Company manufactures/ provides (as in balance sheet) :
 - Vehicles
 - Tractors
 - Engines, Transmission & Axles.
- Total number of locations where business activity is undertaken by the Company :
 - Number of International Locations (Provide details of major 5) : Nil
 - Number of National Locations : 4

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

FINANCIAL DETAILS

- Paid up Capital (INR) : 1,317.90 lakh
- Total Turnover (INR) : 1,98,782 lakh
- Total profit after taxes (INR) : (11,186 lakh)
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2%
- List of activities in which expenditure in 4 above has been incurred :
 - Disaster Management and Relief
 - Healthcare
 - Education

OTHER DETAILS

The Company has two subsidiaries as on 31st March 2021. At present, the BR initiatives of the Company are restricted to its own operations only.

BR INFORMATION

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

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

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

- Details of compliance

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



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

Governance related to BR

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

The Business Responsibility Report for the Financial Year 2020-21 is uploaded on the website of the Company.

PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

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

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

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

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

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

As on 31st March 2021, there were a total of 6055 workmen on the Company's rolls. The Company has 123 women employees out of the above. In addition, there were 1252 workmen sourced from contractors.

The Company also has a policy on prevention of sexual harassment. A committee has been constituted in accordance with the requirements, under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year 2020-21, there were no complaints filed or pending, relating to child labour, forced labour, involuntary labour or sexual harassment.

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

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

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

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

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

The Company working collaboratively with the Promoter Group entities has contributed over 30 crores to various COVID relief activities, since the onset of the pandemic.

Principle 5 : Businesses should respect and promote human rights

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

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

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

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

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

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

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

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

All such engagements are through recognized industry bodies / trade associations. As on 31st March 2021, the Company is a Member of the following trade associations :

(a) Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA)

(b) Indo German Chamber of Commerce (IGCC)

Principle 8 : Businesses should support inclusive growth and equitable development

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

The Company is contributing to community development in many areas including healthcare and education etc. In accordance with the Companies Act, 2013, the Company has committed 2% of profit before tax towards the CSR initiatives. Apart from fulfilling its CSR obligation, the Company has contributed substantial sums towards various relief funds for fighting COVID pandemic.

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

In the post Covid-19 world, significant structural changes to the economy are expected. It is not clear as to whether the established system of working from work places, schooling in school buildings etc. will be significantly altered due to the development of technological solutions for working from home for adults, and studying at home for students. The hospitality industry will also see a very significant change. In these circumstances adapting to new economic realities, in addition to recovery from a severe economic slowdown, as also enabling the technology to meet new challenges – such as higher emission efficiency, multi-fuel approach, electric traction for vehicles of all sizes, is going to be a major consideration.

The Company is working to diversify its product mix, its plant locations, to address the emerging market segments.

It is hoped that the regulatory environment will be sufficiently cognizant of the challenges before the industry, and will address the current inbuilt distortions in the taxation system, and the economic parameters governing business in India.

Extraordinarily high GST levels, particularly on the Van Segment of 10-13 seater vehicles, is an anomaly that defies logical explanation. Sadly, this fact which impinges on critical market segments such as Tours and Travels, School Buses, Business travel etc. has remained ignored by the Government.

The collective impact of the GST and the State Government Taxes, aggregate to nearly 50% of the on road value of the vehicles. This, in most cases, is 5 times of the earning of the industry. This is an extraordinary situation. Possibly the highest tax rate anywhere in the world.

In the rebuilding of the markets and production processes for the Automotive Industry significant investments will be involved, Indian promoter owned Automotive Companies have a cost of capital which is 6-8% higher than is the case of International Companies operating in India. Whereas, as a proportion of their turnover, Indian Companies are required to invest and expend generally higher percentage on Research and Development Expenses.

A relook at the interest rates is essential, for the health of the Automobile Industry.

II. PERFORMANCE OF THE COMPANY

Operational Performance

The number of vehicles sold during the Financial Year under report was 14,740 compared to 25,229 vehicles sold in the Financial Year 2019-20. During the year under Report, the Company achieved a top line of ₹ 1,987.82 Crore. The sales turnover stood at ₹ 1,951.87 Crore compared to the previous year's turnover of ₹ 3,053.08 Crore.

Financial Performance

As stated above, the Company sold 14,740 vehicles during the

Financial Year 2020-21 compared to 25,229 vehicles in the previous Financial Year 2019-20. The Profit before Depreciation, Exceptional Items and Taxes, from operations for the year under the Report of ₹ 9.40 Crore as compared to operating profit for the previous Financial Year 2019-20 amounting to ₹ 283.41 Crore. The Net Loss after Depreciation, Exceptional Items and Taxes was of ₹ 111.86 Crore for the Financial Year 2020-21. The Reserves and Surplus of the Company as on 31st March 2021 stood at ₹ 1,847.30 Crore.

Key Financial Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following are the key financial ratios along with the explanation where changes are more than 25%, as compared to previous financial year.

Sr. No.	Key Financial Ratios	2020-21	2019-20
1.	Debtors Turnover (days)	28	20
2.	Inventory Turnover (days)	104	63
3.	Interest Coverage Ratio	(4.82)	4.19
4.	Current Ratio	1.00	1.12
5.	Debt Equity Ratio	0.27	0.09
6.	Operating Profit Margin	1.93 %	10.20 %
7.	Net Profit Margin	(8.42 %)	2.91 %
8.	Return on net worth	(5.83 %)	2.98 %

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

Borrowings has gone up, as compared to previous year, hence interest coverage ratio is impacted. Change in return on net worth is due to reduction in profitability on account of lower sales.

III. OUTLOOK

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

IV. SUBSIDIARY

- The Company is a subsidiary of Jaya Hind Industries Private Limited, which holds 57.38 % in the Company.
- The Company is a Holding Company of Tempo Finance (West) Private Limited, and holds 66.43 % in the subsidiary company.
- The Company has a joint venture with MTU Friedrichshafen GmbH, a company of the Rolls Royce Group. The Company holds 51% stake in Force MTU Power Systems Private Limited which has thus become a subsidiary of the Company.

V. OPPORTUNITIES, THREATS AND RISK FACTORS

A great opportunity going forward is the possible evolution of Tour, Travel and Hospitality Industry in India to International Standards. The evolving improved infrastructure in major Pilgrimage locations in India, the rapidly modernizing road transport augurs well for enhanced Domestic Tourism. Besides encouraging local economies, both, the International and Domestic Tourism, will spur the spread of a wide variety of service requirements in industry, therein offering significant improvement in market size and opportunities.

The ill founded local area restrictions on use of Diesel Powered Vehicles that actually do meet the nationally mandated norms, are illogical. While the movement for achieving zero emission, by way of achieving full electric traction, for all segments of automobiles, is at least a decade away, the Diesel Vehicles that meet the mandated norms are an excellent solution even in the inner cities. The unscientific and ill founded prejudices in this regard need to be addressed.

VI. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

The Company maintains system of multi level internal controls which provides reasonable assurance regarding Effectiveness and Efficiency of Operations, safeguarding of assets, prevention and

detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

VII. HUMAN RESOURCE DEVELOPMENT

The Company has continued its programme for training and skill development in its plants, for employees at various levels, who are provided training both in hard and soft skills. A large number of executives in the Sales & Marketing arm of the Company and in our dealer network spread all over India, are also provided continuous upgradation training in selling skills, product familiarisation, customer service aspects - in a well structured and extensive programme. The Company had 6055 employees as on 31st March 2021.

VIII. CAUTIONARY STATEMENT

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

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

A. RELATED PARTY DISCLOSURE

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

B. MANAGEMENT DISCUSSION AND ANALYSIS

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

C. REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

• Composition

As on 31st March 2021, the Board comprised of 12 Directors. 03 Directors are Executive Directors, while remaining 09 Directors are Non-Executive Directors. Of the Non- Executive Directors, 08 Directors are Independent Directors. The Company's Board did not consist of any Nominee Director appointed by lender(s) or a group of equity investor(s). Mr. Abhaykumar Firodia, Chairman and Mr. Prasan Firodia, Managing Director; of the Company; are also the Promoters of the Company.

• Directorships / Committee Positions

The details of other directorships/ committee positions of the Directors (as of 31st March 2021) of the Company are as under :

Name of the Director	Number of other companies in which directorships held*		Committee positions in listed and unlisted public companies#		Details of directorships held in other listed entities	
	Director	Chairman	Member	Chairman	Name of the entity	Category of directorship
Mr. Abhaykumar Firodia	04	02	--	--	--	--
Mr. Prasan Firodia	04	01	2	0	--	--
Mr. Sudhir Mehta	16	01	--	--	--	--
Mr. Pratap Pawar	13	02	01	01	- Bharat Forge Limited	Independent Director
Mr. S. Padmanabhan	07	00	04	02	- Sanghvi Movers Limited - Sudarshan Chemical Industries Limited	Independent Director
Mr. Nitin Desai	06	00	01	01	- Cadila Healthcare Limited	Independent Director
Dr. Indira Parikh	05	00	01	00	- Johnson Controls-Hitachi Air Conditioning India Limited	Independent Director
Mr. Arun Sheth	07	05	00	00	--	--
Mr. Arvind Mahajan	02	00	02	00	--	--
Mr. Anant Talaulicar	09	01	04	00	- Birlasoft Limited - KPIT Technologies Limited - India Nippon Electricals Limited	Independent Director
					- The Hi-Tech Gears Limited	Non-Executive Non-Independent Director
					- Everest Industries Limited	Non-Executive Chairman & Independent Director
Lt. General (Retd.) (Dr.) D.B. Shekatkar	00	00	--	--	--	--
Mr. Prashant V. Inamdar	01	00	00	00	--	--

* includes directorship in private companies and bodies corporate.

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

- Attendance**

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by the MCA and the SEBI, all Board Meetings and the Annual General Meeting in the Financial Year 2020-21 were held through Video Conferencing. During the Financial Year 2020-21, six meetings of the Board were held on 11th May 2020, 29th June 2020, 10th August 2020, 6th November 2020, 11th January 2021 and 12th February 2021. The attendance of Directors during the Financial Year 2020-21 for Board Meetings and the Annual General Meeting is as under:

Name of the Director	Number of Board Meetings attended	Whether present at the last Annual General Meeting held on 29th September 2020
Mr. Abhaykumar Firodia	06	Yes
Mr. Prasan Firodia	06	Yes
Mr. Sudhir Mehta	06	Yes
Mr. Pratap Pawar	06	Yes
Mr. S. Padmanabhan	06	Yes
Mr. Nitin Desai	06	Yes
Dr. Indira Parikh	06	Yes
Mr. Arun Sheth	05	Yes
Mr. Arvind Mahajan	05	Yes
Mr. Anant Talaulicar	05	Yes
Lt. General (Retd.) (Dr.) D.B. Shekatkar	06	Yes
Mr. Prashant Inamdar	06	Yes

- Inter-se Relation of Directors**

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

- Information supplied to the Board**

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

At each Meeting, the Managing Directors present an elaborate report on the operations of the Company, including an assessment of the market, operational issues, operating profitability and various risks associated with the Company's business. Also, present the assessments of the strategic and technological issues enabling a discussion on the strategy, projects, and tactics employed in the management of the Company's affairs. In the Meetings, the presentations were also made by the Senior Management Officials and Internal Auditors of the Company, covering different functions and areas of the business of the Company. The Directors made all

disclosures as per the requirements of the Act from time to time, to the Board of Directors regarding their financial interest in the transactions with the Company.

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

- Independent Directors' Meeting**

In our opinion, the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management. The Independent Directors held their separate Meeting on 12th February 2021, as mandated by the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the familiarization programme for the Independent Directors of the Company can be accessed at the web link : <https://www.forcemotors.com/investors#shareholders-information>

- Performance Evaluation**

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

- Remuneration to Executive Directors**

The details of remuneration paid to the Executive Directors during the Financial Year 2020-21 are provided in the Annual Return uploaded on the website of the Company.

- Remuneration to Non-Executive Directors**

The details of sitting fees paid to the Non-Executive Directors during the Financial Year 2020-21 are provided in the Annual Return uploaded on the website of the Company.

- Pecuniary Transactions with Non-Executive Directors**

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

- Stock Options to Directors**

The Company does not have stock options.

- Shares held by Directors**

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

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



• **Skills / expertise / competencies of the Board of Directors**

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have identified core skills/expertise/competencies of each individual Director on the Board of the Company which are vital in the context of the business of the Company.

Considering the nature and size of the Company and the complex business environment in which it is operating, the Board has identified the following key skills / expertise / competencies:

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

• **Transactions with Promoter / Promoter Group**

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is required to disclose in its annual report the transactions it has entered with any person / entity belonging to the Promoter / Promoter Group which hold(s) 10% or more shareholding in the Company.

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

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

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

On the recommendation of the Nomination and Remuneration Committee, the Board has adopted the policy on appointment of Directors, Independent Directors and Key Managerial Personnel and remuneration payable to them. As mandated, the said policy is posted on the website of the Company www.forcemotors.com.

3. Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised of 03 Directors as on 31st March 2021 :

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

The Committee met twice during the Financial Year 2020-21. The details of attendance of the Committee meetings are as follows:

Name of the Director	Date and details of attendance of Nomination and Remuneration Committee meetings	
	29.06.2020	12.02.2021
Mr. S. Padmanabhan	P	P
Mr. Arvind Mahajan	P	P
Dr. Indira Parikh	P	P

Terms of reference of Nomination and Remuneration Committee include :

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

Audit Committee

The Audit Committee comprised of 04 Directors as on 31st March 2021 :

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

The Committee met four times during the Financial Year 2020-21. The details of attendance of the Committee meetings are as follows:

Name of the Director	Date and details of attendance of the Audit Committee Meetings			
	29.06.2020	10.08.2020	06.11.2020	12.02.2021
Mr. Pratap Pawar	P	P	P	P
Mr. Arun Sheth	P	P	A	P
Dr. Indira Parikh	P	P	P	P
Mr. Sudhir Mehta	P	P	P	P

The terms of reference of the Audit Committee include:

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

The Audit Committee reviewed the Unaudited Financial Results (Provisional) for the first three quarters in its Meetings held on 10th August 2020, 6th November 2020 and 12th February 2021 respectively; and Audited Financial Accounts for the Financial Year ended 31st March, 2021 in its meeting held on 28th May 2021. During the year under report, the Audit Committee interacted with the Statutory Auditors, Cost & Management Consultants and Internal Auditors of the Company regarding internal control systems, discussed the financial results / cost accounting records, and also held a post statutory audit verification of the financial / cost accounts.

The Committee also interacted with the executives of the Company on finance related matters including officials of Internal Audit department of the Company. The Committee reviewed the risk management policies, insurance cover taken by the Company, purchase procedures of raw materials and components for manufacture of various types of motor vehicles and also the foreign exchange exposure of various transactions.

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

The Certificate from the Managing Director and the Chief Financial Officer

was also submitted to the Audit Committee and to the Board. The Audit Committee is empowered to require presence of any of the employee of the Company. No employee has sought access to the Audit Committee during the year under report.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprised of 04 Directors as on 31st March 2021:

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

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

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

During the year under report, 11 shareholders' complaints were received and all these complaints were resolved to the satisfaction of the concerned members. As of 31st March 2021, no complaints were pending.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprised of 03 Directors as on 31st March 2021:

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

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

During the year under report, the Committee met once on 29th June 2020.

Risk Management Committee

The Board in its meeting held on 28th May 2021, has formulated the Risk Management Committee in compliance with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee comprised of 04 directors of the Company as follows:

- Mr. Abhaykumar Firodia, Chairman of the Committee, Chairman
- Mr. Prasan Firodia, Member, Managing Director
- Mr. Nitin Desai, Member, Independent Director
- Mr. Prashant V. Inamdar, Member, Executive Director (Operations)

The Committee will perform the role, functions and responsibilities as specified in Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.



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4. General Body Meetings

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

Annual General Meeting held on	Time	Location	Number of Special Resolutions	Subject of Special Resolution
11th September 2018	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411035.	00	Nil
19th September 2019	11.30 a.m.	Mumbai-Pune Road, Akurdi, Pune - 411035.	04	1. Re-appointment of Mr. Abhaykumar Firodia as Managing Director of the Company, to be designated as 'Chairman' 2. Re-appointment of Mr. Prasan Firodia as Managing Director of the Company 3. Re-appointment of Mr. Prashant V. Inamdar, as Executive Director of the Company 4. Re-appointment of Mr. Arvind Mahajan, as an Independent Director of the Company
29th September 2020	3.00 p.m.	Through Video Conferencing	02	1. Modification in the terms and conditions, related to remuneration payable to Mr. Prasan Firodia as Managing Director of the Company. 2. Adoption of the new set of Regulations as the Articles of Association of the Company.
Postal Ballot on 10th February 2021 (Details are provided at the end of this Report)	N. A.	N. A.	02	1. Authorization to offer, issue and allot Non-convertible Debentures (NCD's) on private placement basis aggregating upto ₹ 500 crore 2. To consider fixing of borrowing limit and creation of charge, mortgage or hypothecation on the assets of the Company in connection with the borrowings.

5. Means of Communication

The quarterly and annual financial results of the Company are

communicated forthwith to the stock exchange and shareholders, on approval by the Board.

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

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

No presentation was made to any institutional investor or analyst during the Financial Year 2020-21.

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

• Archival Policy

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

• Dividend Distribution Policy

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

• Whistle Blower Policy / Vigil Mechanism

The Board has revised its Whistle Blower Policy / Vigil Mechanism pursuant to the amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The revised policy, addresses complaints w.r.t. leakage of unpublished price sensitive information in relation to the Company and prescribe the manner in which such cases shall be investigated. The Audit Committee oversees the genuine concerns expressed by the employees and Directors. The Company has also provided adequate safeguards against the victimization of employees and Directors who express their concerns. The details of the mechanism / policy are disclosed on the website of the Company at <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Whistleblower%20Policy.pdf>

• Policy on materiality of Related Party Transactions

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

• Policy for determining Material Subsidiaries & its Governance Framework

The Board has formulated a policy for determining 'material' subsidiaries pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy has been revised pursuant to the amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to give effect to the change in the criteria for treating a subsidiary as a 'material subsidiary'.

