

Ref: SEC/JS/

September 4, 2020

B S E Limited  
Floor 1, 'Phiroze JeeJeebhoy Towers'  
Dalal Street,  
Mumbai - 400 001

The Listing Department  
National Stock Exchange of India Ltd  
C-1, Block G, Bandra-Kurla Complex,  
Bandra (E ) Mumbai-400 051

Through: BSE Listing Centre  
Scrip code: 504058

Through : NEAPS  
Symbol : NIPPOBATRY

Dear Sirs,

Sub: Submission of Annual Report for the Year 2019-20

The Annual General Meeting of the Company is scheduled to be held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), on Monday, the September 28, 2020 at 3.00 p.m.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, we submit herewith the Annual Report for the year 2019-20 along with AGM Notice.

Thanking you.

Yours faithfully,  
For Indo National Limited,



J. Srinivasan  
Company Secretary

# 47<sup>th</sup> ANNUAL REPORT

## 2019 -20

# NIPPO

TECHNOLOGY FOR A BETTER LIFE



# INDO NATIONAL LIMITED

# KINECO | KAMAN

Composite Structures

Aerospace | Defence | Space



A Multi-National JV between  
Kineco Limited - India & Kaman Aerospace Group - USA

# INDO NATIONAL LIMITED

(CIN L31909TN1972PLC006196)

**Registered Office:** 'Lakshmi Bhavan' IVth Floor, No.609, Mount Road, Chennai - 600 006.

**Corporate / Head Office:** 'Surya Varsh', 1st & 2nd Floor, Door No.17/9, Wallace Garden 2nd Street,  
Nungambakkam, Chennai - 600 006.

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## **INDO NATIONAL LIMITED**

### **BOARD OF DIRECTORS**

**N. Ramesh Rajan**  
Chairman

**P. Dwaraknath Reddy**  
Managing Director

**R.P. Khaitan**  
Joint Managing Director

**P. Aditya Reddy**  
Joint Managing Director

**S. Obul Reddy**  
(Upto 13th February, 2020)

**Mrs. Lakshmmi Subramanian**

**M. Sankara Reddy**

**C.R. Sivaramakrishnan**

### **CHIEF FINANCIAL OFFICER**

**J. Srinivasan**

### **COMPANY SECRETARY**

### **AUDITORS**

**G Balu Associates LLP**  
'Jammi Building',  
No.123, Royapettah High Road,  
Mylapore,  
Chennai - 600 004.

### **BANKERS**

Canara Bank  
HDFC Bank Ltd.  
HSBC Bank Ltd.

### **REGISTERED OFFICE**

No.609, Mount Road  
Lakshmi Bhavan  
IVth Floor  
Chennai – 600 006

### **CORPORATE / HEAD OFFICE**

'Surya Varsh', 1st & 2nd Floor,  
Door No.17/9, Wallace Garden 2nd Street  
Nungambakkam,  
Chennai - 600 006.

### **FACTORY**

Tada Village  
Nellore District - 524 401.  
(Andhra Pradesh)



**NOTICE**

NOTICE is hereby given that the FORTY SEVENTH ANNUAL GENERAL MEETING of INDO NATIONAL LTD will be held on Monday the 28<sup>th</sup> day of September 2020 at 3.00 p.m through Video conferencing ("VC") / other Audio Visual Means ("OVAM") to transact the following business:

**ORDINARY BUSINESS:**

1. (a) To receive, consider and adopt the Directors Report, Audited Standalone Balance Sheet of the Company as at March 31, 2020 and the statement of Profit and Loss for the year ended that date together with the reports of the Auditors thereon.
- (b) To receive, consider and adopt the Audited Consolidated financial Statements of the company for the financial year ended 31<sup>st</sup> March 2020 together with the report of the Auditors thereon.
2. To declare a Dividend on equity shares of Rs.5/- per share (50%) for the year 2019-20.
3. To appoint a Director in the place of Mr.P. Dwaraknath Reddy (DIN:00277929), who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 2013, and who, being eligible offers himself for re-appointment.
4. To appoint a Director in the place Mr.R.P. Khaitan (DIN:00015801), who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 2013, and who, being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Mr.P.Aditya Reddy (DIN:00482051), who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable provisions of the Companies Act 2013, and who, being eligible offers himself for re-appointment.

**SPECIAL BUSINESS:**

6. To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**.

Resolved that pursuant to the provisions of section 149, 152, 160 and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), as per Articles of Association of the Company and applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, Mr. M. Sankara Reddy (DIN : 07212025) who was appointed as an Additional Director of the Company with effect from 01<sup>st</sup> April 2020 by the Board of Directors pursuant to Section 161 of the Companies Act, 2013 and as recommended by the Nomination and Remuneration Committee (NRC) and who holds office up to the date of the ensuing Annual General Meeting of the Company and in respect of whom the Company has received notice in writing under section 160 of the Act proposing the candidature of Mr. M. Sankara Reddy for the office of the Director be and is hereby appointed as a Non-executive Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation.

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

Resolved that pursuant to the provisions of section 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time and pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January



08, 2016 and on the basis of recommendation of NRC and on the basis of approval by Audit Committee and Board of Directors, the consent of the Members be and is hereby accorded to pay, the salary and other perquisites as stated in the Item No.7 of the explanatory statement attached herewith, to Mr. M. Sankara Reddy, who is a Director of the company, to hold office or place of profit as Advisor for a period of two years w.e.f 01st April 2020, subject to terms and conditions, as stated in the Explanatory Statement.

Resolved further that the Nomination & Remuneration Committee/Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013 to effect change in designation and responsibilities of the persons holding office or place of profit within the maximum limit approved by the shareholders.

Resolved further that for the purpose of giving effect to the foregoing Resolution, Mr. J.Srinivasan, Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable in the said regard including filling of returns with any authority.

8. To re-appoint Mr.P. Dwaraknath Reddy (DIN:00277929) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

Resolved that in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), as per Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group, on the basis of recommendation of Nomination and Remuneration Committee and approval of the

board, the consent of the Company be and is hereby accorded to the appointment of Mr.P. Dwaraknath Reddy (DIN:00277929) as Managing Director of the Company, for a period of one year with effect from 1<sup>st</sup> October 2020, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Mr.P. Dwaraknath Reddy (DIN:00277929), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

Resolved further that pursuant to provisions of section 197 (1) and 197(3) read with Schedule V to the Companies Act 2013 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the consent of the Company be and is hereby accorded for the remuneration and other perquisites as stated in the Information in terms of Schedule V to the Company's Act, 2013 / Item No.8 of the Explanatory Statement attached herewith, paid / payable to Mr. P. Dwaraknath Reddy (DIN:00277929) Managing Director of the Company for the period from 01st April 2019 to 30th September, 2021.

Resolved further that pursuant to sub-section (3) of Section 197 of the Companies Act, 2013, Mr.P. Dwaraknath Reddy (DIN:00277929) Managing Director of the Company be paid minimum remuneration and perquisites in case of absence or inadequacy of profits in any financial year of the Company during his term of office but does not exceeding the limit specified under Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

Resolved further that the Board be and is hereby authorised to do all acts and take all

such steps as may be necessary, proper or expedient to give effect to this resolution.

9. To re-appoint Mr.P. Aditya Reddy (DIN:00482051) as Joint Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

Resolved that in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), as per Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group, on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the consent of the Company be and is hereby accorded to the appointment of Mr.P. Aditya Reddy (DIN:00482051) as Joint Managing Director of the Company, for a period of five years with effect from 1<sup>st</sup> October 2020, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Mr.P. Aditya Reddy (DIN:00482051), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

Resolved further that pursuant to provisions of section 197 (1) and 197(3) read with Schedule V to the Companies Act 2013 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the consent of the Company be and is hereby accorded for the remuneration and other perquisites as stated in the Information

in terms of Schedule V to the Company's Act, 2013 / Item No. 9 of the Explanatory Statement attached herewith, paid to Mr. P. Aditya Reddy (DIN:00482051) Joint Managing Director of the Company for the period from 01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

Resolved further that pursuant to provisions of section 197 (1) and 197(3) read with Schedule V to the Companies Act 2013 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the consent of the Company be and is hereby accorded for the remuneration and other perquisites as stated in the Item No.9 of the Explanatory Statement attached herewith payable to Mr. P. Aditya Reddy (DIN:00482051) Joint Managing Director of the Company for the period from 01<sup>st</sup> April 2020 to 31<sup>st</sup> March, 2022.

Resolved further that pursuant to sub-section (3) of Section 197 of the Companies Act, 2013, Mr.P. Aditya Reddy (DIN:00482051) Joint Managing Director of the Company be paid minimum remuneration and perquisites in case of absence or inadequacy of profits in any financial year of the Company during his term of office but does not exceeding the limit specified under Schedule V to the Companies Act,2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

Resolved further that the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. To re-appoint Mr. R.P. Khaitan (DIN:00015801) as Joint Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

Resolved that in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment

thereof for the time being in force), Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group, on the basis of recommendation of Nomination and Remuneration Committee and approval of the board the consent of the Company be and is hereby accorded to the appointment of Mr. R.P. Khaitan (DIN:00015801) as Joint Managing Director of the Company, for a period of one year with effect from 1<sup>st</sup> October 2020, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. R.P. Khaitan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

Resolved further that pursuant to provisions of section 197 (1) and 197(3) read with Schedule V to the Companies Act 2013 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the consent of the Company be and is hereby accorded for the remuneration and other perquisites as stated in the Information in terms of Schedule V to the Company's Act, 2013 / Item No.10 of the Explanatory Statement attached herewith, paid / payable to Mr. R.P. Khaitan (DIN:00015801), Joint Managing Director of the Company for the period from 01st April 2019 to 30th September, 2021.

Further resolved that pursuant to sub-section (3) of Section 197 of the Companies Act, 2013, Mr. R.P. Khaitan (DIN:00015801), Joint Managing Director of the Company be paid minimum remuneration and perquisites in case of absence or inadequacy of profits in any financial year of the Company during his term

of office but does not exceeding the limit specified under Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

Resolved further that the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

11. To consider and thought fit to pass with or without modification, the following as an **Ordinary Resolution:**

Resolved that pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January 08, 2016, section 188 and other applicable provisions if any, of the Companies Act, 2013, and rules made thereunder, including any amendment, modification, variation and re-enactment thereof for the time being in force and on the basis of approval of the Audit Committee the consent of the company be and is hereby accorded for, related party transactions to be entered by the company as per chart appended below.

| S.No. | Name of Related Party | Transactions                                 | Value of transaction                          | Period   |
|-------|-----------------------|--|---|--|
| 1.    | M/s.Radiohms Agencies | Sale / Supply of Products and other Services | Rs.40 Crs per year (Rupees Forty Crores only) | 1 <sup>st</sup> October 2020 to 30 <sup>th</sup> September, 2021 |

Resolved further that to give effect to the resolution the Board of Directors /Committee thereof be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, things as may be necessary to finalise any documents and writings related thereto.

12. To consider and thought fit to pass with or without modification, the following as an **Ordinary Resolution:**

Resolved that pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January 08,2016 , section 188 and other applicable provisions if any, of the Companies Act, 2013, and rules made thereunder, including any amendment, modification, variation and re-enactment thereof for the time being in force and on the basis of approval of audit committee the consent of the company be and is hereby accorded for, related party transactions to be entered by the company as per chart appended below.

| S.No. | Name of Related Party              | Transactions                                | Value of transaction                          | Period   |
|-------|------------------------------------|---|---|--|
| 1.    | M/s. RAL Consumer Products Limited | Sale/ Supply of Products and other Services | Rs.40 Crs per year (Rupees Forty Crores only) | 1 <sup>st</sup> October 2020 to 30 <sup>th</sup> September, 2021 |

Resolved further that to give effect to the resolution the Board of Directors /Committee thereof be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, things as may be necessary to finalise any documents and writings related thereto.

13. To consider and thought fit to pass with or without modification, the following as a **Special Resolution:**

Resolved pursuant to the provisions of Section 197 and 198 and other applicable provisions,if any, of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015,an amount not exceeding 1% of the Net Profits of the Company or minimum of Rs.5,00,000/- per year , for each financial year computed in the manner prescribed under Section 198 of the Companies Act, 2013, be paid and distributed amongst the Non-Executive Independent Directors of the Company or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors for each such year for a period of Three financial years commencing from and including

the financial year 2019-20, and that such payment will be made in addition to the sitting fees payable for attending meetings of the Board or Committee thereof.

Resolved further that the Board of Directors / Committee thereof be and is hereby authorized to do all such acts, deeds, things as may be necessary to give effect to this resolution.

14. To approve the remuneration of the Cost Auditor for the financial year ending March 31, 2021 and in this regard to consider and if thought fit to pass the following resolution as an **ordinary resolution.**

Resolved that pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act,2013 and the Companies (Audit and Auditors) Rules 2014 (including any statutory modifications or re-enactments thereof, for the time being in force) Mr. P. Raju Iyer, Cost accountant appointed by the Board of Directors of the Company on the recommendations of the audit committee be paid the remuneration of Rs.75,000/- plus out of pocket expense to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021.

Resolved further that the Board of directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary proper or expedient to give effect to this resolution.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai

Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**NOTES:**

1. Pursuant to the General Circular numbers 20/2020, 14/2020, 17/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical



presence of Members at a common venue. Hence, in compliance with the Circulars, the Annual General Meeting of the Company is being held through VC, without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the Annual General Meeting of the Company is being held through VC.

2. The Explanatory Statement as per the provisions of section 102 of the Companies Act, 2013 in respect of the items of the Special Business as set out above is annexed.
3. As this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The requirement relating to ratification of appointment of Statutory Auditors by members at every Annual General Meeting is done away with Notification issued by MCA, New Delhi. Accordingly no resolution is proposed for ratification of appointment of Auditors, who was appointed in the Annual General Meeting, held on 25<sup>th</sup> September 2017.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 22<sup>nd</sup> September, 2020 to Monday the 28<sup>th</sup> September, 2020 (Both days inclusive).
6. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend Annual General Meeting can vote at the Meeting. The Company has appointed Mr. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries as Scrutinizer. Those Members, 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 during the AGM. The instructions for remote e-voting and e-voting at AGM are annexed to the Notice

The procedure and instructions for e-voting are as under:

- i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii) Now click on "Shareholders" to cast your votes.
- iii) Now, select the "Company Name" from the drop down menu and click on "SUBMIT".
- (iv) Now, fill up the following details in the appropriate boxes:

|                        |  |
|------------------------|--|
| User ID                | For Members holding shares in Demat Form:-<br>a) For NSDL:- 8 Character DP ID followed by 8 digits Client ID<br>b) For CDSL:- 16 digits beneficiary ID<br><br>For Members holding shares in Physical Form:-<br>•Folio Number registered with the Company |
| PAN*                   | Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department  |
| DOB#                   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.  |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.   |

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (Sequence

number has been provided as Serial number in the address label and / or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name.

Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

- # Please enter any one of the details in order to login. In case both the details are not recorded with the depository and company please enter the Member id / folio number in the Dividend Bank details field.
- v) After entering these details appropriately, click on "SUBMIT" tab.
  - vi) Members holding shares in Physical form will then reach directly to the voting screen.
  - vii) Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is also to be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - viii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
  - ix) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your

vote earlier for EVSN of any company, then your existing login id and password are to be used.

- x) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
- xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) Institutional members (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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [kjr@mdassociates.co.in](mailto:kjr@mdassociates.co.in) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xv) In case you have any queries or issues regarding e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xvi) The e-voting period commences on Friday the 25<sup>th</sup> September, 2020 at 9.00 am and ends on Sunday the 27<sup>th</sup> September, 2020 at 5.00 p.m.
- xvii) During this period members holding shares in physical or dematerialized



form as on 21<sup>st</sup> September, 2020 may cast their vote electronically. The e-voting module shall be displayed by CDSL for voting thereafter.

- xviii) The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as on 21<sup>st</sup> September, 2020.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.

- 2. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
- 3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- 4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 5. 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.
- 6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at jsrinivasan@nippon.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at jsrinivasan@nippon.in. These queries will be replied to by the company suitably by email.
- 7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**E-VOTING DURING THE AGM:-**

- 1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- 2. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- 3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- 4. Shareholders 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.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

- 1. Shareholder will be provided with a facility to attend the AGM through VC through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- 1. For Physical shareholders, please provide necessary details like 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 RTA viz. investor@cameoindia.com.

2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), 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 RTA viz. investor@cameoindia.com.

**GENERAL INSTRUCTIONS:**

- a. The Company has appointed Mr. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries as Scrutinizer., to scrutinize the process of Remote e-voting and E-voting during the AGM in a fair and transparent manner.
- b. The Scrutinizer after the completion of scrutiny will submit his report to the Chairman or a person authorized by him in writing, who shall counter sign the same and announce the results of voting, within 48 hours of conclusion of the meeting.
- c. The results declared along with the Scrutinizer's Report will be placed on the Company's website www.nippobatteries.com, website of CDSL and the same shall also be communicated to BSE Ltd., (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com)
7. The Dividend upon its declaration at the meeting will be paid to those members, whose names stand in the Register of Members as on 28th September, 2020. The said dividend will be paid on 8th October, 2020. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
8. Members holding shares in electronic mode may please note that the dividend payable to them would be paid through Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants

(DPs). In absence of availability of ECS facility, the dividend will be paid through warrants and the bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.

9. In respect of shares held in physical form, members desirous of receiving dividends by way of direct credit to their bank accounts through ECS may authorize the Company with their ECS mandate. The Shareholders desirous of obtaining the ECS mandate may download the form from the website of the company at www.nippobatteries.com or may write to the company secretary at the Registered Office of the Company.
10. Members holding shares in physical form are requested to notify change of address immediately to the Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai-600 002 for the purpose of mailing Dividend Warrants etc. As per SEBI circular, members holding shares in physical form and in case of transfer of shares means, the Transfer Deed should contain PAN of both Transferor and Transferee.
11. The shares of the company have been activated for dematerialisation with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) vide ISIN INE567A01010. Members wishing to dematerialise their shares may approach any Depository Participant (DP).
12. Kindly mention your Folio Number/PAN NO/ Client ID/DPID Number (in case of shares held in electronic form) in all your correspondence to Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.
13. Pursuant to Section 124 of the Companies Act, 2013, an amount of Rs.2,72,680/- remaining unclaimed out of the dividend for the year 2011-12 was transferred to the Investor Education and Protection Fund constituted by the Central Government on 13.09.2019.

Pursuant to MCA notification dated 10<sup>th</sup> May 2012, IEPF (uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company has uploaded the information in respect of the unclaimed dividend from the financial year 2012-13 onwards as on the date of Annual General Meeting held on 23<sup>rd</sup> September 2019 on the website of the IEPF and on the website of the Company.

As per IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016, as amended from time to time, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed by the shareholder for 7 years, to the Demat Account of the IEPF Authority. The Company has transferred such shares in respect of which dividend for the Financial Year 2012-2013, has not been claimed, to the Demat Account of the IEPF Authority. The members, whose shares and unclaimed dividend etc., have been transferred to the fund may claim or apply for refund to the IEPF Authority in form IEPF-5. In terms of SEBI Listing Regulations, till such time claim is made, voting rights on such shares remain frozen. Since only one consolidated claim from IEPF authority is allowed in a year members are requested to file proper form with evidence to make a claim.

14. Members who hold shares in demat form are requested to notify any change in their particulars like change in address, bank particulars etc. to their respective Depository Participants.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. September 28, 2020. Members

seeking to inspect such documents can send an email to [jsrinivasan@nippon.in](mailto:jsrinivasan@nippon.in)

16. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (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. who are allowed to attend the AGM without restriction on account of first come first served basis.
17. The Ministry of Corporate Affairs vide its circular dated 21<sup>st</sup> April 2011 allowed the companies to send notices, annual reports and other documents by means of e-mail to the members of the Company. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company/ Registrar.
18. Pursuant to provisions of Section 72 of the Companies Act, 2013, Members can avail of the facility of nomination in respect of shares held by them in physical form. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to the Company's Registrar and Share Transfer Agent: Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
19. Institutional / Corporate Shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authority letter etc., authorising its representative(s) to attend the AGM through VC / OAVM on its behalf and to vote through

remote e-voting and e-voting at AGM. The said Resolution/Authority letter shall be sent to the Scrutiniser by email through its registered email address to *kjr@mdassociates.co.in* with a copy marked to *evoting@cDSL.co.in*

20. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website <http://www.nippobatteries.com/html/annual-reports.html>, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL [www.evoting.cDSL.com](http://www.evoting.cDSL.com)
21. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
22. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

|                                   |  |
|-----------------------------------|--|
| Members having valid PAN          | 7.5% or as notified by the Government of India |
| Members not having PAN/ Valid PAN | 20% as per Section 206AA                       |

However, no tax shall be deducted on the dividend payable to a resident individual; if the total dividend to be received by them

during Financial Year 2020-21 does not exceed Rs.5000/- and also in cases where members provide Form 15G/ Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit a lower/ Nil deduction certificate obtained from the respective jurisdictional tax officer u/s 197 of the IT Act, to claim a lower/ Nil TDS. PAN is mandatory for members providing Form 15G/ 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provision of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the member, if treaty provisions are more beneficial to them.

For this purpose, i.e. to avail the benefits under the DTAA, non-resident shareholders will have to provide the following:

Copy of the PAN card allotted by the Indian Income Tax Authorities

Copy of Tax Residency Certificate (TRC) for the FY 2020-21 obtained from the tax authorities of the country of tax residence, duly attested by member.

Self-declaration in Form 10F.

Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty.

Self-declaration of beneficial ownership by the non-resident shareholder.

Lower tax deduction certificate obtained from the respective jurisdictional tax officer u/s. 197 r.t.w. Section 195 of the IT Act.

In case of Foreign Institutional Investors/ Foreign Portfolio Investors, tax will be deducted



under section 196D of the IT Act @ 20% (plus applicable surcharge and cess).

To cater to the needs, Cameo has developed a web module (Url for the said module <https://investors.cameoindia.com/>) wherein the shareholders can log in and register his email id and mobile number against the folio number in which they hold the shares. This module also enables the shareholders to submit the Form 15G/15H by means of upload of scanned copy of the same. Registrar would be receiving these inputs /images backend and validate the same to or reject the same on account of any technical reasons.

It may be further noted that in case the tax on said dividend is deducted at a higher rate, in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

23. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in the notice.

#### **EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE FORTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.**

##### **ITEM NO.6**

Mr. M. Sankara Reddy was appointed as Additional cum Non-executive Director on 01<sup>st</sup> April 2020 and hence he holds office only up to the date of this Annual General Meeting. A proposal under section 160 of the Companies Act, 2013 in writing has been received from a member for his candidature as a director of the Company.

Accordingly, the Board of Directors recommends passing of an Ordinary resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

Except Mr. M. Sankara Reddy, none of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way,

financially or otherwise, concerned or interested in the proposed resolution.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Mr. M. Sankara Reddy is annexed to this Notice.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### **ITEM NO.7**

As per section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (meeting of Board and its power) rules 2014, any amendment thereof, except with prior approval of the Company by an Ordinary Resolution, a Company shall not pay any remuneration to a director who holds office or place of profit exceeding Rs.2.5 lakhs per month or in a year exceeding Rs.30 lakhs Per annum.

As per Regulation 23 of the (Listing Obligation and Disclosure Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January 08,2016 all material related party transactions shall require approval of members by way of ordinary resolution.

Mr. M. Sankara Reddy, M.Com., A.C.M.A has 46 years of experience in Corporate Finance /Accounts/ Factory and Industrial Relation/Costing/ sales and marketing /H.R/ Project implementation and General Administration. He worked as Chief Financial Officer of our company until 30<sup>th</sup> June 2018 and presently working as Advisor of our Company. Further, it is felt that the Company would continue to use his rich experience and expertise, hence the Board at its meeting held on 13<sup>th</sup> February 2020 and 24<sup>th</sup> August 2020, on the basis of the recommendation of the Nomination and Remuneration committee and approval of the Audit committee, in order to comply with SEBI (LODR) Regulations 2015 and Section 188 of the Companies Act 2013 has approved the appointment of Mr. M. Sankara Reddy as Advisor of the company and recommend the following Salary payable to Mr. M.Sankara Reddy, Director of the

Company, in the capacity as Advisor for a period of 2 years from 01st April 2020 and recommends the approval of shareholders by way of Ordinary Resolution.

A brief particular of the terms of salary and other perquisites payable to Mr. M. Sankara Reddy are as under:

1. Basic Salary / P.F / Others - Rs.48 lacs per year and other perks such as medical insurance etc., with such increments as may be decided by the Board from time to time in the range of Rs. 48 lacs to Rs. 65 lacs.
2. He shall be responsible for all advisory services as entrusted to him from to time by the company managerial personnels.

Accordingly, the Board of Directors recommends passing of an Ordinary resolution as set out at Item No.7 of this Notice, for the approval of the Members.

Except Mr. M. Sankara Reddy, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

**ITEM NO.8**

As per the provisions of Sections 196,197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as per Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group ,the Board of Directors of the Company (the 'Board'), at its meeting held on 24th August 2020 has, subject to the approval of members, re-appointed Mr. P. Dwaraknath Reddy as Managing Director, for a period of one year with effect from 01<sup>st</sup> October 2020 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the remuneration and other perquisites as stated below, paid / payable to him for the period from 01<sup>st</sup> April 2019 to 30<sup>th</sup> September, 2021.

Recently, SEBI has amended the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has become effective from April 01, 2019. As per that amendment, the fees or compensation payable to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by special resolution in general meeting and the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director. The amended provision as follows:

1. The annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
2. Where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Mr. P. Dwaraknath Reddy as Managing Director in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment and remuneration payable to Mr. P. Dwaraknath Reddy are as under:

- (a) Salary, Perquisites and Allowances per annum:
- |            |   |
|------------|---|
| Salary     | : Rs.60 lacs (Rs.5 lacs per month)      |
| Commission | : 1% of the net profits of the Company. |

Perquisites:

Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession: For self and family once in a year as per the rules of the Company.

Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.

Personal accident insurance: Annual premium payable as per the policy of the Company.



Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.

Gratuity: One full month's salary for each completed year of service.

Encashment of leave at the end of tenure as per the rules of the Company.

Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. P. Dwaraknath Reddy.

Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Dwaraknath Reddy.

(b) General:

- (i) The Managing Director will perform his respective duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The Managing Director of the company, in addition to oversee the day to day affairs of the Company, shall perform his respective duties with regard to the decisions concerning purchase, sales, pricing, marketing, publicity, selling and distribution of the Company's products all over India. He shall be the final

deciding authority with respect to the aforesaid matters. He is entrusted with substantial powers of management of the affairs of the Company.

Mr.P.Dwaraknath Reddy satisfy all the conditions set out in Part-I (Re-appointment) Part-II (Payment of Remuneration) of Schedule V to the Act and also conditions set out under sections 196 and 197 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

Pursuant to the provisions of schedule V of the companies act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the company shall obtain the shareholders' approval by a special resolution for making the payment of remuneration to its executive directors as stated in the above said schedule and such approval for remuneration shall not exceed the period of three years. Since the company had passed special resolution at the annual general meeting held on 23<sup>rd</sup> September 2019 for payment of remuneration as per schedule V of the Companies act 2013, the required details of "information in terms of schedule V to the Companies Act, 2013" is appended herewith.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. P. Dwaraknath Reddy and under Section 190 of the Act.

Mr. P. Dwaraknath Reddy is interested in the resolution set out respectively at Item No.8 of the Notice, which pertain to his re-appointment and remuneration payable to him.

The relatives of Mr. P. Dwaraknath Reddy may be deemed to be interested in the resolution set out respectively at Item No.8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the **Special Resolution** for appointment/payment of remuneration to

Mr. P. Dwaraknath Reddy, Managing Director of the Company for the approval of members.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Mr.P.Dwaraknath Reddy is annexed to this Notice.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**ITEM NO.9**

As per the provisions of Sections 196,197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as per Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group, the Board of Directors of the Company (the 'Board'), at its meeting held on 24th August 2020, has, subject to the approval of members, appointed Mr. P. Aditya Reddy (DIN: 00482051), as Joint Managing Director, for a period of 5 (Five) years with effect from 01<sup>st</sup> October 2020 and approved the remuneration, as recommended by the Nomination and Remuneration Committee of the Board, paid for the year 01<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, / payable for a period from 1st April, 2020 to 31st March, 2022.

Recently, SEBI has amended the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has become effective from April 01, 2019. As per that amendment, the fees or compensation payable to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by special resolution in general meeting and the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director. The amended provision as follows:

1. The annual remuneration payable to such executive director exceeds rupees 5 crore or

2.5 per cent of the net profits of the listed entity, whichever is higher; or

2. Where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. PAditya Reddy, as Joint Managing Director in terms of the applicable provisions of the Companies Act, 2013.

Broad particulars of the terms of remuneration payable to Mr. P. Aditya Reddy are as under:

- (a) Salary, Perquisites and Allowances per annum:
  - Salary : Rs.60 lacs (Rs.5 lacs per month)
  - Commission : 1% of the net profits of the Company.

Perquisites:

Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession: For self and family once in a year as per the rules of the Company.

Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.

Personal accident insurance: Annual premium payable as per the policy of the Company.

Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.

Gratuity: One full month's salary for each completed year of service.

Encashment of leave at the end of tenure as per the rules of the Company.

Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. P. Aditya Reddy.

Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Aditya Reddy.

Mr.P. Aditya Reddy satisfy all the conditions set out in Part-I (Re-appointment) Part-II (Payment of Remuneration) of Schedule V to the Act and also conditions set out under sections 196 and 197 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

Pursuant to the provisions of schedule V of the companies act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the company shall obtain the shareholders' approval by a special resolution for making the payment of remuneration to its executive directors as stated in the above said schedule and such approval for remuneration shall not exceed the period of three years. Since the company had passed special resolution at the annual general meeting held on 23<sup>rd</sup> September 2019 for payment of remuneration as per schedule V of the Companies act 2013, the required details of "information in terms of schedule V to the Companies Act, 2013" is appended herewith.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. P. Aditya Reddy and under Section 190 of the Act.

