

# DIRECTORS REPORT

Dear Shareholders,

The Directors of your Company take pleasure in presenting its 28th Annual Report on the business and operations of the Company together with financial statements for financial year ended the 31st March, 2020.

## OPERATIONS - FINANCIALS

The summarised standalone and consolidated financial results of the Company for financial year ended the 31 March, 2020 as compared to the previous year are as under:

(Rs. in Lacs)

Corresponding figures for the previous year have been regrouped / recast wherever necessary to correspond to current year / year Classification	Standalone		Consolidated	
	Financial Year		Financial Year	
	2019-20	2018-19	2019-20	2018-19
Revenue and other Income	1,65,015.33	2,04,326.80	1,95,344.66	2,34,219.41
EBITDA as per financial statement	16,916.09	22,760.82	20,641.75	25,784.23
Less: Financial Expenses	(1,263.43)	(1,745.91)	(2,045.63)	(2,394.62)
Profit before Exceptional Items, Depreciation & Tax	15,652.66	21,014.91	18,596.12	23,389.61
Less: Depreciation	(7,560.17)	(6,669.80)	(9,841.47)	(8,088.12)
Profit Before Exceptional Items and Tax Provisions	8,092.49	14,345.11	8,754.65	15,301.49
Less: Share in loss of jointly controlled entity	-	-	(949.72)	(685.94)
Less: Exceptional Items	-	148.05	-	(74.08)
Less: Tax Provisions	2,000.39	4,664.36	(2,107.05)	(4,956.23)
Net Profit After Tax Provisions	6,092.10	9,532.70	5,697.88	9,585.24
Add: Other Comprehensive Income/Expense	734.07	(65.11)	963.21	3.53
Less: Profit attributable to Non-controlling interest	-	-	(12.05)	(67.70)
Less: Appropriations:				
Dividend	(1,504.77)	(752.38)	(1,529.15)	(778.62)
Corporate Tax on Dividend Distribution	(299.45)	(144.8)	(299.45)	(144.8)
Balance carried forward in Balance Sheet	5,021.95	8,570.41	4,820.43	8,597.65

The Auto industry has produced a total 26,362,284 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2020 as against 30,914,874 in April-March 2019 with a decline of (-)14.73%.

The decline is on account of several factors such as temporarily shutting down of manufacturing plants due to Corona Pandemic, decrease in the OEMs' sales, drastic slow-down in the infrastructure sector thereby impacting the growth in the Company's Cabin and Fabrication division, despite commencement of sales at new manufacturing units, slow traction in the new product development business due to poor off-take and softening commodity prices.

Your company's strong brand resonance and fundamentals are well positioned to navigate through such extraordinary times. The Company will continually strive to enhance and strengthen its market position by exploring new geographies, innovation, manufacturing excellence and providing customized solutions to customer's needs. Sandhar will leverage its unique business model to achieve sustainable and profitable growth over medium to long term.

## STATE OF COMPANY'S AFFAIRS

Discussion on state of affairs of the Company has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is presented in a separate section forming part of this Annual Report.

## AMOUNT TRANSFERRED TO RESERVE

The Board of Directors has decided to retain the entire amount of profits in the profit and loss account.

## DIVIDEND

The Board in its meeting held on 10th February, 2020, declared an interim dividend of Rs. 1.25 per equity share as per particulars below:

S.No	Date of Declaration	Rate of Dividend	Amount (in Rs. Lacs) (Excluding Dividend distribution tax)
1	10th February, 2020 (Interim Dividend)	12.5%	752.38

Further, the Board in its Meeting held on 27th June, 2020 recommended a final dividend of Rs. 0.75 per equity share for the Financial Year ended on 31st March 2020, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

## CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), applicable provisions of the Companies Act, 2013 ("Act") read with the rules issued thereunder and Indian Accounting Standard (AS)-110 on Consolidated Financial Statements, read with Ind AS-28 Investments in Associates and Joint Ventures, the Audited Consolidated Financial Statement for the FY ended 31st March, 2020 is provided in this Annual Report.

During the year, the Board of Directors reviewed the affairs of the subsidiaries in accordance with Section 129(3) of the Companies Act 2013. Consolidated financial statements together with the auditor's report form part of this annual report.

## SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 7,000.00 Lacs divided into 680.00 Lacs Equity Shares of Rs. 10/- (Rupees Ten only) each and 2.00 Lacs Preference shares of Rs. 100/- (Rupees Hundred only) each. The Paid up Capital of the Company is Rs. 6,019.07 Lacs divided into 601.91 Lacs Equity Shares of Rs. 10/- each.

There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted any stock options.

## SUBSIDIARIES AND JOINT VENTURES

During the year under review, three new Joint Venture namely, Sandhar Han Shin Automotive Private Limited, Winnercom Sandhar Technologies Private Limited and Sandhar Han Shin Auto Technologies Private Limited have been incorporated. As at 31st March, 2020, the Company had following Subsidiaries and Joint Ventures:

### Subsidiaries:

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

### Joint Ventures:

1. Sandhar Hansung Technologies Private Limited
2. Indo Toolings Private Limited
3. Sandhar ECCO Green Energy Private Limited
4. Sandhar Daewha Automotive Systems Private Limited
5. Sandhar Amkin Industries Private Limited
6. Jinyoung Sandhar Mechatronics Private Limited
7. Sandhar Daeshin Auto Systems Private Limited
8. Sandhar Whetron Electronics Private Limited
9. Kwangsung Sandhar Technologies Private Limited
10. Sandhar Han Shin Automotive Private Limited
11. Sandhar Han Shin Auto Technologies Private Limited
12. Winnercom Sandhar Technologies Private Limited

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of all the Joint Ventures/ Subsidiaries in form AOC-1 is annexed hereto as Annexure-I and, hence, not repeated here for the sake of brevity.

A copy of the audited financial statements of each of the subsidiary companies and English translation thereof will be kept for inspection by any Member of the Company at Corporate Office during business hours. Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, these financial statements are also placed on the Company's website [www.sandhargroup.com](http://www.sandhargroup.com). Copy of these financial statements shall be made available to any Member of the Company, on request.

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

## CAPEX AND LIQUIDITY

During the fiscal Company spent Rs. 8,106.27 Lacs on Capex and Investments in Joint Ventures. Despite this significant spent, the Company was able to keep the gross debt level stable during the year.

Cash and Cash Equivalents at the Consolidated level as at the 31st March, 2020 was Rs. 670.37 Lacs vis-à-vis Rs. 370.33 Lacs in the previous fiscal.

## DEPOSITS

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

### Particulars of Loans, Guarantees and Investments

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

## RELATED PARTY TRANSACTION

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

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

## MATERIAL CHANGES AND COMMITMENTS

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



## NOTABLE INITIATIVES DURING THE YEAR

### Technical Collaborations / Joint Ventures:

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

**With Han Shin Corporation South Korea:** Company signed a 50:50 joint venture with Han Shin Corporation. A JV Company viz. Sandhar Han Shin Auto Technologies Private Limited was incorporated under the Companies Act, 2013, on 26th November, 2019 in Delhi. The main object of this joint venture company is manufacturing and selling, inter-alia, electronic parts and accessories for the automotive industries in India which would include Antenna, Radio Cable, AV/NAVI Cable, GPS/DMB Cable, USB Cable, AVM Cable etc.

**With Winnercom Co. Ltd., South Korea:** Company signed a 50:50 joint venture with Winnercom Co. Ltd, South Korea. A JV Company viz. Winnercom Sandhar Technologies Private Limited was incorporated under the Companies Act, 2013, on 22nd August, 2019 in Gurugram, Haryana. The main object of this joint venture company is manufacturing and selling, inter-alia, electronic parts and accessories for the automotive industries in India which would include Shark fin antenna and micro pole antenna etc. and catering to the four-wheeler segment.

## IN-HOUSE R & D DIVISION

Added to the aforesaid, is the real-time emphasis on Research and Development, wherefore a dedicated organizational wing, with requisite Government approvals in place, is in operation. The programs for innovations, as chartered out and time lines set therefore, are closely monitored for their development & entering into commercial activity.

## INFORMATION TECHNOLOGY

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

Multiple new initiatives have been taken, to ensure that the investments in creation, maintenance and upgradation of IT Infrastructure is kept at optimal level and relevant new technologies are adopted to facilitate risk mitigation, ensuring business continuity, achieve scalability in operations and ensuring that data security and privacy are not compromised.