Web link for the policy on Material Subsidiaries is <https://www.forcemotors.com/themes/frontend/docs/shareholder-info/other/Policy-for-determining-Material-Subsidiaries-&-its-Governance-Framework.pdf>

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

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

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

7. Other Disclosures

- **Materially significant related party transactions**

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

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

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

- **Utilization of funds raised through preferential allotment or qualified institutional placement**

There is nothing to report under this heading.

- **Commodity Price Risk and Commodity Hedging Activities**

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

- **Credit ratings**

During the year under report, the Company obtained the following credit ratings for its bank loan facilities and Non-Convertible Debentures issued :

Credit rating agency	Type of facilities rated	Rating assigned (Previous rating)
CRISIL	₹ 190 crore Secured Non-Convertible Debentures	CRISIL AA / Stable (Reaffirmed)
	Bank Loan facilities amounting to ₹ 1,412.50 crore :	
	Long Term	CRISIL AA / Stable (Reaffirmed)
	Short Term	CRISIL A1+ (Reaffirmed)

- **Total fees paid to the Auditors**

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

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

- **Disclosure in relation to the Sexual Harassment of Women**

at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :

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

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

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

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

- **The Board**

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

- **Shareholder Rights**

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

- **Modified opinion(s) in Audit Report**

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

- **Reporting of Internal Auditor**

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

9. General Shareholders' Information

- **Scheduled Annual General Meeting (through VC/OAVM)**

Time : 3.00 p.m.

Date : Tuesday, 28th September 2021

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

- **Financial Year**

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

- **Financial Calendar**

Unaudited Financial Results will be published on or before:

For Quarter 1 : 14th August

For Quarter 2 : 14th November

For Quarter 3 : 14th February

Audited Results: 30th May

- **Payment of Dividend**

The Board in its Meeting held on 28th May 2021; has recommended a final dividend of ₹ 5 per equity share on 1,31,76,262 equity shares for the Financial Year ended 31st March 2021. The dividend, if declared by the Members of the Company will be paid on or after 28th September 2021.

- **Date of Book Closure**

The register of members and share transfer books of the Company will remain closed from Wednesday, 22nd September 2021 to Tuesday, 28th September 2021, both days inclusive.

- **Listing on Stock Exchange**

Shares of the Company are listed on BSE Limited. Annual Listing fee for the Financial Year 2020-21 has been paid to the BSE Limited.

- **Stock Code**

The Stock Code allotted by BSE Limited is 500033.



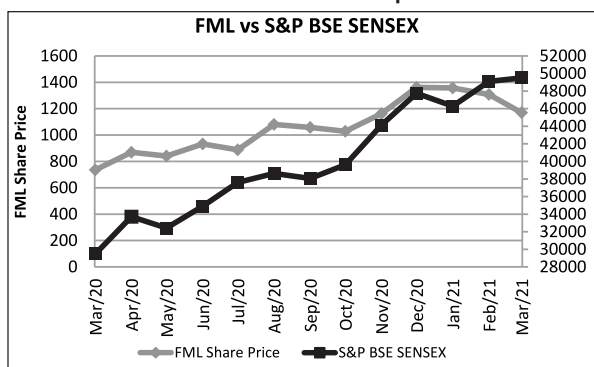
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• Market Price Data

Market price data during the Financial Year 2020-21 is as under:

Month	Share Price		BSE SENSEX	
	High ₹	Low ₹	High	Low
April 2020	924.25	695.10	33,887.25	27,500.79
May 2020	862.50	790.00	32,845.48	29,968.45
June 2020	1,019.20	850.00	35,706.55	32,348.10
July 2020	992.75	885.00	38,617.03	34,927.20
August 2020	1,185.00	885.00	40,010.17	36,911.23
September 2020	1,231.50	1,000.00	39,359.51	36,495.98
October 2020	1,092.75	980.00	41,048.05	38,410.20
November 2020	1,214.80	1,016.00	44,825.37	39,334.92
December 2020	1,559.50	1,144.70	47,896.97	44,118.10
January 2021	1,504.95	1,328.00	50,184.01	46,160.46
February 2021	1,477.25	1,297.00	52,516.76	46,433.65
March 2021	1,364.60	1,160.00	51,821.84	48,236.35

• FML Share Price vs BSE SENSEX Comparison



• Distribution of Shareholding

Distribution of shareholding as on 31st March 2021 was as under:

Category (Shares)	Number of shareholders	Percentage to total shareholders	Number of shares	Percentage to total number of shares held
1 to 500	61,370	98.19	24,52,410	18.61
501 to 1000	665	1.06	4,92,212	3.74
1001 to 2000	245	0.39	3,51,022	2.66
2001 to 3000	79	0.13	1,99,971	1.52
3001 to 4000	39	0.06	1,41,120	1.07
4001 to 5000	29	0.05	1,34,740	1.02
5001 to 10000	43	0.07	3,03,037	2.30
10001 & above	31	0.05	91,01,750	69.08
Total	62,501	100.00	1,31,76,262	100.00

• Share Transfer Agent

The Company's Registrar and Share Transfer Agent is Link Intime India Private Limited, situated at Block No. 202, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411001, who handles the demat and physical share transfers as well as other shares related activities of the Company.

• Share Transfer System

Applications for transfers, transmission are received by the Company at its Registered Office or at the office of its Registrar and Share Transfer Agent and are processed by the Registrar and Share Transfer Agent on regular basis. Post amendment made previous year the requests for transfer of shares are approved only in dematerialised form and the same are duly processed by National Securities Depository Limited / Central Depository Services (India) Limited in the electronic form through the respective depository participants. As on the date of report, no transfer and transmission request of shares held in physical form is pending. During the year under report, the Company processed 1 share transfer, 29 transmissions and 27 requests for dematerialisation. There was no request for rematerialisation of shares.

• Dematerialization / Rematerialisation of Shares

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

As on 31st March 2021, 97.65% of the Company's shares were held in dematerialised form and 2.35% in physical form.

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

• CIN

The Corporate Identity Number allotted to the Company is L34102PN1958PLC011172.

• Registered Office

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

• Plant locations

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

- Mumbai - Pune Road, Akurdi, Pune - 411035, Maharashtra.
- Plot No.3, Sector No.1, Industrial Area, Pithampur, District Dhar - 454 775, Madhya Pradesh.
- Gat no. 330 (P), 331, 332, 333, 312/5/6/7 and 355 Village Nanekarwadi, Chakan, Taluka Khed, District Pune - 410 505, Maharashtra.
- Mahindra World City, Panchayat Anjur, Taluka Chengalpattu, District Kancheepuram - 603 004, Tamilnadu.

The address for correspondence is :

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

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

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

E. UNPAID/UNCLAIMED DIVIDEND

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

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

Dates for transfer of Unclaimed Dividend to the fund :

Sr. No.	Financial Year	Date of Dividend Declaration	Date on Which Dividend become Due for Transfer to IEPF
1.	2013-14	20-Sep-2014	19-Oct-2021
2.	2014-15	26-Sep-2015	25-Oct-2022
3.	2015-16	12-Mar-2016	18-Apr-2023
4.	2016-17	13-Sep-2017	12-Oct-2024
5.	2017-18	11-Sep-2018	12-Oct-2025
6.	2018-19	19-Sep-2019	22-Oct-2026
7.	2019-20	29-Sep-2020	3-Nov-2027

F. TRANSFER OF SHARES TO IEPF

During the year, the Company has transferred 1,581 shares on 13th November 2020 to the IEPF. The shares were transferred on account of dividends unclaimed for seven consecutive years.

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

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

G. UNCLAIMED SHARE CERTIFICATES AND SUSPENSE ACCOUNT

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

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

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

The details of the above shares are as given below :

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

H. MD AND CFO CERTIFICATION

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

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

To

The Members of Force Motors Limited

I, Prasan Firodia, Managing Director of Force Motors Limited declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2021.

Pune, 1st April 2021

Prasan Firodia
Managing Director
DIN : 00029664

J. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the following Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

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

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

Place : Pune
Date : 27th May 2021

Signature:
Name: **I. U. Thakur**
Membership No.: 2298
CP No.: 1402
Peer Review no.497/2016
UDIN: F002298C000376848

POSTAL BALLOT

The Company has obtained the approval of its Members through Postal Ballot (through e-voting only) pursuant to and in accordance with Section 110 of the Companies, Act, 2013 (the 'Act') read together with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 22/2020 dated June 15, 2020 read with General Circular No. 39/2020 dated 31st December 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020. The Postal Ballot Notice alongwith the explanatory statement thereof was sent through electronic mode only to those members, whose email addresses were registered with the Company / Registrar & Transfer Agent / Depositories as on the cut off date i.e. 8th January 2021 and such shareholders were entitled to cast their votes only through electronic mode between 12th January 2021 to 10th February 2021.

Mr. Abhijeet Bhagwat, Practising Chartered Accountant was appointed as the Scrutinizer by the Board to conduct the said Postal Ballot process in a fair and transparent manner.

The results of voting, conducted through the Postal Ballot for passing of Special Resolutions, were announced by the Managing Director of the Company on 11th February 2021 as reproduced herein below:

Resolution no. 01: Authorization to offer, issue and allot Non-convertible Debentures (NCD's) on private placement basis aggregating upto ₹ 500 crore. (Special Resolution).

Category	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes – In favour	No. of votes – In against	% of Votes in favour on voters polled	% of votes against on votes polled
Promoter and promoter Group	8120347	8112151	99.89	8112151	0	100.00	0.00
Public – institution	675257	469697	69.56	469697	0	100.00	0.00
Public – Non Institution	4380658	111273	2.54	110752	521	99.53	0.46
TOTAL	13176262	8693121	65.97	8692600	521	99.99	0.006

The above special resolution was passed with requisite majority.

Resolution no. 02 : To consider fixing of borrowing limit and creation of charge, mortgage or hypothecation on the assets of the Company in connection with the borrowings (Special Resolution).

Category	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes – In favour	No. of votes – In against	% of Votes in favour on voters polled	% of votes against on votes polled
Promoter and Promoter Group	8120347	8112151	99.89	8112151	0	100.00	0.00
Public – Institution	675257	469697	69.56	469697	0	100.00	0.00
Public – Non Institution	4380658	111280	2.54	110669	611	99.45	0.54
TOTAL	13176262	8693128	65.97	8692517	611	99.99	0.007

The above special resolution was passed with requisite majority.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of any Resolution through Postal Ballot.

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Force Motors Limited

1. We have examined the compliance of conditions of corporate governance by **Force Motors Limited** ('the Company') for the year ended 31st March, 2021 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

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

Pune, May 28, 2021

Suhas Deshpande
Partner
Membership No. 031787
UDIN No. : 21031787AAAABC9549

INDEPENDENT AUDITORS' REPORT

To the Members of Force Motors Limited

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Force Motors Limited ("**the Company**"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "**the standalone financial statements**").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	<p>is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence.</p> <p>(Refer note 2{f} and note 5 of the standalone financial statements)</p>	<ul style="list-style-type: none"> Inspected the respective approvals for initiation of capitalisation including government approvals (DSIR) where applicable; Reviewed the cost allocation for the year and determined that costs capitalised are directly attributable. Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. After carrying out above audit procedures, we concluded that relevant criteria for capitalisation have been met.

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the standalone Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that :

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30(a) to the standalone financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. - Refer Note 41 to standalone financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place : Pune
Date : 28th May 2021

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 21031787AAAABA2254

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **FORCE MOTORS LIMITED ("the Company")** as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No. 105215W/W100057

Place : Pune

Date : 28th May 2021

Suhas Deshpande

Partner

Membership No. : 031787

UDIN : 21031787AAAAA2254

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **FORCE MOTORS LIMITED** of even date)

- (i) In respect of the Company’s property, plant and equipment :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) As explain to us, considering the nature of the Fixed Asset, the same have been physically verified by the management at reasonable intervals during the year as per verification plan adopted by the Company, which, in our opinion, is reasonable having regards to size of the Company and the nature of its assets. According to information and explanation give to us and the records produced to us for our verification, no material discrepancies noticed during such physical verification;
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company.
In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material. The discrepancies noticed on physical verification of Inventory as compared to the book records have been properly dealt with the Books of Account.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect investments made. Further the Company has not granted any loans, given any guarantee or security in connection with a loan to a director or any other person in whom any of the director of the company is interested.
- (v) In our opinion and according to the information and explanations given to us, the company has complied with the directives of the Reserve Bank of India and the provision of Sections 73 to 76 of the Companies Act 2013, and the rules framed there under, wherever applicable. As informed to us, no order has been passed against the Company, by the Company Law Board, the National Company Law Tribunal, RBI, or any court or any tribunal.
- (vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues :
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below :

Sr No.	Name of the Statute	Nature of the Dues	Amount* (Rs in Lakhs)	Period(s) to which the amount relates (Various year covering the period)	Forum where such dispute is pending
1	Central Excise Act, 1944	Excise Duty	239.42	1987-1991, 1990-1991, 1998-2000, 2008-2018	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
			0.23	1995-1996	Appellate Authority upto Commissioner's level
2	Sales Tax Laws	Sales Tax	233.65	1995-1996, 1997-1998, 2003-2009, 2015-2018	Appellate Authority upto Commissioner's level
			6.38	2003-2004	Commercial Tax Appellate Board
3	Custom Act, 1962	Custom Duty	16.83	2004-2005, 2012-2013	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. Further the Company did not have any outstanding loans or borrowings from financial institutions or government. Further payables towards non-convertible debentures are not due for repayment.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company

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

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

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

Place : Pune
Date : 28th May 2021

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 21031787AAAABA2254

Balance Sheet as at 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
I ASSETS			
1. Non-current Assets			
(a) Property, Plant and Equipment	3	1,01,272	1,16,073
(b) Capital Work-in-progress	3	36,873	17,484
(c) Investment Property	4	530	554
(d) Other Intangible Assets	5	20,549	23,389
(e) Intangible Assets under development	5	35,612	27,023
(f) Financial Assets			
(i) Investments	6	12,631	9,184
(ii) Loans and Advances	7	1,507	1,535
(g) Deferred Tax Assets (Net)	8	5,760	707
(h) Other Non-current Assets	9	23,477	12,537
Total Non-current Assets		2,38,211	2,08,486
2. Current Assets			
(a) Inventories	10	55,782	55,152
(b) Financial Assets			
(i) Trade Receivables	11	12,599	16,872
(ii) Cash and Cash equivalents	12	3,212	6,407
(iii) Bank Balance other than (ii) above	12	226	220
(iv) Loans and Advances	7	107	181
(v) Other Financial Assets	13	6,292	14,230
(c) Current Tax Assets (Net)	8	1,297	1,031
(d) Other Current Assets	9	8,097	8,075
Total Current Assets		87,612	1,02,168
Total Assets		3,25,823	3,10,654
II EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	14	1,318	1,318
(b) Other Equity	15	1,84,730	1,96,253
Total Equity		1,86,048	1,97,571
2. Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	49,378	18,750
(b) Provisions	18	2,951	3,049
(c) Other Non-current Liabilities	20	88	173
Total Non-current Liabilities		52,417	21,972
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	3,000	4,722
(ii) Trade Payables	19		
- Total outstanding dues of Micro and Small Enterprises		242	40
- Total outstanding dues other than Micro and Small Enterprises		58,152	57,991
(iii) Other Financial Liabilities	17	16,463	9,982
(b) Other Current Liabilities	20	8,522	16,617
(c) Provisions	18	979	1,759
Total Current Liabilities		87,358	91,111
Total Liabilities		1,39,775	1,13,083
Total Equity and Liabilities		3,25,823	3,10,654

See accompanying notes forming part of the Financial Statements

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As per our separate report of even date.