Mr. P. Aditya Reddy is interested in the resolution set out respectively at Item No. 9 of the Notice, which pertain to his re-appointment and remuneration payable to him.

The relatives of Mr. P. Aditya Reddy may be deemed to be interested in the resolution set out respectively at Item No. 9 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution, for payment of remuneration to Mr. P. Aditya Reddy, Joint Managing Director of the Company, for the approval of members.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Mr. P. Aditya Reddy is annexed to this Notice.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **ITEM NO.10**

Mr. R. P. Khaitan, Joint Managing Director of the Company, having experience of more than 50 years in battery industry, the Board recommends for appointment as Joint managing director of the company for a period of one year.

As per the provisions of Sections 196,197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as per Regulation 17(6)(e) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, being a member of the promoter group, the Board of Directors of the Company (the 'Board'), at its meeting held on 24th August 2020 has, subject to the approval of members, re-appointed Mr. R.P. Khaitan, as Joint Managing Director, for a period of one year with effect from 01<sup>st</sup> October 2020 and on the basis of recommendation of Nomination and Remuneration Committee and approval of the board, the remuneration and other perquisites as stated below, paid / payable to him for the period from 01st April 2019 to 30th September, 2021.

Recently, SEBI has amended the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has become effective from April 01, 2019. As per that amendment, the fees or compensation payable to executive directors who are promoters or members of the promoter group shall be subject to the approval of the shareholders by special resolution in general meeting and the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director. The amended provision as follows:

1. The annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
2. Where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed entity.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. R.P. Khaitan as Joint Managing Director in terms of the applicable provisions of the Companies Act, 2013.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. R.P.Khaitan is as under:

- (a) Salary, Perquisites and Allowances per annum:
- Salary : Rs.60 lacs (Rs.5 lacs per month)
- Commission : 1% of the net profits of the Company.

Perquisites:

Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession: For self and family once in a year as per the rules of the Company.

Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.

Personal accident insurance: Annual premium payable as per the policy of the Company.

Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.

Company's contribution to Superannuation / Annuity Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.

Gratuity: One full month's salary for each completed year of service.

Encashment of leave at the end of tenure as per the rules of the Company.

Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. R.P. Khaitan.

Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. R. P. Khaitan.

(b) General:

- (i) The Joint Managing Director shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (ii) The Joint Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iii) Managing Director (MD) & Joint Managing Director (JMD) will jointly decide the role of Joint Managing Director of the Company. In case of any diverse views, the view of the MD shall prevail. From time to time, JMD will appraise MD about the progress of the work and will act & operate in accordance with the guidance and on information received from MD.

Mr.R.P.Khaitan satisfy all the conditions set out in Part-I (Re-appointment) Part-II (Payment of Remuneration) of Schedule V to the Act and also conditions set out under sections 196 and 197 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

Pursuant to the provisions of schedule V of the companies act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the company shall obtain the shareholders' approval by a special resolution for making the payment of remuneration to its executive directors as stated in the above said schedule and such approval for remuneration shall not exceed the period of three years. Since the company had passed special resolution at the annual general meeting held on 23<sup>rd</sup> September 2019 for payment of remuneration as per schedule V of the Companies act 2013, the required details of "information in terms of schedule V to the Companies Act, 2013" is appended herewith.



The above may be treated as a written memorandum setting out the terms of re-appointment of Mr.R.P.Khaitan as Joint Managing Director of the company under Section 190 of the Act.

Mr.R.P.Khaitan is interested in the resolution set out respectively at Item No.10 of the Notice, which pertain to his re-appointment and remuneration payable to him.

The relatives of Mr.R.P.Khaitan may be deemed to be interested in the resolution set out respectively at Item No. 10 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Special Resolution for appointment/ payment of remuneration to Mr. R.P. Khaitan, Joint Managing Director of the Company, for the approval of members.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Mr. R.P. Khaitan is annexed to this Notice.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**ITEM NO.11**

As per section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (meeting of Board and its power) rules 2014, any amendment thereof, except with prior approval of the Company by **Ordinary Resolution**, a Company shall not enter in to transactions for sale or supply of goods, with a related party, in a year exceeding 10% of the Annual turnover as per last audited balance sheet of the Company.

As per Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January 08,2016 all material related party

transactions shall require approval of members by way of ordinary resolution and it also explains that a transaction considered to be material if the transaction / transactions to be entered in to individually or taken together with previous transactions during a financial year exceeds ten percent of the annual turnover of the company as per the last audited financial statement of the company.

The Board at its meeting held on 24th August 2020, in order to comply with SEBI (LODR) Regulations 2015 and also section 188 of the Companies Act 2013, has approved the sale of company products, through M/s. Radiohms Agencies , exceeding 10% of the annual turnover of the company as per the respective financial year for a period of one year from 01<sup>st</sup> October 2020 to 30th September 2021 for Rs. 40 Crores per year including interest on overdues and other services respectively subject to approval of the Members of the Company and subject to the conditions as prescribed by the Board.

Accordingly SEBI (LODR) Regulations 2015, and section 188 of the Companies Act, 2013 requires ordinary resolution and therefore your board recommends the resolution for your approval.

The detail of Relationship is as under:

1. Name of the Related party : M/s. Radiohms Agencies (Firm)
2. Name of the Director or Key Managerial Personnel who is related if any : Mr.R.P.Khaitan
3. Nature, Material Terms Monetary value and Particulars : for sale of company products and interest on overdues and other services from 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2021 for Rs.40 crs. per year.
4. Nature of Relationship : Mr. R.P. Khaitan Joint Managing Director of the Company is also a partner of M/s. Radiohms Agencies (Firm) and his relative is also a partner of the firm.

Except Mr. R.P.Khaitan Joint Managing Director, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

**ITEM NO:12**

As per section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (meeting of Board and its power) rules 2014, any amendment thereof, except with prior approval of the Company by **Ordinary Resolution**, a Company shall not enter in to transactions for sale or supply of goods, with a related party, in a year exceeding 10% of the Annual turnover as per last audited balance sheet of the Company.

As per Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and FAQ on SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 released by SEBI dated January 08,2016 all material related party transactions shall require approval of members by way of **ordinary resolution** and it also explains that a transaction considered to be material if the transaction / transactions to be entered in to individually or taken together with previous transactions during a financial year exceeds ten percent of the annual turnover of the company as per the last audited financial statement of the company.

The Board at its meeting held on 24th August 2020, in order to comply with SEBI (LODR) Regulations 2015 and also section 188 of the Companies Act 2013, has approved the sale of company products, through M/s. RAL Consumer Products Ltd, exceeding 10% of the annual turnover of the company as per the respective financial year for a period of one year from 01<sup>st</sup> October 2020 to 30th September 2021 for Rs. 40 Crores per year including interest on overdues and other services respectively subject to approval of the Members of the Company and subject to the conditions as prescribed by the Board.

Accordingly SEBI (LODR) Regulations 2015, and section 188 of the Companies Act, 2013 requires ordinary resolution and therefore your board recommends the resolution for your approval.

The detail of Relationship is as under:

- |   |   |  |
|---|---|--|
| 1. Name of the Related party  | : | M/s. RAL Consumer Products Ltd   |
| 2. Name of the Director or Key Managerial Personnel who is related if any | : | Mr. R.P. Khaitan   |
| 3. Nature, Material Terms Monetary value and Particulars                  | : | for sale of company products and interest on overdues and other services from 1 <sup>st</sup> October 2020 to 30 <sup>th</sup> September 2021 for Rs.40 crs. per year. |
| 4. Nature of Relationship   | : | Mr. R.P. Khaitan Joint Managing Director of the Company is also a partner of M/s. Radiohms Agencies (Firm) and his relative is also a partner of the firm              |

Except Mr. R.P.Khaitan Joint Managing Director of the company and his relative none of other Directors or the Key Managerial Personnel are interested or concerned in the Resolution.

**ITEM NO:13**

The Non- Executive / Independent Directors have to devote considerable time to the business of the Company and the Company is benefited by their expertise and mature advice. It is appropriate that they should be paid suitable remuneration by way of commission on the net profits of the Company in addition to the sitting fees payable in recognition of their services. Accordingly it is proposed to pay the Non- Executive / Independent Directors remuneration by way of commission up to 1% of the net profits of the Company or minimum of Rs.5,00,000/- per year as may be decided by the board for every year, for a period of Three Financial Years commencing from the financial year ending March 31, 2020 in the manner stated in the Resolution. The Board of Directors of the Company recommends to the members to approve payment of commission to the Non – Executive / Independent Directors in accordance with the provisions of Sections 149, 197 and 198 and other applicable



provisions of Companies Act, 2013 as may be notified from time to time.

Accordingly, the Board of Directors recommends passing of Special resolution as set out at Item No. 13 of this Notice, for the approval of the Members.

All the non-executive Independent Directors are concerned or interested in this resolution to the extent of commission.

**ITEM NO:14**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual/ firm of cost accountant(s) in practice as Cost Auditor of the Company on the recommendations of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the members.

On recommendation of the Audit Committee the Board has considered and approved appointment

of Mr. P. Raju Iyer, Cost accountant (Registration No.102146), for the conduct of the Cost Audit of the Company at a remuneration of Rs.75,000/- and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending on March 31, 2021.

The resolution of Item No.14 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution set out at Item No.14.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai

Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**INFORMATION IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013:**

**I. General Information:**

- (1) Nature of Industry: Manufacturing and sale of primary dry cell batteries, sale of Torches and lighting products, mosquito bats, electrical products, Dorco brand razors and blades and other FMCG products.
- (2) Date or expected date of commencement of commercial production: Indo National Ltd's Battery Plant was commissioned in the year 1973.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- (4) Financial Performance based on given indicators:
 

|  |   |              |
|--|---|--------------|
| For the year ended 31 <sup>st</sup> March 2020 | : | Rs. in Lakhs |
| Profit before exceptional items                | : | 3023.18      |
| Exceptional Item – Bad debt written off        | : | 2922.55      |
| Profit Before Tax                              | : | 100.63       |
| Net Worth (excluding revaluation reserve)      | : | 19549.08     |
| Book value per share of Rs.10/- each           | : | Rs.531.28    |
- (5) Foreign Investment : FII's – 0.0013%
 

|                       |   |      |
|-----------------------|---|------|
| Foreign Collaboration | : | None |
|-----------------------|---|------|

**II. (1) (i) Information about the Director:-**

- |                                 |   |  |
|---------------------------------|---|--|
| Name of the Director            | : | Mr. P. Dwaraknath Reddy  |
| Age                             | : | 67 Yrs   |
| Qualification                   | : | B.Com  |
| Expertise and experience        | : | Mr.P.Dwaraknath Reddy has 47 years of experience in Corporate Management in diverse fields such as purchase, sales, pricing, marketing, publicity, selling and distribution of the Company's products all over India.  |
| Job profile and his suitability | : | The Managing Director of the company, in addition to oversee the day to day affairs of the Company, shall perform his respective duties with regard to the decisions concerning in all the above said areas and he shall be the final deciding authority with respect to the aforesaid matters. He is entrusted with substantial powers of management of the affairs of the Company. |
| Past remuneration               | : | Mr.P.Dwaraknath Reddy received remuneration, as a Managing Director, as approved by the Members. His remuneration during the year ended March 31, 2020 which comprised of salary, monetary value of perquisites, allowances and contribution to retrial funds was Rs.83.77 Lakhs.  |

Remuneration proposed : There is no change in the terms of appointment and remuneration of the abovementioned Managerial Personnel as was approved by the Members at the 46th AGM. The approval is sought as required under the Companies (Amendment) Act, 2017 applicable w.e.f. 12th September 2018.

**(ii) Information about the Director:-**

Name of the Director : Mr. P.Aditya Reddy  
 Age : 36 Yrs  
 Qualification : B.S (Bachelor of Science) in International Relations from Lewis Clark College, Portland,USA  
 Expertise and experience : Mr.P.Aditya Reddy has 12 years of experience in FMCG, Health Care and Aerospace and Defence areas.  
 Job profile and his suitability : The Joint Managing Director of the company, in addition to oversee the day to day affairs of the Company, he drives the Diversification and Strategic initiatives of our Company.  
 Past remuneration : Mr.P.Aditya Reddy received remuneration, as a Joint Managing Director, as approved by the Members. His remuneration during the year ended March 31, 2020 which comprised of salary, monetary value of perquisites, allowances and contribution to retiral funds was Rs.82.42 Lakhs.  
 Remuneration proposed : There is no change in the terms of appointment and remuneration of the abovementioned Managerial Personnel as was approved by the Members at the 46th AGM. The approval is sought as required under the Companies (Amendment) Act, 2017 applicable w.e.f. 12th September 2018.

**(iii) Information about the Director:-**

Name of the Director : Mr.R.P. Khaitan  
 Age : 72 Yrs  
 Qualification : B.Com (Hons)  
 Expertise and experience : Mr.R.P. Khaitan has 50 years of experience in Corporate Management.  
 Job profile and his suitability : Managing Director (MD) & Joint Managing Director (JMD) will jointly decide the role of Joint Managing Director of the Company. In case of any diverse views, the view of the MD shall prevail. From time to time, JMD will appraise MD about the progress of the work and will act & operate in accordance with the guidance and on information received from MD.

|                       |   |
|-----------------------|---|
| Past remuneration     | : Mr.R.P. Khaitan received remuneration, as a Joint Managing Director, as approved by the Members. His remuneration during the year ended March 31, 2020 which comprised of salary, monetary value of perquisites, allowances and contribution to retrial funds was Rs.82.67 Lakhs. |
| Remuneration proposed | : There is no change in the terms of ppointment and remuneration of the abovementioned Managerial Personnel as was approved by the Members at the 46th AGM. The approval is sought as required under the Companies (Amendment) Act, 2017 applicable w.e.f. 12th September 2018.     |

(2) Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person :

The executive remuneration in the Industry has increased manifold. The Nomination and Remuneration Committee of Directors of the Company constituted by the Board in terms of the Act and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, perused remuneration of managerial persons prevalent in the industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of aforesaid Managerial Personnel and other relevant factors while determining their remuneration at the time of their re-appointments in 2019-20.

(3) Pecuniary and other relationships:

Except for receiving remuneration as a Managing Director, Mr. P.Dwaraknath Reddy has no pecuniary relationship with the Company. The relatives of Mr. P. Dwaraknath Reddy may be deemed to be interested to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise.

Except for receiving remuneration as a Joint Managing Director, Mr. P.Aditya Reddy has no pecuniary relationship with the Company. The relatives of Mr. P. Aditya Reddy may be deemed to be interested to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise.

Except for receiving remuneration as a Joint Managing Director, Mr. R.P. Khaitan has no pecuniary relationship with the Company. The relatives of Mr. R.P. Khaitan may be deemed to be interested to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise.

**III. Other Information**

(1) Reasons for inadequate profits:

The company had made a profit, before exception item, of Rs.3,023.18 lakhs for the financial year 2019-20, as against Rs.2,796.62 lakhs for the financial year 2018-19. Exceptional item amounting to Rs.2,922.55 lakhs in standalone financial results for the quarter and year ended March 31, 2020 represents Bad Debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the Company. In-spite of initiating various efforts to recover the amount, as a prudent measure, the Board approved the writing off of the bad



debts consequent to initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 by Hon'ble National Company Law Tribunal against the AWD by a third party.

In view of the above said bad-debts written off, profit before tax of the company for the year 2019-20 reduced to Rs.100.63 lakhs.

(2) Steps taken for improvement:

Appropriate legal action is being taken to recover the outstanding dues from the AWD.

(3) Expected increase in profits in measurable terms:

Upon realization, if any, of the dues from the AWD, the same would be appropriately accounted in the books of account of the company.

**IV. Disclosures:**

(1) Disclosures on remuneration package and other terms of Directors under 'Corporate Governance' Report:

The Corporate Governance Report forms a part of the Annual Report for the year and the remuneration package and other terms applicable to the Directors have been disclosed therein.

The Company has not made any default in repayment of dues to any bank or any other un-secured creditors.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**ADDITIONAL INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED FOR THE ITEM NOS.6 to 10 AS PER REGULATION 36(3) OF SEBI LODR 2015 AND AS PER CLAUSES OF SS 2**

| S.No. | Name of the Appointee                     | Mr. P. Dwaraknath Reddy  | Mr. P. Aditya Reddy  | Mr. R.P. Khaitan   | Mr. M. Sankara Reddy  |
|-------|---|--|--|--|---|
| 1.    | Name of the Appointee                     |  |  |  |   |
| 2.    | Age                                       | 67 Yrs   | 36 Yrs   | 72 Yrs   | 66 Yrs  |
| 3.    | Qualification                             | B.Com  | B.S (Bachelor of Science) in International Relations from Lewis Clark College Portland, USA  | B.Com. (Hons)  | M.Com., A.C.M.A   |
| 4.    | Experience                                | 47 Yrs   | 12 Yrs   | 50 Yrs   | 46 Yrs  |
| 5.    | Expertise in specific functional area     | Pl. refer explanatory statement - Item No.8  | Aerospace and Defence  | Pl. refer explanatory Statement Item No.10   | Experience in Corporate Finance / Accounts / Factory and Industrial Relation<br>Costing / Sales and Marketing / H.R.<br>Project implementation and General Administration |
| 6.    | Shareholding in the company               | 1653695  | 6  | 69049  | 1500  |
| 7.    | Relationship with other Directors and KMP | Father of Mr. P. Aditya Reddy, Joint Managing Director of the Company  | Son of Mr. P. Dwaraknath Reddy Managing Director of the Company  | NA   | NA  |
| 8.    | Other Directorship                        | 1) PDR Investments Private Ltd<br>2) Sindya Securities and Investments Private Ltd.<br>3) Iris KPO Resourcing (India) Pvt Ltd.<br>4) Obul Reddy Investments P Ltd. | 1) Helios Strategic Systems Ltd.<br>2) Kineco Limited<br>3) P.D.R. Investments Pvt. Ltd.<br>4) Sindya Securities and Investment Private Ltd. | 1) Radiohms Properties Private Ltd.<br>2) RAL Consumer Products Ltd.<br>3) Glide International Private Limited<br>4) Manya Education Private Limited | Helios Strategic Systems Ltd.   |

**ADDITIONAL INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED  
FOR THE ITEM NOS.6 to 10 AS PER REGULATION 36(3) OF SEBI LODR 2015 AND AS PER CLAUSES OF SS 2 (Contd.)**

| S.No. | Name of the Appointee | Mr. P. Dwaraknath Reddy          | Mr. P. Aditya Reddy                          | Mr. R.P. Khaitan | Mr. M. Sankara Reddy |
|-------|-----------------------|----------------------------------|--|------------------|----------------------|
|       |                       | 5) Helios Holdings Pvt. Ltd.     | 5) Helios Holdings Pvt. Ltd.                 |                  |                      |
|       |                       | 6) Helios Strategic Systems Ltd. | 6) Kalpatharu Enterprises Pvt Ltd.           |                  |                      |
|       |                       | 7) Garuda Energy Pvt. Ltd.       | 7) Kineco Kaman Composites India P. Ltd.     |                  |                      |
|       |                       |                                  | 8) Apollo Telemedicine Networking Foundation |                  |                      |
|       |                       |                                  | 9) Obul Reddy Investments (P) Ltd.           |                  |                      |
|       |                       |                                  | 10) Hrisheeka Solar Power Pvt. Ltd.          |                  |                      |
|       |                       |                                  | 11) Viswambhara Nutriville Pvt. Ltd.         |                  |                      |

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

## DIRECTORS' REPORT

### for the year ended March 31, 2020

Your Directors have pleasure in presenting the Forty Seventh Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2020, the Statement of Profit & Loss for the year ended that date and the Auditors' Report thereon.

#### FINANCIAL RESULTS:

The profit after tax for the year under review is at Rs.48.63 Lakhs as against Rs. 1905.98 Lakhs in the previous year. The financial results for the year 2019-20 as compared with the previous year are summarized as under.

|  | 2019-20<br>(Rs. in Lakhs) | 2018-19<br>(Rs. in Lakhs) |
|--|---------------------------|---------------------------|
| Profit Before Exceptional Item               | 3,023.18                  | 2,796.62                  |
| Exceptional Item-Bad debts written off       | 2,922.55                  | -                         |
| Profit Before Tax and Depreciation           | 658.49                    | 3,382.14                  |
| Less : Depreciation for the year             | 557.86                    | 585.52                    |
| Profit before Tax                            | 100.63                    | 2,796.62                  |
| Provision for Tax including Deferred Tax     | 52.00                     | 890.64                    |
| Profit after Tax                             | 48.63                     | 1,905.98                  |
| Other Comprehensive Income (OCI)             | (26.75)                   | 2.64                      |
| Add : Surplus in P&L Account brought forward | 1,173.54                  | 1,369.08                  |
| <b>Total</b>                                 | <b>1,195.42</b>           | <b>3,277.70</b>           |
| Less : APPROPRIATION                         |                           |                           |
| General Reserve                              | -                         | 1,200.00                  |
| Payment of Dividend and Tax                  | 904.16                    | 904.16                    |
| Surplus in P&L A/c carried forward           | 291.26                    | 1,173.54                  |
| <b>Total</b>                                 | <b>1,195.42</b>           | <b>3,277.70</b>           |

#### REVIEW OF PERFORMANCE

##### DRY CELL BATTERIES:

The decision of Government of India to have mandatory BIS certification for selling dry cell batteries in India has started getting traction in the second half of the financial year by way of small reduction in cheap imports. We notice continuation of growth of AAA batteries whereas small dip in AA batteries usage. Your Company's production quantity had increased from 525 million pieces to 535 million pieces. The sales quantity decreased from 538 million pieces to 534 million pieces. In terms of value, your Company had

registered a turnover of Rs.329.73 crores as against Rs.316.94 crores in the previous year.

Government of India's call on Aatmanirbhar Bharat along with full impact of BIS certification initiative should help organized players to have improved business opportunity.

##### NON- BATTERY CATEGORY:

Your company is able to sustain the growth in LED & Mosquito Bat categories with an increase in sales volumes during the year, compared to last year, by 65% & 135% reflecting the acceptability of the product by consumer. The growth trend is reflected even in Electrical accessories category as well. However in case of flash lights, the volumes are short of last year volumes by 6%. Along with efforts of the company in improving the reach by covering additional channels and anticipating the drop in cheap imports from neighbouring countries, your company is confident of continuing the growth trajectory in non- battery categories.

In terms of Sales value the contribution from Non-Battery category has increased from 19% in financial year 2018-19 to 27% in financial year 2019-20.

##### NEW PRODUCTS:

DORCO, a South Korean company with 65 years of track record in manufacturing and marketing world class Razors & Blades with presence of over 130 countries has chosen your company to be the exclusive national distributor to distribute their products. The channel alignment & reach of your company has made DORCO to associate with Indo National Ltd. The agreement is for distributing DORCO branded Razors & Blades in General Trade and Modern Trade. Your company is happy to share that it has launched few SKUs on a pilot basis in some locations and in the coming year, we expect this would be another category supporting both the topline & bottom line.

##### EXCEPTIONAL ITEM:

Exceptional item amounting to Rs.2922.55 lakhs in standalone financial results for the quarter and year ended March 31, 2020 represents Bad Debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the Company. Your Company has focussed on protecting the business which was managed by this AWD and also pursuing to recover the outstanding.

Corporate insolvency Resolution process under insolvency and Bankruptcy Code was initiated by NCLT against the AWD by a third party and probably due to Covid, the IBC process is also getting delayed. While company will continue to pursue all available legal options to recover the outstanding amount, as a prudent measure, the Board has approved the writing off of Rs.2,922.55 lakhs as bad debts and upon realization, if any, of the dues, the same would be appropriately accounted in the books of account of the Company.

#### **ENGAGING ROHIT SHARMA:**

Your Company has engaged Indian International Cricketer, Rohit Sharma to endorse its Batteries, Flash lights & Mosquito Bats. Rohit personifies Nippo's traits such as Energy- Dependability- Power- Consistency and Elegance. This initiative helps in your company's plans to further strengthen the Brand- Nippo.

#### **COVID IMPACT:**

The Manufacturing facilities, sales & distribution locations and all offices of the Company were closed from March 23, 2020 following the countrywide lockdown due to COVID-19. The Company has since obtained necessary permissions and restarted its manufacturing facilities from 6th May 2020. Similarly, offices started operating partially from 18th May 2020. Based on current assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of

the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered in full.

In the case of inventory, management has performed the physical verification at a date subsequent to the year end and reconciled the same with the last done verification in the month of February 2020. No material discrepancies were noticed on such verifications.

The Company has exercised due care and various efforts in determining its significant accounting judgements and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment of the company, there is likely to be no material impact on the carrying values of trade receivables, inventories and other financial/non-financial assets as at the reporting date. As the situation is fluid and uncertain, those in relation to the spread of virus leading to partial/ full lockdown norms in different parts of the country and its economic impact, situation needs to be closely monitored on a regular basis to assess the future impact of COVID on business.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

#### **DIVIDEND:**

Your Directors recommends a dividend of Rs.5/- per share (50%) for the year 2019-20. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 28th September, 2020. The Company intends to pay the dividend on 8th October, 2020.

#### **TRANSFER TO RESERVES:**

During the year under review, your Company has not transferred any amount to General Reserves.



**SHARE CAPITAL:**

During the year under review, the Company has neither issued any shares with differential voting rights nor issued sweat equity shares. Further, the Company did not grant any stock options during the year under review.

**FIXED DEPOSITS:**

The Company has not accepted any deposits from the public.

**CREDIT RATING:**

The rating provided by CRISIL Ltd. for the credit facilities of Rs.70 Crores availed by the Company from banks are as follows :

Long Term Rating : CRISIL A / Stable (Reaffirmed)  
Short Term Rating : CRISIL A1 (Reaffirmed)

During the Financial Year 2019-20, there are no changes in the rating.

**SUBSIDIARIES, CONSOLIDATED FINANCIAL STATEMENTS:**

Your Directors have pleasure in attaching the consolidated financial statements pursuant to section 129(3) of the Companies Act 2013 and SEBI (LODR) Regulations 2015. The consolidated financial statements have been prepared by the Company in accordance with the Accounting Standards prescribed by the ICAI in this regard. The Audited Consolidated Financial Statements together with Auditor’s Report form part of the Annual Report. The Auditor’s Report does not contain any qualification, reservation or adverse remarks.

Your Company’s subsidiary, M/s. Kineco Ltd., registered a consolidated turnover for the year 2019-20 amounts to Rs.178.44 crores as against Rs.126.28 crores in the Previous year 2018-19. Total comprehensive income for the year amounts to Rs.12.61crores as against Rs.10.16 crores in the previous year. The total comprehensive income attributable to owners of the company for the year amounts to Rs.7.36 crores as against Rs.4.24 crores in the previous year.

Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company’s

subsidiaries, Associates and Joint Ventures in Form AOC-1 is attached to the financial statements of the company. Pursuant to the provisions of Section 136 of the Act, the financial statements of the company consolidated financial statements along with relevant documents and separate audited financial statements in respect of the subsidiaries are available on the website of the company.

**MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT:**

Management’s Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations 2015 is presented in a separate section forming part of the Annual Report.

**DIRECTORS’ RESPONSIBILITY STATEMENT:**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a ‘going concern’ basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**CORPORATE GOVERNANCE:**

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure - "B" to this report.

**RELATED PARTY TRANSACTIONS:**

As per the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [www.nippobatteries.com](http://www.nippobatteries.com).

The Policy intends to ensure that proper reporting approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

All Related Party Transactions are placed before the Audit Committee as well as Board for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

There were no contract / arrangement / transactions entered in to during the year ended March 31, 2020 which were not at arm's length basis.

All the material related party transitions exceeding ten percent of the Annual Standalone / Consolidated turnover as per the last audited financial statement/ other related party transactions were entered during the year by the company are disclosed in accordance with section 134 (3) (h) of the Companies Act, 2013, in form AOC 2 as per Annexure -"C" of this report.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

The CSR committee comprises Mr.N.Ramesh Rajan, Chairman, Mr. M. Sankara Reddy, and Mr. P. Aditya Reddy as other members.

The Board has laid out the Company's policy on corporate social responsibility (CSR), and the CSR activities of the Company are carried out as per the instructions of the committee. The Committee

also monitors the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. During the year, the Company had spent 2% of its average net profits for the three immediately preceding financial years on CSR activities.

The financial data / Annual Report pertaining to the Company's CSR activities for the financial year 2019-2020 is presented in the prescribed format in Annexure-"D"to the Board Report.

The CSR Policy is available on our website [www.nippobatteries.com](http://www.nippobatteries.com).

**RISK MANAGEMENT:**

The Board has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in overseeing that all the risks that the organization faces such as strategic, financial, credit, market, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Company regularly updates to committee on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

**DIRECTORS / KMP:**

In accordance with the Articles of Association of the Company Mr. P. Dwaraknath Reddy will retire by rotation at this ensuing Annual General Meeting. He being eligible, offer himself for re-appointment.

In accordance with the Articles of Association of the Company Mr. R.P. Khaitan will retire by rotation at this ensuing Annual General Meeting. He being eligible, offer himself for re-appointment.

In accordance with the Articles of Association of the Company Mr. P. Aditya Reddy will retire by rotation at this ensuing Annual General Meeting. He being eligible, offer himself for re-appointment.

Mr. S. Obul Reddy had resigned from the Board of your Company effective from the closing business hours of 13<sup>th</sup> February 2020. The Board of Directors places on record their appreciation for the valuable contribution made by Mr. S. Obul Reddy.

The Nomination and Remuneration Committee recommended the induction of Mr.M.Sankara Reddy as Director of the Board and the Board approved the appointment of Mr. M. Sankara Reddy, advisor of the Company, as Director of the Company with effect from 01<sup>st</sup> April 2020.