Company has already upgraded its ERP platform from On premise Oracle EBS to Cloud based Oracle Fusion technology platform, which covers all core business processes including end-to-end solution for digital expense management giving employees easy data entry options, and financial managers detailed spend information and policy-driven control.

## CORPORATE GOVERNANCE

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

trust of its stakeholders.

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

A Certificate from M/s K.K. Sachdeva & Associates, Practising Company Secretary, confirming the compliance by the Company to the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed to the Report on Corporate Governance, which forms part of this Annual Report.

## DIRECTORS & KEY MANAGERIAL PERSONNEL

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

Co-Chairman & Managing Director	Shri Jayant Davar
Non-Executive Directors	Shri Dharmendar Nath Davar (Chairman) Smt. Monica Davar
Non-Executive Independent Directors	Shri Arvind Kapur Shri Ravinder Nagpal Shri Krishan Lal Chugh Shri Mohan Lal Bhagat Shri Arjun Sharma Shri Bharat Anand (appointed on 12th August, 2019) Shri Vimal Mahendru (appointed on 05th November, 2019) Smt. Archana Capoor
Executive Director	Shri Arvind Joshi Resigned from the closing hours of 10th May, 2020
Key Managerial Personnel	Shri Narender Kumar Dogra, Chief Financial Officer (Interim) appointed on 11th May, 2020 Km. Subhi Gupta, Company Secretary & Compliance Officer (Interim) appointed on 11th May, 2020

All the Non - Executive Independent Directors are not disqualified to be appointed as such under the relevant provisions of the Companies Act, 2013 and the rules made thereunder and shall not be subject for determination by retirement of Directors by rotation.

### Appointment of Shri Bharat Anand, Non-Executive and Independent Director of the Company

During the year under review, in terms of section 149, 150 & 152 of the Companies Act, 2013 Shri Bharat Anand was appointed as an Additional (Non-Executive and Independent) Director by Circular Resolution dated 12th August, 2019 to hold office for a period of 5 (five) consecutive years and regularized as a Director (Non-Executive and Independent) of the Company in the 27th Annual General Meeting which was held on 10th September, 2019.

### Brief Profile of Shri Bharat Anand

Shri Bharat Anand, aged about 43 years is a Partner in the Corporate Department of Khaitan & Co. Shri Bharat is a dual qualified (England & Wales and India) lawyer and his practice focuses on corporate transactions such as acquisitions, joint ventures and private equity investments. Shri Bharat joined Khaitan & Co in March 2009 from the London office of Freshfields Bruckhaus Deringer, where he worked since 2001. Shri Bharat has been highly ranked by several legal journals and magazines. RSG Consulting, an independent UK-based consultancy, featured Shri Bharat in their list of 'Top 25 Second Generation Lawyers in India'. Shri Bharat plays an active role in leading industry associations in India. He is Co-Chair of FICCI's Committee on Stressed Assets and a member of CII's Committee on Transparency and Governance. Shri Bharat read law at Jesus College, Cambridge and is an alumnus of St. Columba's School.

### Re-appointment of Shri Jayant Davar, Managing Director of the Company.

Shri Jayant Davar has been serving as the Managing Director of the Company. His current tenure as Managing Director of the Company is valid upto 31st December 2020. The Board of the Director at their meeting held on 27th June 2020, based on the commendation of the Nomination & Remuneration Committee has decided to recommend the re-appointment of Shri Jayant Davar with effect from 01st January 2021 to 31st December 2025 subject to the approval of members in the ensuing AGM.

### Appointment of Shri Vimal Mahendru, Additional Non-Executive and Independent Director of the Company

During the year under review, in terms of section 149, 150 & 152 of the Companies Act, 2013, by board of directors at its meeting held on the 05th November, 2019. Shri Vimal Mahendru was appointed as additional Non-Executive and Independent Director, to hold office from 05th November, 2019 till the ensuing Annual General Meeting of the Company based on the commendation of the Nomination & Remuneration Committee and to hold office for a period of 5 (five) consecutive years thereafter, subject to approval of the shareholders.

### Brief Profile of Shri Vimal Mahendru

Shri. Vimal Mahendru is the President of Legrand-India. Besides this, Shri. Vimal is presently the IEC Ambassador, representing IEC in various government and stakeholder fora on standardization, rural electrification and energy access. He is also the IEC SMB member from India and Convener of IEC Systems Evaluation Group on standardization of Low Voltage Direct Current – SEG4-LVDC.