On behalf of the Board of Directors

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

 Abhaykumar Firodia
Chairman

 Prasan Firodia
Managing Director

 Suhas Deshpande
Partner
Membership No. : 031787

 Sanjay Kumar Bohra
Chief Financial Officer

 Kishore P. Shah
Company Secretary

 Place : Pune
Date : 28th May 2021

 Place : Pune
Date : 28th May 2021



62nd Annual Report 2020-21

Statement of Profit and Loss for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
I INCOME			
(a) Revenue from Operations	21	1,98,782	3,08,013
(b) Other Income	22	2,489	4,277
Total Income		2,01,271	3,12,290
II EXPENSES			
(a) Cost of Materials consumed		1,52,036	2,14,014
(b) Changes in Inventories of Finished Goods and Work-in-progress	23	(2,665)	8,265
(c) Employee benefits expense	24	35,115	40,658
(d) Finance costs	25	2,822	2,785
(e) Depreciation and Amortization expense	26	17,367	19,452
(f) Other expenses	27	26,319	31,816
(g) Expenditure included in the above items capitalised		(13,296)	(13,589)
Total Expenses		2,17,698	3,03,401
III Profit / (Loss) before exceptional items and tax		(16,427)	8,889
IV Exceptional Items		--	(3,906)
V Profit / (Loss) Before Tax		(16,427)	4,983
VI Tax Expense	8		
(a) Current Tax		--	897
(b) Deferred Tax		(5,241)	(1,731)
(c) Taxation in respect of earlier years		--	(2)
Total Tax Expense		(5,241)	(836)
VII Profit / (Loss) for the year		(11,186)	5,819
VIII Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss			
(i) Re-measurements of net defined benefit liability		271	155
(ii) Equity instrument through Other Comprehensive Income		897	(266)
		1,168	(111)
(b) Income tax relating to items that will not be reclassified to Profit or Loss			
(i) Taxes on re-measurements of net defined benefit liability		(94)	(54)
(ii) Taxes on Equity instrument through Other Comprehensive Income		(93)	19
		(187)	(35)
Total Other Comprehensive Income		981	(146)
IX Total Comprehensive Income for the year [comprising Profit / (Loss) and Other Comprehensive Income for the year]		(10,205)	5,673
X Basic and Diluted Earnings per equity share	28	(84.90)	44.16
[Nominal value per share ₹ 10/-] ₹			

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

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021

Statement of Changes in Equity for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2019	Changes in Equity Share Capital during the year	Balance as at 31st March 2020
1,318	--	1,318
Balance as at 1st April 2020	Changes in Equity Share Capital during the year	Balance as at 31st March 2021
1,318	--	1,318

B. Other Equity

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance as at 1st April 2019	5,920	34,629	1,50,277	1,343	1,92,169
Profit / (Loss) for the year	--	--	5,819	--	5,819
Other Comprehensive Income (Net of tax)	--	--	101	(247)	(146)
Dividends (including dividend distribution tax)	--	--	(1,589)	--	(1,589)
Balance as at 31st March 2020	5,920	34,629	1,54,608	1,096	1,96,253
Balance as at 1st April 2020	5,920	34,629	1,54,608	1,096	1,96,253
Profit / (Loss) for the year	--	--	(11,186)	--	(11,186)
Other Comprehensive Income (Net of tax)	--	--	177	804	981
Dividends	--	--	(1,318)	--	(1,318)
Balance as at 31st March 2021	5,920	34,629	1,42,281	1,900	1,84,730

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021

Statement of Cash Flows for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March 2021 (16,427)	For the year ended 31st March 2020 4,983
A. Cash flow from Operating Activities		
Profit / (Loss) before tax		
Adjustments for		
Depreciation and Amortization expense	17,367	19,452
Net exchange differences (unrealised)	(394)	234
Interest Income	(311)	(2,195)
Dividend income on Equity Securities	--	(4)
Loss / (Gain) on disposal of Property, Plant and Equipment	2,225	(9)
Finance Costs	2,822	2,785
Inventory write down	240	190
Operating Profit before Working Capital adjustments	5,522	25,436
Working Capital adjustments		
(Increase) / Decrease in		
Trade Receivables	4,337	(191)
Inventories	(869)	(4,987)
Other Financial Assets	96	(130)
Other Non-financial Assets	(22)	1,098
Trade Payables	472	18,233
Financial Liabilities	222	(27)
Non-financial Liabilities	(8,180)	3,385
Provisions	(606)	(306)
Cash generated from Operations	972	42,511
Income Tax paid (Net)	(265)	(1,624)
Net Cash flow from / (used in) Operating Activities	707	40,887
B. Cash flow from Investing Activities		
Payments for Property, Plant and Equipment and Intangible Assets	(45,324)	(45,842)
Proceeds from sale of Property, Plant and Equipment and Intangible Assets	80	64
Withdrawal of deposits from Financial Institution	13,500	17,500
Interest received	1,031	2,165
Investments in Joint Venture	(2,550)	(6,630)
Dividends received	--	4
Net Cash flow from / (used in) Investing Activities	(33,263)	(32,739)
C. Cash flow from Financing Activities		
Proceeds from / Repayment of borrowings (Net)	33,474	2,385
Interest paid	(2,811)	(2,769)
Dividends paid (including Dividend distribution Tax)	(1,318)	(1,589)
Net Cash flow from / (used in) Financing Activities	29,345	(1,973)
Net Increase / (Decrease) in Cash and Cash equivalents	(3,211)	6,175
Cash and Cash equivalents at beginning of the financial year	6,403	228
Cash and Cash equivalents at end of the financial year	3,192	6,403
Cash and Cash equivalents as per Note 12	3,212	6,407
Effects of exchange rate fluctuations on Cash and Cash equivalents held	(20)	(4)
	3,192	6,403

As per our separate report of even date.

On behalf of the Board of Directors

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

 Abhaykumar Firodia
 Chairman

 Prasan Firodia
 Managing Director

 Suhas Deshpande
 Partner
 Membership No. : 031787

 Sanjay Kumar Bohra
 Chief Financial Officer

 Kishore P. Shah
 Company Secretary

 Place : Pune
 Date : 28th May 2021

 Place : Pune
 Date : 28th May 2021

Notes to Financial Statements for the year ended 31st March 2021

1. THE CORPORATE INFORMATION

Force Motors Limited ("the Company") is a Public Limited Company domiciled and incorporated in India. The Registered Office of the Company is situated at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company's ordinary shares are listed on the Bombay Stock Exchange.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Revenue Recognition

(i) Sales

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

(ii) Other Incomes

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

(d) Inventories

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

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

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

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

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

(e) Property, Plant and Equipment

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

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

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

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

(f) Intangible Assets

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

Intangible Assets internally generated

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

(g) Investment Property

Investment property is measured at cost less accumulated depreciation.

(h) Impairment of assets

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

(i) Depreciation & Amortization

(i) Property, Plant and Equipment

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

Notes to Financial Statements for the year ended 31st March 2021

- (ii) **Intangible Assets**
- Software and their implementation costs are written off over the period of 5 years.
 - Technical Know-how acquired and internally generated is amortized over the useful life of the assets, not exceeding 10 years.
- (j) **Borrowing Costs**
Cost of borrowings incurred for acquisition, construction or production of qualifying asset is capitalized.
- (k) **Research and Development Expenses**
Revenue expenditure on Research and Development is charged off as an expense in the year in which incurred and capital expenditure is grouped with Assets under appropriate heads and depreciation is provided as per rates applicable.
- (l) **Leases**
The Company has applied Ind AS-116 Leases from the accounting periods beginning from 1st April 2019 using the modified retrospective approach.
- (i) **Where the Company is the Lessee**
- The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
 - The right-of-use asset is subsequently depreciated using the straight-line method over the useful life of the right-of-use asset or the end of the lease term.
- Short-term leases and leases of low-value assets**
- The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
- (ii) **Where the Company is the Lessor**
Lease rentals are recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.
- (m) **Earnings per Share**
Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the period.
- (n) **Foreign currency transactions**
Transactions and balances
- Foreign Currency transactions are recorded at the rate of exchange on the date of the transaction.
 - Monetary items of Assets and Liabilities booked in foreign currency are translated in to rupee at the exchange rate prevailing at the Balance Sheet date.
 - Exchange difference resulting from settlement of such transaction and from translation of monetary items of Assets and Liabilities are recognized in the Statement of Profit and Loss.
 - Exchange difference arising on translation of foreign currency liabilities for acquisition of Property, Plant and Equipments are adjusted to the Statement of Profit and Loss.
 - The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance.
- (o) **Functional and presentation currency**
These financial statements are presented in Indian Rupees, which is the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs, unless otherwise stated.
- (p) **Employee Benefits**
Defined benefit plans
- The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
 - Provident fund contributions are made to Company's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Company.
 - Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
 - Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.
- Defined contribution plans**
- The Company's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expense when they are due.

Notes to Financial Statements for the year ended 31st March 2021

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

(q) Taxation

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

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

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

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

(r) Provisions and Contingent Liabilities
(i) Provision

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

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

(ii) Contingent liability

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

(s) Incentives

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

(t) Financial instruments
Equity investments at fair value through other comprehensive income

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

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

(u) Fair value measurement

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

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

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

(v) Use of estimates and judgements

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

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

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

(w) Recent accounting pronouncements

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

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1st April 2021.

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	Land		Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Aircrafts	Total	Capital Work-in-Progress
	Freehold	Leasehold								
Gross carrying amount										
Balance as at 1st April 2020	868	2,553	31,725	1,98,896	2,101	5,069	1,254	17,990	2,60,456	17,484
Additions	--	--	181	5,859	11	367	62	273	6,753	21,851
Disposals / Adjustments	--	--	--	1,324	42	350	50	13,595	15,361	2,462
Balance as at 31st March 2021	868	2,553	31,906	2,03,431	2,070	5,086	1,266	4,668	2,51,848	36,873
Accumulated depreciation										
Balance as at 1st April 2020	--	123	9,905	1,24,384	1,128	2,438	881	5,524	1,44,383	
Depreciation for the year	--	32	1,153	10,168	153	471	127	860	12,964	
Disposals / Adjustments	--	--	--	1,313	38	206	42	5,172	6,771	
Balance as at 31st March 2021	--	155	11,058	1,33,239	1,243	2,703	966	1,212	1,50,576	
Carrying amounts (Net)										
As at 31st March 2021	868	2,398	20,848	70,192	827	2,383	300	3,456	1,01,272	36,873
As at 31st March 2020	868	2,430	21,820	74,512	973	2,631	373	12,466	1,16,073	17,484

Notes :

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

Particulars	Industrial Shed
Gross carrying amount	
Balance as at 1st April 2020	794
Additions	--
Disposals / Adjustments	--
Balance as at 31st March 2021	794
Accumulated depreciation	
Balance as at 1st April 2020	240
Depreciation for the year	24
Disposals / Adjustments	--
Balance as at 31st March 2021	264
Carrying amounts (Net)	
As at 31st March 2021	530
As at 31st March 2020	554

Information regarding income and expenditure of Investment Property :

Particulars	As at 31st March 2021	As at 31st March 2020
Rental income derived from investment property	--	--
Direct operating expenses (including repairs and maintenance) generating rental income	--*	--*
Income arising from investment property before depreciation and indirect expenses	--*	--*
Less : Depreciation	24	24
Income from investment property	(24)	(24)

Leasing arrangements

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

Fair Value

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

Particulars	As at 31st March 2021	As at 31st March 2020
Industrial Property	2,902	2,902

Reconciliation of fair value

Particulars	Industrial Property
Balance as at 1st April 2020	2,902
Change in fair value	--
Balance as at 31st March 2021	2,902

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

Particulars	Software	Technical Know-how acquired	Technical Know-how acquired upto 1st April 2003	Technical Know-how internally generated	Total	Intangible Assets under development
Gross carrying amount						
Balance as at 1st April 2020	4,853	5,989	822	26,450	38,114	27,023
Additions	290	60	--	1,189	1,539	9,444
Disposals / Adjustments	--	--	--	--	--	855
Balance as at 31st March 2021	5,143	6,049	822	27,639	39,653	35,612
Accumulated amortization						
Balance as at 1st April 2020	3,782	4,519	822	5,602	14,725	
Amortization for the year	495	514	--	3,370	4,379	
Disposals / Adjustments	--	--	--	--	--	
Balance as at 31st March 2021	4,277	5,033	822	8,972	19,104	
Carrying amounts (Net)						
As at 31st March 2021	866	1,016	--	18,667	20,549	35,612
As at 31st March 2020	1,071	1,470	--	20,848	23,389	27,023

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

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

	As at 31st March 2021	As at 31st March 2020
A. Investments at Fair Value through Other Comprehensive Income (FVTOCI)		
(a) Unquoted Equity Shares (fully paid)		
(i) 1 (31st March 2020 : 1) Equity Share of ₹ 10/-, fully paid in MAN Truck & Bus India Pvt. Ltd.	--*	--*
(ii) 50,000 (31st March 2020 : 50,000) Equity Share of ₹ 10/-, fully paid in Pithampur Auto Cluster Ltd.	5	5
(iii) 5 (31st March 2020 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd.	--*	--*
(b) Quoted Equity Shares (fully paid)		
3,47,187 (31st March 2020 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd.	2,021	1,124
Total FVTOCI Investments	2,026	1,129
B. Investment at Cost		
Unquoted Equity Shares (fully paid)		
(a) In Subsidiary		
8,80,200 (31st March 2020 : 8,80,200) Equity Shares of ₹ 10/- each, fully paid in Tempo Finance (West) Pvt. Ltd.	89	89
(b) In Joint Venture		
10,51,62,000 (31st March 2020 : 7,96,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd.	10,516	7,966
Total Investment at Cost	10,605	8,055
Total Investments	12,631	9,184
Aggregate book value of quoted investments	2,021	1,124
Aggregate market value of quoted investments	2,021	1,124
Aggregate value of unquoted investments	10,610	8,060
Aggregate amount of impairment in the value of investments	--	--

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

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

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

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

7. FINANCIAL ASSETS : LOANS AND ADVANCES

	<u>As at 31st March 2021</u>	<u>As at 31st March 2020</u>
Non-current		
(a) Security Deposits		
(i) Considered Good - Unsecured	1,505	1,534
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	2	1
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
	<u>2</u>	<u>1</u>
Less : Allowances for expected credit losses	--	--
	<u>2</u>	<u>1</u>
Total Non-current Loans and Advances	<u>1,507</u>	<u>1,535</u>
Current		
(a) Security Deposits		
Considered Good - Unsecured	45	45
(b) Other Loans and Advances		
(i) Consider Good - Unsecured	62	136
(ii) Credit impaired (Doubtful)	--	--
Total Current Loans and Advances	<u>107</u>	<u>181</u>
Total Loans and Advances	<u>1,614</u>	<u>1,716</u>

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

	As at 31st March 2021	As at 31st March 2020
A. Statement of Profit or Loss		
(a) Current Tax		
(i) Current Income Tax charge	--	897
(ii) Taxation in respect of earlier years	--	(2)
(b) Deferred Tax		
Relating to origination and reversal of temporary differences	(5,241)	(1,731)
Income Tax expense reported in the Statement of Profit or Loss	(5,241)	(836)
(c) Other Comprehensive Income (OCI)		
Deferred Tax related to items recognized in OCI during the year		
(i) Re-measurements on defined benefit plan	(94)	(54)
(ii) Quoted Equity Instruments	(93)	19
Income Tax recognized in OCI	(187)	(35)
B. Balance Sheet		
	As at 31st March 2021	As at 31st March 2020
(a) Current Tax Assets		
Advance Income Tax	1,297	1,031
Total Current Tax Assets (Net)	1,297	1,031
(b) Current Tax Liabilities		
Provision for Income Tax	--	--
Total Current Tax Liabilities (Net)	--	--
(c) Deferred Tax		
(i) Deferred Tax Assets (DTA)	31,381	27,256
(ii) Deferred Tax Liabilities (DTL)	(25,621)	(26,549)
Net Deferred Tax Assets / (Liabilities)	5,760	707

Reconciliation of tax expense and the accounting profit for the year ended 31st March 2021 and 31st March 2020

	As at 31st March 2021	As at 31st March 2020
Accounting Profit / (Loss) Before Tax	(16,427)	4,983
(a) Tax as per Income Tax Act	(5,740)	1,741
(b) Tax Expense		
(i) Current Tax	--	897
(ii) Deferred Tax	(5,241)	(1,731)
(iii) Taxation in respect of earlier years	--	(2)
Total Tax Expense	(5,241)	(836)
(c) Difference (a) - (b)	(499)	2,577
(d) Tax Reconciliation		
(i) Permanent Dis-allowances	(474)	(469)
(ii) Allowances and accelerated deductions	(25)	3,047
(iii) MAT credit	--	(3)
(iv) Taxation in respect of earlier years	--	2
Total	(499)	2,577

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

**Deferred Tax Assets / (Liabilities) in relation to
Deferred Tax relates to the following : DTA / (DTL)**

- (a) Property, Plant and Equipment
- (b) Provision for doubtful advances
- (c) Dis-allowance u/s 43B of the Income Tax Act
- (d) Prepaid taxes claimed u/s 43B
- (e) Carry forward Income tax loss
- (f) MAT credit entitlement
- (g) Quoted Equity Instrument through Other Comprehensive Income
- (h) Unquoted Equity Instrument through Other Comprehensive Income

Net Deferred Tax Assets / (Liabilities)

Balance Sheet	
As at 31st March 2021	As at 31st March 2020
(25,521)	(26,545)
52	52
1,686	2,022
(7)	(5)
11,001	6,541
18,640	18,640
(93)	--
2	2
5,760	707

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2021 are as follows :

Movement in temporary differences	As at 1st April 2020	Recognized in profit or loss during 2020-21	Recognized in Other Comprehensive Income during 2020-21	As at 31st March 2021
Property, Plant and Equipment	(26,545)	1,024	--	(25,521)
Provision for doubtful advances	52	--	--	52
Dis-allowance u/s 43B of the Income Tax Act	2,022	(241)	(94)	1,686
Prepaid taxes claimed u/s 43B	(5)	(2)	--	(7)
Carry forward Income tax loss	6,541	4,460	--	11,001
MAT credit entitlement	18,640	--	--	18,640
Quoted Equity Instrument through Other Comprehensive Income	--	--	(93)	(93)
Unquoted Equity Instrument through Other Comprehensive Income	2	--	--	2
	707	5,241	(187)	5,760

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

	As at 31st March 2021	As at 31st March 2020
Non-current		
(a) Capital Advances		
Considered Good - Unsecured	23,477	12,537
Total Non-current Other Assets	23,477	12,537
Current		
(a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, Refunds, etc.)		
(i) Considered Good - Unsecured	8,097	8,075
(ii) Doubtful	108	108
	8,205	8,183
Less : Provision for doubtful advances	108	108
Total Current Other Assets	8,097	8,075
Total Other Assets	31,574	20,612

10. INVENTORIES (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Raw Materials and Components*	35,121	36,922
(b) Finished goods	12,688	9,527
(c) Work-in-progress	5,226	5,722
(d) Stores and spares	2,747	2,981
* [Include Goods in transit : ₹ 10,144 Lakhs (31st March 2020 : ₹ 14,093 Lakhs)]		
Total Inventories	55,782	55,152

The write-down of inventories to net realisable value during the year amounted to ₹ 240 Lakhs (31st March 2020 : ₹ 190 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Considered Good - Unsecured	12,599	16,872
(b) Which have significant increase in Credit Risk (Doubtful)	40	40
	12,639	16,912
Less : Provision for Doubtful Receivables	40	40
Total Trade Receivables	12,599	16,872

Trade Receivables are not credit impaired.

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Cash and Cash equivalents		
(i) Balances with Banks	3,208	6,394
(ii) Cheques on hand	--	6
(iii) Cash on hand	4	7
	3,212	6,407
(b) Other Bank balances		
(i) Unpaid Dividend Accounts	62	56
(ii) Margin money and Security deposit	164	164
	226	220
Total Cash and Cash equivalents	3,438	6,627

13. OTHER FINANCIAL ASSETS (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Interest accrued on deposits	9	730
(b) Corporate deposits	--	13,500
(c) Receivables against sale of Capital Goods	6,283	--
Total Other Financial Assets	6,292	14,230

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

	As at 31st March 2021	As at 31st March 2020
Authorised		
2,00,00,000 (31st March 2020 : 2,00,00,000) Equity Shares of ₹10/- each	2,000	2,000
Issued		
1,32,13,802 (31st March 2020 : 1,32,13,802) Equity Shares of ₹10/- each	1,321	1,321
Subscribed and Paid-up		
1,31,76,262 (31st March 2020 : 1,31,76,262) Equity Shares of ₹10/- each fully paid up	1,318	1,318
[of the above 2,00,918 (31st March 2020 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2020 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]		
[These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2021 or 31st March 2020].		
Add: Amount paid for Forfeited shares	--*	--*
Total Equity Share Capital	1,318	1,318

Note : Offer on Rights basis for 17,932 (31st March 2020 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

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

Particulars	As at 31st March 2021		As at 31st March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,31,76,262	1,318	1,31,76,262	1,318
Issued/ Reduction during the year	--	--	--	--
Shares outstanding at the end of the year	1,31,76,262	1,318	1,31,76,262	1,318

(b) Terms / rights attached to Equity Shares

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

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company is a subsidiary of Jaya Hind Industries Private Limited (earlier known as Jaya Hind Industries Limited), which holds 57.38% (31st March 2020 : 57.38%), 75,59,928 (31st March 2020 : 75,59,928) shares in the Company.