In the opinion of the Board, Mr. N. Ramesh Rajan and Mrs. Lakshmmi Subramanian Independent Directors of the company possess integrity, expertise and experience (including the proficiency).

**RELATIONSHIP BETWEEN DIRECTORS *INTER-SE*:**

The details of *inter-se* relationship between Directors are given in the Corporate Governance Report.

Information about all the Directors proposed to be re-appointed is furnished in the Explanatory Statement under Section 102 of the Companies Act, 2013 under the heading “Information about the Directors proposed to be re-appointed” attached to the Notice of the ensuing Annual General Meeting for your consideration

**DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations 2015.

**PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:**

As per Companies Act, 2013 and SEBI (LODR) Regulations 2015 mandates that the Board shall monitor and review the Board evaluation framework and a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board subsequently evaluated its own performance, the working of its Committees and Independent Directors without participation of the relevant Director(s).

**TRAINING OF INDEPENDENT DIRECTORS:**

To familiarize the strategy, operations and functions of our Company, the executive directors make

presentations/ orientation programme to non – executive independent directors about the company’s strategy, operations, product and service offerings, markets, organization structure, finance, human resources, production facilities and quality and risk management. The appointment letters of Independent Directors has been placed on the Company’s website at [www.nippobatteries.com](http://www.nippobatteries.com).

**MEETING OF INDEPENDENT DIRECTORS:**

The Independent Directors of the Company had met during the year on 12<sup>th</sup> February, 2020 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

**MEETINGS OF THE BOARD:**

Six meetings of the Board of directors were held during the year. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**COMMITTEES OF THE BOARD:**

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders’ Relationship Committee
4. Corporate Social Responsibility Committee.
5. Risk Management committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

**PERSONNEL:**

Your Directors wish to place on record their appreciation for the dedication and hard work put in by the employees at all levels for the overall growth of your Company. Relations with the employees at Factory, Head office / Depots and other Branches were cordial during the year.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3)

of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the information required in respect of employees of the Company, will be provided upon request. As per section 136(1) of the Companies Act, 2013 the report and accounts are being sent to the members and others entitled thereto. Any member interested in inspecting or obtaining copy of the statement of particulars of employees being forms part of the Report may contact the Company Secretary at Registered Office during working hours and any member interested in obtaining such information may write to the company secretary and the same will be furnished on request.

#### **REMUNERATION POLICY OF THE COMPANY:**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance report, which forms part of the Board's Report. The objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives.

#### **PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013:**

The particulars of loans, guarantees and investments under section 186 of the Act read with the Companies (Meetings of Board and its powers) Rules, 2014 for the financial year 2019-20 are given in the notes to the financial statements.

#### **STATUTORY AUDITORS:**

M/s G. Balu Associates (Firm Registration No. 000376S) have been appointed as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of Forty Fourth Annual General Meeting till the conclusion of the Forty Ninth Annual General Meeting of the Company. Further the auditors have confirmed their eligibility under Section 144 of the Companies Act, 2013 and the rules made there under. The Auditor's Report along with Notes to Accounts is self-explanatory and therefore does not call for any further explanations / comments. The Auditor's Report does not contain any qualifications,

reservation and or adverse remarks. Pursuant to provisions of section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

#### **COST AUDITOR:**

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost records and audits) Rules, 2014 the Company has appointed Mr. P. Raju Iyer, Practising Cost Accountant, as the Cost Auditor of the Company for conducting the audit of cost records of the Company for the financial year ending 31<sup>st</sup> March 2021 subject to ratification of remuneration payable to him by the members of the Company at the ensuing Annual General Meeting of the Company. The Company hereby confirms that maintenance of Cost Accounts and Records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

#### **SECRETARIAL AUDITOR:**

As required under Section 204 of the Companies Act, 2013 and Rules thereunder the Board has appointed M.Damodaran & Associates LLP, Practising Company Secretaries as Secretarial Auditor of the company to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as Annexure - "F" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **WHISTLE BLOWER POLICY/VIGIL MECHANISIM:**

The Company has adopted a whistle blower policy / Vigil mechanism that cover directors and employees of the Company to bring to the attention of the management any issues which is to be in violation or in conflict with the fundamental business principles of the Company. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express those concerns without fear of punishment or unfair treatment.



No one may take any adverse action against any employee for complaining about, reporting, or participating or assisting in the investigation of, a reasonably suspected violation of any law, this Policy, or the Company's Code of Conduct and Ethics.

All the employees have been given access to the Audit Committee. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy.

The Whistle Blower Policy is available on the website of the Company [www.nippobatteries.com](http://www.nippobatteries.com).

#### **INTERNAL CONTROL SYSTEM AND INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY:**

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorised and recorded.

The Company has an established Internal Financial Control to cover internal controls over financial reporting and operating controls etc., The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls of the Company.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC:**

Your Company has always been in the forefront of energy conservation. Several measures to conserve energy and to reduce the costs associated with it have been taken. The details regarding conservation of energy, foreign exchange, technology absorption including R & D efforts as required under Section 134 (3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in Annexure "A" to this Report. The Company has an in-house Research Development Department, where the main areas of focus are, Energy Conservation, Process upgradation and Environment Preservation. The Ministry of Science

and Technology, Department of Scientific and Industrial Research, Government of India has recognized in-house R&D facilities of the Company.

#### **EXTRACT OF ANNUAL RETURN:**

The extract of Annual Return of the Company is annexed herewith as Annexure –"E" to this report and is also available on Company's website at [www.nippobatteries.com](http://www.nippobatteries.com).

#### **STATEMENT PURSUANT TO SEBI (LODR) REGULATIONS 2015:**

The Company's Securities are listed with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company has paid the Annual Listing fees to all the Stock Exchanges.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:**

There are no other significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company during the year except cartelisation of Zinc carbon dry cell battery case pending before Hon. National Company Law Appellate Tribunal, New Delhi. (NCLAT).

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The company has in place an anti-sexual Harassment Policy as required under prevention of Sexual Harassment of Woman at workplace (Prohibition, Prevention and Redressal) Act 2013 and constituted an Internal Complaints Committee (ICC).Your Directors further states that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):**

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid / unclaimed for seven consecutive years or more have been transferred to IEPF Account.



**GENERAL:**

During the year under review

1. The Company had not issued equity shares with differential voting rights as to dividend, voting right or otherwise.
2. There was no change in the key managerial personnel of the Company.
3. The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.
4. Neither the Managing Director nor the Whole time Directors of the company receive any remuneration or commission from any of its subsidiaries.

**ACKNOWLEDGEMENT:**

Your Directors thank the Central and State Governments and the Banks for their continued help and support.

Your Directors also thank the Authorised Wholesale Dealers, Stockiest and Retailers for their excellent support under difficult conditions and the Consumers for their continued patronage of your Company’s products. Your Directors are especially thankful to the esteemed Shareholders for their continued encouragement and support.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**Annexure “A” to Directors’ Report**

Information required under Section 134(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 and forming part of the Directors’ Report for the year ended March 31, 2020.

**A. Conservation of Energy**

Efforts are being made to control Energy cost wherever possible even though Energy cost forms only negligible proportion of total cost of manufacture of batteries. Energy conservation activities initiated earlier years

based on Energy Audit has been continued during 2019 - 2020.

**B. Technology Absorption Research and Development (R & D)**

- (1) Specific areas in which R & D activities are carried out by the Company:
  - a) New Products Development
  - b) Finding alternate source of materials
  - c) Import Substitution
  - d) Development of improved designs
  - e) Development of new products to suit consumer requirements
- (2) Benefits derived as a result of the above R & D activities:
  - a) Efficiency in usage of raw materials
  - b) Cost Reduction
  - c) Improvement in product quality
  - d) Automatic and accurate testing of batteries
  - e) Foreign exchange savings due to indigenisation efforts
- (3) Future plan of action:
 

To continue indigenisation efforts and to further strengthen R & D activities for the purpose of cost reduction and quality improvements and for developing new products depending on market requirements.
- (4) Expenditure on R & D (Rs. in Lakhs)

|  |       |
|--|-------|
| a) Recurring   | 40.27 |
| b) Total R & D expenditure as a percentage of total turnover | 0.12% |

**Technology absorption, adaptation, and innovation**

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
 

Installation of sophisticated instrument for R & D, testing and process control measures. Technology has been fully absorbed and adapted for all types of Dry cell batteries.
2. Benefits derived as a result of the efforts, e.g: product improvement, cost reduction, product quality maintenance and import substitution etc.,

- (a) Improvement of designs.
  - (b) Import Substitution.
  - (c) Cost Reduction.
  - (d) Product Quality Maintenance & Improvement.
  - (e) New products development.
3. Imported Technology: Not Applicable  
(Imported during the last 5 years reckoned from the beginning of the financial year)
- (a) Technology imported.
  - (b) Year of Import,
  - (c) Has Technology been fully absorbed

of new export markets for products and services. At present no Exports are being made. However, continuous efforts are being made to procure Export orders.

- (2) Total Foreign Exchange used and earned:
- Total expenditure on Foreign Currency used on imports of raw materials, components, capital goods, spare parts, travel and others amounts to Rs.2775.87 Lakhs as against Rs.2472.63 Lakhs for the previous year.

For and on behalf of the Board of Directors  
For Indo National Ltd

**C. Foreign Exchange Earnings and Outgo:**

- (1) Activities relating to Exports; we have taken initiatives to increase exports and developing

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**ANNEXURE 'B' TO DIRECTORS' REPORT - CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company provides its corporate governance system and its process:

Your company is in full compliance of the Corporate Governance principles enunciated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in terms of structure, composition of Board and its committees and other disclosure requirements.

The Company is regular in complying with the mandatory requirements of the Corporate Governance Code.

**1) COMPANY'S PHILOSOPHY**

Indo National Ltd. has always believed that Good corporate Governance is more a way of business life than a mere legal compulsion. Corporate Governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behaviour helps to enhance and maintain public trust in companies and stock market. It is the application of best management practices, compliances of law in true letter and spirit and adherence to ethical standards for effective management discharge of social responsibilities for sustainable development of all stakeholders. In this pursuit, your Company's philosophy on Corporate Governance is lead by strong emphasis on transparency, fairness, independence, accountability and integrity. The Board of Directors of the Company is at the centre of the Governance system of the Company.

**2) BOARD OF DIRECTORS**

The composition of Board of Directors of the Company is in conformity with Regulation 17 of the SEBI Listing Regulations and section 149 of the Companies Act 2013. The Board of Directors comprises of Three Executive Directors, one Non-Executive Director and Two Independent / Non - Executive Directors. The Chairman of the Board is an Independent, Non-Executive Director. To be in line with the company's philosophy on Corporate Governance, all statutory subjects are placed before the Board to discharge its responsibilities as trustees of the shareholders.

The composition and category of Directors is as follows:-

| Name                      | Category               | Number of Directorships held in other Indian companies |         | Number of Board Committee memberships other companies |          | Directorship in other listed entitles | No. of Shares held in the company |
|---------------------------|------------------------|--|---------|---|----------|---------------------------------------|-----------------------------------|
|                           |                        | Public   | Private | Member  | Chairman |                                       |                                   |
| Mr. P. Dwaraknath Reddy   | Executive Director     | 1  | 6       | -   | -        | -                                     | 1653695                           |
| Mr. R.P. Khaitan          | Executive Director     | 1  | 3       | -   | -        | -                                     | 69049                             |
| Mr. P. Aditya Reddy       | Executive Director     | 2  | 9       | -   | -        | -                                     | 6                                 |
| Mr. S.Obul Reddy**        | Non-Executive Director | 8  | 5       | 7   | -        | -                                     | -                                 |
| Mr. N. Ramesh Rajan       | Independent Director   | 3  | -       | 2   | 2        | 2                                     | -                                 |
| Mrs. Lakshmmi Subramanian | Independent Director   | 4  | -       | 7   | 3        | 1                                     | -                                 |
| Mr. M. Sankara Reddy*     | Non-Executive Director | 1  | -       | -   | -        | -                                     | 1500                              |

\* / \*\* Mr. M.Sankara Reddy has been appointed as Director of the Company effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who resigned as director of the company with effect from 13<sup>th</sup> February 2020.

**A. DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31ST MARCH, 2020**

| S.No. | Name of the Appointee                              | Mr. N. Ramesh Rajan  | Mr. P. Dwaraknath Reddy  | Mr. P. Aditya Reddy  | Mr. R.P. Khaitan  | Mr. M. Sankara Reddy                    | Mrs. Lakshmi Subramanian   |
|-------|--|--|--|--|---|---|--|
| 1.    | Other Directorship                                 | <p>1) TTK Healthcare Limited</p> <p>2) Cholamandalam Investment and Finance Company Ltd.</p> <p>3) Kineco Limited</p>  | <p>1) PDR Investments Private Ltd.</p> <p>2) RAL Consumer Products Ltd.</p> <p>3) Iris KPO Resourcing (India) Pvt. Ltd.</p> <p>4) Obul Reddy Investments P. Ltd.</p> <p>5) Helios Holdings Pvt. Ltd.</p> <p>6) Helios Strategic Systems Ltd.</p> <p>7) Garuda Energy Pvt. Ltd.</p> | <p>1) Helios Strategic Systems Ltd.</p> <p>2) Kineco Limited</p> <p>3) PDR Investments Pvt. Ltd.</p> <p>4) Sindya Securities and Investment Private Ltd.</p> <p>5) Helios Holdings Pvt. Ltd.</p> <p>6) Kalpalharu Enterprises Pvt. Ltd.</p> <p>7) Kineco Kaman Composites India P. Ltd.</p> <p>8) Apollo Telemedicine Networking Foundation</p> <p>9) Obul Reddy Investments (P) Ltd.</p> <p>10) Hrisheeka Solar Power Pvt. Ltd.</p> <p>11) Viswambhara Nutriville Pvt. Ltd.</p> | <p>1) Radiohms Properties Private Ltd.</p> <p>2) RAL Consumer Products Ltd.</p> <p>3) Glide International Private Limited</p> <p>4) Manya Education Private Limited</p> | <p>1) Helios Strategic Systems Ltd.</p> | <p>1) Dynavision Limited</p> <p>2) PCR Investments Limited</p> <p>3) Sri Sarvaraya Sugars Ltd.</p> <p>4) Dr. Agarwal's Eye Hospitals Limited</p> |
| 2.    | Membership / Chairman of Committees of other Board | <p><b>Cholamandalam Investment Finance Company Ltd.</b></p> <p>1. Audit Committee - Chairman</p> <p>2. Nomination and Remuneration Committee - Chairman</p> <p>3. Risk Management Committee - Member</p> |  |  |   |   | <p><b>Dynavision Ltd.</b></p> <p>1. Audit Committee - Member</p> <p>2. Nomination and Remuneration Committee - Member</p>                        |

A. DETAILS OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS OF ALL THE DIRECTORS AS ON 31ST MARCH, 2020 (Contd.)

| S.No. | Name of the Appointee | Mr. N. Ramesh Rajan   | Mr. P. Dwaraknath Reddy | Mr. P. Aditya Reddy | Mr. R.P. Khaitan | Mr. M. Sankara Reddy | Mrs. Lakshmi Subramanian  |
|-------|-----------------------|---|-------------------------|---------------------|------------------|----------------------|---|
|       |                       | <p><b>TTK Healthcare Ltd</b></p> <p>1. Nomination and Remuneration Committee - Member</p> |                         |                     |                  |                      | <p><b>PCR Investments Limited:</b></p> <p>1. Audit Committee - Chairman</p> <p>2. Nomination and Remuneration Committee - Chairman</p> <p>3. Corporate Social Responsibility (CSR) Committee - Chairman</p>   |
|       |                       |   |                         |                     |                  |                      | <p><b>Sri Sarwaraya Sugars Ltd.</b></p> <p>1. Audit Committee - Member</p> <p>2. Nomination and Remuneration Committee - Member</p> <p>3. Corporate Social Responsibility (CSR) Committee - Member</p> <p>4. Stakeholder Relationship and Share Transfer Committee - Member</p> |
|       |                       |   |                         |                     |                  |                      | <p><b>Dr. Agarwal's Eye Hospital Limited</b></p> <p>1. Nomination and Remuneration Committee - Member</p>   |



None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the Companies in which he/she is a director.

None of the Independent Directors on the Board are serving as Independent Director in more than seven listed entities.

None of the independent directors are promoters or related to promoters. They do not have pecuniary relationship with the company and further do not hold two percent or more of the total voting power of the company.

The Board identified following expertise/ skills/ competencies fundamental for the effective function of the company :-

Expertise in FMCG sector/ Governance/ Managerial skill/ strategy/ diversification etc.,

**B. CHART/ MATRIX SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCE OF THE BOARD OF DIRECTORS IS AS FOLLOWS:**

| Name of the Director | Industry Knowledge Experience |                          |                 | Technical Skills               |                                    |   | Governance Competencies |                  |                                  | Behaviour Competencies               |            |
|----------------------|-------------------------------|--------------------------|-----------------|--------------------------------|------------------------------------|---|-------------------------|------------------|----------------------------------|--------------------------------------|------------|
|                      | Overall Business Management   | Knowledge of FMCG Sector | Global Business | Sales and Marketing Experience | Monitoring risk Management Systems | Strategy Development and implementation | Financial Literacy      | Compliance Focus | Directors Performance Management | Integrity and high Ethical Standards | Leadership |
| N. Ramesh Rajan      | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |
| P. Dwaraknath Reddy  | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |
| R.P. Khaitan         | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |
| P. Aditya Reddy      | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |
| M. Sankara Reddy     | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |
| Lakshmmi Subramanian | ✓                             | ✓                        | ✓               | ✓                              | ✓                                  | ✓                                       | ✓                       | ✓                | ✓                                | ✓                                    | ✓          |

**C. BOARD MEETINGS, ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETING AND THE LAST AGM:**

During the year under review Six Board Meetings were held and the gap between two Board meetings did not exceed four months. Among other things, key matters like periodic financial results, Company’s Annual Standalone / Consolidated Financial Results, Financial Statements, Auditor’s report and Board’s Report, diversification of business of the company, providing corporate guarantee/ approval of investment in Whollyowned subsidiary company / Terms of reference of Board Committees, capital / operating budgets and risk management are brought to the Board. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

**D. DATE OF BOARD MEETINGS:**

22<sup>nd</sup> May 2019, 13<sup>th</sup> August 2019, 23<sup>rd</sup> September, 2019, 4<sup>th</sup> November 2019, 13<sup>th</sup> November, 2019 and 13<sup>th</sup> February 2020.

**E. THE ATTENDANCE OF THE DIRECTORS AT THE BOARD MEETING / AGM HELD DURING THE YEAR ARE GIVEN BELOW :**

| Name of the Director      | No. of Board Meetings Held during the tenure of the Director | No. of Board Meetings Attended | Last AGM attendance (Yes/No) |
|---------------------------|--|--------------------------------|------------------------------|
| Mr. P. Dwaraknath Reddy   | 6  | 5                              | No                           |
| Mr. R.P. Khaitan          | 6  | 6                              | Yes                          |
| Mr. P. Aditya Reddy       | 6  | 5                              | Yes                          |
| Mr. S. Obul Reddy**       | 6  | 2                              | No                           |
| Mr. N. Ramesh Rajan       | 6  | 6                              | Yes                          |
| Mrs. Lakshmmi Subramanian | 6  | 6                              | Yes                          |
| Mr. Sankara Reddy*        | N.A.   | N.A.                           | N.A.                         |

\* / \*\* Mr. M.Sankara Reddy has been appointed as Director of the Company effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who resigned as director of the company with effect from 13<sup>th</sup> February 2020.

**3) AUDIT COMMITTEE:**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board’s responsibilities, an Audit Committee has been constituted consisting majority being Independent Directors. The statutory/internal auditors are permanent invitees to the audit committee meetings. The functions of the Audit Committee include:

- Reviewing the adequacy of internal control systems and the internal audit reports, Internal Financial Control and their compliance thereof.
- Overview of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment of external auditors and fixation of their audit fee, and also approval for payment for any other services.
- Reviewing with Management the quarterly and annual standalone / consolidated financial statements before submission to the Board.
- Review and Approval of related party transactions, scrutiny of inter corporate loans and investments, to review the functioning of the whistle blower mechanism, statutory compliance etc.,
- Review of investment made by the unlisted subsidiary, scrutiny of intercorporate loan and investments and review the functioning of whistle blower mechanism etc.,
- Looks in to matters specifically referred by the Board of Directors.

During the year, four meetings were held one of which was before finalisation of accounts. The said meetings were held on 21<sup>st</sup> May 2019, 12<sup>th</sup> August 2019, 12<sup>th</sup> Nov. 2019, and 12<sup>th</sup> February 2020.

The constitution of the Committee and the attendance of each member of the Committee as on March 31, 2020 are given below:

| Name                      | Status   | Category               | No. of meetings held | No. of meetings attended |
|---------------------------|----------|------------------------|----------------------|--------------------------|
| Mr. N. Ramesh Rajan       | Chairman | Independent Director   | 4                    | 4                        |
| Mrs. Lakshmmi Subramanian | Member   | Independent Director   | 4                    | 4                        |
| Mr. S. Obul Reddy         | Member   | Non-Executive Director | 4                    | 1                        |
| Mr. M. Sankara Reddy      | Member   | Non-Executive Director | N.A.                 | N.A.                     |

\* / \*\* Mr. M.Sankara Reddy has been appointed as Member of the Audit Committee of the Company effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who resigned as member of the Audit Committee of the company with effect from 13<sup>th</sup> February 2020.

The Company Secretary acts as the secretary of the Audit Committee. Mr. N. Ramesh Rajan, Chairman of the Audit Committee was present at the 46<sup>th</sup> Annual General Meeting of the Company held on September 23, 2019.

#### **4) STAKEHOLDER RELATIONSHIP AND SHARE TRANSFER COMMITTEE:**

The Committee oversees share transfers and monitor investors' grievances such as complaints on transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. and redressal thereof within the purview of the guidelines set out in the listing agreement. The Committee also look into the matters of issue of duplicate share certificates, approval / reject application for re-materialisation, subdivision, consolidation transposition and thereupon issue of share certificates to the shareholders etc., The committee also monitors the implementation and compliance with the Company's Code of conduct for prohibition of Insider Trading.

No complaints of material nature were received during the year under review. As on 31<sup>st</sup> March 2020, no complaints were outstanding. The committee consists of the following Directors:

1. Mr. N. Ramesh Rajan, Chairman
2. Mrs. Lakshmmi Subramanian, Member
3. Mr. P. Dwaraknath Reddy, Member
4. Mr. R.P. Khaitan, Member

The Company Secretary is the Compliance Officer of the Committee. The company has created separate e-mail id (jsrinivasan@nippon.in) for grievance redressal.

#### **5) NOMINATION AND REMUNERATION COMMITTEE:**

The main agenda of the committee is to identify persons who are qualified to become directors in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal. The committee also formulate the criteria for evaluation of independent directors and to determine the Company's policy on specific remuneration packages for Executive Directors and any compensation payments etc.,

1. Mrs. Lakshmmi Subramanian, Chairman
2. Mr. N. Ramesh Rajan, Member and
3. Mr. S. Obul Reddy, Member.\*\*
4. Mr. M.Sankara Reddy, Member\*

\* / \*\* Mr. M.Sankara Reddy has been appointed as Member of the Nomination and Remuneration Committee of the Company effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who

resigned as member of the Nomination and Remuneration Committee of the company with effect from 13<sup>th</sup> February 2020.

The Company Secretary is the Compliance Officer of the Committee.

**The meeting and attendance during the year :-**

| Name                      | Category               | No of meetings held | No of meetings attended |
|---------------------------|------------------------|---------------------|-------------------------|
| Mr. N. Ramesh Rajan       | Independent Director   | 3                   | 3                       |
| Mrs. Lakshmmi Subramanian | Independent Director   | 3                   | 3                       |
| Mr. M. Sankara Reddy      | Non-Executive Director | N.A                 | N.A                     |
| Mr. S. Obul Reddy*        | Non-Executive Director | 3                   | 1                       |

\*Mr. S.Obul Reddy resigned as member of the Nomination and Remuneration Committee of the company with effect from 13<sup>th</sup> February 2020.

The details of remuneration paid to the Executive Directors for the financial year 2019-20 are given below:

(Rs. in lakhs)

| Name & Designation                             | Inter-Se Relationship with Directors | Salary | Perquisites | Total |
|--|--------------------------------------|--------|-------------|-------|
| Mr. P. Dwaraknath Reddy<br>Managing Director   | Father of<br>Mr. P. Aditya Reddy     | 60.00  | 23.78       | 83.77 |
| Mr. P. Aditya Reddy<br>Joint Managing Director | Son of<br>Mr. P. Dwaraknath Reddy    | 60.00  | 22.42       | 82.42 |
| Mr. R.P. Khaitan<br>Joint Managing Director    | Not related to any<br>Directors      | 60.00  | 22.68       | 82.67 |

The Board of Directors shall decide the remuneration of Non-Executive/Independent Directors. The Non-Executive/Independent Directors are paid sitting fees of Rs.40,000/- each per meeting of the Board / Committee attended by them. Further commission upto one percent of the net profits of the Company in each Financial year for a period of three financial years commencing from the financial year ending March 31, 2017 is being paid to them in such a manner as determined by the Board of Directors of the Company. The Commission will be paid to each Non – Executive / Independent Directors, for the financial year ending March 31, 2020, after passing special resolution at the proposed Annual General Meeting of the Company. The sitting fees of Rs.8 Lakhs for attending Board Meetings and Audit committee meetings were paid to Non- Executive/Independent Directors during the financial year 2019-2020. The Company has not granted any Stock Option to Non-Executive/Independent Directors. There is no differential accounting treatment followed in the Company during the Financial Year 2019-2020. There is no pecuniary relationship or transactions of Non-Executive / Independent Directors in the Company. The Non-Executive and Independent Directors are not holding any shares in the Company.

**Nomination and Remuneration Policy:**

The company has sound and transparent policy in determining and accounting for the remuneration of Executive/ Non-Executive/ Independent Directors. The payment of Remuneration to Executive directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board.

Your company recognizes the importance of human resource as its valuable assets and aligning the business objectives with specific measurable performance of individual objectives and targets.

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013, Listing Agreement and SEBI (LODR) Regulations 2015 to pay equitable remuneration to the directors, KMPs and employees of the Company.

The objective and purpose of the Remuneration Policy is to determine qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and recommend to the Board policies relating to the remuneration of the directors, KMPs and other employees. It also ensures that recognition of performance encourages achieving better operational results.

The Nomination and Remuneration Committee recommends the remuneration/commission payable to Executive / Non-Executive Directors which is approved by the Board of Directors, subject to the approval of shareholders, wherever necessary.

The Board will have the discretion to retain the Managing Director, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

**6) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

The Board of Directors at its Meeting held on 7<sup>th</sup> May, 2014 constituted “Corporate Social Responsibility Committee” (CSR) as required under Section 135 of the Companies Act, 2013. The Committee comprises of three Members. The Chairman of the Committee is a Non – Executive and Independent Director.

The present Composition of the Committee is as under :

| Name of Director     | Designation in the Company | Status in the Committee |
|----------------------|----------------------------|-------------------------|
| Mr. N. Ramesh Rajan  | Independent Director       | Chairman                |
| Mr. P. Aditya Reddy  | Joint Managing Director    | Member                  |
| Mr. S. Obul Reddy    | Director                   | Member                  |
| Mr. M. Sankara Reddy | Director                   | Member                  |

\* / \*\* Mr. M.Sankara Reddy has been appointed as Member of the CSR Committee of the Company effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who resigned as member of the CSR Committee of the company with effect from 13<sup>th</sup> February 2020.

The committee’s primary responsibility is to formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company.



The committee also monitors the implementation of the CSR policy and recommend the amount of expenditure to be incurred on CSR activities.

Three meetings of the committee were held during the year.

#### **7) RISK MANAGEMENT COMMITTEE:**

The Company has constituted the Risk Management Committee comprising of Mr. N.Ramesh Rajan as the Chairman and Mr. M. Sankara Reddy Director and Mr.C.R. Sivaramakrishnan, Chief Financial Officer and J. Srinivasan Company Secretary as members of the Committee.

The role of Risk Management Committee is as follows:

Implementation of Risk Management Systems and Framework;

Reviewing the Company's financial and risk management policies;

Assessing risk and minimizing the procedures;

Framing, implementing and monitoring the risk management plan for the Company.

The committee will apprise to the Board the most significant risk and action taken by the respective heads to mitigate such risks.

One committee meeting was held during the Financial Year ended 31st March, 2020.

#### **8) WHOLLY OWNED SUBSIDIARY / SUBSIDIARY COMPANY:**

Your Company monitors the performance of Wholly owned Subsidiary / subsidiary companies (list of subsidiary companies has been provided in the financial statements), *inter-alia*, by the following means:

- a) Your company had nominated Mr. N. Ramesh Rajan, Independent cum Non-Executive Chairman of your company, to act as a Director in M/s. Kinenco Ltd.
- b) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted Wholly owned subsidiary /subsidiary companies.
- c) The minutes of the meetings of the board of directors of the unlisted Wholly owned subsidiary / subsidiary companies were placed at the meetings of the Board of Directors of the Company.
- d) The board also reviewed the statement of all significant transaction/arrangement entered by the subsidiary company.
- e) Your Company formulated a Policy on Material Subsidiary as required under the SEBI Listing Regulations 2015 and the policy is hosted on the website of the Company : <http://www.nippobatteries.com/html/pdf/Mat.subsidiaries.pdf>, your company has not sold/ disposed off /leased out any of its assets amounting to more than twenty percent of the assets of the material subsidiary on aggregate basis during the year under review.
- f) Your company has not disposed off any shares in its material subsidiary resulting in reduction of its share holding to less than fifty percent or ceases its control over the subsidiary.