He also a member of the Governing Council of Indian Electrical & Electronics Manufacturers' Association (IEEMA), the apex industry body in India. He also Chair the Bureau of Standards, Sectional Committee 39, for standardization of fuses and fuse accessories. Shri. Vimal has over 28 years of diverse experience in various functions in the manufacturing industry.

### Re-appointment of Shri Arjun Sharma as Independent Director

Based on the commendation of Nomination & Remuneration Committee, Shri Arjun Sharma shall be re-appointed as Independent Director for a second term of Five Years effective from 24th May 2021 to 23rd March 2026.

The Board is of the opinion that the skills and knowledge of Shri Arjun Sharma would be of immense help to the business interests of the Company. Proposal for his re-appointment as Independent Director is being placed before the shareholders for approval at the ensuing Annual General Meeting.

### Resignation of Shri Arvind Joshi

During the year under review, Shri Arvind Joshi, resigned from the position of Whole-Time Director, Chief Financial Officer & Company Secretary of the Company with effect from closing hours of 10th May, 2020 due to unavoidable circumstances.

### Retirement of Directors by rotation

In terms of Section 152 of the Act, Shri Dharmendar Nath Davar, Chairman and Smt. Monica Davar, Non-Executive Director, shall retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment. Information as required under Regulation 36(3) of the Listing Regulations is provided in the Notice of 28th AGM.

### MEETINGS OF THE BOARD

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

During the year under review, four Board Meetings were convened and the gap between the meetings was as per the period prescribed under the Companies Act, 2013.

S.No	Date of Board Meeting	Board Strength	No. of Directors Present
1	27th May, 2019	10	8
2	03th August, 2019	10	10
3	05th November, 2019	12	9
4	10th February 2020	12	12

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

### POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As on the 31st March, 2020, the Board consists of twelve members, one of whom are Executive or Whole-Time Director, two are Non-Executive Directors including one woman Director and eight are Independent Directors including one woman Director. The Board periodically evaluates the need for change in its composition and size.

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

### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director as per the provisions of Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015 ("the Listing Regulations").

There has been no change in the circumstances offering their states as independent directors of the company so as to qualify themselves to the companies act 2013 and the relevant regulations.

## SEPARATE MEETINGS OF INDEPENDENT DIRECTORS

In terms of requirement of schedule IV of the Companies Act, 2013, the independent directors of the company met separately on the 10th february 2020 to inter alia review the performance of non independent directors (including the chairman), the entire board the quality, quantity and timelines of the flow of information between the management and board.

## DIRECTORS' REMUNERATION POLICY AND CRITERIA FOR MATTERS UNDER SECTION 178

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

## INFORMATION ON BOARD MEETING PROCEDURE AND ATTENDANCE DURING THE FINANCIAL YEAR 2019-20

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

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

## PERFORMANCE EVALUATION OF THE BOARD

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

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

## COMMITTEES OF THE BOARD

Currently, the Board has Six Committees which have been established in compliance with the requirements of the business and relevant provisions of the applicable laws and statutes. These are:

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

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

## INSIDER TRADING POLICY FOR PREVENTION OF INSIDER TRADING AND FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

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

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of Companies Act, 2013 your Directors state that:

1. In the preparation of annual accounts for the year ended the 31st March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on the 31st March, 2020 and of the Profit of the Company for the year ended on that date;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
4. The Directors have prepared the annual accounts on a going concern basis.
5. The Directors have laid down Internal Financial Controls to be followed by the Company have been laid down and that such internal financial controls are adequate and operating effectively; and
6. The Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and that such Systems are adequate and operating effectively.

## POLICIES OF THE COMPANY

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

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

S.No	Name of Policy
1.	Code of Conduct Policy
2.	Determination of Materiality and Dealing with Related Party Transactions
3.	Remuneration Policy
4.	Whistle Blower Policy
5.	Independent Director Policy
6.	Policy on Determining Material Subsidiaries
7.	Insider Trading Policy
8.	CSR Policy
9.	Policy for preservation of Documents and Archival of Documents
10.	Policy on familiarisation of Independent Directors
11.	Policy for Determination of Materiality of Events

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

### BUSINESS RISK MANAGEMENT

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

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

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

### FAMILIARISATION PROGRAMMES

With a view to familiarising the Independent Directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company held familiarisation programmes for the independent directors on an ongoing and continuous basis. The details of such familiarisation programmes are placed on website <http://sandhargroup.com/uploads/downloads/details-of-familiarization-programmes-for-independent-directors-1.pdf>

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy is in place. There has been no case to report for the FY 2019-2020, no individual was denied access to the Audit Committee for reporting concerns, if any.

### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

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

### AUDITORS

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

M/s. BSR & Co. LLP were appointed as Statutory Auditors of the Company from the conclusion of 25th AGM i.e. from 29th July, 2017. In terms of the proviso to Section 139(1) of the Act, the said appointment was subject to ratification by Members at every AGM held during the tenure of their appointment. The proviso to Section 139(1) of the Act has been omitted by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018; accordingly, the requirement of ratifying appointment of statutory auditors at every annual general meeting, during their tenure of appointment, has been dispensed with.

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

### SECRETARIAL AUDITORS

As required u/s 204 of the Companies Act 2013 and rules hereunder, M/s K.K Sachdeva and associates shall be reappointed as the Secretarial Auditors of the company to conduct Secretarial Audits for the year ended 31st March 2021.

### SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the financial year ended 31st March 2020 is set out in Annexure-III to this report. The Secretarial Audit Reports does not contain any qualification, reservation or adverse remark or disclaimer.

### INTERNAL AUDITORS

The board on the recommendation of audit committee approved the appointment of M/S GSA & Associates, Internal Auditors, for conducting the internal audit of the company for the financial year 2020-2021.

### COST AUDITORS

The Board on the recommendation of Audit Committee approved the appointment of M/s. A.N. Satija & Co, Cost Auditors for conducting the audit of cost records of the Company for its business for the financial year 2019-2020. As required u/s 148 of the companies act 2013 and rules hereunder, the board shall be re- appoint M/S A.N. Satija & Co, Cost Auditors for FY 2020-2021. Necessary Resolution will be recommended by the Board to be passed by the shareholders in the ensuing Annual General Meeting to ratify the remuneration of the Cost Auditors for the F.Y. 2020-2021.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

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

### EXTRACT OF ANNUAL RETURN

In terms of Sections 92(3) and 134(3) (a) of the Act and Rules made there under, extract of the Annual Return in Form No. MGT-9 is annexed as Annexure- IV to this Report.



## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

Further pursuant to the provision to Section 136(1) of the Companies Act 2013 read with the Rule 5(2) of the companies (Appointment & Remuneration of Managerial Personnel) Rules 2014, will be sent to the members of the Company on request.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE INFLOW AND OUTFLOW AND RESEARCH & DEVELOPMENT

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

## INVESTOR EDUCATION & PROTECTION FUND

During the year under review there is no amount which is required to be transferred to the investors education & protection fund as per the provisions of section 125 (2) of the Companies Act, 2013.

## BUSINESS RESPONSIBILITY REPORT

The business responsibility report as stipulated under regulation 34 (2) (f) of SEBI (LODR) regulation is presented in a separate section forming part of the annual report.

## CREDIT RATING

During the year under review India Rating & Research, a credit rating agency registered with SEBI had given the credit ratings as follows:

- i) Long Term Ratings : IND AA-/stable
- ii) Short Term Ratings : IND A1+

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant and material order passed by the regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

## SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

The Directors state that applicable Secretarial Standards have been followed during the financial year 2019-20.

## FRAUD REPORTING

During the year under review, no fraud has been reported by Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

## CAUTIONARY STATEMENT

Statements in the Annual Report, including those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

## PERSONNEL & INDUSTRIAL RELATIONS

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

## ACKNOWLEDGEMENT

Your Directors are grateful for the co-operation and guidance received from Citibank N.A, DBS Bank, Yes Bank Limited, State Bank of India and HDFC Bank Limited. The Board specially wishes to place on record their sincerest gratitude for the patronage it received from Hero MotoCorp Limited, Honda Cars India Limited, Honda Motorcycle and Scooters Limited, TVS Motor Company Limited, JCB India Limited, Eicher Motors and Tata Motors Limited.

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

Sd/-  
**Jayant Davar**  
Co-Chairman &  
Managing Director  
DIN:00100801

Sd/-  
**D. N. Davar**  
Chairman  
DIN: 0002008

Place : Gurugram  
Date : 27th June 2020