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

Name of Shareholder	As at 31st March 2021		As at 31st March 2020	
	No. of Shares of ₹10/- each fully paid	% of Holding	No. of Shares of ₹ 10/- each fully paid	% of Holding
Jaya Hind Industries Private Limited	75,59,928	57.38%	75,59,928	57.38%

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

	As at 31st March 2021	As at 31st March 2020
I. Reserves and Surplus		
(a) Securities Premium	5,920	5,920
(b) General Reserve	34,629	34,629
(c) Retained Earnings		
(i) Opening balance	1,54,608	1,50,277
(ii) Net Profit / (Loss) for the year	(11,186)	5,819
(iii) Comprehensive income for the year	177	101
	1,43,599	1,56,197
Adjustments		
(i) Equity Dividend	1,318	1,318
(ii) Tax on Equity Dividend	--	271
	1,318	1,589
Closing Balance	1,42,281	1,54,608
II. Equity instruments through Other Comprehensive Income		
Opening Balance	1,096	1,343
Adjustments		
FVTOCI Equity Investments - change in fair value	804	(247)
Closing Balance	1,900	1,096
Total Other Equity	1,84,730	1,96,253

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

16. FINANCIAL LIABILITIES : BORROWINGS

	As at 31st March 2021	As at 31st March 2020
Non-current		
Term Loans from Bank (Secured)	42,242	26,250
Non-convertible Debentures (Secured)	19,000	--
	61,242	26,250
Less : Current maturities of Non-current Borrowings disclosed under the head Current Other Financial Liabilities (Refer Note 17)	11,864	7,500
Total Non-current Borrowings	49,378	18,750
(Refer Note 38 (b) for maturity pattern of Borrowings)		
Current		
Working Capital Loan from Banks (Secured)	3,000	4,722
Total Current Borrowings	3,000	4,722
Total Borrowings	52,378	23,472

- **Term Loan** is secured by hypothecation, by way of exclusive first charge on specific Plant and Machinery, being movable properties, secured as a continuing security for the repayment of Term Loan together with interest. The term loan is repayable in quarterly installments over a period of five years, including moratorium.
- **Non-Convertible Debentures** : The Company has issued 190, 5.85% Secured unlisted rated redeemable non-convertible debentures of ₹ 100 Lakhs each, total amounting to ₹ 19,000 Lakhs. The debentures are secured by way of first ranking exclusive charge over the specific movable fixed assets. The debentures are redeemable over a period of four years (including moratorium) starting from 15th May 2022.
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

17. OTHER FINANCIAL LIABILITIES

	As at 31st March 2021	As at 31st March 2020
Current		
(a) Current maturities of Non-current Borrowings (Refer Note 16)		
(i) Term Loan from Banks (Secured)	11,864	7,500
(b) Deposits matured but not claimed	2	3
(c) Interest on Borrowings		
(i) Accrued and due on Loans	194	184
(ii) Accrued but not due on NCD	137	--
(iii) Accrued and due on unclaimed deposits	--*	--*
(d) Unclaimed dividend	62	56
(e) Creditors for Capital Goods	3,513	1,628
(f) Security deposits	279	269
(g) Other payables	412	342
Total Current Other Financial Liabilities	16,463	9,982

18. PROVISIONS

	As at 31st March 2021	As at 31st March 2020
Non-current		
(a) Provision for Employee benefits (Refer Note 36)	2,923	2,998
(b) Provision for Product Warranties	28	51
Total Non-current Provisions	2,951	3,049
Current		
(a) Provision for Employee benefits (Refer Note 36)	816	1,486
(b) Provision for Product Warranties	163	273
Total Current Provisions	979	1,759
Total Provisions	3,930	4,808

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

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Movement in Product Warranties
Product Warranties

	As at 31st March 2021	As at 31st March 2020
(a) Opening balance	324	443
(b) Additional provision made during the year	140	255
(c) Amount paid during the year	(205)	(217)
(d) Amount written back	(68)	(157)
Closing balance	191	324

19. TRADE PAYABLES

	As at 31st March 2021	As at 31st March 2020
(a) Total outstanding dues of Micro and Small Enterprises	242	40
(b) Total outstanding dues other than Micro and Small Enterprises	58,152	57,991
Total Trade Payables	58,394	58,031

20. OTHER LIABILITIES
Non-current

Service Coupon Liability	88	173
Total Non-current Other Liabilities	88	173

Current

(a) Advances against order and deposits	6,133	15,215
(b) Statutory dues	2,147	1,032
(c) Service Coupon Liability	242	370
Total Current Other Liabilities	8,522	16,617
Total Other Liabilities	8,610	16,790

Movement in Service Coupon Liability
Free Service Coupons

	As at 31st March 2021	As at 31st March 2020
(a) Opening balance	543	582
(b) Additional provisions made during the year	425	463
(c) Amount paid during the year	(638)	(413)
(d) Amount written back	--	(89)
Closing balance	330	543

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

21. REVENUE FROM OPERATIONS

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Sale of Products	1,95,187	3,05,308
(b) Other Operating Revenue		
(i) Service charges	330	193
(ii) Others	3,265	2,512
Total Revenue from Operations	1,98,782	3,08,013

22. OTHER INCOME

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Interest income	429	2,393
(b) Dividend income from Equity Investments designated at FVTOCI	--	4
(c) Gain on Exchange fluctuation	272	249
(d) Lease / Rental income	439	313
(e) Profit on sale of assets	96	32
(f) Others	1,253	1,286
Total Other Income	2,489	4,277

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

	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Stock		
(a) Finished Goods	9,527	17,008
(b) Work-in- progress	5,722	6,506
	15,249	23,514
Closing Stock		
(a) Finished Goods	12,688	9,527
(b) Work-in- progress	5,226	5,722
	17,914	15,249
Total Changes in Inventories of Finished Goods and Work-in-progress	(2,665)	8,265

24. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Salaries, Wages and Bonus	31,813	36,836
(b) Contribution to Provident, Other Funds and Schemes	2,495	2,694
(c) Staff welfare expenses	807	1,128
Total Employee Benefits Expense	35,115	40,658

25. FINANCE COSTS

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Interest expense	2,761	2,682
(b) Other borrowing costs	39	47
(c) Net interest cost on net defined benefit obligations	22	56
Total Finance Costs	2,822	2,785

Borrowing cost of ₹ 307 lakhs, at the actual borrowing rates, has been capitalised during the current financial year.

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

26. DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Depreciation of Property, Plant and Equipment	12,964	15,823
(b) Amortization of Intangible Assets	4,379	3,605
(c) Depreciation on Investment Property	24	24
Total Depreciation and Amortization Expense	17,367	19,452

27. OTHER EXPENSES

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Consumption of Stores and Spares	4,485	6,569
(b) Fabrication and Processing charges	744	875
(c) Power and Fuel	3,522	4,725
(d) Forwarding charges	1,493	2,695
(e) Rent	276	270
(f) Rates and Taxes	531	176
(g) Insurance	722	585
(h) Repairs and Maintenance:		
(i) Plant and Machinery	1,682	2,160
(ii) Buildings	332	572
(iii) Others	159	214
(i) Publicity and Sales promotion	864	2,305
(j) Payments to Auditors (Refer details below)	31	32
(k) Donation	1,009	861
[Includes donation under Section 182 of the Companies Act, 2013 : ₹ Nil (31st March 2020 : ₹ 425 Lakhs)]		
(l) Expenditure on Corporate Social Responsibility (Refer Note 42)	301	420
(m) Loss on sale of assets	2,321	23
(n) Other / Miscellaneous Expenses	7,847	9,334
Total Other Expenses	26,319	31,816

Details of payments to Auditors

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Audit fees	24	24
(b) Tax Audit fees	1	1
(c) Limited review and Certification work	6	6
(d) Reimbursement of expenses	--*	1
Total payments to Auditors	31	32

28. EARNINGS PER SHARE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Profit / (Loss) attributable to Equity Shareholders	(11,186)	5,819
(b) Weighted average number of Equity Shares used as Denominator	1,31,76,262	1,31,76,262
(c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹	(84.90)	44.16

29. EXPENDITURE CAPITALISED

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

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

30. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March 2021	As at 31st March 2020
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts		
(i) Taxes and Duties	7,507	7,570
(ii) Others (including Court cases pending)	3,752	3,688
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	28,500	24,083
(c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Company has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Company. The Company has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Company and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Company does not expect any impact of this litigation on its financial position.		

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

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

	As at 31st March 2021	As at 31st March 2020
(a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year		
(i) Principal	242	40
(ii) Interest	--	--
(b) Amount of interest - paid by the Company, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid.	--	--

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

32. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit/Loss for the year on Revenue account is ₹ 223 Lakhs Credit (31st March 2020 : ₹ 342 Lakhs Credit) and on Capital account is ₹ 49 lakhs Credit (31st March 2020 : ₹ 93 Lakhs Debit).

33. EXPENDITURE ON RESEARCH AND DEVELOPMENT

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

	As at 31st March 2021	As at 31st March 2020
(a) Capital Expenditure	10,845	19,991
(b) Revenue Expenditure	11,209	8,948

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

As per the Indian Accounting Standard (Ind AS 38) – Intangible Assets, the Company has recognized Intangible Assets, arising out of in-house Research and Development activities of the Company, by capitalising the revenue expenditure, amounting to ₹ 8,136 Lakhs (31st March 2020 : ₹ 13,574 Lakhs).

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

34. LEASES
Operating Leases
As a Lessor
(a) Industrial Shed at Chakan

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

(b) Freehold Land
Out of the freehold land at Akurdi, Pune

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

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

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

As a Lessee
Leasehold land

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

35. RELATED PARTY DISCLOSURES
I. Names of the related party and nature of relationship where control exists
Name of the Related Party
Nature of relationship

- | | |
|---|-----------------------|
| (a) Jaya Hind Industries Private Limited
(earlier known as Jaya Hind Industries Limited) | Holding Company |
| (b) Tempo Finance (West) Private Limited | Subsidiary Company |
| (c) Force MTU Power Systems Private Limited | Joint Venture Company |

II. List of other related parties with whom there are transactions in the current year
Name of the Related Party
Nature of relationship
A. Key Management Personnel (KMP)

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

B. Other Entities

- | | |
|---|-------------------------------------|
| (a) Jaya Hind Montupet Private Limited | Entity controlled by KMP of Company |
| (b) Pinnacle Industries Private Limited
(earlier known as Pinnacle Industries Limited) | Entity controlled by KMP of Company |
| (c) VDL Pinnacle Engineering India Private Limited | Entity controlled by KMP of Company |
| (d) Kider (India) Private Limited | Entity controlled by KMP of Company |
| (e) Bajaj Tempo Limited Provident Fund | Post employment benefit Trust |
| (f) Sakal Media Private Limited | Entity controlled by KMP of Company |
| (g) Amar Prerana Trust | Entity controlled by KMP of Company |
| (h) Navalmal Firodia Memorial Hospital Trust | Entity controlled by KMP of Company |
| (i) Antardisha | Entity controlled by KMP of Company |

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

Name of Related Party	2020-21		2019-20	
	Amount of transaction during the year	Balance as at 31st March 2021 Receivables / (Payables)	Amount of transaction during the year	Balance as at 31st March 2020 Receivables / (Payables)
A. Holding Company				
Jaya Hind Industries Private Limited				
(i) Purchase of Capital Goods	267		937	
(ii) Purchase of Raw Materials, Components & Others	4,441		7,511	
(iii) Sundry Sales	202		412	
(iv) Service Charges recovered	110	(2,403)	74	(2,625)
(v) Processing Charges recovered	23	434	46	857
(vi) Dividend paid	756		756	
(vii) Lease / Rent recovered	530		374	
(viii) Expenses recovered	2		--	
B. Key Management Personnel				
(a) Remuneration				
(i) Short term employee benefits (including Commission)	309		657	
(ii) Post employment benefits	20	(59)	31	(285)
(iii) Other long-term benefits	30		42	
(b) Others				
(i) Dividend paid	49	--	49	--
(ii) Sitting fees	41	--	39	--
C. Other Entities				
(a) Force MTU Power Systems Private Limited				
(i) Service charges/Expenses recovered	657		676	
(ii) Contribution to Equity	2,550	947	6,630	316
(iii) Royalty for use of Trademark	--*		--*	
(iv) Sundry Sales	--*		--	
(b) Jaya Hind Montupet Private Limited				
(i) Purchase of Raw Materials, Components & Others	8		62	
(ii) Service Charges recovered	38	(6)	24	(4)
(iii) Processing Charges recovered	--*	39	2	11
(iv) Sundry sales	4		--	
(v) Lease / Rent recovered	--*		--*	
(c) Pinnacle Industries Private Limited				
(i) Purchase of Capital Goods	451		3	
(ii) Purchase of Raw Materials, Components & Others	9,261		15,032	
(iii) Sales	1,367	(1,734)	53	(782)
(iv) Lease / Rent recovered	22	2,057	4	17
(v) Reimbursement of Expenses	3		2	
(vi) Processing Charges recovered	2		--	
(d) Kider (India) Private Limited				
Purchase of Raw Materials, Components & Others	812	(180)	121	(70)
(e) VDL Pinnacle Engineering India Pvt. Ltd.				
Purchase of Capital Goods	24	--*	--	--
(f) Bajaj Tempo Limited Provident Fund				
Contribution to Provident Fund	638	(69)	782	(61)
(g) Sakal Media Private Limited				
Publicity charges	5	--	--	--
(h) Amar Prerana Trust				
(i) Sundry sales	6	--	--*	--
(ii) Donation	9	--	--	--
(i) Navalmal Firodia Memorial Hospital Trust				
Lease / Rent recovered	--*		--*	
(j) Antardisha				
Professional Fees	5	--	--	--

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

36. EMPLOYEE BENEFITS
A. Defined Contribution Plans

An amount of ₹ 471 Lakhs (31st March 2020 : ₹ 563 Lakhs) is recognized as an expense and included in "Employees Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans
(a) The amounts recognized in Balance Sheet are as follows

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Amount to be recognized in Balance Sheet				
Present value of defined benefit obligation	6,544	935	6,414	1,084
Less : Fair value of plan assets	6,335	1,307	5,629	1,316
Amount to be recognized as Liability or (Asset)	209	(372)	785	(232)
(ii) Amount to be reflected in Balance Sheet				
Liabilities	209	(372)	785	(232)
Assets	--	--	--	--
Net Liability / (Asset)	209	(372)	785	(232)

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

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Employee Benefits Expense				
Current service cost	591	99	543	66
(ii) Acquisition (Gain) / Loss	--	--	--	--
(iii) Finance cost				
Net Interest (Income) / Expenses	22	(16)	56	(69)
Transfer in / (out)	5	--	(9)	--
Net periodic benefit cost recognized in the Statement of Profit and Loss	618	83	590	(3)

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

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Opening amount recognized in OCI outside Statement of Profit and Loss	--	--	--	--
(ii) Re-measurements for the year - obligation (Gain) / Loss	(232)	(320)	(168)	610
(iii) Re-measurements for the year - plan assets (Gain) / Loss	(39)	97	12	73
(iv) Total re-measurements cost / (credit) for the year recognized in OCI	(271)	(223)	(156)	683
(v) Less : Accumulated balances transferred to retained earnings	(271)	(223)	(156)	683
Closing balances [re-measurements (Gain) / Loss recognized in OCI]	--	--	--	--

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Present value of obligation as at the beginning of the year	6,414	1,084	5,971	379
(ii) Acquisition adjustment	--	--	--	--
(iii) Transfer in / (out)	--	--	(14)	--
(iv) Interest cost	408	72	440	29
(v) Past service cost	--	--	--	--
(vi) Current service cost	591	99	543	66
(vii) Curtailment cost / (credit)	--	--	--	--
(viii) Settlement cost / (credit)	--	--	--	--
(ix) Benefits paid	(637)	--	(358)	--
(x) Re-measurements on obligation - (Gain) / Loss	(232)	(320)	(168)	610
Present value of obligation as at the end of the year	6,544	935	6,414	1,084

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Fair value of the plan assets as at beginning of the year	5,629	1,316	4,823	1,291
(ii) Acquisition adjustment	--	--	--	--
(iii) Transfer in / (out)	(5)	--	(5)	--
(iv) Interest income	386	88	384	98
(v) Contributions	920	--	805	--
(vi) Mortality Charges and Taxes	(11)	--	(10)	--
(vii) Benefits paid	(623)	--	(356)	--
(viii) Amount paid on settlement	--	--	--	--
(ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	39	(97)	(12)	(73)
Fair value of plan assets as at the end of the year	6,335	1,307	5,629	1,316
Actual return on plan assets	426		372	

(f) Net interest (Income) / Expenses

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Interest (income) / expense - obligation	408	72	440	29
(ii) Interest (income) / expense - plan assets	(386)	(88)	(384)	(98)
Net interest (income) / expense for the year	22	(16)	56	(69)

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 6.70% has been used for the valuation purpose.