**9) DETAILS OF ANNUAL GENERAL MEETINGS: Location and time of the last three AGMs:**

| AGM              | YEAR      | VENUE  | DATE       | TIME       |
|------------------|-----------|--|------------|------------|
| 44 <sup>th</sup> | 2016-2017 | Sri. P. Obul Reddy Hall<br>Vani Mahal, No.103, G.N. Chetty Road, Chennai – 600 017 | 25-09-2017 | 03.00 p.m. |
| 45 <sup>th</sup> | 2017-2018 | Sri. P. Obul Reddy Hall<br>Vani Mahal, No.103, G.N. Chetty Road, Chennai – 600 017 | 24-09-2018 | 03.00 p.m. |
| 46 <sup>th</sup> | 2018-2019 | Sri. P. Obul Reddy Hall<br>Vani Mahal, No.103, G.N. Chetty Road, Chennai – 600 017 | 23-09-2019 | 03.00 p.m. |

Eight Special Resolutions were passed in the last three Annual General Meetings as under:

| Sl. No. | Subject  | Annual General Meeting held on | For the Financial year ended |
|---------|--|--------------------------------|------------------------------|
| 1.      | Re-appointment of Mr.R.P. Khaitan (DIN: 00015801), as Joint Managing Director of the Company   | 25 <sup>th</sup> Sept. 2017    | 31 <sup>st</sup> March, 2017 |
| 2.      | Approve 1% of the Net Profits of the Company be paid and distributed amongst the Non-Executive Independent Directors of the Company. | 25 <sup>th</sup> Sept. 2017    | 31 <sup>st</sup> March, 2017 |
| 3.      | Re-appointment of Mr R.P.Khaitan (DIN: 00015801), as Joint Managing Director of the Company  | 24 <sup>th</sup> Sept. 2018    | 31 <sup>st</sup> March, 2018 |
| 4.      | Re-appointment of Mr N.Ramesh Rajan (DIN:01628318), as an Independent Director   | 24 <sup>th</sup> Sept. 2018    | 31 <sup>st</sup> March, 2018 |
| 5.      | Re-appointment of Mrs. Lakshmmi Subramanian (DIN:00001439), as an Independent Director   | 24 <sup>th</sup> Sept. 2018    | 31 <sup>st</sup> March, 2018 |
| 6.      | Re-appointment of Mr. P. Dwarknath Reddy (DIN: 00277929) as Managing Director of the Company   | 23 <sup>rd</sup> Sept. 2019    | 31 <sup>st</sup> March, 2019 |
| 7.      | Re-appointment of Mr. R.P.Khaitan (DIN: 00015801), as Joint Managing Director of the Company   | 23 <sup>rd</sup> Sept. 2019    | 31 <sup>st</sup> March, 2019 |
| 8.      | Re-appointment of P. Aditya Reddy, (DIN:P00482051) as Joint Managing Director of the Company   | 23 <sup>rd</sup> Sept. 2019    | 31 <sup>st</sup> March, 2019 |

**10) POSTAL BALLOT:**

During the year the Company approached the shareholders through postal ballot and the details of the postal ballot for the year is as follows:

|                                |   |
|--------------------------------|---|
| Date of Postal Ballot Notice   | : 04th November 2019  |
| Voting Period                  | : November 12 <sup>th</sup> 2019 to December 11 <sup>th</sup> 2019. |
| Date of Approval               | : December 11 <sup>th</sup> 2019                                    |
| Date of declaration of results | : 12th December 2019  |

M. Damodaran & Associates LLP, Practising Company Secretaries, Chennai was appointed as the Scrutinizer, for conducting the Postal Ballots and e-voting process in a fair and transparent manner.

| Name of the Resolution                                       | Type of Resolution | No. of Votes Polled | Votes cast in favour |         | Votes cast against |       | Invalid Votes |       |
|--|--------------------|---------------------|----------------------|---------|--------------------|-------|---------------|-------|
|  |                    |                     | No.of Votes          | %       | No.of Votes        | %     | No.of Votes   | %     |
| Alteration of Object clause of the Memorandum of Association | Special            | 2682072             | 2681927              | 99.9946 | 73                 | 0.003 | 72            | 0.003 |

**11) DISCLOSURES:**

- i) **Related Party Transactions:** There have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, subsidiaries or relatives, except for those disclosed in the Board’s report. The detailed information on materially significant related party transactions is annexed to the Board’s report. The transactions are not prejudicial to the interest of the Company.

The Audit Committee grants omnibus approval for the proposed related party transactions which will be valid for a year. The Audit Committee also lays down the criteria for granting omnibus approvals as per SEBI (LODR) Regulations 2015 in line with the policy for transactions which are repetitive in nature. In case Related Party Transactions cannot be foreseen, the Audit Committee grants omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

The Audit Committee reviews, every quarter, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Where it requires, the Audit Committee will report the related party transaction for the approval of the Board. If the Board feels that shareholders’ approval is required, then the same shall be put up for approval by the shareholders of the Company. The policy is hosted on the website of the Company <http://www.nippobatteries.com/html/policies.html>

- ii) **Compliances by the Company:** The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.
- iii) **Whistle Blower Policy:** The Company has established a mechanism for Whistle Blower Policy.
- iv) We affirmed that no personnel have been denied access to the audit committee.
- v) **Compliance with mandatory requirements:** The Company has complied with all Mandatory requirements as mentioned under SEBI (LODR) Regulations 2015 and a report on compliance on the applicable laws of the company, every quarter, is palced before the Board.
- vi) **Adoption of Non-Mandatory requirements:** The Company is in the process of adopting other non – mandatory requirements as mentioned under SEBI (LODR) Regulations 2015. The company has appointed separate persons to the post of Chairman and CEO&MD.
- (vii) The auditors report on statutory financial statements of the Company are unqualified. The internal auditors of the Company make presentation to the Audit committee on their reports.

- (viii) The company has obtained a certificate from the practising company secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange board of india / Ministry of corporate affairs or any other statutory authority.
- ix) Institutional investors: There was/ were no presentation/(s) made to institutional investors or to the analysts during the year under review.
- x) Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the last financial year, the same to be disclosed along with reasons thereof: N.A.
- xi) The Company has complied with all the mandatory requirements of Regulation 16 to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as under:

| Particulars  | Regulation No.     | Compliance Status<br>(Yes/No/NA)<br>Refer Note below |
|--|--------------------|--|
| Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'                                    | 16(1)(b) & 25(6)   | Yes  |
| Board composition  | 17(1), (1A) & (1B) | Yes  |
| Meeting of Board of Directors  | 17(2)              | Yes  |
| Quorum of Board Meeting  | 17(2A)             | Yes  |
| Review of Compliance Reports   | 17(3)              | Yes  |
| Plans for orderly succession for appointments  | 17(4)              | Yes  |
| Code of Conduct  | 17(5)              | Yes  |
| Fees/compensation  | 17(6)              | Ye   |
| Minimum Information  | 17(7)              | Yes  |
| Compliance Certificate   | 17(8)              | Yes  |
| Risk Assessment & Management   | 17(9)              | Yes  |
| Performance Evaluation of Independent Directors  | 17(10)             | Ye   |
| Recommendation of Board  | 17(11)             | Yes  |
| Maximum number of Directorships  | 17A                | Ye   |
| Composition of Audit Committee   | 18(1)              | Ye   |
| Meeting of Audit Committee   | 18(2)              | Yes  |
| Role of the Audit Committee and the information to be reviewed by the Audit Committee  | 18(3)              | Ye   |
| Composition of Nomination & Remuneration Committee   | 19(1) & (2)        | Ye   |
| Quorum of Nomination and Remuneration Committee Meeting  | 19(2A)             | Yes  |
| The Chairperson of the Nomination and Remuneration Committee may be present at the Annual General Meeting, to answer the shareholders' queries       | 19(3)              | Yes  |
| Meeting of Nomination and Remuneration Committee   | 19(3A)             | Yes  |
| Role of the Nomination and Remuneration Committee  | 19(4)              | Yes  |
| Composition of Stakeholder Relationship Committee  | 20(1), (2) & (2A)  | Yes  |
| The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders | 20(3)              | Yes  |
| Meeting of Stakeholders Relationship Committee   | 20 (3A)            | Yes  |
| Role of the Stakeholders Relationship Committee  | 20(4)              | Yes  |

| Particulars  | Regulation No.                  | Compliance Status<br>(Yes/No/NA)<br>Refer Note below |
|--|---------------------------------|--|
| Composition and role of Risk Management Committee  | 21(1),(2),(3) & (4)             | Yes  |
| Meeting of Risk Management Committee   | 21(3A)                          | Yes  |
| The provisions of this regulation shall be applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year   | 21(5)                           | N.A  |
| Vigil Mechanism  | 22                              | Yes  |
| Policy for Related Party Transaction   | 23(1), (1A), (5), (6),(7) & (8) | Yes  |
| Prior or Omnibus approval of Audit Committee for all Related Party Transactions  | 23(2) & (3)                     | Yes  |
| Approval for material Related Party Transactions   | 23(4)                           | Yes  |
| Disclosure of Related Party Transactions on consolidated basis   | 23(9)                           | Yes  |
| Composition of Board of Directors of unlisted material Subsidiary  | 24(1)                           | Yes  |
| Other Corporate Governance requirements with respect to subsidiary of listed entity  | 24(2),(3),(4),(5) & (6)         | Yes  |
| Annual Secretarial Compliance Report   | 24(A)                           | Yes  |
| Alternate Director to Independent Director   | 25(1)                           | N.A  |
| Maximum Tenure   | 25(2)                           | Yes  |
| Meeting of Independent Directors   | 25(3) & (4)                     | Yes  |
| An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of Board of Directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these Regulations   | 25(5)                           | Yes  |
| Filling up of casual vacancy caused by removal/ resignation of Independent Director  | 25(6)                           | N.A  |
| Familiarization of Independent Directors   | 25(7)                           | Yes  |
| Declaration from Independent Director  | 25(8) & (9)                     | Yes  |
| D&O Insurance for Independent Director   | 25(10)                          | Yes  |
| Memberships in Committees  | 26(1)                           | Yes  |
| Affirmation with compliance to code of conduct from Members of Board of Directors and Senior management personnel  | 26(3)                           | Yes  |
| Disclosure of Shareholding by Non-Executive Directors  | 26(4)                           | Yes  |
| Policy with respect to Obligations of directors and senior management  | 26(2) & 26(5)                   | Yes  |
| No employee including Key Managerial Personnel or Director or Promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an Ordinary Resolution | 26(6)                           | Yes  |
| Other Corporate Governance Requirements  | 27(1) & (2)                     | Yes  |

With regards to the Corporate Governance, the Company is in compliance with the requirements under Regulation 17 to 27 read with Schedule V and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



xii) Details of compliances under Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46:

| Particulars   | Regulation No. | Compliance Status<br>(Yes/No/NA)<br>Refer Note below |
|---|----------------|--|
| Terms and conditions of appointment of Independent Directors  | 46 (2)(b)      | YES  |
| Composition of various Committees of Board of Directors   | 46 (2)(c)      | YES  |
| Code of Conduct of Board of Directors and Senior Management Personnel   | 46 (2)(d)      | YES  |
| Details of establishment of Vigil Mechanism/ Whistle Blower Policy  | 46 (2)(e)      | YES  |
| Criteria for making payment to Non-Executive Directors, if the same has not been disclosed in the Annual Report | 46 (2)(f)      | DISCLOSED IN THE ANNUAL REPORT                       |
| Policy on dealing with Related Party Transactions   | 46 (2)(g)      | YES  |
| Policy for determining material subsidiaries  | 46 (2)(h)      | YES  |
| Details of Familiarisation programmes imparted to Independent Directors   | 46 (2)(i)      | YES  |

## **12) WHISTLE BLOWER POLICY/VIGIL MECHANISM:**

As part of corporate governance and as per companies act 2013, the company has adopted Vigil Mechanism / Whistle blower policy that covers our directors and employees. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The employees are free to report violations of applicable laws and regulations and the Code of Conduct.

The mechanism provides for adequate safeguards against victimization of Directors and employees and also provide for direct access to the Chairman of the Audit Committee. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation. During the year under review, no employee was denied access to the Audit Committee.

## **13) DISCLOSURE ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

The disclosure pursuant to the provisions of Sexual Harrasment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given as under:

No. of complaints filed during the financial year - Nil

No. of complaints disposed off during financial year - Nil

No. of complaints pending as on the end of financial year – Nil

## **14) MEETING OF INDEPENDENT DIRECTORS / FAMILIARISATION PROGRAMME:**

The company's independent directors meet atleast once in a year without the presence of Executive/ Non- Executive Directors. The Independent Directors met once during the year under review on 12<sup>th</sup> February 2020 and inter – alia discussed:

- a. the performance of non-Independent Directors and the Board as a whole;
- b. the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors; and
- c. the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Your Company follows a structured orientation and familiarisation programme through various reports/codes/ internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. The details of familiarisation programme for the financial year 2019-20 have been updated in the website

**15) MEANS OF COMMUNICATION:**

The Board of Directors of the Company approves and takes on record the financial results in the proforma prescribed by the Stock Exchanges within the statutory period and announces forthwith the results to all the stock exchanges where the shares of the company are listed and also publishes the financial results in The Business Line and Makkal Kural newspapers.

These results are promptly submitted to the Stock Exchanges to enable them to display the same on their website. The financial results are also made available at the website of the Company [www.nippobatteries.com](http://www.nippobatteries.com).

The company's website contains a section "Investors" which displays details / information to various stakeholders. Official new release are sent to stock exchanges and hosted on the website of the company.

**16) MANAGEMENT DISCUSSION AND ANALYSIS:**

Appended to this Report.

**17) STOCK CODE :**

|                                      |            |
|--------------------------------------|------------|
| BSE Ltd.                             | 504058     |
| National Stock Exchange of India Ltd | NIPPOBATRY |

**18) MONTHLY SHARE PRICE DETAILS AT BSE & NSE DURING 2019-20 ARE :**

| MONTH          | BSE        |           |                      | NSE        |           |                      |
|----------------|------------|-----------|----------------------|------------|-----------|----------------------|
|                | HIGH (Rs.) | LOW (Rs.) | NO. OF SHARES TRADED | HIGH (Rs.) | LOW (Rs.) | NO. OF SHARES TRADED |
| APRIL - 19     | 724.65     | 641.00    | 2,296                | 712.50     | 636.30    | 15,436               |
| MAY - 19       | 665.00     | 476.00    | 15,931               | 655.80     | 476.50    | 92,529               |
| JUNE - 19      | 520.00     | 430.00    | 14,294               | 516.95     | 438.60    | 39,269               |
| JULY -19       | 476.00     | 405.05    | 3,605                | 482.45     | 403.60    | 14,255               |
| AUGUST - 19    | 480.00     | 378.00    | 8,270                | 477.00     | 380.00    | 26,684               |
| SEPTEMBER - 19 | 545.00     | 455.05    | 3,821                | 555.00     | 456.05    | 24,513               |
| OCTOBER -19    | 502.00     | 443.00    | 2,782                | 503.30     | 440.00    | 11,286               |
| NOVEMBER -19   | 632.90     | 431.00    | 54,382               | 637.90     | 436.00    | 3,15,274             |
| DECEMBER -19   | 544.00     | 456.00    | 10,692               | 546.00     | 460.00    | 53,015               |
| JANUARY - 20   | 569.00     | 490.00    | 13,053               | 570.95     | 490.00    | 45,479               |
| FEBRUARY -20   | 649.65     | 505.00    | 42,266               | 648.80     | 505.05    | 2,10,526             |
| MARCH - 20     | 545.00     | 347.30    | 10,579               | 555.00     | 338.60    | 52,351               |

**19) REGISTRAR & SHARE TRANSFER AGENTS :**

The address of the Registrar & Share Transfer Agents is as under:

|                                    |                                   |
|------------------------------------|-----------------------------------|
| M/s. Cameo Corporate Services Ltd. | Name of Contact person:           |
| Subramanian Building               | Mr. R.D. Ramasamy, Director       |
| No.1, Club House Road              | Phone No.: 044-28460390 (6 lines) |
| Chennai – 600 002                  | Fax No.: 044-28460129             |
|                                    | Email : cameo@cameoindia.com      |

**20) SHARE TRANSFER SYSTEM :**

Applications for transfer of shares held in physical form are received by the Registrar and Share Transfer Agent Cameo Corporate Services Ltd and all valid transfers are processed and effected immediately from the date of receipt. Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 7 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders. However, the request for share transfers etc. will continue to be considered and approved by the share transfer committee. The Share Transfer Committee generally meets once in a month. There are no pending share transfers as on 31<sup>st</sup> March 2020.

**21) NSE ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS):**

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

**22) SEBI COMPLAINTS REDRESS SYSTEM (SCORES):**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**23) DEMATERIALISATION OF SHARES AS ON 31ST MARCH, 2020**

| Type               | Number of Shares | % to paidup Capital | No of Share Holders |
|--------------------|------------------|---------------------|---------------------|
| (i) Physical       | 54163            | 1.44                | 372                 |
| (ii) Electronic :- |                  |                     |                     |
| NSDL               | 2722166          | 72.59               | 4629                |
| CDSL               | 973671           | 25.97               | 2973                |
| <b>TOTAL</b>       | <b>3750000</b>   | <b>100.00</b>       | <b>7974</b>         |

**24) OUTSTANDING GDR/ADR/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:**

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

**25) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2020:**

| Number of shares | Number of shareholders | Percentage of shareholders | Number of shares held | Percentage of shareholding |
|------------------|------------------------|----------------------------|-----------------------|----------------------------|
| 1 - 500          | 7643                   | 95.80                      | 483282                | 12.89                      |
| 501 - 1000       | 191                    | 2.35                       | 138946                | 3.71                       |
| 1001 - 2000      | 78                     | 0.98                       | 112917                | 3.01                       |
| 2001 - 3000      | 20                     | 0.27                       | 49385                 | 1.32                       |
| 3001 - 4000      | 14                     | 0.18                       | 50110                 | 1.33                       |
| 4001 - 5000      | 6                      | 0.11                       | 26676                 | 0.71                       |
| 5001 - 10000     | 4                      | 0.08                       | 24469                 | 0.65                       |
| 10001 & above    | 18                     | 0.23                       | 2864215               | 76.38                      |
| <b>TOTAL</b>     | <b>7974</b>            | <b>100.00</b>              | <b>3750000</b>        | <b>100.00</b>              |

**26) CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2020:**

| Category                        | No. of shares held | % of shareholding |
|---------------------------------|--------------------|-------------------|
| Indian Promoters                | 2450683            | 65.35             |
| Resident Indians                | 923167             | 24.62             |
| Non-Resident Indians            | 16187              | 0.43              |
| Foreign Institutional Investors | 50                 | 0.00              |
| Domestic Companies              | 142691             | 3.81              |
| Banks / FI                      | 200000             | 5.33              |
| Clearing Members                | 6300               | 0.17              |
| IEPF                            | 10922              | 0.29              |
| <b>TOTAL</b>                    | <b>3750000</b>     | <b>100.00</b>     |

**27) UNCLAIMED DIVIDEND AMOUNTS:**

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend for the following years, which remain unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013. Members who have not so far encashed their dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to M/s. Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002.

During the year under review, the Company has credited Rs.2,72,680/- to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 23rd September, 2019 (date of last Annual General Meeting) on the Company's website [www.nippobatteries.com](http://www.nippobatteries.com) and on the website of the Ministry of Corporate Affairs.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows:

| Financial Year | Amount outstanding as on 31.03.2020 (Rs.) | Date of Declaration of Dividend | Proposed date of transfer to IEPF |
|----------------|---|---------------------------------|-----------------------------------|
| 2012-13        | 2,98,720.00                               | 27-09-2013                      | 02-11-2020                        |
| 2013-14        | 5,00,900.00                               | 26-09-2014                      | 01-11-2021                        |
| 2014-15        | 6,01,275.00                               | 23-09-2015                      | 29-10-2022                        |
| 2015-16        | 5,98,000.00                               | 23-09-2016                      | 29-10-2023                        |
| 2016-17        | 5,73,850.00                               | 25-09-2017                      | 31-10-2024                        |
| 2017-18        | 5,69,160.00                               | 24-09-2018                      | 29-10-2025                        |
| 2018-19        | 3,53,780.00                               | 23-09-2019                      | 30-10-2026                        |

**28) DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT: N.A.**

**29) TRANSFER OF EQUITY SHARES TO THE DEMAT ACCOUNT OF IEPF AUTHORITY**

Pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('Rules'), as amended from time to time, it is mandatory for the Company to transfer all the shares in the name of Investor Education and Protection Fund (IEPF) in respect of which dividend has not been claimed for seven consecutive years or more.

In compliance with the said Rules, during the financial year 2019-20, there were 12 shareholders holding 919 equity shares of Rs.10/- each whose shares were transferred to IEPF.

The list of the aforesaid shareholders whose shares were transferred to IEPF is available at the below mentioned web-link:<http://www.nippobatteries.com>.



30) PERFORMANCE IN COMPARISON TO BSE INDEX FOR THE YEAR 2019-20:



31) RECONCILIATION OF SHARE CAPITAL AUDIT:

A quarterly audit was conducted by a practising company secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2020 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

32) PREVENTION OF INSIDER TRADING:

In accordance with the SEBI Regulations as amended, the Company has established a code of conduct for prohibition of insider trading in the company's shares. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations 2015.

33) COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

Though the company not being a user of sizable commodities, its expose to the price risk on account of procurement of commodities may not arise. Exposure of our entity to commodity and commodity risk faced by the entity throughout the year:

Total exposure of the commodity to the entity is Rs.38.01 Crs.

Exposure of the entity to various commodities:

| Commodity Name | Exposure in Rs. Towards the particular commodity in FY 2019-2020 | Exposure in quantity terms towards the particulars commodity in FY 2019-2020 | % of such exposure hedged through commodity derivatives |          |                      |          |       |
|----------------|--|--|---|----------|----------------------|----------|-------|
|                |  |  | Domestic Market   |          | International Market |          | Total |
|                |  |  | OTC   | Exchange | OTC                  | Exchange |       |
| ZINC           | Rs.38.01 Crs   | 1,887 Tonnes   | NIL   | NIL      | NIL                  | NIL      | NIL   |

Commodity risk faced by the listed entity during the year and how they have been managed:-

Prices for the commodities are managed through contract's with supplier based on commodity trends. The Company doesn't have exposure on commodity hedging mechanism during the year under review.

**34) TOTAL FEES FOR ALL SERVICES PAID BY THE COMPANY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/ NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART:**

G. Balu Associates LLP, Chartered Accountants (Firm Registration No. 000376S/S200073) have been appointed as the Statutory Auditors of the Company. The particulars of Statutory Auditors' fees, on consolidated basis for the Financial Year 2019-20 are given below:

| NAME OF THE ENTITY                    | Auditors Fees (Rs.) |
|---------------------------------------|---------------------|
| <b>INDO NATIONAL LTD:-</b>            |                     |
| 1. Statutory Audit fees               | Rs.3,00,000         |
| 2. Limited Review Reports (Quarterly) | Rs.2,00,000         |
| <b>Total</b>                          | <b>Rs. 5,00,000</b> |

**35) CREDIT RATING:**

| S.No. | Name of the Agency | Type of Facility                          | Amount     | Rating                                  |
|-------|--------------------|---|------------|---|
| 1     | CRISIL Limited     | Cash Credit and Bill discounting facility | Rs.70 Crs. | Long Term CRISIL A/ Stable (Reaffirmed) |
|       |                    |   |            | Short Term CRISIL A1 (Reaffirmed)       |

During the Financial Year 2019-20, there are no changes in the rating.

**36) GENERAL SHAREHOLDERS' INFORMATION:**

- 1. AGM date, time and venue** : 28<sup>th</sup> September, 2020; Monday at 3.00 p.m.  
Through Video Conferencing (VC) /  
other Audio Visual Means (OVAM)
- 2. Dates of Book Closure (Physical)** : Tuesday the 22<sup>nd</sup> September, 2020 to  
Monday the 28<sup>th</sup> September, 2020  
(both days inclusive)
- 3. Financial Year** : 01-04-2019 to 31-03-2020
- 4. Annual Results** : 29<sup>th</sup> June, 2020
- 5. Mailing of Annual Reports** : 4<sup>th</sup> September, 2020
- 6. Dividend payment date** : 8<sup>th</sup> October, 2020
- 7. Listing Fees** : Paid to all the above stock exchanges for the  
year 2019-20
- 8. Address** : **Registered Office**                      **Corporate / Head Office**  
No.609, Mount Road,                      'Surya Varsh', I & II<sup>nd</sup> Floor,  
Lakshmi Bhavan,                              Door No.17/9,  
IV<sup>th</sup> Floor,    Wallace Garden 2<sup>nd</sup> Street,  
Nungambakkam,                              Nungambakkam  
Chennai – 600 006.                      Chennai - 600 034.
- 9. Plant location** : (i) Tada Kandriga Village, Nellore. (A.P)
- 10. Listing on Stock Exchanges :**
- |  |  |
|--|--|
| <p>(i) BSE Ltd.<br/>Floor 25, Phiroze Jheejibhoy Towers<br/>Dalal Street; Mumbai – 400 001<br/>Tel : 91-22-2272 1233/ 22721234<br/>Fax : 91-22-2272 2082/ 2061<br/>Email : corp.relations@bseindia.com</p> | <p>(ii) National Stock Exchange of India Ltd<br/>Exchange Plaza, Bandra-Kurla Complex<br/>Bandra (E); Mumbai – 400 051<br/>Tel : 91-22-26598235/36,<br/>Fax : 91-22-26598237/38<br/>Email : cmlist@nse.co.in</p> |
|--|--|

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

## ANNEXURE - 'C' TO THE BOARD REPORT

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso is given below:

1. Details of contracts or arrangements or transactions not at Arm's length basis: Not Applicable
2. Details of contracts or arrangements or transactions at Arm's length basis : As mentioned below :

| S.No | Name of the Related Party      | Nature of Relationship                          | Contracts / Arrangements / Transactions |                      |                         |   | Date of Approval by Board / Members and Period of Approval  | Sales value during the year (Rs.in Cr.) | Amount paid as advances, if any |
|------|--------------------------------|---|---|----------------------|-------------------------|---|---|---|---------------------------------|
|      |                                |   | Nature                                  | Duration             | Salient terms           | Justification for entering into                             |   |   |                                 |
| 1    | Associated Electrical Agencies | Director and relatives of Director is a Partner | Sale of Products and other Services     | Yearly / Three Years | Prevailing Market Rates | Ordinary course of business being carried on for many years | 13th August 2019 & 23rd September 2019 : Period of Approval 01st October 2019 to 30th September 2022<br><br>10th August 2016 and 23rd September 2019 : Period of Approval: 01st October 2016 to 30th September 2019 | 65.51                                   | Nil                             |
| 2    | Apex Agencies                  | Director and relatives of Director is a Partner | Sale of Products and other Services     | Yearly/ Three Years  | Prevailing Market Rates | Ordinary course of business being carried on for many years | 13th August 2019 & 23rd September 2019 : Period of Approval 01st October 2016 to 30th September 2019<br><br>10th August 2016 & 23rd September 2016: Period of Approval 01st October 2016 to 30th September 2019     | 65.33                                   | Nil                             |
| 3    | RAL Consumer Products Ltd      | One common Director                             | Sale of Products and other Services     | Yearly               | Prevailing Market Rates | Ordinary course of business being carried on for many years | 25th April 2018: 22nd May 2019<br>Period of Approval 01st June 2018 to 31st May 2019/<br>01st June 2019 to 31st May 2020  | 20.88                                   | Nil                             |

**ANNEXURE - 'C' TO THE BOARD REPORT (CONTD.)**

| S.No | Name of the Related Party                                     | Nature of Relationship             | Contracts / Arrangements / Transactions      |          |                         |   | Date of Approval by Board / Members and Period of Approval | Sales value during the year (Rs.in Cr.) | Amount paid as advances, if any |
|------|---|------------------------------------|--|----------|-------------------------|---|--|---|---------------------------------|
|      |   |                                    | Nature                                       | Duration | Salient terms           | Justification for entering into                             |  |   |                                 |
| 4    | Radiohms Agencies   | Director is a Partner              | Sale of Products and other Services          | Yearly   | Prevailing Market Rates | Ordinary course of business being carried on for many years | 23.07  | Nil                                     |                                 |
| 5    | Deccan Hospitals (A Unit of Apollo Hospitals Enterprises Ltd) | Relative of Director is a Director | Sale of Solar power units and other Services | Yearly   | Prevailing Market       | At Arms length basis  | 2.76   | Nil                                     |                                 |
| 6    | Radiohms Properties Pvt.Ltd                                   | One common Director                | Rent   | One year | Prevailing Market Rates | At Arms length basis  | 0.14   | 0.08                                    |                                 |

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)



ANNEXURE - 'D'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs and a reference to the web-link to the CSR policy and projects or programs is stated herein below:

Website Link : <http://www.nippobatteries.com/html/pdf/CSR%20POLICY-INL.pdf>

2. The CSR Committee consisting of the following three members:-

1. Mr. N. Ramesh Rajan Chairman (Independent Director)
2. Mr. P. Aditya Reddy, Member (Director)
3. Mr. M. Sankara Reddy, Director\*
4. Mr. S. Obul Reddy, Member (Director)\*\*

\* / \*\* Mr. M.Sankara Reddy has been appointed as Member of the Committee effective from 01<sup>st</sup> April 2020 in place of Mr. S.Obul Reddy who resigned as Member of the Committee with effect from 13<sup>th</sup> February 2020.

3. The average net profit of the company for the last three financial years is as follows:

| S.No. | FINANCIAL YEAR      | Rs. in Crores |
|-------|---------------------|---------------|
| 1     | 2016 - 17           | 32.43         |
| 2     | 2017 - 18           | 34.71         |
| 3     | 2018 - 19           | 31.30         |
|       | TOTAL PROFIT        | <b>98.44</b>  |
|       | AVERAGE FOR 3 YEARS | <b>32.82</b>  |

4. The total CSR Budget on the basis of @ 2% of average net profits of the Company for the financial year 2019-2020 is Rs.0.66 Crs.
5. Details of CSR spent during the financial year.  
Total amount spent for the financial year : Rs.0.66 crores
6. Amount unspent, if any : Nil

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

| (1)    | (2)   | (3)                                    | (4)   | (5)  | (6)   | (7)   | (8)   |
|--------|---|--|---|--|---|---|---|
| S. No. | CSR project or activity identified  | Sector in which the Project is covered | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs Sub-heads<br>(1) Direct expenditure on projects or programs<br>(2) Overheads | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency*   |
| 1      | Bring special children across Chennai on one platform and to provide food, Breakfast & Lunch for them | Social Welfare                         | Chennai Tamil Nadu  | 1300000  | 1300000   | 1300000   | Trust :<br>The Shakti Foundation,<br>No.9, Mani-keswari Road,<br>Kilpauk,<br>Chennai-600010 |
| 2      | Provide food to Children - monthly basis  | Social Welfare                         | Chennai Tamil Nadu  | 1200000  | 1200000   | 2500000   | Trust :<br>The Shakti Foundation,<br>No.9, Mani-keswari Road,<br>Kilpauk,<br>Chennai-600010 |
| 3      | Water supply to Tada Village  | Drinking Water                         | Tada, Andhra Pradesh, Nellore District  | 152775   | 152775  | 2652775   | Direct  |
| 4      | Expenses related to RO Plant  | Drinking Water                         | Tada, Andhra Pradesh, Nellore District  | 41069  | 41069   | 2693844   | Direct  |
| 5      | Support to Child Education, Protection & Survival etc.  | Education & Health Care                | India   | 270000   | 270000  | 2963844   | Through Save the Children   |
| 6      | Sponsorship amount  | Sports                                 | Chennai Tamilnadu   | 200000   | 200000  | 3163844   | Through Covelong Surfing Point P. Ltd.  |
| 7      | School Fees for the Children of St. Joseph's, Kovalam   | Education                              | Chennai Tamilnadu   | 378000   | 378000  | 3541844   | Through NUR   |
| 8      | Sponsorship amount  | Sports for under privileged            | Chennai Tamilnadu   | 30000  | 30000   | 3571844   | Through Concern India Foundation  |

| (1)    | (2)                                | (3)   | (4)   | (5)  | (6)   | (7)   | (8)   |
|--------|------------------------------------|---|---|--|---|---|---|
| S. No. | CSR project or activity identified | Sector in which the Project is covered        | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs Sub-heads<br>(1) Direct expenditure on projects or programs<br>(2) Overheads | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency* |
| 9      | Food to disable Children           | Social Welfare                                | Chennai Tamilnadu   | 200000   | 200000  | 3771844   | Through Sri Arunodayam                              |
| 10     | Food to Slum Families              | Social Welfare                                | Chennai Tamilnadu   | 400000   | 400000  | 4171844   | Through Turning Point Educational Trust             |
| 11     | Woman Empowerment                  | Education                                     | Tamilnadu   | 150000   | 150000  | 4321844   | Through Sarada Education                            |
| 12     | Street Dog Protection              | Animal Welfare                                | Tamilnadu   | 200000   | 200000  | 4521844   | Through Upaghna                                     |
| 13     | Food for starving Beach Horses     | Animal Welfare                                | Tamilnadu   | 200000   | 200000  | 4721844   | Through People for Animals                          |
| 14     | Tree Saplings                      | Environmental Sustainability                  | Tamilnadu   | 325000   | 325000  | 5046844   | Through Vijayalakshmi Athreya                       |
| 15     | Keep them in School                | Education                                     | Tamilnadu   | 1000000  | 1000000   | 6046844   | Through Madras Round Table 1                        |
| 16     | Provide Food to Walkers            | Social  | Bihar   | 4900   | 4900  | 6051744   | Direct  |
| 17     | Tree Saplings                      | Social Welfare & Environmental Sustainability | Tamilnadu   | 200000   | 200000  | 6251744   | Through Vijayalakshmi Athreya                       |
| 18     | Provide Food for Childrens         | Social Welfare                                | Tamilnadu   | 200000   | 200000  | 6451744   | Through All the Children                            |
| 19     | Provide Education for Childrens    | Education                                     | Tamilnadu   | 150000   | 150000  | 6601744   | Through All the Children                            |

We hereby declare that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

For and on behalf of the Board

**P. Dwaraknath Reddy**

Managing Director

Place : Chennai

Date : August 24, 2020

**N. Ramesh Rajan**

Chairman of CSR Committee

**EXTRACT OF ANNUAL RETURN**  
**Financial year ended on 31.03.2020**  
**FORM NO. MGT - 9**

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

Annexure - 'E'

**I. Registration and other details :**

|   |   |
|---|---|
| 1. CIN  | L31909TN1972PLC006196   |
| 2. Registration Date  | 15/07/1972  |
| 3. Name of the Company  | INDO NATIONAL LIMITED   |
| 4. Category / Sub-Category of the Company                                 | Company having Share Capital  |
| 5. Address of the Registered Office and contact details                   | No.609, Mount Road, Lakshmi Bhawan, 4th Floor, Chennai - 600 006. Tamil Nadu 044-28272711<br>Email Id: jsrinivasan@nippon.in  |
| 6. Whether listed company   | Yes (Listed in BSE and NSE)   |
| 7 Name, address and contact details of Registrar and Share Transfer Agent | M/s.Cameo Corporate Services Ltd. Subramaniam Building, No.1, Club House Road, Chennai-600 002<br>Ph: 44-28460390 -44-28460129<br>Email id: investor@cameoindia.com |

**II. Principal Business Activities of the Company :**

All the Business Activities contributing 10% or more of the total turnover of the company shall be stated

| Name and Description of main Products / Services | NIC Code of the Product / Service | % to total turnover of the company |
|--|-----------------------------------|------------------------------------|
| Dry Batteries                                    | 27201                             | 72.69                              |
| Lighting and Electricals                         | 27400                             | 21.57                              |

**III. Particulars of Holding, Subsidiary and Associate Companies :**

| Name and address of the Company               | CIN / GLN              | Holding / subsidiary / associate | % of shares held | Applicable Section |
|---|------------------------|----------------------------------|------------------|--------------------|
| Helios Strategic Systems Limited              | U74999TN2015PLC101208  | Wholly owned subsidiary company  | 100              | 2 (87)             |
| Kineco Limited                                | U24134GA1994PLC0001672 | Subsidiary Company               | 50.99            | 2(87)              |
| Kineco Kaman Composites India Private Limited | U25203GA2012PTC007223  | Stepdown Subsidiary Co.          | 51               | (87)               |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Share Holders   | No. of Shares held at the beginning of the Year |          |                |                       | No. of Shares held at the end of the Year |          |                |                       | % Change during the year |
|---|---|----------|----------------|-----------------------|---|----------|----------------|-----------------------|--------------------------|
|   | Demat   | Physical | Total          | % of the Total Shares | Demat                                     | Physical | Total          | % of the Total Shares |                          |
| <b>A. Promoters</b>   |   |          |                |                       |   |          |                |                       |                          |
| <b>1. Indian</b>  |   |          |                |                       |   |          |                |                       |                          |
| a) Individual / HUF   | 2557528   | 0        | 2557528        | 68.2007               | 2213016                                   | 0        | 2213016        | 59.0138               | -9.1869                  |
| b) Central Govt./State Govt.(s)                                     | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| c) Bodies Corporate   | 249367  | 0        | 249367         | 6.6498                | 237667                                    | 0        | 237667         | 6.3378                | -0.3120                  |
| d) Banks / FI   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| e) Any Other....  | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| <b>Sub-Total (A)(1)</b>   | <b>2806895</b>                                  | <b>0</b> | <b>2806895</b> | <b>74.8505</b>        | <b>2450683</b>                            | <b>0</b> | <b>2450683</b> | <b>65.3515</b>        | <b>-9.4989</b>           |
| <b>2. Foreign</b>   |   |          |                |                       |   |          |                |                       |                          |
| a) Individuals (Non-Residents)<br>Individuals / Foreign Individuals | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| b) Bodies Corporate   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| c) Institutions   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| d) Qualified Foreign Investor                                       | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| e) Any Other  | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| <b>Sub-Total (A)(2)</b>   | <b>0</b>  | <b>0</b> | <b>0</b>       | <b>0</b>              | <b>0</b>                                  | <b>0</b> | <b>0</b>       | <b>0.0000</b>         | <b>0.0000</b>            |
| <b>Total Shareholding of Promoters (A) = (A)(1) + (A)(2)</b>        | <b>2806895</b>                                  | <b>0</b> | <b>2806895</b> | <b>74.8505</b>        | <b>2450683</b>                            | <b>0</b> | <b>2450683</b> | <b>65.3515</b>        | <b>-9.4989</b>           |
| <b>B. Public Shareholding</b>                                       |   |          |                |                       |   |          |                |                       |                          |
| <b>1. Institutions</b>  |   |          |                |                       |   |          |                |                       |                          |
| a) Mutual Funds / UTI   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| b) Financial Institutions / Banks                                   | 190   | 0        | 190            | 0.0051                | 0   | 0        | 0              | 0.0000                | 0.0051                   |
| c) Central Govt. / State Govt.(s)                                   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| Banks   |   |          |                |                       |   |          |                |                       |                          |
| Scheduled Commercial Bank   | 0   | 0        | 0              | 0.0000                | 200000                                    | 0        | 200000         | 5.3333                | 5.3333                   |
| d) Venture Capital Funds  | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| e) Insurance Companies  | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| f) Foreign Institutional Investor                                   | 50  | 0        | 50             | 0.0013                | 50  | 0        | 50             | 0.0013                | 0.0000                   |
| h) Foreign Venture Capital  | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| i) Qualified Foreign Investor                                       | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| j) Others (specify) - -   | 0   | 0        | 0              | 0.0000                | 0   | 0        | 0              | 0.0000                | 0.0000                   |
| <b>Sub-Total (B)(1)</b>   | <b>240</b>                                      | <b>0</b> | <b>240</b>     | <b>0.0064</b>         | <b>200050</b>                             | <b>0</b> | <b>200050</b>  | <b>5.3346</b>         | <b>5.3282</b>            |



IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Share Holders  | No. of Shares held at the beginning of the Year |              |                |                       | No. of Shares held at the end of the Year |              |                |                       | % Change during the year |
|--|---|--------------|----------------|-----------------------|---|--------------|----------------|-----------------------|--------------------------|
|  | Demat   | Physical     | Total          | % of the Total Shares | Demat                                     | Physical     | Total          | % of the Total Shares |                          |
| <b>2. Non-Institutions</b>   |   |              |                |                       |   |              |                |                       |                          |
| <b>a. Bodies Corporate</b>   | 91299   | 151          | 91450          | 2.4387                | 164080                                    | 151          | 164231         | 4.3794                | 1.9408                   |
| <b>b. Individuals</b>  |   |              |                |                       |   |              |                |                       |                          |
| i) Individual Shareholders holding nominal share capital up to 1 lakh                    | 646328  | 67335        | 713663         | 19.0310               | 716002                                    | 54012        | 770014         | 20.5337               | 1.5026                   |
| ii) Individual Shareholders holding nominal share capital in excess of 1 lakh            | 75494   | 0            | 75494          | 2.0132                | 89648                                     | 0            | 89648          | 2.3906                | 0.3774                   |
| <b>c. Qualified Foreign Investor</b>   | 0   | 0            | 0              | 0.0000                | 0   | 0            | 0              | 0                     | 0.0000                   |
| <b>d. Any Other</b>  |   |              |                |                       |   |              |                |                       |                          |
| i) Clearing Members  | 816   | 0            | 816            | 0.0218                | 6300                                      | 0            | 6300           | 0.168                 | 0.1462                   |
| ii) Hindu Undivided Families   | 39253   | 0            | 39253          | 1.0467                | 41965                                     | 0            | 41965          | 1.1190                | 0.0723                   |
| iii) IEPF  | 10003   | 0            | 10003          | 0.2667                | 10922                                     | 0            | 10922          | 0.2912                | 0.0245                   |
| iv) Non-Resident Indians   | 12186   | 0            | 12186          | 0.3250                | 16187                                     | 0            | 16187          | 0.4316                | 0.1066                   |
| v) Resident HUF  | 0   | 0            | 0              | 0                     | 0   | 0            | 0              | 0                     | 0                        |
| <b>Sub-Total (B)(2):</b>   | <b>875379</b>                                   | <b>67486</b> | <b>942865</b>  | <b>25.1431</b>        | <b>1045104</b>                            | <b>54163</b> | <b>1099267</b> | <b>29.3137</b>        | <b>4.1707</b>            |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                       | <b>875619</b>                                   | <b>67486</b> | <b>943105</b>  | <b>25.1495</b>        | <b>1245154</b>                            | <b>54163</b> | <b>1299317</b> | <b>34.6484</b>        | <b>9.4989</b>            |
| <b>Total (A) + (b)</b>   | <b>3682514</b>                                  | <b>67486</b> | <b>3750000</b> | <b>100.00</b>         | <b>3695837</b>                            | <b>54163</b> | <b>3750000</b> | <b>100.00</b>         | <b>0.0000</b>            |
| <b>C. Shares held by Custodian and against which Depository Receipt have been issued</b> |   |              |                |                       |   |              |                |                       |                          |
| Promoter and Promoter Group  | 0   | 0            | 0              | 0                     | 0   | 0            | 0              | 0                     | 0.0000                   |
| Public   | 0   | 0            | 0              | 0                     | 0   | 0            | 0              | 0                     | 0.0000                   |
| <b>Total Custodian (c)</b>   | <b>0</b>  | <b>0</b>     | <b>0</b>       | <b>0</b>              | <b>0</b>                                  | <b>0</b>     | <b>0</b>       | <b>0</b>              | <b>0.0000</b>            |
| <b>Grand Total (A+B+C)</b>   | <b>3682514</b>                                  | <b>67486</b> | <b>3750000</b> | <b>100.00</b>         | <b>3695837</b>                            | <b>54163</b> | <b>3750000</b> | <b>100.00</b>         | <b>0.0000</b>            |

ii. Shareholding of Promoters

| Sl. No. | Shareholders Name                            | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % Change in shareholding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|         |  | No. of Shares                             | % of Total shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % of Total shares of the Company | % of shares Pledged/encumbered to total shares |  |
| 1.      | M/s. PDR Investments Pvt.Ltd                 | 163907                                    | 4.3708                           | 1.60   | 163907                              | 4.3708                           | 1.60   | -  |
| 2.      | M/s. Obul Reddy Investments Pvt.Ltd          | 68560                                     | 1.8283                           | -  | 68560                               | 1.8283                           | -  | -  |
| 3.      | Mrs.P. Sindoori Reddy                        | 11000                                     | 0.2933                           | -  | 11000                               | 0.2933                           | -  | -  |
| 4.      | Mrs. Suneeta Reddy                           | 59580                                     | 1.5888                           | -  | 59580                               | 1.5888                           | -  | -  |
| 5.      | Mr. P. Dwaraknath Reddy                      | 1653695                                   | 44.0985                          | 27.70  | 1653695                             | 44.0985                          | 35.09  | -  |
| 6.      | Mrs. Sindoori Reddy                          | 135016                                    | 3.6004                           | -  | 135016                              | 3.6004                           | -  | -  |
| 7.      | Mr. Aditya dev Reddy                         | 6   | 0.0002                           | -  | 6                                   | 0.0002                           | -  | -  |
| 8.      | M/s. H.N. Khaitan (HUF)                      | 21540                                     | 0.5744                           | -  | 21540                               | 0.5744                           | -  | -  |
| 9.      | M/s. JSK Marketing Pvt.Ltd                   | 6400                                      | 0.1707                           | -  | -                                   | -                                | -  | -0.1707                                  |
| 10.     | M/s. Radiohms Investment and Trading Pvt.Ltd | 5300                                      | 0.1413                           | -  | -                                   | -                                | -  | -0.1413                                  |
| 11.     | M/s. Radiohms Properties Pvt. Ltd            | 5200                                      | 0.1387                           | -  | 5200                                | 0.1387                           | -  | -  |
| 12.     | Mrs. Lakshmi devi Jiwarajka                  | 276750                                    | 7.3800                           | 6.42   | -                                   | -                                | -  | -7.3800                                  |
| 13.     | Mrs. Lakshmi devi Jiwarajka                  | 31512                                     | 0.8403                           | -  | -                                   | -                                | -  | -0.8403                                  |
| 14.     | Mrs. Lakshmi devi Jiwarajka                  | 36250                                     | 0.9667                           | -  | -s                                  | -                                | -  | -0.9667                                  |
| 15.     | Mrs. Saraladevi Khaitan                      | 83036                                     | 2.2143                           | -  | 83036                               | 2.2143                           | -  | -  |
| 16.     | Mrs. Saraladevi Khaitan                      | 11114                                     | 0.2964                           | -  | 11114                               | 0.2964                           | -  | -  |
| 17.     | Mr. R.P. Khaitan                             | 69049                                     | 1.8413                           | -  | 69049                               | 1.8413                           | -  | -  |
| 18.     | Mrs. Saraladevi Khaitan                      | 166248                                    | 4.4333                           | -  | 166248                              | 4.4333                           | -  | -  |
| 19.     | Ms. Anju Ganeriwal                           | 2732                                      | 0.0729                           | -  | 2732                                | 0.0729                           | -  | -  |
|         | <b>Total</b>                                 | <b>2806895</b>                            | <b>74.8505</b>                   | <b>-</b>                                       | <b>2450683</b>                      | <b>65.2128</b>                   | <b>-</b>                                       | <b>-9.4989</b>                           |

**iii. Change in Promoters' Shareholding (Please specify, if there is no change)**

| Sl. No. | Shareholders Name   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|---|----------------------------------|
|         |   | No. of Shares                             | % of Total shares of the Company | No. of Shares                           | % of Total shares of the Company |
| 1       | <b>M/s. PDR INESTMENTS PVT.LTD</b>                          |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 163907                                    | 4.3708                           | 163907                                  | 4.3708                           |
|         | At the end of the year 31-Mar-2020                          | 163907                                    | 4.3708                           | 163907                                  | 4.3708                           |
| 2       | <b>M/s. OBUL REDDY INVESTMENTS PVT.LTD</b>                  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 68560                                     | 1.8282                           | 68560                                   | 1.8282                           |
|         | At the end of the Year 31-Mar-2020                          | 68560                                     | 1.8282                           | 68560                                   | 1.8282                           |
| 3.      | <b>Mrs. SINDOORI REDDY</b>                                  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 135016                                    | 3.6004                           | 135016                                  | 3.6004                           |
|         | At the end of the Year 31-Mar-2020                          | 135016                                    | 3.6004                           | 135016                                  | 3.6004                           |
| 4       | <b>Mrs. P. SINDOORI REDDY</b>                               |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 11000                                     | 0.2933                           | 11000                                   | 0.2933                           |
|         | At the end of the Year 31-Mar-2020                          | 11000                                     | 0.2933                           | 11000                                   | 0.2933                           |
| 5.      | <b>Mrs. SUNEETA REDDY</b>                                   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 59580                                     | 1.5888                           | 59580                                   | 1.5888                           |
|         | At the end of the Year 31-Mar-2020                          | 59580                                     | 1.5888                           | 59580                                   | 1.5888                           |
| 6.      | <b>Mr. P. DWARAKNATH REDDY</b>                              |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 1653695                                   | 44.0985                          | 1653695                                 | 44.0985                          |
|         | At the end of the Year 31-Mar-2020                          | 1653695                                   | 44.0985                          | 1653695                                 | 44.0985                          |
| 7.      | <b>Mr. ADITYA DEV REDDY</b>                                 |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 6   | 0.0001                           | 6                                       | 0.0001                           |
|         | At the end of the Year 31-Mar-2020                          | 6   | 0.0001                           | 6                                       | 0.0001                           |
| 8.      | <b>M/s. H N KHAITAN (HUF)</b>                               |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 21540                                     | 0.5744                           | 21540                                   | 0.5744                           |
|         | At the end of the Year 31-Mar-2020                          | 21540                                     | 0.5744                           | 21540                                   | 0.5744                           |
| 9.      | <b>M/s. JSK MARKETING PVT.LTD.</b>                          |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 6400                                      | 0.1706                           | 6400                                    | 0.1706                           |
|         | Sale 12-Apr-2019  | -6400                                     | 0.1706                           | -                                       | -                                |
|         | At the end of the Year 31-Mar-2020                          | -   | -                                | -                                       | -                                |
| 10.     | <b>M/s. RADIOHMS INVESTMENT AND TRADING PRIVATE LIMITED</b> |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                    | 5300                                      | 0.1413                           | 5300                                    | 0.1413                           |
|         | Sale 12-Apr-2019  | -5300                                     | 0.1413                           | -                                       | -                                |
|         | At the end of the Year 31-Mar-2020                          | -   | -                                | -                                       | -                                |

**iii. Change in Promoters' Shareholding (Please specify, if there is no change) (contd.)**

| Sl. No.                            | Shareholders Name                               | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------------|---|---|----------------------------------|---|----------------------------------|
|                                    |   | No. of Shares                             | % of Total shares of the Company | No. of Shares                           | % of Total shares of the Company |
| 11.                                | <b>M/s. RADIOHMS PROPERTIES PRIVATE LIMITED</b> |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 5200                                      | 0.1386                           | 5200                                    | 0.1386                           |
|                                    | At the end of the Year 31-Mar-2020              | 5200                                      | 0.1386                           | 5200                                    | 0.1386                           |
| 12.                                | <b>Mrs. LAXMI DEVI JIWARAJKA</b>                |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 276750                                    | 7.38                             | 276750                                  | 7.3800                           |
|                                    | Sale 5 April 2019                               | -50750                                    | 1.3533                           | 226000                                  | 6.0266                           |
|                                    | Sale 31 May 2019                                | -20000                                    | 0.5333                           | 206000                                  | 5.4933                           |
|                                    | Sale 07 June 2019                               | -6000                                     | 0.1600                           | 200000                                  | 5.3333                           |
|                                    | Sale 06 Dec 2019                                | -200000                                   | 5.3333                           | -                                       | -                                |
|                                    | At the end of the Year 31-Mar-2020              | -   | -                                | -                                       | -                                |
|                                    | At the beginning of the year 01-Apr-2019        | 36250                                     | 0.9666                           | 36250                                   | 0.9666                           |
|                                    | Purchase 05 April 2019                          | 50750                                     | 1.3533                           | 87000                                   | 2.3200                           |
|                                    | Sale 26 April 2019                              | -87000                                    | 2.3200                           | -                                       | -                                |
|                                    | At the end of the Year 31-Mar-2020              | -   | -                                | -                                       | -                                |
|                                    | At the beginning of the year 01-Apr-2019        | 31512                                     | 0.8403                           | 31512                                   | 0.8403                           |
| Sale 12 April 2019                 | -31512  | 0.8403                                    | -                                | -                                       |                                  |
| At the end of the Year 31-Mar-2020 | -   | -   | -                                | -                                       |                                  |
| 13.                                | <b>Mrs. SARLADEVI KHAITAN</b>                   |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 83036                                     | 2.2142                           | 83036                                   | 2.2142                           |
|                                    | At the end of the Year 31-Mar-2020              | 83036                                     | 2.2142                           | 83036                                   | 2.2142                           |
| 14.                                | <b>Mrs. SARLADEVI KHAITAN</b>                   |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 166248                                    | 4.4332                           | 166248                                  | 4.4332                           |
|                                    | At the end of the Year 31-Mar-2020              | 166248                                    | 4.4332                           | 166248                                  | 4.4332                           |
| 15.                                | <b>Mrs. SARLADEVI KHAITAN</b>                   |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 11114                                     | 0.2963                           | 11114                                   | 0.2963                           |
|                                    | At the end of the Year 31-Mar-2020              | 11114                                     | 0.2963                           | 11114                                   | 0.2963                           |
| 16.                                | <b>Mr. R.P. KHAITAN</b>                         |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 69049                                     | 1.8413                           | 69049                                   | 1.8413                           |
|                                    | At the end of the Year 31-Mar-2020              | 69049                                     | 1.8413                           | 69049                                   | 1.8413                           |
| 17.                                | <b>Ms. ANJU GANERIWAL</b>                       |   |                                  |   |                                  |
|                                    | At the beginning of the year 01-Apr-2019        | 2732                                      | 0.0728                           | 2732                                    | 0.0728                           |
|                                    | At the end of the Year 31-Mar-2020              | 2732                                      | 0.0728                           | 2732                                    | 0.0728                           |

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

Name of the Company : Indo National Limited

| Sl. No. | Shareholders Name  | Shareholding at the beginning of the year                                      |   | Cumulative Shareholding during the year   |   | Folio/DP_CL_ID    | PAN        |
|---------|--|--|---|---|---|-------------------|------------|
|         |  | No. of Shares  | % of Total shares of the Company  | No. of Shares   | % of Total shares of the Company  |                   |            |
| 1       | <b>SHARAD KANAYALAL SHAH</b><br>UT1 : VARSHA SHARAD SHAH<br>UT2 : DIPAK KANAYALA SHASH<br>At the beginning of the year 01-Apr-2019<br>Purchase 21-Jun-2019<br>Purchase 06-Sep-2019<br>Purchase 27-Dec-2019<br>Purchase 27-Mar-2020<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN              | 40710<br>10000<br>1100<br>3254<br>100<br>55164                                 | 1.0856<br>0.2666<br>0.0293<br>0.0867<br>0.0026<br>1.4710  | 40710<br>50710<br>51810<br>55064<br>55164<br>55164  | 1.0856<br>1.3522<br>1.3816<br>1.4683<br>1.4710<br>1.4710  | 'IN30082911655927 | AAKPS6262N |
| 1       | <b>SHARAD KANAYALAL SHAH</b><br>JT1 : VARSHA SHARAD SHAH<br>JT2 : DIPAK KANAYALAL SHAH<br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN  | 4800<br>4800   | 0.1280<br>0.1280  | 4800<br>4800  | 0.1280<br>0.1280  | 'IN30133021657213 | AAKPS6262N |
| 2       | <b>SHARE BAZAR FINANCIAL SERVICES LTD.</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020   | 34900<br>34900   | 0.9306<br>0.9306  | 34900<br>34900  | 0.9306<br>0.9306  | 1201910100004869  | AAFCS0923G |
| 3       | <b>VIJAYAKUMAR R</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN  | 22184<br>22184   | 0.5915<br>0.5915  | 22184<br>22184  | 0.5915<br>0.5915  | 'IN30169611683964 | ABWPV4806G |
| 3       | <b>R VIJAYAKUMAR</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020   | 600<br>600   | 0.0160<br>0.0160  | 600<br>600  | 0.0160<br>0.0160  | 'IN30018312351258 | ABWPV4806G |
| 4       | <b>ASHOK SUGLA</b><br>At the beginning of the year 01-Apr-2019<br>Sale 19-Apr-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN  | 12600<br>-12600<br>-   | 0.3360<br>0.3360<br>-   | 12600<br>0<br>-   | 0.3360<br>0.0000<br>-   | 'IN30290242813390 | AKXPS6356A |
| 4       | <b>ASHOK SUGLA</b><br>At the beginning of the year 01-Apr-2019<br>Purchase 19-Apr-2019<br>Purchase 17-May-2019<br>Purchase 24-May-2019<br>Sale 31-May-2019<br>Purchase 07-Jun-2019<br>Sale 14-Jun-2019<br>Sale 21-Jun-2019<br>Sale 28-Jun-2019<br>Sale 27-Mar-2020<br>At the end of the Year 31-Mar-2020 | -<br>12600<br>200<br>838<br>-238<br>85<br>-130<br>-55<br>-300<br>-700<br>12300 | -<br>0.3360<br>0.0053<br>0.0223<br>0.0063<br>0.0022<br>0.0034<br>0.0014<br>0.0080<br>0.0186<br>0.3280 | -<br>12600<br>12800<br>13638<br>13400<br>13485<br>13355<br>13300<br>13000<br>12300<br>12300 | -<br>0.3360<br>0.3413<br>0.3636<br>0.3573<br>0.3596<br>0.3561<br>0.3546<br>0.3466<br>0.3280<br>0.3280 | 1208160020133573  | AKXPS6356A |