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Gratuity	As at 31st March 2021	As at 31st March 2020
(i) Discount rate	6.60%	6.70%
(ii) Expected return on plan assets	6.70%	7.60%
(iii) Salary growth rate *	8%	8%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

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

Provident Fund	As at 31st March 2021	As at 31st March 2020
(i) Discount rate	6.60%	6.70%
(ii) Interest rate	8.50%	8.65%
(iii) Yield spread	0.50%	0.50%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

Sensitivity analysis

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

(h) Change in assumption	As at 31st March 2021		As at 31st March 2020	
	Gratuity	Provident Fund	Gratuity	Provident Fund
(i) Discount rate				
Increase by 1%	6,160	--	6,043	--
Decrease by 1%	6,973	--	6,829	--
Increase by 0.5%	--	611	--	764
Decrease by 0.5%	--	1,275	--	1,419
(ii) Salary increase rate				
Increase by 1%	6,900	--	6,760	--
Decrease by 1%	6,218	--	6,098	--
(iii) Withdrawal rate				
Increase by 1%	6,518	--	6,390	--
Decrease by 1%	6,574	--	6,441	--
(iv) Expected future interest rate of Provident Fund				
Increase by 1%	--	--	--	--
Decrease by 1%	--	--	--	--
Increase by 0.5%	--	1,249	--	1,386
Decrease by 0.5%	--	620	--	781

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

37. FINANCIAL INSTRUMENTS - FAIR VALUES
Accounting classifications and fair values

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

	Carrying Value		Fair Value	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Financial Assets				
(a) Fair Value through Other Comprehensive Income (FVTOCI)				
Equity Investments	2,026	1,129	2,026	1,129
(b) Amortized cost				
Trade Receivables	12,599	16,872	12,599	16,872
Loans - Security Deposits	1,614	1,716	1,614	1,716
Other Financial Assets	6,292	14,230	6,292	14,230
Cash and Cash equivalents	3,212	6,407	3,212	6,407
Other Bank Balances	226	220	226	220
Total	25,969	40,574	25,969	40,574
Financial Liabilities				
Amortized cost				
Non-current Borrowings	49,378	18,750	49,378	18,750
Current Borrowings	3,000	4,722	3,000	4,722
Trade Payable	58,394	58,031	58,394	58,031
Other Financial Liabilities	16,463	9,982	16,463	9,982
Total	1,27,235	91,485	1,27,235	91,485

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

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

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

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

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

Fair value hierarchy and valuation techniques used
(a) Financial Assets and Liabilities measured at fair value

	Level	31st March 2021	31st March 2020
Financial Assets			
FVTOCI Investments - Quoted	Level 1	2,021	1,124
FVTOCI Investments - Unquoted	Level 3	5	5
Total		2,026	1,129

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

	Level	31st March 2021	31st March 2020
Financial Assets measured at amortized cost			
Loans - Security Deposits	Level 2	1,614	1,716
Other Financial Assets	Level 2	6,292	14,230
Total		7,906	15,946

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) Financial Liabilities measured at amortized cost

	Level	31st March 2021	31st March 2020
Non-current Borrowings	Level 2	49,378	18,750
Current Borrowings	Level 2	3,000	4,722
Other Financial Liabilities	Level 2	16,463	9,982
Total		68,841	33,454

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

During the year ended 31st March 2021, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

38. FINANCIAL RISK MANAGEMENT
Financial Risk Management Policy and Objectives

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

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

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

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

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

(a) Credit Risk

The table summarises aging of Trade Receivable

	Not due	Less than 6 Months	More than 6 Months	Total
As at 31st March 2021				
Gross Carrying Amount	5,157	6,296	1,186	12,639
Allowance for doubtful debts	--	--	(40)	(40)
Net	5,157	6,296	1,146	12,599
As at 31st March 2020				
Gross Carrying Amount	9,630	6,689	593	16,912
Allowance for doubtful debts	--	--	(40)	(40)
Net	9,630	6,689	553	16,872

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

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

(b) Liquidity Risk

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

As at 31st March 2021					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	64,242	3,000	5,205	56,037	64,242
Other Financial Liabilities	4,599	258	4,062	279	4,599
Trade and Other Payables	58,394	--	58,394	--	58,394

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

(c) Market Risk : Equity Price Risk

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

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 2,021 Lakhs. A decrease/increase of 15% on the bank Nifty market index could have an impact of approximately ₹ 313 Lakhs on the OCI or equity attributable to the Company. These changes would not have an effect on profit or loss.

39. FOREIGN CURRENCY SENSITIVITY ANALYSIS

Currency	Net exposure in foreign currency		Net exposure in INR	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
USD	(16,67,298)	(11,15,815)	(1,218)	(837)
EUR	53,94,060	49,29,705	4,698	4,154
JPY	53,16,399	15,36,03,480	36	1,084
GBP	--	2,675	--	3

Currency	Sensitivity %	Impact on profit (strengthening)*		Impact on profit (weakening)*	
		As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
USD	5%	61	42	(61)	(42)
EUR	5%	(235)	(208)	235	208
JPY	5%	(2)	(54)	2	54
GBP	5%	--	--*	--	--*
		(176)	(220)	176	220

(* Strengthening / weakening of foreign currency)

40. CAPITAL MANAGEMENT

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

The Company's policy is to meet the financial covenants attached to the interest-bearing borrowings by maintaining a strong capital base. The Company aims to sustain investor, creditor and market confidence so as to leverage such confidence for future capital/debt requirements. Management monitors the return on capital earned, the capital/debt requirements for various business plans under consideration and determines the level of dividends to equity shareholders.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2021 and 31st March 2020.

Particulars	As at 31st March 2021	As at 31st March 2020
Total Shareholder's Equity as reported in Balance Sheet	1,86,048	1,97,571
Net Debt :		
Short-term debt	3,000	4,722
Long-term debt (including current portion of long term debt)	61,242	26,250
Gross Debt :	64,242	30,972
Less : Cash and Bank Balances	3,438	6,627
Net Debt / (Net Cash and Bank balances)	60,804	24,345

* Denotes amount less than ₹ 50,000/-

Notes to Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

41. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2021, have been transferred to that fund, except a sum of ₹ 0.60 Lakh (31st March 2020 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2020 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2020 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

42. The Company has spent ₹ 301 Lakhs (31st March 2020 : ₹ 420 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.27 (I)] to the Notes to Account.

- (a) Gross amount required to be spent by the Company during the year : ₹ 296 Lakhs.
(b) Amount spent during the year on :

Sr. No.	Description	In Cash (₹)	Yet to be paid in Cash (₹)	Total (₹)
1.	Promoting healthcare, including preventive healthcare	83	--	83
2.	Promoting education	149	--	149
3.	Restoration of buildings and sites of historical importance	35	--	35
4.	Donation of vehicles manufactured by the company towards promoting health care	21	--	21
5.	Providing relief to the poor affected by the pandemic by providing foodgrain	13	--	13
	Total	301	--	301

43. DIVIDEND

The Board of Directors has recommended payment of Dividend of ₹ 5 per fully paid Equity Shares (31st March 2020 : ₹ 10). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

44. An exceptional item in the previous financial year ended 31st March 2020 represents the reversal of accruals towards incentive receivable, under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2010, as were made during the previous years.

However, after the implementation of the GST regime, in the absence of clear guidelines from the State Authorities in the subject matter, as a precautionary measure, the accruals made during the earlier years have been reversed by the Company during the previous financial year ended 31st March 2020.

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

45. The financial year 2020-21 was impacted severely due to COVID-19 pandemic. Few segments like School, Tours & Travels and Hospitality are yet to open, and since the Company has good market share in these segments, both revenue and profitability for the year has severe impact and resulted into loss in the financial year 2020-21. Also with the onset of second wave of COVID-19 pandemic, the impact will continue to affect the business of the Company in coming quarters.

The Company will continue to monitor the developments and the impact of the said pandemic, and necessary counter measure will be taken to minimize the overall impact. The Company, as at the date of approval of these financials statement has relied upon the available market intelligence and information to arrive its best estimates.

46. The Company is operating in a Single Segment.
47. Previous year's figures have been re-grouped, re-arranged and re-classified wherever necessary.

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Form AOC - 1

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

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

Part "A" : SUBSIDIARIES

1.	Sr. No.	1
2.	Name of the subsidiary	Tempo Finance (West) Private Limited
3.	The date since when subsidiary was acquired	14th August 2012
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as per the holding company's reporting period
5.	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	N. A.
6.	Share Capital	133
7.	Reserves and Surplus	433
8.	Total Assets	567
9.	Total Liabilities	567
10.	Investments	--
11.	Turnover (Total Revenue)	37
12.	Profit before taxation	36
13.	Provision for taxation	9
14.	Profit after taxation	27
15.	Proposed Dividend	--
16.	% of shareholding	66.43%

1.	Names of subsidiaries which are yet to commence operations	N. A.
2.	Names of subsidiaries which have been liquidated or sold during the year	N. A.

(All amounts in ₹ Lakhs, unless otherwise stated)

Part "B" : Associates and Joint Ventures

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

	Name of Joint Venture	Force MTU Power Systems Private Limited
1.	Latest Audited Balance Sheet date	31st March 2021
2.	Shares of Joint Venture held by the Company on the year end	
	(a) No.	10,51,62,000 Equity Shares of ₹ 10/- each
	(b) Amount of Investment in Joint Venture	10,516
	(c) Extent of Holding %	51 %
3.	Description of how there is significant influence	There is a significant influence by virtue of joint control
4.	Reason why the Joint Venture is not consolidated	N. A.
5.	Net worth attributable to Shareholding as per latest Audited Balance Sheet	7,964
6.	Profit / (Loss) for the year	(2,344)
	(a) Considered in Consolidation	(1,195)
	(b) Not considered in Consolidation	N. A.

1.	Names of Associates or Joint Ventures which are yet to commence operations	N. A.
2.	Names of Associates or Joint Ventures which have been liquidated or sold during the year	N. A.

As per our separate report of even date.

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

Suhas Deshpande
Partner
Membership No. : 031787

Place : Pune
Date : 28th May 2021

On behalf of the Board of Directors

Abhaykumar Firodia
Chairman

Sanjay Kumar Bohra
Chief Financial Officer

Prasan Firodia
Managing Director

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Force Motors Limited

Report on the audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Force Motors Limited (hereinafter referred to as the **"Holding Company"**) and its subsidiary (Holding Company and its subsidiary together referred to as **"the Group"**), and a jointly controlled entity, which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as **"the consolidated financial statements"**).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (**"the Act"**) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (**"Ind AS"**) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2021, the consolidated loss and total comprehensive income, changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	Contingent Liability The Company has in duties and taxes litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, it is considered to be a key audit matter. (Refer Note 31(a) to consolidated financial statements)	Our procedures included, but were not limited to, the following : <ul style="list-style-type: none"> Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. Assessed management's discussions held with their legal consultants and understanding precedents in similar cases; Our own teams of tax experts assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.
2.	Intangible assets Product development costs incurred on new vehicle platforms; engines are recognised as intangible assets only when technical feasibility has been established. The costs capitalised during the year include technical know-how expenses, materials, direct Labour, inspecting and testing charges, designing and other direct expenses incurred on respective projects, up to the date the intangible asset is capitalised.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness around initiation of capitalisation of the product development cost including management's validation of relevant data elements and benchmarking the assumptions; The audit procedures included : <ul style="list-style-type: none"> Obtained the list of approved project wise details and verify the completeness and accuracy of cost data with respect to various system generated reports.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
	<p>The capitalisation of product development cost is considered to be a key audit matter given that the assessment of the capitalisation criteria set out in Ind AS 38 Intangible Assets is made at an early stage of product development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as probable for capitalisation to commence.</p> <p>(Refer note 2{g} and note 5 of the consolidated financial statements)</p>	<ul style="list-style-type: none"> Inspected the respective approvals for initiation of capitalisation including government approvals (DSIR) where applicable; Reviewed the cost allocation for the year and determined that costs capitalised are directly attributable. Tested on sample basis costs incurred towards projects i.e. in respect of manpower cost, we verified hours booked on respective projects, hourly rates for respective persons and sample vouchers / invoices for directly attributable expenses. We reviewed judgments used by the Management for expected probable economic benefits and associated expenditures, and their assessment of feasibility of the projects, including appropriateness of past / present useful life applied in calculation of amortization. After carrying out above audit procedures, we concluded that relevant criteria for capitalisation have been met.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

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

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and joint venture are responsible for assessing the ability of Group and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for overseeing the financial reporting process of the Group and its joint venture.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

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

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

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

Other Matters

We did not audit the financial statements and other financial information, in respect of a subsidiary, whose financial statements include total assets (net) of ₹ 567 Lakhs as at March 31, 2021, and total revenue of ₹ 37 Lakhs and net cash inflows amounting to ₹ 27 lakhs for the year ended on that date respectively, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 1,193 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a joint venture. These financial statements and other financial information have been audited by other auditors which have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiary and joint Venture is based solely on the report of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statement and the other financial information of subsidiary company and joint venture incorporated in India, referred in the Other Matters paragraph above we report, that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and joint venture company incorporated in India, none of the directors of the Group and joint venture companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**, which is based on auditors' reports of the Company, subsidiary company and joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company and subsidiary company incorporated in India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group – Refer Note 31 (a) to the consolidated financial statements
 - (ii) The Group did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and joint venture incorporated in India. - Refer Note 42 to consolidated financial statements.

For Kirtane & Pandit LLP
Chartered Accountants
Firm's Registration Number : 105215W / W100057

Place : Pune
Date : 28th May 2021

Suhas Deshpande
Partner
Membership No. : 031787
UDIN : 21031787AAAAB5431

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Force Motors Limited (hereinafter referred to as “Company”) and its Subsidiary Company and Joint Venture, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a

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

Limitations of Internal Financial Controls Over Financial Reporting with reference to these consolidated financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, Holding Company, its subsidiary company and a joint venture, which are companies incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as subsidiary company and joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint venture incorporated in India.

For Kirtane & Pandit LLP

Chartered Accountants

Firm Registration No. 105215W/W100057

Place : Pune

Date : 28th May 2021

Suhas Deshpande

Partner

Membership No. : 031787

UDIN : 21031787AAAAB5431

Consolidated Balance Sheet as at 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
I ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	3	1,01,272	1,16,073
(b) Capital Work-in-progress	3	36,873	17,484
(c) Investment Property	4	530	554
(d) Goodwill		1	1
(e) Other Intangible Assets	5	20,549	23,389
(f) Intangible Assets under development	5	35,612	27,023
(g) Financial Assets			
(i) Investments	6	9,990	7,788
(ii) Loans and Advances	7	1,507	1,535
(h) Deferred Tax Assets (Net)	8	5,760	707
(i) Other Non-current Assets	9	23,477	12,537
Total Non-current Assets		2,35,571	2,07,091
(2) Current Assets			
(a) Inventories	10	55,782	55,152
(b) Financial Assets			
(i) Trade Receivables	11	12,599	16,872
(ii) Cash and Cash equivalents	12	3,472	6,640
(iii) Bank balance other than (ii) above	12	226	220
(iv) Loans and Advances	7	107	181
(v) Other Financial Assets	13	6,598	14,536
(c) Current Tax Assets (Net)	8	1,298	1,032
(d) Other Current Assets	9	8,097	8,075
Total Current Assets		88,179	1,02,708
Total Assets		3,23,750	3,09,799
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	1,318	1,318
(b) Other Equity	15	1,82,465	1,95,216
(c) Equity attributable to owners of the Company		1,83,783	1,96,534
(d) Non-controlling Interest	21	190	181
Total Equity		1,83,973	1,96,715
(2) Liabilities			
Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	49,378	18,750
(b) Provisions	18	2,951	3,049
(c) Other Non-current Liabilities	20	88	173
Total Non-current Liabilities		52,417	21,972
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	3,000	4,722
(ii) Trade Payables	19		
- Total outstanding dues of Micro and Small Enterprises		242	40
- Total outstanding dues other than Micro and Small Enterprises		58,152	57,991
(iii) Other Financial Liabilities	17	16,465	9,983
(b) Other Current Liabilities	20	8,522	16,617
(c) Provisions	18	979	1,759
Total Current Liabilities		87,360	91,112
Total Liabilities		1,39,777	1,13,084
Total Equity and Liabilities		3,23,750	3,09,799

See accompanying notes forming part of the Consolidated Financial Statements 1-50

As per our separate report of even date.