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

| Sl. No. | Shareholders Name   | Shareholding at the beginning of the year          |   | Cumulative Shareholding during the year     |   | Folio/DP_CL_ID                | PAN        |
|---------|---|--|---|---|---|-------------------------------|------------|
|         |   | No. of Shares                                      | % of Total shares of the Company                              | No. of Shares                               | % of Total shares of the Company                    |                               |            |
| 5       | <b>INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS</b><br>At the beginning of the year 01-Apr-2019<br>Purchase 27-Sep-2019<br>At the end of the Year 31-Mar-2020   | 10003<br>919<br>10922                              | 0.2667<br>0.0245<br>0.2912                                    | 10003<br>10922<br>10922                     | 0.2667<br>0.2912<br>0.2912                          | 'IN30070810656671             | EXEMPTCATG |
| 6       | <b>MEERA REDDY M K</b><br>At the beginning of the year 01-Apr-2019<br>Demated 21-Jun-2019<br>At the end of the Year 31-Mar-2020   | 7084<br>-7084<br>0                                 | 0.1889<br>0.1889<br>0.0000                                    | 7084<br>0<br>0                              | 0.1889<br>0.0000<br>0.0000                          | 'M0000406<br>IN30108022785013 | AAFPM9359K |
| 7       | <b>UTTAM KHOBRAGADE</b><br>At the beginning of the year 01-Apr-2019<br>Sale 19-Apr-2019<br>Sale 07-Jun-2019<br>Sale 14-Jun-2019<br>At the end of the Year 31-Mar-2020   | 6636<br>-164<br>-2000<br>-4472<br>-                | 0.1769<br>0.0043<br>0.0533<br>0.1192<br>-                     | 6636<br>6472<br>4472<br>-<br>-              | 0.1769<br>0.1725<br>0.1192<br>-<br>-                | 'IN30002010243687             | AFCPK7196J |
| 8       | <b>HEMANGINI A DADKAR</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN  | 5800<br>5800                                       | 0.1546<br>0.1546  | 5800<br>5800                                | 0.1546<br>0.1546                                    | 'H0000371                     | AHCPD0398K |
| 8       | <b>HEMANGINI AKHIL DADKAR</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN  | 2032<br>2032                                       | 0.0541<br>0.0541  | 2032<br>2032                                | 0.0541<br>0.0541                                    | 'H0000113                     | AHCPD0398K |
| 8       | <b>HEMANGINI A DADKAR</b><br>At the beginning of the year 01-Apr-2019<br>At the end of the Year 31-Mar-2020   | 1600<br>1600                                       | 0.0426<br>0.0426  | 1600<br>1600                                | 0.0426<br>0.0426                                    | 'H0000372                     | AHCPD0398K |
| 9       | <b>ANGEL FINCAP PRIVATE LIMITED</b><br>At the beginning of the year 01-Apr-2019<br>Sale 26-Jul-2019<br>Sale 30-Aug-2019<br>At the end of the Year 31-Mar-2020   | 5587<br>-80<br>-5507<br>-                          | 0.1489<br>0.0021<br>0.1468<br>-                               | 5587<br>5507<br>-<br>-                      | 0.1489<br>0.1468<br>-<br>-                          | '1203320007719863             | AAACA7011Q |
| 10      | <b>KHANDWALA ENTERPRISES PVT. LTD.</b><br>At the beginning of the year 01-Apr-2019<br>Purchase 17-May-2019<br>Purchase 24-May-2019<br>Sale 07-Jun-2019<br>Purchase 29-Jun-2019<br>Sale 13-Sep-2019<br>At the end of the Year 31-Mar-2020<br>HAVING SAME PAN | 4885<br>500<br>1000<br>-6385<br>6385<br>-6385<br>- | 0.1302<br>0.0133<br>0.0266<br>0.1702<br>0.1702<br>0.1702<br>- | 4885<br>5385<br>6385<br>-<br>6385<br>-<br>- | 0.1302<br>0.1436<br>0.1702<br>-<br>0.1702<br>-<br>- | 'IN30148510296685             | AACCK4330L |



iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

| Sl. No. | Shareholders Name                         | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  | Folio/DP_CL_ID    | PAN        |
|---------|---|---|----------------------------------|---|----------------------------------|-------------------|------------|
|         |   | No. of Shares                             | % of Total shares of the Company | No. of Shares                           | % of Total shares of the Company |                   |            |
| 10      | <b>KHANDWALA FINSTOCK PVT. LTD.</b>       |   |                                  |   |                                  |                   |            |
|         | At the beginning of the year 01-Apr-2019  | 0   | 0.0000                           | 0                                       | 0.0000                           | 'IN30148510000004 | AAACK6129R |
|         | Purchase 05-Jul-2019                      | 599                                       | 0.0159                           | 599                                     | 0.0159                           |                   |            |
|         | Purchase 19-Jul-2019                      | 47  | 0.0012                           | 646                                     | 0.0172                           |                   |            |
|         | At the end of the Year 31-Mar-2020        | 646                                       | 0.0172                           | 646                                     | 0.0172                           |                   |            |
|         |   |   |                                  |   |                                  |                   |            |
| 11      | <b>HDFC BANK LTD</b>                      |   |                                  |   |                                  |                   |            |
|         | At the beginning of the year 01-Apr-2019  | 0   | 0.0000                           | 0                                       | 0.0000                           | '1301240000006964 | AAACH2702H |
|         | Purchase 06-Dec-2019                      | 200000                                    | 5.3333                           | 200000                                  | 5.3333                           |                   |            |
|         | At the end of the Year 31-Mar-2020        | 200000                                    | 5.3333                           | 200000                                  | 5.3333                           |                   |            |
|         |   |   |                                  |   |                                  |                   |            |
| 12      | <b>DEESHA LEASECON PVT LTD</b>            |   |                                  |   |                                  |                   |            |
|         | At the beginning of the year 01-Apr-2019  | 0   | 0.0000                           | 0                                       | 0.0000                           | '1301240005218911 | AAACD8451B |
|         | Purchase 26-Apr-2019                      | 87000                                     | 2.3200                           | 87000                                   | 2.3200                           |                   |            |
|         | Sale 03-May-2019                          | -100                                      | 0.0026                           | 86900                                   | 2.3173                           |                   |            |
|         | Sale 14-Feb-2020                          | -900                                      | 0.0240                           | 86000                                   | 2.2933                           |                   |            |
|         | At the end of the Year 31-Mar-2020        | 86000                                     | 2.2933                           | 86000                                   | 2.2933                           |                   |            |
|         |   |   |                                  |   |                                  |                   |            |
| 13      | <b>KIFS TRADE CAPITAL PRIVATE LIMITED</b> |   |                                  |   |                                  |                   |            |
|         | At the beginning of the year 01-Apr-2019  | 0   | 0.0000                           | 0                                       | 0.0000                           | 'IN30148511117586 | AADCE2051P |
|         | Purchase 18-Oct-2019                      | 6385                                      | 0.1702                           | 6385                                    | 0.1702                           |                   |            |
|         | Sale 21-Feb-2020                          | -6000                                     | 0.1600                           | 385                                     | 0.0102                           |                   |            |
|         | Purchase 06-Mar-2020                      | 6000                                      | 0.1600                           | 6385                                    | 0.1702                           |                   |            |
|         | At the end of the Year 31-Mar-2020        | 6385                                      | 0.1702                           | 6385                                    | 0.1702                           |                   |            |
|         |   |   |                                  |   |                                  |                   |            |

v) Shareholding of Directors and Key Managerial Personnel

| Sl. | Name                      | Shareholding at the beginning of the year |                                  | Date | Increase/Decrease in Share Holding | Reason | Cumulative shares during the year 01.04.2019 to 31.03.2020 |                                  |
|-----|---------------------------|---|----------------------------------|------|------------------------------------|--------|--|----------------------------------|
|     |                           | No. of shares                             | % of total shares of the company |      |                                    |        | No. of shares  | % of total shares of the company |
| 1   | Mr. P. Dwaraknath Reddy   | 1653695                                   | 44.0985                          | -    | -                                  | -      | 1653695  | 44.0985                          |
| 2   | Mr. Aditya Reddy          | 6   | 0.00016                          | -    | -                                  | -      | 6  | 0.00016                          |
| 3   | Mr. R.P. Khaitan          | 69049                                     | 1.8413                           | -    | -                                  | -      | 69049  | 1.8413                           |
| 4   | Mr. N. Ramesh Rajan       | Nil                                       |                                  | -    | -                                  | -      | Nil  | -                                |
| 5   | Mr. S. Obul Reddy         | Nil                                       |                                  | -    | -                                  | -      | Nil  | -                                |
| 6   | Mrs. Lakshmmi Subramanian | Nil                                       |                                  | -    | -                                  | -      | Nil  | -                                |
| 7   | Mr. M. Sankara Reddy      | 1500                                      | 0.0400                           | -    | -                                  | -      | 1500   | 0.0400                           |
| 8   | C.R. Sivaramakrishnan     | Nil                                       | -                                | -    | -                                  | -      | Nil  | -                                |
| 9   | Mr. J. Srinivasan         | Nil                                       |                                  | -    | -                                  | -      | Nil  | -                                |

V. INDEBTEDNESS

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

Rs. in lakhs

|   | Secured Loans excluding deposits | Unsecured Loan | Deposits | Total Indebtedness |
|---|----------------------------------|----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year     |                                  |                |          |                    |
| i) Principal Amount                                     | 3,024.00                         | -              | -        | 3,024.00           |
| ii) Interest due but not paid                           | 0.00                             | -              | -        | 0.00               |
| iii) Interest accrued but not due                       | 6.57                             | -              | -        | 6.57               |
| <b>Total (i+ii+iii)</b>                                 | <b>3,030.57</b>                  | <b>-</b>       | <b>-</b> | <b>3,030.57</b>    |
| <b>Change in Indebtedness during the financial year</b> |                                  |                |          |                    |
| Addition  | 5,399.33                         | -              | -        | 5,399.33           |
| Reduction   | 5,304.39                         | -              | -        | 5,304.39           |
| Net Change  | <b>94.94</b>                     | <b>-</b>       | <b>-</b> | <b>94.94</b>       |
| Indebtedness at the end of the financial year           |                                  |                |          |                    |
| i) Principal Amount -                                   | 3,117.32                         | -              | -        | 3,117.32           |
| ii) Interest due but not paid                           | -                                | -              | -        | -                  |
| iii) Interest accrued but not due                       | 8.19                             | -              | -        | 8.19               |
| <b>Total (i+ii+iii)</b>                                 | <b>3,125.51</b>                  | <b>-</b>       | <b>-</b> | <b>3,125.51</b>    |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: (Figures in Rupees)

| Sr. No. | Particulars of Remuneration  | Mr. P. Dwaraknath Reddy<br>Managing Director | Mr. Aditya Reddy<br>Joint Managing Director | Mr. R.P. Khaitan<br>Joint Managing Director | Total Amount       |
|---------|--|--|---|---|--------------------|
|         | Gross Salary   |  |   |   |                    |
| 1       | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 60,00,000                                    | 60,00,000                                   | 60,00,000                                   | 1,80,00,000        |
|         | b) Value of perquisites under section 17(2) of Income Tax Act, 1961                | 23,77,835                                    | 22,42,358                                   | 22,67,500                                   | 68,87,693          |
|         | c) Profit in lieu of salary under section 17(3) of Income Tax Act, 1961            | -  | -   | -   | -                  |
| 2       | Stock Options  | -  | -   | -   | -                  |
| 3       | Sweat Equity   | -  | -   | -   | -                  |
| 4       | Commission<br>- as a percentage of profit  | -  | -   | -   | -                  |
| 5       | - others specify (Superannuation)  | -  | -   | -   | -                  |
|         | <b>Total (A)</b>   | <b>83,77,835</b>                             | <b>82,42,358</b>                            | <b>82,67,500</b>                            | <b>2,48,87,693</b> |

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors:

(Figures in Rupees)

| Sr. No. | Particulars of Remuneration                  | Name of the Director |                           | Total Amount        |
|---------|--|----------------------|---------------------------|---------------------|
|         |  | Mr.N. Ramesh Rajan   | Mrs. Lakshmmi Subramanian |                     |
| 1       | Fee for attending Board / Committee Meetings | 4,00,000.00          | 4,00,000.00               | 8,00,000.00         |
| 2       | Commission                                   | 1,75,000.00          | 1,75,000.00               | 3,50,000.00         |
| 3       | Others Please Specify                        | -                    | -                         | -                   |
|         | <b>Total (B) (1)</b>                         | <b>5,75,000.00</b>   | <b>5,75,000.00</b>        | <b>11,50,000.00</b> |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Figures in Rupees)

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel                             |  | Total amount   |
|---------|--|--|--|----------------|
|         |  | Mr. C.R. Sivaramakrishnan<br>Chief Financial Officer | Mr. J. Srinivasan<br>Company Secretary |                |
| 1       | Gross Salary<br>(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961<br>(b) Value of perquisites under Section 17(2) Income Tax Act, 1961<br>(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961 | 5565585  | 3095566                                | 8661151        |
| 2       | Stock Options  | -  | -                                      |                |
| 3       | Sweat Equity   | -  | -                                      |                |
| 4       | Commission<br>- as % of profit<br>- others, specify  | -  | -                                      |                |
|         | <b>Total ©</b>   | <b>5565585</b>                                       | <b>3095566</b>                         | <b>8661151</b> |

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

| Type                                | Sections of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding Fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give details) |
|-------------------------------------|-------------------------------|-------------------|--|---------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                               |                   |  |                           |                                    |
| Penalty                             |                               |                   | NIL  |                           |                                    |
| Punishment                          |                               |                   |  |                           |                                    |
| Compounding                         |                               |                   |  |                           |                                    |
| <b>B. DIRECTORS</b>                 |                               |                   |  |                           |                                    |
| Penalty                             |                               |                   | NIL  |                           |                                    |
| Punishment                          |                               |                   |  |                           |                                    |
| Compounding                         |                               |                   |  |                           |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                               |                   |  |                           |                                    |
| Penalty                             |                               |                   | NIL  |                           |                                    |
| Punishment                          |                               |                   |  |                           |                                    |
| Compounding                         |                               |                   |  |                           |                                    |

For and on behalf of the Board of Directors  
For Indo National Ltd

Place : Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

Annexure - 'F'  
Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members,  
INDO NATIONAL LIMITED  
CIN: L31909TN1972PLC006196  
NO. 609, MOUNT ROAD, LAKSHMI BHAWAN, IVTH FLOOR,  
CHENNAI - 600006

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

Based on our verification of the M/s. INDO NATIONAL LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. INDO NATIONAL LIMITED ("the Company") for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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 following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable Regulations/Clauses of the following:

- (i) The Listing Agreement entered into by the Company with the National Stock Exchange of India Limited and BSE Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (ii) The Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) – for General Meeting issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: NIL

We further report that The Board of Directors of the Company is constituted with Executive Directors, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda 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.

All decisions at the Board Meetings and Committee Meeting are carried and recorded in Minutes of the Meetings of the Board of Directors and Committees of the Board as the case may be.

We 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.

We further report that during the audit period the company has;

- a. passed Special Resolution through postal ballot result dated 12<sup>th</sup> December, 2019 under section 13 of the Companies Act, 2013 for Alteration of Objects Clause in the Memorandum of Association of the Company.
- b. entered Distributorship contract with M/s. Dorco Co. Ltd., a Company organized and existing under the laws of the Republic of Korea for the distribution of Dorco products such as Razor and Razor blade products in India.

for DAMODARAN AND ASSOCIATES LLP

M. DAMODARAN  
Managing Partner  
Membership No.5837

COP No.5081

ICSI UDIN No.F005837B000439138

Place : Chennai

Date : 10.07.2020

(This report is to be read with our letter of even date which is annexed as **Annexure 1** and forms an integral part of this report)



To

The Members

INDO- NATIONAL LIMITED

CIN: L31909TN1972PLC006196

NO. 609, MOUNT ROAD, LAKSHMI BHAWAN, IVTH FLOOR,

CHENNAI – 600006.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, We 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. Our 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.

for DAMODARAN AND ASSOCIATES LLP

M. DAMODARAN  
Managing Partner  
Membership No.5837  
COP No.5081

Place : Chennai  
Date : 10.07.2020

ICSI UDIN No.F005837B000439138

ANNEXURE - 'G'

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) The ratio of the remuneration of each director to the median employee's remuneration of the company for the financial year are given below:

| Name                      | Designation                        | Ratio   |
|---------------------------|------------------------------------|---------|
| Mr. P. Dwaraknath Reddy   | Managing Director & CEO            | 23.46:1 |
| Mr. P. Aditya Reddy       | Joint Managing Director            | 23.09:1 |
| Mr. R.P. Khaitan          | Joint Managing Director            | 23.16:1 |
| Mr. N. Ramesh Rajan*      | Independent Non-Executive Director | 1.61:1  |
| Mr. S. Obul Reddy*        | Non-Executive Director             | -       |
| Mrs. Lakshmi Subramanian* | Independent Non-Executive Director | 1.61:1  |

\*sitting fees / commission paid to Independent / non-executive directors during the year for attending board/ committee meetings.

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Name                      | Designation               | Percentage increase/<br>decrease in remuneration |
|---------------------------|---------------------------|--|
| Mr. P. Dwaraknath Reddy   | Managing Director & CEO   | (19.13)  |
| Mr. P. Aditya Reddy       | Joint Managing Director   | (19.64)  |
| Mr. R.P. Khaitan          | Joint Managing Director   | (21.62)  |
| Mr. C.R. Sivaramakrishnan | Chief Financial Officer** | N.A.   |
| Mr. J. Srinivasan         | Company Secretary         | 9.00   |

\*\*Mr. C.R Sivaramakrishnan was appointed as CFO of the company effective from 01<sup>st</sup> April 2019.

- c) The average percentage increase in the median remuneration of employees in the financial year was 2.70%.
- d) The Company has 497 permanent employees on the rolls of company as on 31<sup>st</sup> March 2020.

e) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

| Name                    | Designation             | CTC<br>Rs.in<br>Lakhs | %<br>Increase/<br>Decrease<br>in CTC | PAT<br>(Rs. in<br>Lakhs) | %<br>Increase<br>in PAT |
|-------------------------|-------------------------|-----------------------|--------------------------------------|--------------------------|-------------------------|
| Mr. P. Dwaraknath Reddy | Managing Director & CEO | 83.77*                | (19.13)                              | 21.88                    | (98.85)                 |
| Mr. R.P. Khaitan        | Joint Managing Director | 82.67#                | (21.62)                              |                          |                         |
| Mr. P. Aditya Reddy     | Joint Managing Director | 82.42**               | (19.64)                              |                          |                         |
| Mr.C.R.Sivaramakrishnan | Chief Financial Officer | 60.00\$               | N.A                                  |                          |                         |
| Mr. J. Srinivasan       | Company Secretary       | 35.29                 | 9.00                                 |                          |                         |

\*# \*\* It consists of salary/allowance, value of perquisites, bonus and retirement benefits with in the limit approved by members at the AGM held on 24<sup>th</sup> September 2018 / 23<sup>rd</sup> September 2019.

\$ Mr. C.R Sivaramakrishnan was appointed as CFO of the company effective from 01<sup>st</sup> April 2019.

f) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year was 9.34% whereas increase in the managerial remuneration was (8.88%).

g) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

| S.No | Particulars                           | Rs. in Lakhs |
|------|---------------------------------------|--------------|
| 1    | Remuneration of highest paid Director | 83.77        |
| 2    | Remuneration of Employee              | 137.97       |
|      | Ratio                                 | 1.65         |

h) It is hereby affirmed that the remuneration paid during the year is as per the policy of the company.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE:**

In our assessment, the overall volume growth of dry cell industry must be in single digits, as the drop in D size volumes and small dip in AA volumes is being taken care by the growth in AAA volumes. The decision of Government of India to have mandatory BIS certification for selling dry cell batteries in India has started giving some support of additional volumes replacing the cheap imports, to Indian organised players.

**DRY BATTERY BUSINESS:**

Non supply of battery by organized players, during the last week of March 2020 and major part of April 2020 due to COVID19, has triggered pent up demand, as local traditional Kirana outlets continue to operate some restrictions. Further, declaration of battery as one of the essential items by Ministry of Home Affairs also helped us to distribute the product to cope up with the market requirements.

Due to COVID19, people staying back at home & working from home (WFH) also lead to increase in battery consumption due to higher usage of remotes. Similarly, Pulse Oximeter which uses AAA batteries also helped in improving the demand for AAA batteries increased level of people operating from Government of India's call on Aatmanirbhar Bharat along with full impact of BIS certification restrictions should also help organized players to have improved business opportunity.

Endorsement of our battery category by Rohit Sharma, Indian International cricketer should also help in our endeavours to achieve growth.

**NON- BATTERY CATEGORY:****2019-20**

In our assessment, but for the month of March, the performance of LED, Electrical Accessories sectors have done well during 2019-20. Even in case of Mosquito Bat segment, few organized players entry has helped in converting the market from unorganized to organized sector which helps in assured quality-price stabilization etc.

Your company is able to sustain the growth in LED & Mosquito Bat categories with an increase in sales volumes during the year, compared to last year, by 65% & 135% reflecting the acceptability of the product by consumer. The growth trend is reflected even in Electrical accessories category as well.

**OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS:**

But for the unexpected challenges of COVID19, resulting in frequent local/ regional lockdowns, the year 2020-2021 should be a good year for dry cell battery companies.

Due to COVID, based on our own assessment of the market at this point of time, the overall lighting & Electrical sectors has taken a hit as construction sector which is one of the major growth drivers for

these businesses has severely affected. However with regard to Flash lights & Mosquito bat segments, we see a positive trend during the year 2020-2021, as cheap imports from neighbouring countries expected to drop, providing increased business opportunity for organized players. Efforts are on to encourage having mandatory BIS certification even in flash lights to encourage domestic manufacturing and also having import of high quality flash lights.

Since your company deals only on bulbs & battens part of the lighting business & mainly operate in General Trade, based on the current market trends, expect the impact of drop in construction activity having less impact on our plans of LED sale.

In case of Mosquito Bat and Flash lights sales, we are positive due to drop in cheap imports and also certain infrastructure improvement initiatives taken by your company, during 2019-20 expecting to yield positive results. Further the endorsements of these 2 categories by famous cricketer Rohit Sharma also help us in improving our business.

#### **INTERNAL CONTROL SYSTEMS AND ADEQUACY:**

The Company has adequate Internal Control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The Internal Control system provide for well-documented policies, guidelines, authorizations and approval procedures. The Internal Auditors RGN Price & Co., had carried out Internal Audit extensively throughout the year. The prime objective of such Audit is to test the adequacy and effectiveness of all Internal Controls laid down by the management and to suggest improvements, wherever necessary.

#### **FINANCIAL PERFORMANCE:**

The total turnover of the Company for the year under review was Rs.329.72Cr as compared to Rs.316.94 Crs in the previous year. The profit before exceptional item –Bad debts written off, depreciation and tax for the year under review was Rs.30.23 Crs as against Rs.27.96 Crs in 2018-19. The profit after tax for the year under review is Rs.0.21 Crs as against Rs.19.01Crs in the previous year.

#### **HUMAN RESOURCES:**

The Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain requisite skill-sets covering technical and managerial functions through a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potential of its people. As of March 31, 2020, the number of employees stood at 500 covering all locations compared to 506 as of March 31, 2019.

For and on behalf of the Board of Directors  
For Indo National Ltd

Place: Chennai  
Date : 24<sup>th</sup> August, 2020

P. Dwaraknath Reddy  
Managing Director  
(DIN:00277929)

**DECLARATION**

**TO THE MEMBERS OF INDO NATIONAL LTD.**

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively in respect of the Financial year ended 31<sup>st</sup> March 2020.

For INDO NATIONAL LIMITED

Place : Chennai  
Date : 24<sup>th</sup> August, 2020

P. DWARAKNATH REDDY  
MANAGING DIRECTOR & CEO

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of corporate Governance by Indo National Limited for the year ended 31<sup>st</sup> March, 2020, as stipulated in the relevant provisions of Securities Exchange Board of India ("Listing Obligations and Disclosure requirements) Regulations, 2015.

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

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

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

For G Balu Associates LLP  
Chartered Accountants  
Firm No. 000376S/S200073

Place : Chennai  
Date : 24<sup>th</sup> August, 2020

Rajagopalan B  
Partner  
M.No. 217187



CEO & CFO CERTIFICATION

The Board of Directors  
Indo National Ltd.  
Chennai

Dear Members of the Board,

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, changes if any, in the design or operation of such internal controls.
- D. We have indicated to the auditors and the Audit committee
- (1) any significant changes in internal control over financial reporting during the year;
  - (2) all significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) any instances of significant fraud of which we are aware that involve the management or an employee having a significant role in the company's internal control system over financial reporting.

P. Dwaraknath Reddy  
Managing Director & CEO

C.R.Sivaramakrishnan  
Chief Financial Officer

Place : Chennai  
Date : 24<sup>th</sup> August, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,

The Members of INDO- NATIONAL LIMITED  
No. 609, Mount Road, Lakshmi Bhawan  
IV<sup>th</sup> Floor, Chennai 600006.

I, M.Damodaran, Managing Partner of M Damodaran & Associates LLP have examined the relevant registers, records, forms, returns and disclosures received from the Directors of INDO-NATIONAL LIMITED having CIN - L31909TN1972PLC006196 and having registered office at No. 609, Mount Road, Lakshmi Bhawan, IV<sup>th</sup> Floor, Chennai 600006 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

| Sr. No. | Name of Director         | DIN      | Date of appointment in Company |
|---------|--------------------------|----------|--------------------------------|
| 1.      | Mr. N. Ramesh Rajan      | 01628318 | 07/05/2014                     |
| 2.      | Mr. P. Dwaraknath Reddy  | 00277929 | 23/07/2009                     |
| 3.      | Mr. P. Aditya Reddy      | 00482051 | 31/07/2012                     |
| 4.      | Mr. R.P. Khaitan         | 00015801 | 23/07/2009                     |
| 5.      | Mrs. Lakshmi Subramanian | 00001439 | 17/07/2014                     |

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

for DAMODARAN AND ASSOCIATES LLP

M. DAMODARAN  
Managing Partner  
Membership No.5837  
COP No.5081

Place : Chennai  
Date : 24.08.2020

ICSI UDIN No.F005837B000439138

## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Indo National Limited

### Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

#### Opinion

We have audited the Standalone financial statements of M/s Indo National Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, and profit/loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note No.28.14 to the Standalone financial statements which describes the management's assessment of the uncertainties and impact of COVID-19 pandemic on the company's operations and the financial results. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

#### 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, and we do not provide a separate opinion on these matters.

**Trade Receivables-Bad Debts written off with respect to outstanding receivables**

| Key Audit Matter  | How the matter was addressed in our audit   |
|---|---|
| <p><b>Refer Note No.8A and 26 to the financial statements)</b><br/>                     Considering the industry in which the company operates and the related customer profile,the company has dues outstanding from customers, which are past due.<br/>                     The recoverability assessment and the provisioning requirement carried on by the management is based on the customer contracts, ageing profile, historical payment pattern and the past record of the default by the customer, expected date of collection and time value of money.<br/>                     Further to initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 by Hon’ble National Company Law Tribunal against one of the debtors, whose debts due to the company have not been recovered, have been written off by the company.<br/>                     We identified the write-off of trade receivables as a key audit matter because of the inherent uncertainty in assessing if that particular trade receivable from the debtor will be recovered and also because the outcome of this litigation has a significant impact to the financial statementswhich requires the management judgement (based on legal advice and opinion).</p> | <p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence :</p> <ol style="list-style-type: none"> <li>1. We reviewed the customers’ ageing report to identify the collection risks.</li> <li>2. We verified the terms and conditions in the customer contract with respect to the amount outstanding receivable from the customer.</li> <li>3. We studied the order passed by the Hon’ble National Company Law Tribunal in detail along with our own legal experts for interpretation of the order.</li> <li>4. Obtained Management’s assessment of the case based on the legal advice/opinion to assess the reasonableness of the contingency.</li> <li>5. We assessed the independence and competence of the legal advisors.</li> <li>6. Considered the adequacy of the Company’s disclosure made in the financial statementsand the related risk such as credit risk and liquidity risk.</li> </ol> |

**Other Information**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s Report together with the annexure thereto, Report on Corporate Governance and Business Responsibility Report but does not include the standalone financial statements and our auditor’s report thereon. 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 Companies Act, 2013 (“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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 also 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:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28.1 to the 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.

For G Balu Associates LLP  
Chartered Accountants  
FRN : 000376S/S200073

Place: Chennai  
Date : 29<sup>th</sup> June, 2020

Raja Gopalan. B  
Partner (M.No.217187)  
ICAIUDINNo:20217187AAAACB6010

## ANNEXURE – A TO THE AUDITORS’ REPORT

The Annexure referred to in our report to the members of M/s Indo National Limited ('the Company') on the financial statements for the year ended 31<sup>st</sup> March 2020. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years. In accordance with this programme, certain fixed assets have been verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable.
- (c) According to the information and explanations given to us, and on the basis of the examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The physical verification of inventory have been conducted by the management at a date subsequent to the year-end due to COVID-19 lockdown. No material discrepancies were noticed between the inventory so verified and the inventory in books as on reporting date. We have relied on related alternative audit procedures to obtain comfort over the existence and condition of the inventory at the year end.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnership or other parties, covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sec 185 and 186 of the Companies Act, 2013 with respect to the Loans and Investments made, and guarantees and securities provided by it, as applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its specified products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Value added tax, Goods and Service tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Value added tax, Goods and Service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the following statutory dues which have not been deposited on account of dispute.

| Nature of the statute           | Nature of dues            | Amount (in Lakhs) | Forum where dispute is pending          |
|---------------------------------|---------------------------|-------------------|---|
| Income Tax Act, 1961            | Income Tax                | 322.90            | Income Tax disputed in appeals          |
| The Central Sales Tax Act, 1956 | Central Sales Tax         | 2.15              | First Sales Tax Appellate Authority     |
| The Central Sales Tax Act, 1956 | Central Sales Tax         | 3.65              | First Sales Tax Appellate Authority     |
| The Central Sales Tax Act, 1956 | Central Sales Tax         | 2.53              | First Sales Tax Appellate Authority     |
| Competition Commission of India | The Competition Act, 2002 | 4226.00           | National Company Law Appellate Tribunal |

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the Balance Sheet date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and any term loans from banks. Accordingly, paragraph 3(ix) of the order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on by its officers or employees has not been noticed or reported during the year.
- (xi) According to the information and explanations given to us the Company has paid or provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G Balu Associates LLP  
Chartered Accountants  
FRN : 000376S/S200073

Raja Gopalan. B  
Partner (M.No.217187)

Place: Chennai  
Date : 29<sup>th</sup> June, 2020

ICAIUDINNo:20217187AAAACB6010

**ANNEXURE - B TO THE AUDITORS' REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safe guarding 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 control 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting with reference to financial statements**

A company's internal financial control over financial reporting with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls 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 with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, due to COVID-19 lockdown we have relied upon the management testing with respect to the operating effectiveness of the year end controls which were found to be in order.