On behalf of the Board of Directors

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

 Abhaykumar Firodia
Chairman

 Prasan Firodia
Managing Director

 Suhas Deshpande
Partner
Membership No. : 031787

 Sanjay Kumar Bohra
Chief Financial Officer

 Kishore P. Shah
Company Secretary

 Place : Pune
Date : 28th May 2021

 Place : Pune
Date : 28th May 2021

**62nd Annual Report 2020-21** (Consolidated)**Consolidated Statement of Profit and Loss for the year ended 31st March 2021**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
I INCOME			
(a) Revenue from Operations	22	1,98,819	3,08,052
(b) Other Income	23	2,489	4,277
Total Income		2,01,308	3,12,329
II EXPENSES			
(a) Cost of Materials consumed		1,52,036	2,14,014
(b) Changes in Inventories of Finished Goods and Work-in-progress	24	(2,665)	8,265
(c) Employee benefits expense	25	35,115	40,658
(d) Finance costs	26	2,822	2,785
(e) Depreciation and Amortization expense	27	17,367	19,452
(f) Other expenses	28	26,319	31,816
(g) Expenditure included in the above items capitalised		(13,296)	(13,589)
Total Expenses		2,17,698	3,03,401
III Profit / (Loss) before share of Profit / (Loss) of Joint Venture and exceptional items		(16,390)	8,928
IV Share of Profit / (Loss) of Joint Venture		(1,195)	(821)
V Profit / (Loss) before exceptional items and tax		(17,585)	8,107
VI Exceptional Items		--	(3,906)
VII Profit / (Loss) Before Tax		(17,585)	4,201
VIII Tax Expense	8		
(a) Current tax		10	907
(b) Deferred tax		(5,241)	(1,731)
(c) Taxation in respect of earlier years		--	(2)
Total Tax Expense		(5,231)	(826)
IX Profit / (Loss) for the year		(12,354)	5,027
X Attributable to			
(a) Owners of the Company		(12,363)	5,017
(b) Non-controlling interest	21	9	10
		(12,354)	5,027
XI Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss			
(i) Re-measurements of net defined benefit liability		271	155
(ii) Equity instrument through Other Comprehensive Income		897	(266)
(iii) Share of Other Comprehensive Income of Joint Venture		2	(1)
		1,170	(112)
(b) Income tax relating to items that will not be reclassified to Profit or Loss			
(i) Taxes on re-measurements of net defined benefit liability		(94)	(54)
(ii) Taxes on Equity instrument through Other Comprehensive Income		(93)	19
(iii) Share in taxes on Other Comprehensive Income of Joint Venture		(1)	--*
		(188)	(35)
Total Other Comprehensive Income		982	(147)
Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the year)		(11,372)	4,880
XII Attributable to			
(a) Owners of the Company		(11,381)	4,870
(b) Non-controlling interest	21	9	10
		(11,372)	4,880
XIII Basic and Diluted Earnings Per Equity Share			
[Nominal value per share ₹ 10] ₹	29	(93.83)	38.08

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

See accompanying notes forming part of the Consolidated Financial Statements

1-50

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021

Consolidated Statement of Changes in Equity for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Balance as at 1st April 2019	Changes in Equity Share Capital during the year	Balance as at 31st March 2020
1,318	--	1,318
Balance as at 1st April 2020	Changes in Equity Share Capital during the year	Balance as at 31st March 2021
1,318	--	1,318

B. Other Equity

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Total	Non-controlling Interest
	Securities Premium	General Reserve	Retained Earnings			
Balance as at 1st April 2019	5,920	34,691	1,50,050	1,342	1,92,003	171
Profit / (Loss) for the year	--	--	5,017	--	5,017	10
Other Comprehensive Income (Net of tax)	--	--	100	(247)	(147)	--
Dividends (including dividend distribution tax)	--	--	(1,589)	--	(1,589)	--
Share in Cost of issue of shares of Joint Venture	--	--	(68)	--	(68)	--
Transfer to General Reserve	--	5	(5)	--	--	--
Balance as at 31st March 2020	5,920	34,696	1,53,505	1,095	1,95,216	181
Balance as at 1st April 2020	5,920	34,696	1,53,505	1,095	1,95,216	181
Profit / (Loss) for the year	--	--	(12,363)	--	(12,363)	9
Other Comprehensive Income (Net of tax)	--	--	178	804	982	--
Dividends	--	--	(1,318)	--	(1,318)	--
Share in Cost of issue of shares of Joint Venture	--	--	(52)	--	(52)	--
Transfer to General Reserve	--	5	(5)	--	--	--
Balance as at 31st March 2021	5,920	34,701	1,39,945	1,899	1,82,465	190

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

 Place : Pune
Date : 28th May 2021

 Place : Pune
Date : 28th May 2021

**62nd Annual Report 2020-21** (Consolidated)**Consolidated Statement of Cash Flows for the year ended 31st March 2021**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
A. Cash flow from Operating Activities		
Profit / (Loss) before tax	(17,585)	4,201
Adjustments for		
Depreciation and Amortization expense	17,367	19,452
Net exchange differences (unrealised)	(394)	234
Interest Income	(311)	(2,195)
Dividend income on Equity Securities	--	(4)
Loss / (Gain) on disposal of Property, Plant and Equipment	2,225	(9)
Finance Costs	2,822	2,785
Inventory write down	240	190
Share of (Profit) / Loss in Joint Venture	1,195	821
Operating Profit before Working Capital adjustments	5,559	25,475
Working Capital adjustments		
(Increase) / Decrease in		
Trade Receivables	4,337	(191)
Inventories	(869)	(4,987)
Other Financial Assets	96	(127)
Other Non-financial Assets	(22)	1,098
Trade Payables	472	18,233
Financial Liabilities	222	(27)
Non-financial Liabilities	(8,180)	3,385
Provisions	(606)	(306)
Cash generated from Operations	1,009	42,553
Income Tax paid (Net)	(275)	(1,634)
Net cash flow from / (used in) Operating Activities	734	40,919
B. Cash flow from Investing Activities		
Payments for Property, Plant and Equipment and Intangible Assets	(45,324)	(45,842)
Proceeds from sale of Property, Plant and Equipment and Intangible Assets	80	64
Withdrawal of deposits from Financial Institution	13,500	17,500
Interest received	1,031	2,165
Investments in Joint Venture	(2,550)	(6,630)
Dividends received	--	4
Net Cash flow from / (used in) Investing Activities	(33,263)	(32,739)
C. Cash flow from Financing Activities		
Proceeds from / (Repayment of) borrowings (Net)	33,474	2,385
Interest paid	(2,811)	(2,769)
Dividends paid (including Dividend distribution Tax)	(1,318)	(1,589)
Net Cash flow from / (used in) Financing Activities	29,345	(1,973)
Net increase / (decrease) in Cash and Cash equivalents	(3,184)	6,207
Cash and Cash equivalents at beginning of the financial year	6,636	429
Cash and Cash equivalents at end of the financial year	3,452	6,636
Cash and Cash equivalents as per Note 12	3,472	6,640
Effects of exchange rate fluctuations on Cash and Cash equivalents held	(20)	(4)
	3,452	6,636

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021

Notes to Consolidated Financial Statements for the year ended 31st March 2021

1. GROUP INFORMATION

Holding Company

Force Motors Limited (**the Company**) is a Public Limited Company domiciled and incorporated in India. The Registered Office of the Company is situated at Mumbai-Pune Road, Akurdi, Pune - 411035. The Company's ordinary shares are listed on the Bombay Stock Exchange.

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

Subsidiary Company

Tempo Finance (West) Private Limited, a Subsidiary Company of Force Motors Limited, is domiciled and incorporated in India, having its Registered Office at Mumbai-Pune Road, Akurdi, Pune – 411035. The Company is engaged in providing financial services.

The Holding Company, the Subsidiary Company together referred to as the Group.

Joint Venture Company

Force MTU Power Systems Private Limited (FMTU), is a Private Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. It is a joint venture between Force Motors Limited and MTU Friedrichshafen GmbH. The Company is in the business of manufacturing Engines & Generator sets.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

(b) Basis of Preparation

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

(c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary and Joint Venture, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

The consolidated financial statements include results of the subsidiary company, consolidated in accordance with Ind AS 110 (Consolidated Financial Statements) and Ind AS 28 (Investment in Associates and Joint Ventures).

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting.

(d) Revenue Recognition

(i) Sales

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

(ii) Other Incomes

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

(e) Inventories

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

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

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

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

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

(f) Property, Plant and Equipment

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

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

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

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

(g) Intangible Assets

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

Intangible Assets internally generated

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

(h) Investment Property

Investment property is measured at cost less accumulated depreciation.

(i) Impairment of Assets

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

(j) Depreciation & Amortization

(i) Property, Plant and Equipment

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

(ii) Intangible Assets

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

(k) Borrowing Costs

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

(l) Research and Development Expenses

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

(m) Leases

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

(i) Where the Group is the Lessee

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

Short-term leases and leases of low-value assets

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

(ii) Where the Group is the Lessor

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

(n) Earnings per Share

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

(o) Foreign currency transactions

Transactions and balances

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

(p) Functional and presentation currency

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

(q) Employee Benefits

Defined benefit plans

- The accruing liability of Gratuity is covered by Employees Group Gratuity Scheme of Life Insurance Corporation of India (LIC) and the premium is accounted for in the year of accrual. The additional liability, if any, due to deficit in the Plan assets managed by LIC as compared to the present value of accrued liability on the basis of actuarial valuation, is recognized and provided for.
- Provident fund contributions are made to Group's Provident Fund Trust. The contributions are accounted for as defined benefit plans and are recognized as employee benefits expense when they are due. Deficits, if any, of the fund as compared to liability on the basis of an independent actuarial valuation is to be additionally contributed by the Group.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

- (iii) Current service cost and net interest on defined benefit obligation are directly recognized in the Statement of Profit and Loss.
- (iv) Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

- (i) The Group's superannuation scheme is a defined contribution plan. The contributions are recognized as employee benefit expenses when they are due.
- (ii) Benefits in respect of compensated absence payable after 12 months are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.
- (iii) Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority and recognized as expense as and when due.

(r) Hire Purchase

The Group follows Equated Balance Method for the implicit rate for accounting the income from Hire Purchase. Directions and guidelines issued by the Reserve Bank of India in respect of income recognition, asset classification and provision for bad and doubtful debts have been followed.

(s) Taxation

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

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

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

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

(t) Provisions and Contingent Liabilities

(i) Provision

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

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

(ii) Contingent Liability

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

(u) Incentives

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

(v) Financial instruments

Equity investments at fair value through other comprehensive income

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

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

(w) Fair value measurement

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

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

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

(x) Use of estimates & judgements

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

- (i) Estimation of defined benefit obligation – refer Note 37.
- (ii) Estimation of provision for warranty claims – refer Note 18.
- (iii) Estimated useful life of property, plant and equipments - refer Note 2 (j) (i) above.
- (iv) Estimated useful life of intangible assets - refer Note 2(j) (ii) above.
- (v) Estimation of provision for Tax expenses - refer 2 (s) above.

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

(y) Recent accounting pronouncements

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

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1st April 2021.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	Land		Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Aircrafts	Total	Capital Work-in-Progress
	Freehold	Leasehold								
Gross carrying amount										
Balance as at 1st April 2020	868	2,553	31,725	1,98,896	2,101	5,069	1,254	17,990	2,60,456	17,484
Additions	--	--	181	5,859	11	367	62	273	6,753	21,851
Disposals / Adjustments	--	--	--	1,324	42	350	50	13,595	15,361	2,462
Balance as at 31st March 2021	868	2,553	31,906	2,03,431	2,070	5,086	1,266	4,668	2,51,848	36,873
Accumulated depreciation										
Balance as at 1st April 2020	--	123	9,905	1,24,384	1,128	2,438	881	5,524	1,44,383	
Depreciation for the year	--	32	1,153	10,168	153	471	127	860	12,964	
Disposals / Adjustments	--	--	--	1,313	38	206	42	5,172	6,771	
Balance as at 31st March 2021	--	155	11,058	1,33,239	1,243	2,703	966	1,212	1,50,576	
Carrying amounts (Net)										
As at 31st March 2021	868	2,398	20,848	70,192	827	2,383	300	3,456	1,01,272	36,873
As at 31st March 2020	868	2,430	21,820	74,512	973	2,631	373	12,466	1,16,073	17,484

Notes :

- Refer to Note 35 for Lease.
- Refer to Note 31 (b) for disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.
- Capital Work-in-progress mainly comprises Plant & Equipment.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

4. INVESTMENT PROPERTY

Particulars	Industrial Shed
Gross carrying amount	
Balance as at 1st April 2020	794
Additions	--
Disposals / Adjustments	--
Balance as at 31st March 2021	794
Accumulated depreciation	
Balance as at 1st April 2020	240
Depreciation for the year	24
Disposals / Adjustments	--
Balance as at 31st March 2021	264
Carrying amounts (Net)	
As at 31st March 2021	530
As at 31st March 2020	554

Information regarding income and expenditure of Investment Property

Particulars	As at 31st March 2021	As at 31st March 2020
Rental income derived from investment property	--	--
Direct operating expenses (including repairs and maintenance) generating rental income	--*	--*
Income arising from investment property before depreciation and indirect expenses	--*	--*
Less : Depreciation	24	24
Income from investment property	(24)	(24)

Leasing arrangements

The Group's investment property consists of industrial property situated at Chakan, Pune. Refer Note 35 (a).

Fair Value

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

Particulars	As at 31st March 2021	As at 31st March 2020
Industrial Property	2,902	2,902

Reconciliation of fair value

Particulars	Industrial Property
Balance as at 1st April 2020	2,902
Change in fair value	--
Balance as at 31st March 2021	2,902

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


Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

5. INTANGIBLE ASSETS

Particulars	Software	Technical Know-how acquired	Technical Know-how acquired upto 1st April 2003	Technical Know-how internally generated	Total	Intangible Assets under development
Gross carrying amount						
Balance as at 1st April 2020	4,853	5,989	822	26,450	38,114	27,023
Additions	290	60	--	1,189	1,539	9,444
Disposals / Adjustments	--	--	--	--	--	855
Balance as at 31st March 2021	5,143	6,049	822	27,639	39,653	35,612
Accumulated Amortization						
Balance as at 1st April 2020	3,782	4,519	822	5,602	14,725	--
Amortization for the year	495	514	--	3,370	4,379	--
Disposals / Adjustments	--	--	--	--	--	--
Balance as at 31st March 2021	4,277	5,033	822	8,972	19,104	--
Carrying amounts (Net)						
As at 31st March 2021	866	1,016	--	18,667	20,549	35,612
As at 31st March 2020	1,071	1,470	--	20,848	23,389	27,023

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

6. FINANCIAL ASSETS : INVESTMENTS (NON-CURRENT)

	As at 31st March 2021	As at 31st March 2020
A. Investments at fair value through Other Comprehensive Income (FVTOCI)		
(a) Unquoted Equity Shares (fully paid)		
(i) 1 (31st March 2020 : 1) Equity Share of ₹ 10/-, fully paid in MAN Trucks & Bus India Pvt. Ltd.	--*	--*
(ii) 50,000 (31st March 2020 : 50,000) Equity Shares of ₹ 10/- each, fully paid in Pithampur Auto Cluster Ltd.	5	5
(iii) 5 (31st March 2020 : 5) Equity Shares of ₹ 50/- each, fully paid in Mittal Tower Premises Co-operative Society Ltd.	--*	--*
(b) Quoted Equity Shares (fully paid)		
3,47,187 (31st March 2020 : 3,47,187) Equity Shares of ₹ 2/- each, fully paid in ICICI Bank Ltd.	2,021	1,124
Total FVTOCI Investments	2,026	1,129
B. Investment at Cost		
Unquoted Equity Shares (fully paid)		
In Joint Venture		
10,51,62,000 (31st March 2020 : 7,96,62,000) Equity Shares of ₹ 10/- each, fully paid in Force MTU Power Systems Pvt. Ltd. (Refer Note 48)	7,964	6,659
Total Investments	9,990	7,788
Aggregate book value of quoted investments	2,021	1,124
Aggregate market value of quoted investments	2,021	1,124
Aggregate value of unquoted investments	7,969	6,664
Aggregate amount of impairment in the value of investments	--	--

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

For determination of fair values of quoted equity investments, the investments classified as FVTOCI. Refer Note 38.

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

7. FINANCIAL ASSETS : LOANS AND ADVANCES

	As at 31st March 2021	As at 31st March 2020
Non-current		
(a) Security Deposits		
(i) Considered Good - Unsecured	1,505	1,534
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	2	1
(ii) Which have significant increase in Credit Risk (Doubtful)	--	--
	<u>2</u>	<u>1</u>
Less : Allowances for expected credit losses	--	--
	<u>2</u>	<u>1</u>
Total Non-current Loans and Advances	<u>1,507</u>	<u>1,535</u>
Current		
(a) Security Deposits		
Considered Good - Unsecured	45	45
(b) Other Loans and Advances		
(i) Considered Good - Unsecured	62	136
(ii) Credit impaired (Doubtful)	--	--
	<u>62</u>	<u>136</u>
Total Current Loans and Advances	<u>107</u>	<u>181</u>
Total Loans and Advances	<u>1,614</u>	<u>1,716</u>

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

8. CURRENT AND DEFERRED TAX

	As at 31st March 2021	As at 31st March 2020
A. Statement of Profit or Loss		
(a) Current Tax		
(i) Current Income Tax charge	10	907
(ii) Taxation in respect of earlier years	--	(2)
(b) Deferred Tax		
Relating to origination and reversal of temporary differences	(5,241)	(1,731)
Income Tax expense reported in the Statement of Profit and Loss	(5,231)	(826)
(c) Other Comprehensive Income (OCI)		
Deferred tax related to items recognized in OCI during the year		
(i) Re-measurements on defined benefit plan	(94)	(54)
(ii) Quoted Equity Instruments	(93)	19
Income Tax recognized in OCI	(187)	(35)
	As at 31st March 2021	As at 31st March 2020
B. Balance Sheet		
(a) Current Tax Assets		
Advance Income Tax	1,298	1,032
Total Current Tax Assets (Net)	1,298	1,032
(b) Current Tax Liabilities		
Provision for Income Tax	--	--
Total Current Tax Liabilities (Net)	--	--
(c) Deferred Tax		
(i) Deferred Tax Assets (DTA)	31,381	27,256
(ii) Deferred Tax Liabilities (DTL)	(25,621)	(26,549)
Net Deferred Tax Assets / (Liabilities)	5,760	707

Reconciliation of tax expense and the accounting profit for the year ended 31st March 2021 and 31st March 2020

	As at 31st March 2021	As at 31st March 2020
Accounting Profit / (Loss) Before Tax	(17,585)	4,201
(a) Tax as per Income Tax Act	(5,731)	1,751
(b) Tax Expense		
(i) Current Tax	10	907
(ii) Deferred Tax	(5,241)	(1,731)
(iii) Taxation in respect of earlier years	--	(2)
Total Tax Expense	(5,231)	(826)
(c) Difference (a-b)	(500)	2,577
(d) Tax Reconciliation		
(i) Permanent Dis-allowances	(474)	(469)
(ii) Allowances and accelerated deductions	(26)	3,047
(iii) MAT credit	--	(3)
(iv) Taxation in respect of earlier years	--	2
Total	(500)	2,577

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Deferred Tax Assets and Liabilities are as follows :

Deferred Tax Assets / (Liabilities) in relation to
Deferred Tax relates to the following : DTA / (DTL)

- (a) Property, Plant and Equipment
- (b) Provision for doubtful advances
- (c) Dis-allowance u/s 43B of the Income Tax Act
- (d) Prepaid taxes claimed u/s 43B
- (e) Carry forward Income tax loss
- (f) MAT credit entitlement
- (g) Quoted Equity Instrument through Other Comprehensive Income
- (h) Unquoted Equity Instrument through Other Comprehensive Income

Net Deferred Tax Assets / (Liabilities)

Balance Sheet	
As at 31st March 2021	As at 31st March 2020
(25,521)	(26,545)
52	52
1,686	2,022
(7)	(5)
11,001	6,541
18,640	18,640
(93)	--
2	2
5,760	707

Significant components of net Deferred Tax Assets and Liabilities for the year ended 31st March 2021 are as follows :

Movement in temporary differences	As at 1st April 2020	Recognized in Profit or Loss during 2020-21	Recognized in Other Comprehensive Income during 2020-21	As at 31st March 2021
Property, Plant and Equipment	(26,545)	1,024	--	(25,521)
Provision for doubtful advances	52	--	--	52
Dis-allowance u/s 43B of the Income Tax Act	2,022	(241)	(94)	1,686
Prepaid taxes claimed u/s 43B	(5)	(2)	--	(7)
Carry forward Income tax loss	6,541	4,460	--	11,001
MAT credit entitlement	18,640	--	--	18,640
Quoted Equity Instrument through Other Comprehensive Income	--	--	(93)	(93)
Unquoted Equity Instrument through Other Comprehensive Income	2	--	--	2
	707	5,241	(187)	5,760

The deferred tax liability on taxable temporary difference relating to investment in subsidiary is not provided since the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. The deferred tax liability of ₹ 100 Lakhs (31st March 2020 : ₹ 94 Lakhs) has not been recognized.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

9. OTHER ASSETS

	As at 31st March 2021	As at 31st March 2020
Non-current		
(a) Capital Advances		
Considered Good - Unsecured	23,477	12,537
Total Non-current Other Assets	23,477	12,537
Current		
(a) Advances recoverable in cash or kind (includes Govt. Incentives, Taxes, Refunds, etc.)		
(i) Considered Good - Unsecured	8,097	8,075
(ii) Doubtful	108	108
	8,205	8,183
Less : Provision for doubtful advances	108	108
Total Current Other Assets	8,097	8,075
Total Other Assets	31,574	20,612

10. INVENTORIES (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Raw Materials and Components*	35,121	36,922
(b) Finished goods	12,688	9,527
(c) Work-in-progress	5,226	5,722
(d) Stores and spares	2,747	2,981
* [Include Goods in transit : ₹ 10,144 Lakhs (31st March 2020 : ₹ 14,093 Lakhs)]		
Total Inventories	55,782	55,152

The write-down of inventories to net realisable value during the year amounted to ₹ 240 Lakhs (31st March 2020 : ₹ 190 Lakhs). The write-down are included in the cost of material consumed or changes in inventories of finished goods and work-in-progress.

11. TRADE RECEIVABLES (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Considered Good - Unsecured	12,599	16,872
(b) Which have significant increase in Credit Risk (Doubtful)	40	40
	12,639	16,912
Less : Provision for Doubtful Receivables	40	40
Total Trade Receivables	12,599	16,872

Trade Receivables are not credit impaired.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

12. CASH AND CASH EQUIVALENTS (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Cash and Cash equivalents		
(i) Balances with Banks	3,215	6,397
(ii) Short term deposits with Banks	253	230
(iii) Cheques on hand	--	6
(iv) Cash on hand	4	7
	3,472	6,640
(b) Other Bank balances		
(i) Unpaid Dividend Accounts	62	56
(ii) Margin money and Security deposit	164	164
	226	220
Total Cash and Cash equivalents	3,698	6,860

13. OTHER FINANCIAL ASSETS (CURRENT)

	As at 31st March 2021	As at 31st March 2020
(a) Interest accrued on deposits	15	736
(b) Corporate deposits	300	13,800
(c) Receivables against sale of Capital Goods	6,283	--
Total Other Financial Assets	6,598	14,536

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

14. EQUITY SHARE CAPITAL

	As at 31st March 2021	As at 31st March 2020
Authorised		
2,00,00,000 (31st March 2020 : 2,00,00,000) Equity Shares of ₹ 10/- each	2,000	2,000
Issued		
1,32,13,802 (31st March 2020 : 1,32,13,802) Equity Shares of ₹ 10/- each	1,321	1,321
Subscribed and Paid-up		
1,31,76,262 (31st March 2020 : 1,31,76,262) Equity Shares of ₹ 10/- each fully paid up	1,318	1,318
[of the above 2,00,918 (31st March 2020 : 2,00,918) Equity Shares are allotted as fully paid shares pursuant to a contract without payment being received in cash and 57,29,934 (31st March 2020 : 57,29,934) Equity Shares are allotted as fully paid Bonus Shares by capitalisation of reserves]		
[These allotments were made before earlier financial year and not in the period of five years preceding 31st March 2021 or 31st March 2020].		
Add: Amount paid for Forfeited shares	--*	--*
Total Equity Share Capital	1,318	1,318

Note : Offer on Right basis for 17,932 (31st March 2020 : 17,932) Equity Shares of ₹ 10/- each is kept in abeyance as per the provisions of Section 126 of the Act.

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

Particulars	As at 31st March 2021		As at 31st March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,31,76,262	1,318	1,31,76,262	1,318
Issued / Reduction during the year	--	--	--	--
Shares outstanding at the end of the year	1,31,76,262	1,318	1,31,76,262	1,318

(b) Terms / rights attached to Equity Shares

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

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
(d) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company is a subsidiary of Jaya Hind Industries Private Limited (earlier known as Jaya Hind Industries Limited), which holds 57.38% (31st March 2020 : 57.38%), 75,59,928 (31st March 2020 : 75,59,928) shares in the Company.

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

Name of the Shareholder	As at 31st March 2021		As at 31st March 2020	
	No. of Shares of ₹ 10/- each fully paid	% of Holding	No. of Shares of ₹ 10/- each fully paid	% of Holding
Jaya Hind Industries Private Limited	75,59,928	57.38%	75,59,928	57.38%

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


Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

15. OTHER EQUITY

	As at 31st March 2021	As at 31st March 2020
I. Reserves and Surplus		
(a) Securities Premium	5,920	5,920
(b) General Reserve		
(i) Opening balance	34,696	34,691
(ii) Add : Transferred from retained earnings	7	7
	34,703	34,698
(iii) Less : Transferred to non-controlling interest	2	2
Closing balance	34,701	34,696
(c) Retained Earnings		
(i) Opening balance	1,53,505	1,50,050
(ii) Net profit / (Loss) for the year	(12,354)	5,027
(iii) Comprehensive income for the year	178	100
	1,41,329	1,55,177
Adjustments		
(i) Equity Dividend	1,318	1,318
(ii) Tax on Equity Dividend	--	271
(iii) Transfer to General Reserve	7	7
(iv) Share in Cost of issue of shares of Joint Venture	52	68
	1,39,952	1,53,513
Less : Transferred to non-controlling interest	7	8
Closing Balance	1,39,945	1,53,505
II. Equity instruments through Other Comprehensive Income		
Opening Balance	1,095	1,342
Adjustments		
FVTOCI Equity Investments - change in fair value	804	(247)
Closing Balance	1,899	1,095
Total Other Equity	1,82,465	1,95,216

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

16. FINANCIAL LIABILITIES: BORROWINGS

	As at 31st March 2021	As at 31st March 2020
Non-current		
Term Loans from Bank (Secured)	42,242	26,250
Non-convertible Debentures (Secured)	19,000	--
	61,242	26,250
Less : Current maturities of Non-current Borrowings disclosed under the head Current Other Financial Liabilities (Refer Note 17)	11,864	7,500
Total Non-current Borrowings	49,378	18,750
(Refer Note 39 (b) for maturity pattern of Borrowings)		
Current		
Working Capital Loan from Banks (Secured)	3,000	4,722
Total Current Borrowings	3,000	4,722
Total Borrowings	52,378	23,472

- **Term Loan** is secured by hypothecation, by way of exclusive first charge on specific Plant and Machinery, being movable properties, secured as a continuing security for the repayment of Term Loan together with interest. The term loan is repayable in quarterly installments over a period of five years, including moratorium.
- **Non-Convertible Debentures** : The Company has issued 190, 5.85% Secured unlisted rated redeemable non-convertible debentures of ₹ 100 Lakhs each, total amounting to ₹ 19,000 Lakhs. The debentures are secured by way of first ranking exclusive charge over the specific movable fixed assets. The debentures are redeemable over a period of four years (including moratorium) starting from 15th May 2022.
- **Working Capital Loans** are secured by hypothecation of Company's stock of raw materials, work-in-progress, finished goods, consumable stores, spares, bills receivable and book debts, both present and future. The Fund Based Limits are payable on demand to the Banks.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

17. OTHER FINANCIAL LIABILITIES

	As at 31st March 2021	As at 31st March 2020
Current		
(a) Current maturities of Non-current Borrowings (Refer Note 16)		
(i) Term Loan from Banks (Secured)	11,864	7,500
(b) Deposits matured but not claimed	2	3
(c) Interest on borrowings		
(i) Accrued and due on Loans	194	184
(ii) Accrued but not due on NCD	137	--
(iii) Accrued and due on unclaimed deposits	--*	--*
(d) Unclaimed dividend	62	56
(e) Creditors for Capital Goods	3,513	1,628
(f) Security deposits	279	269
(g) Other payables	414	343
Total Current Other Financial Liabilities	16,465	9,983

18. PROVISIONS

	As at 31st March 2021	As at 31st March 2020
Non-Current		
(a) Provision for Employee benefits (Refer Note 37)	2,923	2,998
(b) Provision for Product Warranties	28	51
Total Non-current Provisions	2,951	3,049
Current		
(a) Provision for Employee benefits (Refer Note 37)	816	1,486
(b) Provision for Product Warranties	163	273
Total Current Provisions	979	1,759
Total Provisions	3,930	4,808

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

Movement in Product Warranties

	As at 31st March 2021	As at 31st March 2020
Product Warranties		
(a) Opening Balance	324	443
(b) Additional Provision made during the year	140	255
(c) Amount paid during the year	(205)	(217)
(d) Amount written back	(68)	(157)
Closing Balance	191	324

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

19. TRADE PAYABLES

	As at 31st March 2021	As at 31st March 2020
(a) Total outstanding dues of Micro and Small Enterprises	242	40
(b) Total outstanding dues of other than Micro and Small Enterprises	58,152	57,991
Total Trade Payables	58,394	58,031

20. OTHER LIABILITIES

	As at 31st March 2021	As at 31st March 2020
Non-current		
Service Coupon Liability	88	173
Total Non-current Other Liabilities	88	173
Current		
(a) Advance against orders and deposits	6,133	15,215
(b) Statutory dues	2,147	1,032
(c) Service Coupon Liability	242	370
Total Current Other Liabilities	8,522	16,617
Total Other Liabilities	8,610	16,790

Movement in Service Coupon Liability

	As at 31st March 2021	As at 31st March 2020
Free Service Coupons		
(a) Opening balance	543	582
(b) Additional provisions made during the year	425	463
(c) Amount paid during the year	(638)	(413)
(d) Amount written back	--	(89)
Closing balance	330	543

21. NON-CONTROLLING INTEREST (NCI)

	As at 31st March 2021	As at 31st March 2020
Tempo Finance (West) Private Limited		
Non-controlling Interest (%)	33.57%	33.57%
Current Assets	567	540
Current Liabilities	(1)	(1)
Net Assets	566	539
Net Assets attributable to NCI	190	181
Net Profit for the period of Tempo Finance (West) Private Limited	27	28
Net Profit attributable to NCI	9	10

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

22. REVENUE FROM OPERATIONS

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Sale of Products	1,95,187	3,05,308
(b) Interest income	37	39
(c) Other Operating Revenue		
(i) Service charges	330	193
(ii) Others	3,265	2,512
Total Revenue from Operations	1,98,819	3,08,052

23. OTHER INCOME

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Interest income	429	2,393
(b) Dividend income from Equity Investments designated at FVTOCI	--	4
(c) Gain on Exchange fluctuation	272	249
(d) Lease / Rental income	439	313
(e) Profit on sale of assets	96	32
(f) Others	1,253	1,286
Total Other Income	2,489	4,277

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

	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Stock		
(a) Finished Goods	9,527	17,008
(b) Work-in-progress	5,722	6,506
	15,249	23,514
Closing Stock		
(a) Finished Goods	12,688	9,527
(b) Work-in-progress	5,226	5,722
	17,914	15,249
Total Changes in Inventories of Finished Goods and Work-in-progress	(2,665)	8,265

25. EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Salaries, Wages and Bonus	31,813	36,836
(b) Contribution to Provident, Other Funds and Schemes	2,495	2,694
(c) Staff Welfare expenses	807	1,128
Total Employee Benefits Expense	35,115	40,658

26. FINANCE COSTS

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Interest expense	2,761	2,682
(b) Other borrowing costs	39	47
(c) Net interest cost on net defined benefit obligations	22	56
Total Finance Costs	2,822	2,785

Borrowing cost of ₹ 307 lakhs, at the actual borrowing rates, has been capitalised during the current financial year.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

27. DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Depreciation of Property, Plant and Equipment	12,964	15,823
(b) Amortization of Intangible Assets	4,379	3,605
(c) Depreciation on Investment Property	24	24
Total Depreciation and Amortization Expense	17,367	19,452

28. OTHER EXPENSES

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Consumption of Stores and Spares	4,485	6,569
(b) Fabrication and Processing charges	744	875
(c) Power and Fuel	3,522	4,725
(d) Forwarding charges	1,493	2,695
(e) Rent	276	270
(f) Rates and Taxes	531	176
(g) Insurance	722	585
(h) Repairs and Maintenance		
(i) Plant and Machinery	1,682	2,160
(ii) Buildings	332	572
(iii) Others	159	214
(i) Publicity and Sales promotion	864	2,305
(j) Payments to Auditors (Refer details below)	31	32
(k) Donation	1,009	861
[Includes donation under Section 182 of the Companies Act, 2013 : ₹ Nil (31st March 2020 : ₹ 425 Lakhs)]		
(l) Expenditure on Corporate Social Responsibility (Refer Note 43)	301	420
(m) Loss on sale of assets	2,321	23
(n) Others / Miscellaneous Expenses	7,847	9,334
Total Other Expenses	26,319	31,816

Details of payments to Auditors

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Audit fees	24	24
(b) Tax Audit fees	1	1
(c) Limited review and Certification work	6	6
(d) Reimbursement of expenses	--*	1
Total payments to Auditors	31	32

29. EARNINGS PER SHARE

	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Profit / (Loss) attributable to Equity Shareholders	(12,363)	5,017
(b) Weighted average number of Equity Shares used as Denominator	1,31,76,262	1,31,76,262
(c) Basic and Diluted Earnings Per Share of nominal value of ₹ 10/- each : ₹	(93.83)	38.08

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

30. EXPENDITURE CAPITALISED

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

31. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March 2021	As at 31st March 2020
(a) Contingent Liabilities		
Claims against the Group not acknowledged as debts		
(i) Taxes and Duties	7,507	7,570
(ii) Others (including Court cases pending)	3,752	3,688
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	28,500	24,083
(c) As reported earlier, a foreign company has initiated legal proceedings in a foreign court, in respect of notional and unfounded claims for damages, without there being any enforceable agreement, relating to export business. The Group has obtained opinion from a Senior Counsel, in respect of these alleged claims against the Company. The Company has been advised that such notional / unfounded claims are not as per the applicable law nor these claims, if any, can be enforced in the Court of Law in India. This information is being disclosed as per the provisions of Schedule III to the Companies Act, 2013, only to indicate the alleged claims made against the Company and the developments in respect thereof. Moreover, considering the period lapsed, since the conclusion of the said legal proceedings, the Company does not expect any impact of this litigation on its financial position.		

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

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

	As at 31st March 2021	As at 31st March 2020
(a) The amounts remaining unpaid to Micro and Small Enterprises as at the end of the year		
(i) Principal	242	40
(ii) Interest	--	--
(b) Amount of interest - paid by the Company, accrued and remaining unpaid and amount of further interest remaining due and payable in the succeeding years until such date when the interest dues above are actually paid.	--	--

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

33. FOREIGN EXCHANGE DIFFERENCES

The amount of net exchange differences included in the Profit / Loss for the year on Revenue account is ₹ 223 Lakhs Credit (31st March 2020 : ₹ 342 Lakhs Credit) and on Capital account is ₹ 49 Lakhs Credit (31st March 2020 : ₹ 93 Lakhs Debit).

34. EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Group's expenditure on its Research and Development activity during the year under report was as follows :

	As at 31st March 2021	As at 31st March 2020
(a) Capital Expenditure	10,845	19,991
(b) Revenue Expenditure	11,209	8,948

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

As per the Indian Accounting Standard (Ind AS 38) – Intangible Assets, the Group has recognized Intangible Assets, arising out of in-house Research and Development activities of the Group, by capitalising the revenue expenditure, amounting to ₹ 8,136 Lakhs (31st March 2020 : ₹ 13,574 Lakhs).

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



Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

35. LEASES

Operating Leases

As a Lessor

(a) Industrial Shed at Chakan

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

(b) Freehold land

Out of the freehold land at Akurdi, Pune

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

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

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

As a Lessee

Leasehold land

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

36. RELATED PARTY DISCLOSURES

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

Name of the Related Party

Nature of relationship

(a) Jaya Hind Industries Private Limited (earlier known as Jaya Hind Industries Limited)	Holding Company
(b) Tempo Finance (West) Private Limited	Subsidiary Company
(c) Force MTU Power Systems Private Limited	Joint Venture Company

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

Name of the Related Party

Nature of relationship

A. Key Management Personnel (KMP)

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

B. Other Entities

(a) Jaya Hind Montupet Private Limited	Entity controlled by KMP of Company
(b) Pinnacle Industries Private Limited (earlier known as Pinnacle Industries Limited)	Entity controlled by KMP of Company
(c) VDL Pinnacle Engineering India Private Limited	Entity controlled by KMP of Company
(d) Kider (India) Private Limited	Entity controlled by KMP of Company
(e) Bajaj Tempo Limited Provident Fund	Post employment benefit Trust
(f) Sakal Media Private Limited	Entity controlled by KMP of Company
(g) Amar Prerana Trust	Entity controlled by KMP of Company
(h) Navalmal Firodia Memorial Hospital Trust	Entity controlled by KMP of Company
(i) Antardisha	Entity controlled by KMP of Company

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

III. Transactions with Related Parties

Name of Related Party	2020-21		2019-20	
	Amount of transaction during the year	Balance as at 31st March 2021 Receivables / (Payables)	Amount of transaction during the year	Balance as at 31st March 2020 Receivables / (Payables)
A. Holding Company				
Jaya Hind Industries Private Limited				
(i) Purchase of Capital Goods	267		937	
(ii) Purchase of Raw Materials, Components & Others	4,441		7,511	
(iii) Sundry Sales	202		412	(2,625)
(iv) Service Charges recovered	110	(2,403)	74	857
(v) Processing Charges recovered	23	434	46	
(vi) Dividend paid	756		756	
(vii) Lease / Rent recovered	530		374	
(viii) Expenses recovered	2		--	
B. Key Management Personnel				
(a) Remuneration				
(i) Short term employee benefits (including Commission)	309	(59)	657	(285)
(ii) Post employment benefits	20		31	
(iii) Other long-term benefits	30		42	
(b) Others				
(i) Dividend paid	49	--	49	--
(ii) Sitting fees	41	--	39	--
C. Other Entities				
(a) Force MTU Power Systems Private Limited				
(i) Service charges/Expenses recovered	657		676	
(ii) Contribution to Equity	2,550		6,630	
(iii) Royalty for use of Trademark	--*	947	--*	316
(iv) Sundry sales	--*	--	--	
(b) Jaya Hind Montupet Private Limited				
(i) Purchase of Raw Materials, Components & Others	8		62	
(ii) Service Charges recovered	38	(6)	24	(4)
(iii) Processing Charges recovered	--*	39	2	11
(iv) Sundry sales	4		--	
(v) Lease / Rent recovered	--*		--*	
(c) Pinnacle Industries Private Limited				
(i) Purchase of Capital Goods	451		3	
(ii) Purchase of Raw Materials, Components & Others	9,261		15,032	
(iii) Sales	1,367	(1,734)	53	(782)
(iv) Lease / Rent recovered	22	2,058	4	19
(v) Reimbursement of Expenses	3		2	
(vi) Processing Charges recovered	2		--	
(vii) Interest received	23		23	
(d) Kider (India) Private Limited				
Purchase of Raw Materials, Components & Others	812	(180)	121	(70)
(e) VDL Pinnacle Engineering India Private Limited				
Purchase of Capital Goods	24	--*	--	--
(f) Bajaj Tempo Limited Provident Fund				
Contribution to Provident Fund	638	(69)	782	(61)
(g) Sakal Media Private Limited				
Publicity charges	5	--	--	--
(h) Amar Prerana Trust				
(i) Sundry sales	6	--	--*	--
(ii) Donation	9	--	--	--
(i) Navalmal Firodia Memorial Hospital Trust				
Lease / Rent recovered	--*	--	--*	--
(j) Antardisha				
Professional Fees	5	--	--	--

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

37. EMPLOYEE BENEFITS

A. Defined Contribution Plans

An amount of ₹ 471 Lakhs (31st March 2020 : ₹ 563 Lakhs) is recognized as an expense and included in "Employees Benefits Expense" in the Statement of Profit and Loss.