For G Balu Associates LLP  
Chartered Accountants  
FRN : 000376S/S200073

Place: Chennai  
Date : 29<sup>th</sup> June, 2020

Raja Gopalan. B  
Partner (M.No.217187)  
ICAIUDINNo:20217187AAAACB6010

# STANDALONE BALANCE SHEET

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars   | Note No. | Balance as at<br>31.03.2020 | Balance as at<br>31.03.2019 |
|---|----------|-----------------------------|-----------------------------|
| <b>I. ASSETS</b>  |          |                             |                             |
| <b>1 Non-current Assets</b>   |          |                             |                             |
| (a) Property, plant and equipment   | 3A       | 7,348.07                    | 7,636.45                    |
| (b) Capital work in progress  | 3B       | 3.50                        | 3.50                        |
| (c) Other Intangible assets   | 4        | 23.68                       | 31.62                       |
| (d) Financial Assets  |          |                             |                             |
| (i) Investments   | 5A       | 4,651.52                    | 4,651.52                    |
| (e) Other non-current assets  | 6        | 1,530.12                    | 1,142.22                    |
| <b>Non-current Assets</b>   |          | <b>13,556.89</b>            | <b>13,465.31</b>            |
| <b>2 Current Assets</b>   |          |                             |                             |
| (a) Inventories   | 7        | 5,267.23                    | 4,250.57                    |
| (b) Financial Assets  |          |                             |                             |
| (i) Trade receivables   | 8A       | 6,197.42                    | 8,387.20                    |
| (ii) Cash and cash equivalents  | 8B       | 1,940.76                    | 1,765.16                    |
| (iii) Bank balances other than above  | 8C       | 173.05                      | 167.37                      |
| (iv) Other Financial assets   | 8E       | 145.72                      | 143.11                      |
| (c) Current Tax Assets (Net)  | 9        | 705.19                      | 213.31                      |
| (d) Other current assets  | 10       | 2,025.49                    | 1,443.30                    |
| <b>Current Assets</b>   |          | <b>16,454.86</b>            | <b>16,370.02</b>            |
| <b>TOTAL ASSETS</b>   |          | <b>30,011.75</b>            | <b>29,835.33</b>            |
| <b>II. EQUITY AND LIABILITIES</b>   |          |                             |                             |
| <b>1 Equity</b>   |          |                             |                             |
| (a) Equity share capital  | 11       | 375.00                      | 375.00                      |
| (b) Other Equity  | 12       | 19,549.08                   | 20,431.36                   |
|   |          | <b>19,924.08</b>            | <b>20,806.36</b>            |
| <b>2 Non-Current Liabilities</b>  |          |                             |                             |
| (a) Provisions  | 13       | 508.16                      | 399.07                      |
| (b) Deferred tax liabilities (Net)  | 14       | 1,913.29                    | 1,994.30                    |
| <b>Non-Current Liabilities</b>  |          | <b>2,421.45</b>             | <b>2,393.37</b>             |
| <b>3 Current Liabilities</b>  |          |                             |                             |
| (a) Financial Liabilities   |          |                             |                             |
| (i) Borrowings  | 15A      | 3,117.32                    | 3,024.00                    |
| (ii) Trade payables   | 15B      |                             |                             |
| a. Total outstanding dues of<br>micro enterprises and small enterprises                         |          | 105.92                      | 42.66                       |
| b. Total outstanding dues of<br>creditors other than micro enterprises<br>and small enterprises |          | 3,240.31                    | 2,161.69                    |
| (iii) Other financial liabilities   | 15C      | 43.15                       | 41.31                       |
| (b) Other current liabilities   | 16       | 760.62                      | 860.13                      |
| (c) Provisions  | 13       | 398.90                      | 505.81                      |
| <b>Current Liabilities</b>  |          | <b>7,666.22</b>             | <b>6,635.60</b>             |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |          | <b>30,011.75</b>            | <b>29,835.33</b>            |

See accompanying notes forming part of the financial statements

As per our Report attached

For and on behalf of the Board of Directors

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai

Date : 29<sup>th</sup> June, 2020



## STATEMENT OF STANDALONE PROFIT AND LOSS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars  | Note No. | For the Year ended<br>31.03.2020 | For the Year ended<br>31.03.2019 |
|--|----------|----------------------------------|----------------------------------|
| I. Revenue from operations (Gross)   | 17       | 32,972.71                        | 31,694.87                        |
| II. Other operating Income   | 18       | 1,828.62                         | 1,944.80                         |
| III. Total Income (I+II)   |          | <u>34,801.33</u>                 | <u>33,639.67</u>                 |
| IV. Expenses   |          |                                  |                                  |
| (a) Cost of materials consumed   | 19       | 12,450.89                        | 12,440.99                        |
| (b) Purchases of Stock-in-Trade - Traded goods   | 20       | 9,616.71                         | 9,130.87                         |
| (c) Changes in inventories of finished goods<br>Work-in-progress and stock-in-trade                | 21       | (1,155.94)                       | (564.64)                         |
| (d) Employee benefits expenses   | 22       | 4,512.61                         | 4,004.14                         |
| (e) Finance costs  | 23       | 552.19                           | 437.14                           |
| (f) Depreciation and amortization expenses   | 24       | 557.86                           | 585.52                           |
| (g) Other expenses   | 25       | 5,243.83                         | 4,809.03                         |
| Total Expenses   |          | <u>31,778.15</u>                 | <u>30,843.05</u>                 |
| V. Profit before Exceptional items (III-IV)  | 26       | 3,023.18                         | 2,796.62                         |
| Exceptional items - Bad debts written off  |          | 2,922.55                         | -                                |
| VI. Profit before tax (III-IV)   |          | 100.63                           | 2,796.62                         |
| VII. Less : Tax expenses   |          |                                  |                                  |
| a. Current tax   | 27       | 124.00                           | 978.00                           |
| b. Deferred tax  | 27       | (72.00)                          | (87.36)                          |
| VIII. Profit for the period (V-VI)   |          | <u>48.63</u>                     | <u>1,905.98</u>                  |
| IX. Other Comprehensive Income   |          |                                  |                                  |
| Items that will not be reclassified to profit or loss  |          |                                  |                                  |
| - Remeasurements of post-employment benefit obligations  |          | (35.75)                          | (7.54)                           |
| - Tax relating to the above  |          | 9.00                             | 2.64                             |
| Other Comprehensive Income (Net of Taxes)  |          | <u>(26.75)</u>                   | <u>(4.90)</u>                    |
| X. Total Comprehensive Income for the period<br>(Comprising profit and other comprehensive income) |          | <u>21.88</u>                     | <u>1,901.08</u>                  |
| XI. Earning per share (of Rs.10/- each)  |          |                                  |                                  |
| a. Basic (in Rs.)  |          | 1.30                             | 50.83                            |
| b. Diluted (in Rs.)  |          | 1.30                             | 50.83                            |

See accompanying notes forming part of the financial statements

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**RAJA GOPALAN B**  
Partner (M No.217187)

Place : Chennai

Date : 29<sup>th</sup> June, 2020

**N. RAMESH RAJAN**  
Chairman

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

For and on behalf of the Board of Directors

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**J. SRINIVASAN**  
Company Secretary

## STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars  | For the Year ended<br>31.03.2020 | For the Year ended<br>31.03.2019 |
|--|----------------------------------|----------------------------------|
| <b>A. Cash flow from operating activities</b>                      |                                  |                                  |
| Profit before Income Tax (Incl. OCI)                               | 64.88                            | 2,796.62                         |
| Adjustments for:   |                                  |                                  |
| Depreciation and amortisation expenses                             | 557.86                           | 585.52                           |
| (Profit) / Loss on Sale of Fixed Assets                            | 0.02                             | 5.27                             |
| Interest income  | (482.38)                         | (459.38)                         |
| Finance cost   | 530.93                           | 401.59                           |
| <b>Operating profit before working capital changes</b>             | <b>671.31</b>                    | <b>3,329.62</b>                  |
| Changes in operating assets and liabilities                        |                                  |                                  |
| Financial assets and other current assets                          | (904.96)                         | (808.71)                         |
| Trade receivables  | 2,189.78                         | (785.98)                         |
| Inventories  | (1,016.66)                       | (692.77)                         |
| Increase / (Decrease) in Trade payables                            | 1,141.88                         | 541.56                           |
| Increase / (Decrease) in Provisions & other liabilities            | (95.49)                          | 308.30                           |
| Changes in working capital   | 1,314.55                         | (1,437.60)                       |
| Cash generated from operations                                     | 1,985.86                         | 1,892.02                         |
| Less : Income tax paid (Net of Refunds)                            | (301.39)                         | (1,106.85)                       |
| <b>Net cash generated from operating activities</b>                | <b>1,684.47</b>                  | <b>785.17</b>                    |
| <b>B. Cash flow from investing activities</b>                      |                                  |                                  |
| Purchase of PPE (including changes in CWIP)                        | (261.58)                         | (167.68)                         |
| Sale proceeds of PPE   | -                                | 6.14                             |
| (Purchase) / disposal proceeds of investments                      | -                                | -                                |
| Interest received  | 11.22                            | 9.20                             |
| Interest / TDS received from Helios Strategic Systems Ltd.         | 83.26                            | 127.71                           |
| <b>Net cash flow (used in) investing activities</b>                | <b>(167.10)</b>                  | <b>(24.63)</b>                   |
| <b>C. Cash flow from financing activities</b>                      |                                  |                                  |
| Proceeds from / (Repayment of) Long term borrowings                | -                                | -                                |
| Dividends paid (including dividend distribution tax)               | (904.16)                         | (904.16)                         |
| Finance cost paid  | (530.93)                         | (401.59)                         |
| <b>Net cash flow used in financing activities</b>                  | <b>(1,435.09)</b>                | <b>(1,305.75)</b>                |
| (i) Net increase / (decrease) in Cash and cash equivalents (A+B+C) | 82.28                            | (545.21)                         |
| (ii) Cash and cash equivalents at the beginning of the year        | (1,258.84)                       | (713.63)                         |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>(1,176.56)</b>                | <b>(1,258.84)</b>                |

The accompanying notes are an integral part of these financial statements

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai

Date : 29<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

## STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

(Rs. in Lakhs)

| a) EQUITY SHARE CAPITAL                         |        |
|---|--------|
| Balance as at March 31, 2018                    | 375.00 |
| Changes in equity share capital during the year | 0.00   |
| Balance as at March 31, 2019                    | 375.00 |
| Changes in equity share capital during the year | 0.00   |
| Balance as at March 31, 2020                    | 375.00 |

### b) OTHER EQUITY

| PARTICULARS  | RESERVES & SURPLUS |                   | TOTAL     |
|--|--------------------|-------------------|-----------|
|  | GENERAL RESERVE    | RETAINED EARNINGS |           |
| Balance as at March 31, 2018                                 | 18,057.82          | 1,369.08          | 19,426.90 |
| Profit for the year (Incl OCI)                               | -                  | 1,908.62          | 1,908.62  |
| Transfer to General reserve                                  | 1,200.00           | (1,200.00)        | -         |
| Payment of Dividend and dividend distribution tax FY 2017-18 | -                  | (904.16)          | (904.16)  |
| Balance as at March 31, 2019                                 | 19,257.82          | 1,173.54          | 20,431.36 |
| Profit for the year  | -                  | 21.88             | 21.88     |
| Transfer to General reserve                                  | -                  | -                 | -         |
| Payment of Dividend and dividend distribution tax FY 2018-19 | -                  | (904.16)          | (904.16)  |
| Balance as at March 31, 2020                                 | 19,257.82          | 291.26            | 19,549.08 |

See accompanying notes forming part of the financial statements.

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**RAJA GOPALAN B**  
Partner (M No.217187)

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

**N. RAMESH RAJAN**  
Chairman

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

For and on behalf of the Board of Directors

**P. DWARAKNATH REDDY**  
Managing Director

**J.P. KHAITAN**  
Joint Managing Director

**J. SRINIVASAN**  
Company Secretary

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION:

Indo National Limited ("The Company") is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956 and has its registered office in Chennai. The Company is in the business of manufacture and marketing of batteries, torches, LED products, mosquito bats, Electrical accessories and Razors & Blades. Nippo is the first Indian dry battery company to have been certified with ISO 9001 and ISO 14001 international standards and has the ISI mark of quality on all its batteries. Nippo has 26 depots across India and has distribution network with over 3000 stockiest PAN India.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013, (the 'Act'), the Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act.

#### 2.2 Basis of accounting and preparation of financial statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments and defined benefit plan (plan assets measured at fair value) that are measured at fair values at the end of each reporting period.

##### 2.2.1 Measurement of Fair values

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account, when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurement are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows :

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Use of estimates and judgement

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialise. Estimates have been used in provision for employee benefits and useful lives of property, plant and equipment.

### 2.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, plant and equipment acquired and put to use for project purpose are capitalized and depreciation thereon is included in the project cost till the project is ready for its intended use.

#### 2.4.1 Depreciation

Property, Plant and equipment has been provided on the straight-line method on imported body maker and bag makers, other projects under plant and equipments on assets relating to 3D Project (I line), 3U Unit (New line), 4U Units (New lines) and solar plant and written down value method on all other tangible assets as per the useful life prescribed in Schedule II to the Companies Act, 2013. Motor car purchased under new block is depreciated over 4 years. Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

### 2.5 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets are amortized over their useful life.

#### 2.5.1 Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

### 2.6 Impairment of tangible and intangible assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor, that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

### 2.7 Inventories

Inventories are valued at the lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale including octroi and other levies, transit insurance and receiving charges. Finished goods and work in progress include apportionment of overheads. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Raw materials including components, finished goods, work in process, stock in trade, material in transit, packing materials and stores & spares have been valued at lower of cost and estimated net realizable value. Cost is computed under FIFO method. Moulds, dies and tools, developed in house for specific customer application are classified as 'Composite tooling' based on technical consideration. These are shown in balance sheet based upon technical and economic evaluation carried out by independent valuers but not exceeding the cost thereof. In case the technical or economic factors underlying the valuation undergo material or adverse changes, appropriate write down is made in the year of such adverse change. Material in transit is valued at cost.

### 2.8 Foreign currency transactions and translations

The functional currency of the Company is Indian rupee (INR).

Foreign currency transactions are initially recorded at the spot rates on the date of the transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. Non-monetary items denominated in other currencies and that are measured in terms of historical cost are translated at the exchange rates prevailing on the dates on which such values are determined. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognized in the Statement of Profit and Loss.

### 2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the Statement of Profit and Loss.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### 2.9.1 Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

- (i) those measured at amortised cost and
- (ii) those to be measured subsequently at fair value through profit and loss.

#### (a) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (b) Financial assets at fair value through profit or loss:

Financial assets are measured at fair value through profit or loss where it is not measured at amortised cost.

#### (c) Investment in subsidiaries:

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

#### (d) Impairment of financial assets

The financial assets will be tested for impairment at each reporting date. Loss allowance for expected credit losses will be recognised for financial assets measured at amortised cost, if any.

#### (e) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

### 2.9.2 Financial liabilities and equity

#### Classification

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument:

#### (a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### (b) Financial Liabilities

Financial liabilities are measured at amoritised cost using the effective interest rate method. Trade and other payables maturing within one year from the balance sheet date is measured

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

at carrying amount since the carrying amount approximates the fair value to short term maturity of these instruments.

### (c) Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or they expire.

### 2.10 Cash and cash equivalents

Cash comprises of cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdraft and cash credit are also considered as part of cash and cash equivalents for the purpose of Statement of Cash Flows.

### 2.11 Revenue recognition

#### (a) Sale of goods

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

#### (b) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### (c) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.12 Employee benefits

#### 2.12.1 Retirement benefit costs and termination benefits:

##### (a) Defined contribution plan

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Employee Provident Fund Organization (EPFO). The Company is liable only for its fixed contributions which is required to be made in accordance with the schemes in force as notified by EPFO. All contributions made by the company are recognized as expenses for the relevant period.

##### (b) Defined benefit plan

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The following are the defined benefit plans:

**Gratuity** - The Company has an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for lump sum payment to vested employees on retirement, death while in employment or on separation. Vesting occurs upon completion of five years of service. The liability, which is determined by means of an independent actuarial valuation, is funded with LIC.

Defined benefit costs are categorized as follows:

- (i) Service cost (including current service cost, past service cost, gains and losses on curtailment and settlement);
- (ii) net interest income or expense and
- (iii) remeasurement.

### 2.12.2 Short term employee benefits and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and other leaves in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of that related service. Other employee benefits include compensated absences and termination benefits. Both these benefits are settled as per the Company policy and charged to profit and loss account as and when the payment is made.

### 2.13 Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

### 2.14 Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### 2.14.1 Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 2.14.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

### 2.14.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.15 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate of the consideration required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### 2.16 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17– Leases. The Company has applied Ind AS 116 prospectively with effect from 1st April 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

- (i) The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

- (ii) The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
- (iii) The Company has treated the leases with remaining lease term of less than 12 months as 'short term leases'.
- (iv) The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
- (v) The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

### 2.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share (if any) is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### 2.18 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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

(Rs.in lakhs)

| Particulars                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| 3A. Carrying amounts of:           |                         |                         |
| Freehold land                      | 384.90                  | 363.35                  |
| Buildings                          | 1,264.95                | 1,288.81                |
| Plant and equipment                | 5,474.82                | 5,733.01                |
| Furniture and Fixture              | 111.44                  | 150.00                  |
| Vehicles                           | 73.15                   | 65.69                   |
| Office equipment                   | 13.20                   | 20.99                   |
| Electrical Equipment -             |                         |                         |
| Air Conditioners and Refrigerators | 4.40                    | 5.32                    |
| Computer Systems                   | 21.21                   | 9.28                    |
| <b>Sub-Total</b>                   | <b>7,348.07</b>         | 7,636.45                |
| 3B. Capital work-in -progress      | 3.50                    | 3.50                    |
| <b>Total</b>                       | <b>7,351.57</b>         | 7,639.95                |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs.in lakhs)

| Particulars                     | Freehold Land | Building | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Electrical Equipment - Air Conditioners and Refrigerators | Computer Systems | Total    |
|---------------------------------|---------------|----------|---------------------|------------------------|----------|-------------------|---|------------------|----------|
| <b>Cost or deemed cost</b>      |               |          |                     |                        |          |                   |   |                  |          |
| Balance as at March 31, 2017    | 363.35        | 1,438.97 | 6,538.53            | 104.70                 | 86.65    | 26.74             | 19.61   | 26.85            | 8,605.40 |
| Additions                       | -             | 108.35   | 221.19              | 140.55                 | -        | 31.32             | -   | 9.47             | 510.88   |
| Disposals                       | -             | -        | 60.71               | -                      | 8.27     | 0.39              | 9.28  | 24.72            | 103.37   |
| Balance as at March 31, 2018    | 363.35        | 1,547.32 | 6,699.01            | 245.25                 | 78.38    | 57.67             | 10.33   | 11.60            | 9,012.91 |
| Additions                       | -             | 44.60    | 94.75               | 15.70                  | 28.05    | 3.01              | -   | 5.54             | 191.65   |
| Disposals                       | -             | -        | 125.15              | 72.10                  | 10.02    | 39.69             | 5.01  | 7.86             | 259.83   |
| Balance as at March 31, 2019    | 363.35        | 1,591.92 | 6,668.61            | 188.85                 | 96.41    | 20.99             | 5.32  | 9.28             | 8,944.73 |
| Additions                       | 21.55         | 78.76    | 104.40              | -                      | 36.82    | 1.76              | -   | 18.29            | 261.58   |
| Disposals                       | -             | -        | -                   | -                      | -        | -                 | -   | 0.56             | 0.56     |
| Balance as at March 31, 2020    | 384.90        | 1,670.68 | 6,773.01            | 188.85                 | 133.23   | 22.75             | 5.32  | 27.01            | 9,205.75 |
| <b>Accumulated Depreciation</b> |               |          |                     |                        |          |                   |   |                  |          |
| Balance as at March 31, 2017    | -             | -        | -                   | -                      | -        | -                 | -   | -                | -        |
| Balance as at March 31, 2017    | -             | 91.39    | 342.34              | 25.91                  | 0.16     | 10.14             | 5.76  | 12.09            | 487.79   |
| Depreciation expenses           | -             | 106.31   | 376.13              | 31.78                  | 25.94    | 13.23             | 3.52  | 12.57            | 569.48   |
| Elimination on disposal         | -             | -        | 38.09               | -                      | 7.41     | 0.37              | 9.28  | 24.66            | 79.81    |
| Balance as at March 31, 2018    | -             | 197.70   | 680.38              | 57.69                  | 18.69    | 23.00             | -   | -                | 977.46   |
| Depreciation expenses           | -             | 105.41   | 377.23              | 50.66                  | 20.15    | 16.08             | 2.21  | 7.51             | 579.25   |
| Elimination on disposal         | -             | -        | 122.01              | 69.50                  | 8.12     | 39.08             | 2.21  | 7.51             | 248.43   |
| Balance as at March 31, 2019    | -             | 303.11   | 935.60              | 38.85                  | 30.72    | -                 | -   | -                | 1,308.28 |
| Depreciation expenses           | -             | 102.62   | 362.59              | 38.56                  | 29.36    | 9.55              | 0.92  | 6.33             | 549.93   |
| Elimination on disposal         | -             | -        | -                   | -                      | -        | -                 | -   | 0.53             | 0.53     |
| Balance as at March 31, 2020    | -             | 405.73   | 1,298.19            | 77.41                  | 60.08    | 9.55              | 0.92  | 5.80             | 1,857.68 |
| <b>Carrying amount</b>          |               |          |                     |                        |          |                   |   |                  |          |
| Balance as at March 31, 2017    | 363.35        | 1,347.58 | 6,196.19            | 78.79                  | 86.49    | 16.60             | 13.85   | 14.76            | 8,117.61 |
| Balance as at March 31, 2018    | 363.35        | 1,349.62 | 6,018.63            | 187.56                 | 59.69    | 34.67             | 10.33   | 11.60            | 8,035.45 |
| Balance as at March 31, 2019    | 363.35        | 1,288.81 | 5,733.01            | 150.00                 | 65.69    | 20.99             | 5.32  | 9.28             | 7,636.45 |
| Balance as at March 31, 2020    | 384.90        | 1,264.95 | 5,474.82            | 111.44                 | 73.15    | 13.20             | 4.40  | 21.21            | 7,348.07 |

**Note:**

The aggregate working capital limits of Rs.6500 lakhs (Rs.4900) sanctioned by banks are secured against equitable mortgage by deposit of title deed of factory property situated at Nellore, Andhra Pradesh and hypothecation of imported and indigenous raw materials, components, spares, goods in process and finished goods.



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 4. OTHER INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

(Rs. in lakhs)

| Particulars                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Carrying amounts of:                           |                         |                         |
| Computer Software                              | 23.68                   | 31.62                   |
| <b>Total</b>                                   | <b>23.68</b>            | <b>31.62</b>            |
|  |                         | (Rs. in lakhs)          |
|  | Computer Software       | Total                   |
| <b>Cost or deemed cost</b>                     |                         |                         |
| <b>Balance as at March 31, 2017</b>            | 27.02                   | 27.02                   |
| Additions                                      | 30.78                   | 30.78                   |
| Disposals                                      | -                       | -                       |
| <b>Balance as at March 31, 2018</b>            | 57.80                   | 57.80                   |
| Additions                                      | -                       | -                       |
| Disposals                                      | -                       | -                       |
| <b>Balance as at March 31, 2019</b>            | 57.80                   | 57.80                   |
| Additions                                      | -                       | -                       |
| Disposals                                      | -                       | -                       |
| <b>Balance as at March 31, 2020</b>            | <b>57.80</b>            | <b>57.80</b>            |
| <b>Accumulated depreciation and impairment</b> |                         |                         |
| <b>Balance as at March 31, 2017</b>            | 12.84                   | 12.84                   |
| Disposals                                      | -                       | -                       |
| Amortization expense                           | 7.06                    | 7.06                    |
| <b>Balance as at March 31, 2018</b>            | 19.90                   | 19.90                   |
| Disposals                                      | -                       | -                       |
| Amortization expense                           | 6.28                    | 6.28                    |
| <b>Balance as at March 31, 2019</b>            | <b>26.18</b>            | <b>26.18</b>            |
| Disposals                                      | -                       | -                       |
| Amortization expense                           | 7.94                    | 7.94                    |
| <b>Balance as at March 31, 2020</b>            | <b>34.12</b>            | <b>34.12</b>            |
| <b>Carrying amount</b>                         |                         |                         |
| <b>Balance as at March 31, 2017</b>            | 14.18                   | 14.18                   |
| <b>Balance as at March 31, 2018</b>            | 37.90                   | 37.90                   |
| <b>Balance as at March 31, 2019</b>            | 31.62                   | 31.62                   |
| <b>Balance as at March 31, 2020</b>            | <b>23.68</b>            | <b>23.68</b>            |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>5. FINANCIAL ASSETS</b>  |                         |                         |
| <b>5A NON CURRENT INVESTMENTS</b>   |                         |                         |
| Investment in equity instruments  |                         |                         |
| (i) Investment in subsidiary (at deemed cost)<br>Helios Strategic Investments Ltd - 50000<br>equity shares of Rs. 10/- each fully paid up | 5.00                    | 5.00                    |
| (ii) Investment in Debentures<br>8% Compulsorily Convertible debentures<br>invested in Helios Strategic Systems Ltd.                      | 4,646.52                | 4,646.52                |
| Less: impairment loss   | -                       | -                       |
| Aggregate carrying amount of quoted investment  | -                       | -                       |
| Aggregate carrying amount of unquoted investment  | <u>4,651.52</u>         | <u>4,651.52</u>         |
| Aggregate amount of impairment in value of investment   | -                       | -                       |
| <b>6. OTHER NON-CURRENT ASSETS</b>  |                         |                         |
| Interest accrued on debentures<br>(Unsecured considered good)   | 1,472.11                | 1,084.21                |
| Insurance   | 10.08                   | 10.08                   |
| Security Deposits   | <u>47.93</u>            | <u>47.93</u>            |
| <b>Total</b>  | <u>1,530.12</u>         | <u>1,142.22</u>         |
| <b>7. INVENTORIES</b>   |                         |                         |
| (at lower of Cost and Net Realizable Value)<br>(as taken, valued & certified by the management)   |                         |                         |
| Raw materials   | 897.67                  | 1,062.32                |
| Goods-in-Transit  | -                       | -                       |
| Work in process   | 267.62                  | 283.68                  |
| Finished goods  | 1,805.12                | 1,224.16                |
| Stock-in-trade  | 2,054.68                | 1,455.12                |
| Stores and spares   | <u>242.14</u>           | <u>225.29</u>           |
| <b>Total</b>  | <u>5,267.23</u>         | <u>4,250.57</u>         |
| Note: Details of inventory of work-in-progress  |                         |                         |
| Manufacturing batteries   | 267.62                  | 283.68                  |
| <b>8. FINANCIAL ASSETS</b>  |                         |                         |
| <b>8A TRADE RECEIVABLE</b>  |                         |                         |
| Unsecured and considered good   | 6,197.42                | 8,387.20                |
| Doubtful  | -                       | -                       |
| Less: Allowance for doubtful trade receivables<br>(expected credit loss allowance)  | -                       | -                       |
| <b>Total</b>  | <u>6,197.42</u>         | <u>8,387.20</u>         |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>DEBTORS AGEING</b>  |                         |                         |
| Within the credit period (0 - 15)  | 257.85                  | 1,436.80                |
| 16 - 90 days past due  | 2,920.22                | 3,651.90                |
| More than 90 past due  | 3,019.35                | 3,298.50                |
| <b>Total</b>   | <u>6,197.42</u>         | <u>8,387.20</u>         |
| Trade receivables as at 31st March 2020 is net of an amount of Rs. 2922.55 lakhs, bad debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the Company (Also refer note no. 27). |                         |                         |
| The management has not provided for any expected credit loss allowance considering the past trends and customers credit worthiness.  |                         |                         |
| <b>8B CASH AND CASH EQUIVALENTS</b>  |                         |                         |
| <b>I) Cash &amp; cash equivalents :</b>  |                         |                         |
| (a) Cash in hand   | 3.39                    | 2.64                    |
| (b) Cheques and drafts on hand   | 1,814.96                | 1,694.19                |
| (c) Balance with banks - In Current accounts   | 122.41                  | 68.33                   |
| <b>Total</b>   | <u>1,940.76</u>         | <u>1,765.16</u>         |
| <b>8C OTHER BALANCE WITH BANKS</b>   |                         |                         |
| Held as fixed deposits (Less than 12 months)   | 137.83                  | 129.69                  |
| Held as margin money against borrowings and other Commitments  | 0.26                    | 2.94                    |
| Unpaid dividend accounts   | 34.96                   | 34.74                   |
| <b>Total</b>   | <u>173.05</u>           | <u>167.37</u>           |
| <b>II) Bank overdraft and cash credit</b>  |                         |                         |
|  | <u>(3,117.32)</u>       | <u>(3,024.00)</u>       |
| <b>8D CASH &amp; CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENTS</b>  |                         |                         |
|  | <u>(1,176.56)</u>       | <u>(1,258.84)</u>       |
| <b>8E OTHER FINANCIAL ASSETS</b>   |                         |                         |
| Security Deposits  | <u>145.72</u>           | <u>143.11</u>           |
| <b>9. CURRENT TAX ASSETS (NET)</b>   |                         |                         |
| Receivables from Revenue Authorities   | 504.97                  | 190.49                  |
| Advance Tax net of Provision   | 200.22                  | 22.82                   |
| <b>Total</b>   | <u>705.19</u>           | <u>213.31</u>           |
| <b>10. OTHER CURRENT ASSETS</b>  |                         |                         |
| Insurance claims receivables   | 14.25                   | 0.13                    |
| Advance to Employee  | 27.92                   | 18.86                   |
| Other advances   | 943.32                  | 764.31                  |
| Other advances - Related parties   | 1,040.00                | 660.00                  |
| <b>Total</b>   | <u>2,025.49</u>         | <u>1,443.30</u>         |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Particulars | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------|-------------------------|-------------------------|
|-------------|-------------------------|-------------------------|

11. EQUITY SHARE CAPITAL

|   | No. of<br>Shares | Lakhs  | No. of<br>Shares | Lakhs  |
|---|------------------|--------|------------------|--------|
| (a) Authorised<br>Equity shares of Rs.10 each with voting rights                          | 50,00,000        | 500.00 | 50,00,000        | 500.00 |
| (b) Issued<br>Equity shares of Rs.10 each with voting rights                              | 37,50,000        | 375.00 | 37,50,000        | 375.00 |
| (c) Subscribed and fully paid up<br><i>Equity shares of Rs.10 each with voting rights</i> | 37,50,000        | 375.00 | 37,50,000        | 375.00 |

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.

|                                  | Opening<br>Balance | Additions during<br>the year | Deletions during<br>the year | Closing<br>Balance |
|----------------------------------|--------------------|------------------------------|------------------------------|--------------------|
| Equity shares with voting rights |                    |                              |                              |                    |
| <b>Year ended March 31, 2020</b> |                    |                              |                              |                    |
| - Number of shares               | 37,50,000          | -                            | -                            | 37,50,000          |
| - Amount (Rs. in Lakhs)          | 375.00             | -                            | -                            | 375.00             |
| <b>Year ended March 31, 2019</b> |                    |                              |                              |                    |
| - Number of shares               | 37,50,000          | -                            | -                            | 37,50,000          |
| - Amount (Rs. in Lakhs)          | 375.00             | -                            | -                            | 375.00             |
| <b>Year ended March 31, 2018</b> |                    |                              |                              |                    |
| - Number of shares               | 37,50,000          | -                            | -                            | 37,50,000          |
| - Amount (Rs. in Lakhs)          | 375.00             | -                            | -                            | 375.00             |

(ii) Terms / rights attached to equity shares:-

The company has only one class of equity shares having @ par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. 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 shall be according to the members right and interest in the Company.