B. Defined Benefit Plans

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Amount to be recognized in Balance Sheet				
Present value of defined benefit obligation	6,544	935	6,414	1,084
Less : Fair value of plan assets	6,335	1,307	5,629	1,316
Amount to be recognized as Liability or (Asset)	209	(372)	785	(232)
(ii) Amount to be reflected in Balance Sheet				
Liabilities	209	(372)	785	(232)
Assets	--	--	--	--
Net Liability / (Asset)	209	(372)	785	(232)

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

As the Group is not entitled for any surplus in provident fund scheme, Group has not recorded, any asset for excess of plan assets over provident fund liability.

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Employee Benefits Expense				
Current service cost	591	99	543	66
(ii) Acquisition (Gain) / Loss	--	--	--	--
(iii) Finance cost				
Net Interest (Income) / Expenses	22	(16)	56	(69)
Transfer in / (out)	5	--	(9)	--
Net periodic benefit cost recognized in the Statement of Profit and Loss	618	83	590	(3)

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

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
(i) Opening amount recognized in OCI outside Statement of Profit and Loss	--	--	--	--
(ii) Re-measurements for the year - obligation (Gain) / Loss	(232)	(320)	(168)	610
(iii) Re-measurements for the year - plan assets (Gain) / Loss	(39)	97	12	73
(iv) Total re-measurements cost / (credit) for the year recognized in OCI	(271)	(223)	(156)	683
(v) Less : Accumulated balances transferred to Retained Earnings	(271)	(223)	(156)	683
Closing balances [re-measurements (Gain) / Loss recognized in OCI]	--	--	--	--

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

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Present value of obligation as at the beginning of the year	6,414	1,084	5,971	379
(ii) Acquisition adjustment	--	--	--	--
(iii) Transfer in / (out)	--	--	(14)	--
(iv) Interest cost	408	72	440	29
(v) Past service cost	--	--	--	--
(vi) Current service cost	591	99	543	66
(vii) Curtailment cost / (credit)	--	--	--	--
(viii) Settlement cost / (credit)	--	--	--	--
(ix) Benefits paid	(637)	--	(358)	--
(x) Re-measurements on obligation - (Gain) / Loss	(232)	(320)	(168)	610
Present value of obligation as at the end of the year	6,544	935	6,414	1,084

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

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Fair value of the plan assets as at beginning of the year	5,629	1,316	4,823	1,291
(ii) Acquisition adjustment	--	--	--	--
(iii) Transfer in/(out)	(5)	--	(5)	--
(iv) Interest income	386	88	384	98
(v) Contributions	920	--	805	--
(vi) Mortality charges and Taxes	(11)	--	(10)	--
(vii) Benefits paid	(623)	--	(356)	--
(viii) Amount paid on settlement	--	--	--	--
(ix) Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	39	(97)	(12)	(73)
Fair value of plan assets as at the end of the year	6,335	1,307	5,629	1,316
Actual return on plan assets	426		372	

(f) Net interest (Income) / Expenses

	As at 31st March 2021		As at 31st March 2020	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
(i) Interest (income) / expense – obligation	408	72	440	29
(ii) Interest (income) / expense – plan assets	(386)	(88)	(384)	(98)
Net interest (income) / expense for the year	22	(16)	56	(69)

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 6.70% has been used for the valuation purpose.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Gratuity	As at 31st March 2021	As at 31st March 2020
(i) Discount rate	6.60%	6.70%
(ii) Expected return on plan assets	6.70%	7.60%
(iii) Salary growth rate *	8%	8%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

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

Provident Fund	As at 31st March 2021	As at 31st March 2020
(i) Discount rate	6.60%	6.70%
(ii) Interest rate	8.50%	8.65%
(iii) Yield spread	0.50%	0.50%
(iv) Attrition rate - for Bargainable Staff	10%	10%
(v) Attrition rate - others	2%	2%

Sensitivity analysis

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

(h) Change in assumption

	As at 31st March 2021		As at 31st March 2020	
	Gratuity	Provident fund	Gratuity	Provident fund
(i) Discount rate				
Increase by 1%	6,160	--	6,043	--
Decrease by 1%	6,973	--	6,829	--
Increase by 0.5%	--	611	--	764
Decrease by 0.5%	--	1,275	--	1,419
(ii) Salary increase rate				
Increase by 1%	6,900	--	6,760	--
Decrease by 1%	6,218	--	6,098	--
(iii) Withdrawal rate				
Increase by 1%	6,518	--	6,390	--
Decrease by 1%	6,574	--	6,441	--
(iv) Expected future interest rate of Provident Fund				
Increase by 1%	--	--	--	--
Decrease by 1%	--	--	--	--
Increase by 0.5%	--	1,249	--	1,386
Decrease by 0.5%	--	620	--	781

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

38. FINANCIAL INSTRUMENTS - FAIR VALUES
Accounting classifications and fair values

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

	Carrying value		Fair Value	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Financial Assets				
(a) Fair value through Other Comprehensive Income (FVTOCI)				
Equity Investments	2,026	1,129	2,026	1,129
(b) Amortized cost				
Trade Receivables	12,599	16,872	12,599	16,872
Loans- Security Deposits	1,614	1,716	1,614	1,716
Other Financial Assets	6,598	14,536	6,598	14,536
Cash and Cash equivalents	3,472	6,640	3,472	6,640
Other Bank Balances	226	220	226	220
Total	26,535	41,113	26,535	41,113
Financial Liabilities				
Amortized cost				
Non-current Borrowings	49,378	18,750	49,378	18,750
Current Borrowing	3,000	4,722	3,000	4,722
Trade Payable	58,394	58,031	58,394	58,031
Other Financial Liabilities	16,465	9,983	16,465	9,983
Total	1,27,237	91,486	1,27,237	91,486

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

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

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

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

Fair value hierarchy and valuation techniques used
(a) Financial Assets and Liabilities measured at fair value

	Level	31st March 2021	31st March 2020
Financial Assets			
FVTOCI Investments - Quoted	Level 1	2,021	1,124
FVTOCI Investments - Unquoted	Level 3	5	5
Total		2,026	1,129

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

	Level	31st March 2021	31st March 2020
Financial Assets measured at amortized cost			
Loans - Security Deposits	Level 2	1,614	1,716
Other Financial Assets	Level 2	6,598	14,536
Total		8,212	16,252

(c) Financial Liabilities measured at amortized cost

	Level	31st March 2021	31st March 2020
Financial Liabilities measured at amortized cost			
Non-current Borrowings	Level 2	49,378	18,750
Current Borrowings	Level 2	3,000	4,722
Other Financial Liabilities	Level 2	16,465	9,983
Total		68,843	33,455

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

During the year ended 31st March 2021, there were no transfers between level 1 and level 2 fair value measurements and no transfers into and out of level 3 fair value measurement.

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

39. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policy and Objectives

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

Group is exposed to market risk, credit risk and liquidity risk.

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

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, Trade Receivables, Financial Assets measured at amortized cost.	Aging analysis Credit ratings [Refer Note 39(a)]	Diversification of Bank Deposits, Credit Limits and Letters of Credit, Sales on cash basis.
Liquidity risk	Borrowings and Other Financial Liabilities	Cash flow forecasts [Refer Note 39(b)]	Availability of committed credit lines and borrowing facilities.
Market risk – foreign exchange	Recognized Financial Assets and Liabilities not denominated in Indian Rupee	Cash flow forecasting Sensitivity analysis [Refer Note 40]	Group's net forex exposure is covered by natural hedge.
Market risk – interest rate	Loans and Advances on Cash Credit Account and Term Loans from Bank and NCD.	Cash flow forecasting & Sensitivity analysis	Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements.
	As the borrowings were at fixed rate of interest, the Company is not exposed to interest rate risk, except the changes linked to Repo, MCLR and LIBOR rates.		
Market risk – equity prices	Investments in Equity Securities	Sensitivity analysis [Refer Note 39 (c)]	Portfolio diversification
Commodity risk	Procurement of steel and other metals.	Budgeted consumption & its impact on finished product.	A well controlled review process is in place for analyzing the price trend and market intelligence and accordingly the procurement strategy is adopted. The overall exposure is not material.

(a) Credit Risk

The table summarises aging of Trade Receivable

	Not due	Less than 6 months	More than 6 months	Total
As at 31st March 2021				
Gross Carrying Amount	5,157	6,296	1,186	12,639
Allowance for doubtful debts	--	--	(40)	(40)
Net	5,157	6,296	1,146	12,599
As at 31st March 2020				
Gross Carrying Amount	9,630	6,689	593	16,912
Allowance for doubtful debts	--	--	(40)	(40)
Net	9,630	6,689	553	16,872

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

(b) Liquidity Risk

The table summarises the maturity profile of Group's Financial Liabilities based on contractual un-discounted payments.

As at 31st March 2021					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	64,242	3,000	5,205	56,037	64,242
Other Financial Liabilities	4,601	258	4,064	279	4,601
Trade and Other Payables	58,394	--	58,394	--	58,394

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

As at 31st March 2020					
	Carrying amount	On Demand	Less than 6 months	More than 6 months	Total
Interest bearing borrowings	30,972	4,722	3,750	22,500	30,972
Other Financial Liabilities	2,483	243	1,971	269	2,483
Trade and Other Payables	58,031	--	58,031	--	58,031

(c) Market Risk : Equity Price Risk

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

At the reporting date, the exposure to quoted equity securities at fair value was ₹ 2,021 Lakhs. A decrease / increase of 15% on the Bank Nifty market index could have an impact of approximately ₹ 313 Lakhs on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

40. FOREIGN CURRENCY SENSITIVITY ANALYSIS

Currency	Net exposure in foreign currency		Net exposure in INR	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
USD	(16,67,298)	(11,15,815)	(1,218)	(837)
EUR	53,94,060	49,29,705	4,698	4,154
JPY	53,16,399	15,36,03,480	36	1,084
GBP	--	2,675	--	3

Currency	Sensitivity %	Impact on profit (strengthening)*		Impact on profit (weakening)*	
		As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
USD	5%	61	42	(61)	(42)
EUR	5%	(235)	(208)	235	208
JPY	5%	(2)	(54)	2	54
GBP	5%	--	--*	--	--*
		(176)	(220)	176	220

(* Strengthening / weakening of foreign currency)

41. CAPITAL MANAGEMENT

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the financial years ended on 31st March 2021 and 31st March 2020.

Particulars	As at 31st March 2021	As at 31st March 2020
Total Shareholder's Equity as reported in Balance Sheet	1,83,973	1,96,715
Net Debt :		
Short-term debt	3,000	4,722
Long-term debt (including current portion of long-term debt)	61,242	26,250
Gross Debt :	64,242	30,972
Less : Cash & Bank Balances	3,698	6,860
Net Debt / (Net Cash and Bank balance)	60,544	24,112

* Denotes amount less than ₹ 50,000/-

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

42. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

All amounts which became due, for transfer to the credit of Investor Education and Protection Fund, as of 31st March 2021, have been transferred to that fund, except a sum of ₹ 0.60 Lakh (31st March 2020 : ₹ 0.60 Lakh) being amount of 5 Nos. (31st March 2020 : 5 Nos.) fixed deposits and interest thereon amounting to ₹ 0.25 Lakh (31st March 2020 : ₹ 0.25 Lakh). In view of the directives received from the Government Authorities, these amounts are not transferred to the Fund, being involved in an investigation.

43. The Group has spent ₹ 301 Lakhs (31st March 2020 : ₹ 420 Lakhs) towards Corporate Social Responsibility (CSR), which is shown in "Other Expenses" [Note No.28 (I)] to the Notes to Financial Statements.

(a) Gross amount required to be spent by the Group during the year ₹ 296 Lakhs.

(b) Amount spent during the year on :

Sr. No.	Description	In Cash	Yet to be paid in Cash	Total
1.	Promoting healthcare, including preventive healthcare	83	-	83
2.	Promoting education	149	-	149
3.	Restoration of buildings and sites of historical importance	35	-	35
4.	Donation of vehicles manufactured by the company towards promoting health care	21	-	21
5.	Providing relief to the poor affected by the pandemic by providing foodgrain	13	-	13
	Total	301	-	301

44. DIVIDEND

The Board of Directors has recommended payment of dividend of ₹ 5 per fully paid equity shares (31st March 2020 : ₹ 10). This proposed dividend is subject to the approval of shareholders in the ensuing Annual General Meeting. This dividend is not recognized in the books of account at the end of the reporting period.

45. An exceptional item in the previous financial year ended 31st March 2020 represents the reversal of accruals towards incentive receivable, under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2010, as were made during the previous years.

However, after the implementation of the GST regime, in the absence of clear guidelines from the State Authorities in the subject matter, as a precautionary measure, the accruals made during the earlier years have been reversed by the Company during the previous financial year ended 31st March 2020.

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

46. The financial year 2020-21 was impacted severely due to COVID-19 pandemic. Few segments like School, Tours & Travels and Hospitality are yet to open, and since the Company has good market share in these segments, both revenue and profitability for the year has severe impact and resulted into loss in the financial year 2020-21. Also with the onset of second wave of COVID-19 pandemic, the impact will continue to affect the business of the Company in coming quarters.

The Company will continue to monitor the developments and the impact of the said pandemic, and necessary counter measure will be taken to minimize the overall impact. The Company, as at the date of approval of these financials statement has relied upon the available market intelligence and information to arrive its best estimates.

47. ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF THE COMPANIES ACT, 2013

Name of the entity	Net Assets		Share of Profit or Loss		Share of Comprehensive Income		Share of Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated Profit or Loss	Amount	As a % of consolidated Comprehensive Income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Force Motors Limited	95.36	1,75,443	90.55	(11,186)	99.80	980	89.75	(10,206)
Indian Subsidiary :								
Tempo Finance (West) Pvt. Ltd.	0.21	376	(0.15)	18	0.00	--	(0.16)	18
Non-Controlling Interest (Indian Minority)	0.10	190	(0.07)	9	0.00	--	(0.08)	9
Indian Joint Venture :								
Force MTU Power Systems Pvt. Ltd.	4.33	7,964	9.67	(1,195)	0.20	2	10.49	(1,193)
Total	100.00	1,83,973	100.00	(12,354)	100.00	982	100.00	(11,372)

Notes to Consolidated Financial Statements for the year ended 31st March 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

48. INVESTMENT IN JOINT VENTURE
Interest in Joint Venture

Force Motors Limited has 51% interest in Force MTU Power Systems Private Limited (FMTU). FMTU is a private entity that is not listed on any public exchange.

Following table illustrates the summarized financial information of the Group's investment in FMTU :-

Particulars	As at 31st March 2021	As at 31st March 2020
Current Assets	15,083	9,690
Non-current Assets	23,038	8,712
Current Liabilities	10,770	5,284
Non-current Liabilities	11,734	60
Revenue	1,276	360
Net Income / (Loss)	(2,344)	(1,609)
Other Comprehensive Income	4	(2)
Total Comprehensive Income	(2,340)	(1,611)
The above net income includes;		
Sale of products	1,151	150
Interest Income	70	188
Cost of material consumed	1,543	268
Employee Benefits Expense	717	652
Other Expenses	2,184	1,245
Income Tax Expenses (credit)	(831)	(111)
Net Assets of the Joint Venture	15,617	13,058
Proportion of the Company's interest in Joint Venture	7,964	6,659

49. The Group is operating in a Single Segment.

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

As per our separate report of even date.

On behalf of the Board of Directors

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

Abhaykumar Firodia
Chairman

Prasan Firodia
Managing Director

Suhas Deshpande
Partner
Membership No. : 031787

Sanjay Kumar Bohra
Chief Financial Officer

Kishore P. Shah
Company Secretary

Place : Pune
Date : 28th May 2021

Place : Pune
Date : 28th May 2021



- Timely execution of multiple, triple digit, Ambulance orders from various State Governments to fight the spread of Covid-19 pandemic



Abhay Firodia Group companies' spent over ₹ 28 Crores to fight the spread of Covid-19 by supporting mobile clinics, donating ventilators, oxygen concentrators, PPE kits and food packets.





FORCE MOTORS LIMITED

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