(iii) Shareholding more than 5% - Number of shares and % of Holding:-

| Sl. No. | Shareholder's Name   | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                  |
|---------|----------------------|-------------------------|------------------|-------------------------|------------------|
|         |                      | No. of<br>Shares        | % of<br>Holdings | No. of<br>Shares        | % of<br>Holdings |
| 1.      | P. Dwaraknath Reddy  | 16,53,695               | 44.10            | 16,53,695               | 44.10            |
| 2.      | Laxmi Devi Jiwarajka | -                       | -                | 3,44,512                | 9.19             |
| 3.      | Sarla Devi Khaitan   | 2,60,398                | 6.94             | 2,60,398                | 6.94             |
| 4.      | HDFC Bank Ltd.       | 2,00,000                | 5.33             | -                       | -                |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------|-------------------------|-------------------------|
| <b>12. OTHER EQUITY</b>           |                         |                         |
| (i) General Reserve               | 19,257.82               | 19,257.82               |
| (ii) Retained Earnings (Incl OCI) | 291.26                  | 1,173.54                |
| <b>Total</b>                      | <b>19,549.08</b>        | <b>20,431.36</b>        |
| <b>(i) General Reserve</b>        |                         |                         |
| Balance at beginning of year      | 19,257.82               | 18,057.82               |
| Movement during the year          | -                       | 1,200.00                |
| <b>Balance at end of year</b>     | <b>19,257.82</b>        | <b>19,257.82</b>        |
| <b>(ii) Retained Earnings</b>     |                         |                         |
| Balance at beginning of year      | 1,173.54                | 1,369.08                |
| Profit for the year (Incl OCI)    | 21.88                   | 1,908.62                |
| Payment of dividend               | (904.16)                | (904.16)                |
| Transfer to General Reserve       | -                       | (1,200.00)              |
| <b>Balance at end of year</b>     | <b>291.26</b>           | <b>1,173.54</b>         |

13. PROVISIONS

| Particulars                         | Non-Current   | Current       | Non-Current   | Current       |
|-------------------------------------|---------------|---------------|---------------|---------------|
| (a) Provision for employee benefits | 508.16        | 52.93         | 399.07        | 52.93         |
| (b) Others                          | -             | 345.97        | -             | 452.88        |
| <b>Total</b>                        | <b>508.16</b> | <b>398.90</b> | <b>399.07</b> | <b>505.81</b> |

Details of provisions

(i) The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

| Particulars        | As at<br>April 2018 | Additions     | Utilisation   | Reversal<br>(withdrawn is<br>no longer<br>required) | As at<br>March 2019 |
|--------------------|---------------------|---------------|---------------|---|---------------------|
| Others             | 284.23              | 229.29        | 60.64         | -   | 452.88              |
| <b>Total</b>       | <b>284.23</b>       | <b>229.29</b> | <b>60.64</b>  | <b>-</b>  | <b>452.88</b>       |
| Particulars        | As at<br>April 2019 | Additions     | Utilisation   | Reversal<br>(withdrawn is<br>no longer<br>require)  | As at<br>March 2020 |
| Provision - Others | 452.88              | -             | 106.91        | -   | 345.97              |
| <b>Total</b>       | <b>452.88</b>       | <b>-</b>      | <b>106.91</b> | <b>-</b>  | <b>345.97</b>       |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>14. DEFERRED TAX LIABILITIES (NET)</b> |                         |                         |
| Deferred Tax Assets                       | 328.74                  | 247.73                  |
| Deferred Tax Liabilities                  | 2,242.03                | 2,242.03                |
| <b>Total</b>                              | <b>1,913.29</b>         | <b>1,994.30</b>         |

| Particulars   | As at<br>March 31,<br>2019 | Recognised in<br>Profit & Loss | Recognised in<br>other compre-<br>hensive income | As at<br>March 31,<br>2020 |
|---|----------------------------|--------------------------------|--|----------------------------|
| <b>A. DEFERRED TAX ASSETS</b>   |                            |                                |  |                            |
| Allowances for doubtful debts and advances  | -                          | -                              | -  | -                          |
| Provision for compensated absences  | 247.74                     | 72.00                          | 9.00   | 328.74                     |
| Mat credit entitlement  | -                          | -                              | -  | -                          |
| Others  | -                          | -                              | -  | -                          |
| <b>Total</b>  | <b>247.74</b>              | <b>72.00</b>                   | <b>9.00</b>                                      | <b>328.74</b>              |
| <b>B. DEFERRED TAX LIABILITIES</b>  |                            |                                |  |                            |
| Difference between book balance and tax<br>balance of property, plant and equipment | 2,070.18                   | -                              | -  | 2,070.18                   |
| Others  | 171.85                     | -                              | -  | 171.85                     |
| <b>Total</b>  | <b>2,242.03</b>            | <b>-</b>                       | <b>-</b>   | <b>2,242.03</b>            |

| Particulars   | As at<br>March 31,<br>2018 | Recognised in<br>Profit & Loss | Recognised in<br>other compre-<br>hensive income | As at<br>March 31,<br>2019 |
|---|----------------------------|--------------------------------|--|----------------------------|
| <b>A. DEFERRED TAX ASSETS</b>   |                            |                                |  |                            |
| Allowances for doubtful debts and advances  | -                          | -                              | -  | -                          |
| Provision for compensated absences  | 157.74                     | 87.36                          | 2.64   | 247.74                     |
| Mat credit entitlement  | -                          | -                              | -  | -                          |
| Others  | -                          | -                              | -  | -                          |
| <b>Total</b>  | <b>157.74</b>              | <b>87.36</b>                   | <b>2.64</b>                                      | <b>247.74</b>              |
| <b>B. DEFERRED TAX LIABILITIES</b>  |                            |                                |  |                            |
| Difference between book balance and tax<br>balance of property, plant and equipment | 2,070.18                   | -                              | -  | 2,070.18                   |
| Others  | 171.85                     | -                              | -  | 171.85                     |
| <b>Total</b>  | <b>2,242.03</b>            | <b>-</b>                       | <b>-</b>   | <b>2,242.03</b>            |



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| <b>15. FINANCIAL LIABILITIES</b>     |                         |                         |
| <b>15A CURRENT BORROWINGS</b>        |                         |                         |
| Loans repayable on demand from banks | -                       | -                       |
| Secured at amortised cost            | -                       | -                       |
| Bank overdraft and cash credit       | 3,117.32                | 3,024.00                |
| <b>Total</b>                         | <b>3,117.32</b>         | <b>3,024.00</b>         |

| Loans repayable on demand from banks | Nature of Security | March 31, 2020  | March 31, 2019  |
|--------------------------------------|--------------------|-----------------|-----------------|
| Canara Bank                          | See note           | 1,917.32        | 657.44          |
| DBS Bank                             |                    | 1,200.00        | 766.56          |
| HDFC Bank                            |                    | -               | 500.00          |
| RBL Bank                             |                    | -               | 1,100.00        |
| <b>Total</b>                         |                    | <b>3,117.32</b> | <b>3,024.00</b> |

Note: The aggregate working capital limits of Rs.6,500 lakhs (Rs.4,900) sanctioned by Banks are secured against equitable mortgage by deposit of title deed of factory property situated at Nellore, Andhra Pradesh and hypothecation of imported and indigenous raw materials, components, spares, goods in process and finished goods.

**15B TRADE PAYABLES**

|  |                 |                 |
|--|-----------------|-----------------|
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,240.31        | 2,161.69        |
| Due to Micro Enterprises and Small Enterprises   | 105.92          | 42.66           |
| <b>Total</b>   | <b>3,346.23</b> | <b>2,204.35</b> |

The dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by management. There have been no payments beyond the appointed date during the year and hence no interest has been provided on the outstanding dues to MSME

**15C OTHER FINANCIAL LIABILITIES**

|  |              |              |
|--|--------------|--------------|
| a) Liability towards Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 |              |              |
| Unclaimed Dividends  | 34.96        | 34.74        |
| b) Other Payables  |              |              |
| Interest accrued but not due on Borrowings   | 8.19         | 6.57         |
| <b>Total</b>   | <b>43.15</b> | <b>41.31</b> |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>16. OTHER CURRENT LIABILITIES</b>                 |                                      |                                      |
| (i) Statutory Dues Payable to government authorities | 122.45                               | 207.39                               |
| (ii) Others  | 638.17                               | 652.74                               |
| <b>Total</b>   | <u>760.62</u>                        | <u>860.13</u>                        |
| <b>17. REVENUE FROM OPERATIONS</b>                   |                                      |                                      |
| Sale of products                                     | 32,972.71                            | 31,694.87                            |
| <b>Total</b>   | <u>32,972.71</u>                     | <u>31,694.87</u>                     |
| (i) Sale of product comprises:                       |                                      |                                      |
| <b>A. Manufactured Goods</b>                         |                                      |                                      |
| Dry Batteries  | 20,562.96                            | 20,211.96                            |
| <b>Total A - Sale of manufactured goods</b>          | <u>20,562.96</u>                     | <u>20,211.96</u>                     |
| <b>B. Traded goods</b>                               |                                      |                                      |
| Batteries  | 3,407.73                             | 5,201.55                             |
| Torches  | 1,887.81                             | 2,060.64                             |
| Ledlite  | 5,428.17                             | 3,078.06                             |
| Other consumer goods                                 | 1,686.04                             | 1,142.66                             |
| <b>Total B - Sale of Traded goods</b>                | <u>12,409.75</u>                     | <u>11,482.91</u>                     |
| <b>Total - Sale of Products</b>                      | <u>32,972.71</u>                     | <u>31,694.87</u>                     |
| <b>18. OTHER OPERATING INCOME</b>                    |                                      |                                      |
| (a) Interest Income refer note (i) below             | 1,667.31                             | 1,800.74                             |
| (b) Other operating income (Refer Note.(ii) below)   | 161.31                               | 144.06                               |
| <b>Total</b>   | <u>1,828.62</u>                      | <u>1,944.80</u>                      |
| (i) Interest income comprises:                       |                                      |                                      |
| - Deposits   | 11.22                                | 9.20                                 |
| - Overdue bills                                      | 1,184.93                             | 1,341.36                             |
| - Debentures   | 471.16                               | 450.18                               |
| <b>Total - Interest Income</b>                       | <u>1,667.31</u>                      | <u>1,800.74</u>                      |
| (ii) Other operating income comprises:               |                                      |                                      |
| Net gain on sale of fixed assets                     | 0.02                                 | 2.83                                 |
| Other operating income                               | 161.29                               | 141.23                               |
| <b>Total - Other Operating Income</b>                | <u>161.31</u>                        | <u>144.06</u>                        |
| <b>19. COST OF MATERIALS CONSUMED</b>                |                                      |                                      |
| Opening Stock  | 1,062.32                             | 917.09                               |
| Add: Purchases                                       | 12,261.89                            | 12,586.22                            |
| Less: Closing Stock                                  | 873.32                               | 1,062.32                             |
| <b>Total Cost of Material Consumed</b>               | <u>12,450.89</u>                     | <u>12,440.99</u>                     |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Material Consumed Comprises of:  |                                      |                                      |
| Zinc   | 3,800.89                             | 4,053.27                             |
| Electrolytic Manganese Dioxide   | 2,031.80                             | 1,988.02                             |
| Others   | 6,618.20                             | 6,399.70                             |
| <b>Total</b>   | <u>12,450.89</u>                     | <u>12,440.99</u>                     |
| <b>20. PURCHASE OF STOCK IN TRADE (TRADED GOODS)</b>   |                                      |                                      |
| Batteries  | 2,167.10                             | 3,171.40                             |
| Flashlights  | 1,631.85                             | 1,577.42                             |
| Ledlite  | 4,596.53                             | 3,504.90                             |
| Other consumer goods   | 1,221.23                             | 877.15                               |
| <b>Total</b>   | <u>9,616.71</u>                      | <u>9,130.87</u>                      |
| <b>21. CHANGES IN INVENTORIES OF FINISHED GOODS,<br/>WORK-IN-PROGRESS AND STOCK-IN-TRADE</b> |                                      |                                      |
| <b>A. At the beginning of the accounting year</b>  |                                      |                                      |
| Finished goods   | 1,224.16                             | 1,371.75                             |
| Goods-in-process   | 283.68                               | 343.60                               |
| Stock-in-trade   | 1,445.90                             | 673.75                               |
|  | <u>2,953.74</u>                      | <u>2,389.10</u>                      |
| <b>B. At the end of the accounting year</b>  |                                      |                                      |
| Finished goods   | 1,805.12                             | 1,224.16                             |
| Goods-in- process  | 267.62                               | 283.68                               |
| Stock-in-trade   | 2,036.94                             | 1,445.90                             |
|  | <u>4,109.68</u>                      | <u>2,953.74</u>                      |
| <b>C. Decrease/(Increase) in Inventories</b>   | <u>(1,155.94)</u>                    | <u>(564.64)</u>                      |
| <b>22. EMPLOYEE BENEFIT EXPENSE</b>  |                                      |                                      |
| Salary, Wages and Allowances   | 3,498.50                             | 2,894.24                             |
| Directors' Remuneration  | 248.88                               | 311.61                               |
| Contribution to Provident and other funds  | 276.67                               | 238.55                               |
| Staff welfare expenses   | 488.56                               | 559.74                               |
| <b>Total</b>   | <u>4,512.61</u>                      | <u>4,004.14</u>                      |
| <b>23. FINANCE COSTS</b>   |                                      |                                      |
| Interest to bank   | 530.93                               | 401.59                               |
| Applicable net loss/(gain) of foreign currency<br>transaction / translation                  | 21.26                                | 35.55                                |
| <b>Total</b>   | <u>552.19</u>                        | <u>437.14</u>                        |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>24. DEPRECIATION AND AMORTISATION EXPENSE</b>           |                                      |                                      |
| Depreciation for the year on property, plant and equipment | 549.92                               | 579.24                               |
| Amortisation for the year on intangible assets as per note | 7.94                                 | 6.28                                 |
| <b>Total</b>   | <b>557.86</b>                        | <b>585.52</b>                        |
| <b>25. OTHER EXPENSES</b>                                  |                                      |                                      |
| Consumption of stores and spare parts                      | 269.89                               | 276.83                               |
| Power, Gas and Water                                       | 334.58                               | 327.06                               |
| Repairs to:  |                                      |                                      |
| Machinery  | 12.82                                | 25.10                                |
| Buildings  | 12.61                                | 74.13                                |
| General  | 210.65                               | 235.22                               |
| Insurance  | 19.63                                | 16.69                                |
| Research & Development Expenses                            | 40.27                                | 65.61                                |
| Rent   | 332.55                               | 315.75                               |
| Travelling & Conveyance                                    | 668.83                               | 564.70                               |
| Communication expenses                                     | 55.04                                | 59.79                                |
| Printing and Stationery                                    | 18.42                                | 17.19                                |
| Vehicle Maintenance  | 74.98                                | 84.09                                |
| Auditors' Remuneration                                     | 11.25                                | 10.25                                |
| Professional charges                                       | 212.47                               | 492.91                               |
| Rates and taxes  | 224.07                               | 94.54                                |
| Advertisement expenses                                     | 569.86                               | 156.40                               |
| Freight expense  | 986.49                               | 981.21                               |
| Sales promotion, Selling and Distribution expenses         | 1,018.26                             | 851.48                               |
| Loss on sale of fixed assets                               | -                                    | 8.10                                 |
| Corporate Social Responsibility                            | 66.02                                | 67.58                                |
| Miscellaneous expenses                                     | 105.14                               | 84.40                                |
| <b>Total</b>   | <b>5,243.83</b>                      | <b>4,809.03</b>                      |
| <b>Payments to the auditors comprises fees for</b>         |                                      |                                      |
| For Statutory Audit  | 3.00                                 | 2.00                                 |
| For Limited Review Report                                  | 2.00                                 | 2.00                                 |
| For Taxation and Certification                             | 3.50                                 | 3.50                                 |
| For Tax Audit  | 2.00                                 | 2.00                                 |
| Out of pocket expenses                                     | 0.75                                 | 0.75                                 |
| <b>Total</b>   | <b>11.25</b>                         | <b>10.25</b>                         |

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**  
(Rs. in lakhs)

| Particulars   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>26. EXCEPTIONAL ITEMS</b>  |                                      |                                      |
| The Company classifies items of income and expense within profit or loss from ordinary activities as exceptional items when they are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.   |                                      |                                      |
| Exceptional items-Bad debts written off   | 2,922.55                             | -                                    |
| <b>Total</b>  | <u>2,922.55</u>                      | <u>                    </u>          |
| Exceptional item amounting to Rs.2922.55 lakhs in the statement of profit & loss account for the year ended March 31, 2020 represents Bad Debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the Company. In spite of initiating various efforts to recover the amount, as a prudent measure, the Board approved the writing off of the bad debts further to initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 by Hon'ble National Company Law Tribunal against the distributor. Appropriate legal action is being taken to recover the outstanding due from the AWD and upon realization, if any, of the dues the same would be appropriately accounted in the books of account of the company. |                                      |                                      |
| <b>27. INCOME TAX</b>   |                                      |                                      |
| a. Income tax recognised in profit and loss   |                                      |                                      |
| Current tax   | 124.00                               | 978.00                               |
| Deferred tax (Incl OCI)   | (72.00)                              | (87.36)                              |
| Deferred tax - OCI  | (9.00)                               | (2.64)                               |
| <b>Total</b>  | <u>43.00</u>                         | <u>888.00</u>                        |
| b. Reconciliation of the accounting profit to the income tax expense for the year is summarised below :   |                                      |                                      |
| Profit before tax   | 100.63                               | 2796.62                              |
| Income tax expense calculated at 25.168%  | 25.33                                | 967.85                               |
| Effect of expenses that are not deductible in determining taxable profit  | 98.67                                | 10.15                                |
| Income Tax Expense  | <u>124.00</u>                        | <u>978.00</u>                        |

**28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS  
DISCLOSURES UNDER INDIAN ACCOUNTING STANDARDS**

**28.1 Contingent liabilities & commitments (to the extent not provided for)**

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| (i) Contingent Liability   |                         |                         |
| a) Penalty imposed by Competition Commission of India ("CCI") on the company and on certain officers of the Company (Refer note below) | 4,226.00                | 4,226.00                |
| b) Claims against the Company not acknowledged as debts:   |                         |                         |
| Bills discounted with Bankers and others   | 2,155.48                | 3,564.87                |
| Sales tax  | 2.15                    | 2.15                    |
| Sales tax  | 3.65                    | -                       |
| Sales tax  | 2.53                    | -                       |
| Income Tax   | 322.90                  | 29.48                   |

Note: In terms of order dated 25th April 2018 received on 02nd May 2018, the Competition Commission of India (CCI) has imposed penalty of Rs. 4226.00 lakhs for alleged cartelisation in respect of Zinc carbon dry cell batteries market in india. The Company had filed an appeal against order of CCI before the National Compnay Law Appellate Tribunal (NCLAT) . NCLAT has granted stay on the CCI order on the condition that the Company should deposit 10% of the penalty amounting to Rs.422.00 Lakhs. The Company has deposited this amount with the registry (through FD) within the due date as stipulated by NCLAT. Based on the legal opinion and considering the uncertainty relating to the outcome of this matter, no provision has been considered in the books of accounts.

**28.2** The details relating to Micro, Small and Medium Enterprises in terms of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows: as provided by the management on the basis of confirmations received from suppliers regarding their status under the said act. Interest has not been provided, as the amount due to these creditors is not overdue for a period of more than 45 days.

Outstanding principal Amount and Interest as on March 31, 2020

|                        |               |              |
|------------------------|---------------|--------------|
| - Principal amount     | 105.92        | 42.66        |
| - Interest due thereon | -             | -            |
| <b>Total</b>           | <b>105.92</b> | <b>42.66</b> |

**28.3 Disclosure as per Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

**Particulars of Loans, guarantees or investments covered under Section 186(4) of the Companies Act, 2013**

| Particulars          | March 31, 2020 | March 31, 2019 | Purpose   |
|----------------------|----------------|----------------|---|
| i) Loans Outstanding | 1,040.00       | 660.00         | Working Capital requirement   |
| ii) Investments      | 4,651.52       | 4,651.52       | Refer Notes 5A to Financials  |
| iii) Guarantees*     | 4,040.00       | 3,690.00       | In connection with Bank facilities obtained by Kineco Limited from HDFC Bank Ltd. |

\* To offset the above said risk, beyond our equity stake, we entered into a risk sharing agreement with another shareholder of Kineco Ltd, to the extent of 49.01% representing equity stake held by that shareholder in Kineco Ltd.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS DISCLOSURES UNDER INDIAN ACCOUNTING STANDARDS (CONTD.)

#### 28.4 Employee benefit plans

##### Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs. 276.67 Lakhs (for the year ended March 31, 2020: (Last year - Rs.238.55 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

##### Defined benefit plans

###### a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The payment of Gratuity Act, 1972, provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, from time to time.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

|                 |   |
|-----------------|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.      |
| Interest risk   | A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.  |
| Longevity risk  | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk     | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.   |

##### The principal assumptions used for the purposes of the actuarial valuations were as follows:

|                           |  |  |
|---------------------------|--|--|
| Discount Rate             | 6.47% p.a.                                     | 7.32% p.a.                                     |
| Salary escalation         | 5% p.a first year and<br>9% p.a. afterwards    | 10.00% p.a.                                    |
| Expected return on assets | 6.47% p.a.                                     | 7.32% p.a.                                     |
| Mortality                 | Indian Assured<br>Lives Mortality<br>(2012-14) | Indian Assured<br>Lives Mortality<br>(2012-14) |
| Attrition rate            | 6.00% p.a.                                     | 6.00% p.a.                                     |



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <p>The estimates of future salary increases, considered in actuarial valuation, taken account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.</p> |                         |                         |
| <p><b>Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:</b></p>   |                         |                         |
| <p><b>Amount recognised under Employee Benefits Expense in the Statement of Profit and Loss:</b></p>   |                         |                         |
| Current service cost   | 59.34                   | 55.89                   |
| Interest expense   | 62.58                   | 78.67                   |
| Interest income  | (60.90)                 | (80.82)                 |
| <b>Components of defined benefit costs recognised in profit or loss</b>  | <b>61.02</b>            | 53.74                   |
| <p><b>Amount recognised in Other Comprehensive Income (OCI) for the Year:</b></p>  |                         |                         |
| <p>Remeasurement on the net defined benefit liability comprising:</p>  |                         |                         |
| Actuarial (gains)/losses recognised during the period  | (35.74)                 | (7.54)                  |
| Components of defined benefit costs recognised in other comprehensive income   | (35.74)                 | (7.54)                  |
| <b>Total</b>   | <b>25.28</b>            | 46.20                   |
| <p><b>The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:</b></p>  |                         |                         |
| Present value of defined benefit obligation  | 1,022.38                | 912.92                  |
| Fair value of plan assets  | (907.57)                | (884.87)                |
| Net liability/ (asset) arising from defined benefit obligation   | 114.81                  | 28.05                   |
| Funded   | 114.81                  | 28.05                   |
| <b>Total</b>   | <b>114.81</b>           | 28.05                   |
| <p><b>Movements in the present value of the defined benefit obligation in the current year were as follows:</b></p>  |                         |                         |
| Opening defined benefit obligation   | 912.93                  | 1,170.38                |
| Current service cost   | 59.34                   | 55.89                   |
| Interest cost  | 62.58                   | 78.67                   |
| Actuarial (gains)/losses   | 102.26                  | (177.58)                |
| Benefits paid  | (114.72)                | (214.43)                |
| Closing defined benefit obligation   | 1,022.39                | 912.93                  |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>Movements in the fair value of the plan assets in the current year were as follows:</b> |                         |                         |
| Opening fair value of plan assets  | 884.86                  | 1,195.10                |
| Interest Income  | 60.90                   | 80.82                   |
| Contributions  | 10.00                   | 8.50                    |
| Benefits paid  | (114.72)                | (214.43)                |
| Actuarial gains/(loss)   | 66.52                   | (185.13)                |
| Closing fair value of plan assets  | 907.56                  | 884.86                  |

**Sensitivity Analysis**

The increase/ (decrease) of the defined benefit obligation to changes in the weighted principal assumptions are:

| Particulars                  | Funded  |         |
|------------------------------|---------|---------|
|                              | 2019-20 | 2018-19 |
| DISCOUNT RATE + 1%           | 97.32   | 87.24   |
| DISCOUNT RATE - 1%           | 107.70  | 95.80   |
| SALARY GROWTH + 1%           | 107.03  | 95.64   |
| SALARY GROWTH - 1%           | 97.84   | 87.30   |
| ATTRITION RATE -25% increase | 101.25  | 9.04    |
| ATTRITION RATE -25% decrease | 103.36  | 9.23    |

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

**28.5 Segment Information**

The Company has only one reportable segment. The business of the company currently is into manufacture and sale of dry batteries, trading lighting products and other home appliances which comes under a single business segment known as consumer goods. This clarification based on the nature of the products, risks, returns and the internal business reporting system and accordingly there is no other reportable segment in terms of IndAS 108 operating segment.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 28.6 Related party transactions

#### 28.6A Details of related parties:

| Description of relationship                            | Names of related parties  |
|--|---|
| <b>SUBSIDIARIES</b>                                    | Helios Strategic Systems Ltd.<br>Kineco Limited<br>Kineco Alte Train Technologies Pvt. Ltd.<br>Kineco Kaman Composites India Private Limited  |
| <b>ENTERPRISES WITH SIGNIFICANT INFLUENCE</b>          | Apex Agencies<br>Associated Electrical Agencies<br>Kalpatharu Enterprises Pvt. Ltd.<br>Radiohms Properties Pvt. Ltd<br>Radiohms Agencies<br>RAL Consumer Products Limited<br>Deccan Hospitals (A Unit of Apollo Hospitals Ent.Ltd.) |
| <b>KEY MANAGERIAL PERSONNEL</b><br>Executive Directors | P. Dwaraknath Reddy<br>R.P. Khaitan<br>P. Aditya Reddy  |

Note : Related party relationships are as identified by management and relied upon by auditors.

#### 28.6B Details of related party transactions during the year ended March 31, 2019, and balances outstanding as at March 31, 2020:

(Rs. in lakhs)

| Particulars                             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>SUBSIDIARIES</b>                     |                                      |                                      |
| <b>Helios Strategic Systems Limited</b> |                                      |                                      |
| <b>Outstanding as at the year end</b>   |                                      |                                      |
| Loan outstanding                        | 1,040.00                             | 660.00                               |
| <b>Kineco Limited</b>                   |                                      |                                      |
| <b>Outstanding as at the year end</b>   |                                      |                                      |
| Trade receivables                       | 25.10                                | 1.40                                 |
| <b>Apex Agencies</b>                    |                                      |                                      |
| Sales                                   | 5,808.09                             | 5,909.73                             |
| Services Received                       | 69.38                                | 128.40                               |
| Services Rendered                       | 656.45                               | 512.93                               |
| <b>Outstanding as at the year end</b>   |                                      |                                      |
| Trade receivables                       | 3,032.77                             | 2,919.26                             |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                           | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <b>Associated Electrical Agencies</b> |                                      |                                      |
| Sales                                 | 4,955.17                             | 4,563.01                             |
| Services Received                     | 16.45                                | 57.37                                |
| Services Rendered                     | 591.66                               | 430.77                               |
| <b>Outstanding as at the year end</b> |                                      |                                      |
| Trade receivables                     | 2,478.47                             | 2,375.25                             |
| <b>Deccan Hospitals</b>               |                                      |                                      |
| Sales                                 | 266.23                               | 431.91                               |
| Services Received                     | 10.50                                | 14.45                                |
| <b>Outstanding as at the year end</b> |                                      |                                      |
| Trade Receivables                     | 0.24                                 | 0.24                                 |
| <b>Radiohms Properties Pvt Ltd</b>    |                                      |                                      |
| Services Received                     | 14.93                                | 14.93                                |
| <b>Radiohms Agencies</b>              |                                      |                                      |
| Sales                                 | 2,240.89                             | 2,228.65                             |
| Services Received                     | 33.13                                | 41.35                                |
| Services Rendered                     | 33.75                                | 75.85                                |
| <b>Outstanding as at the year end</b> |                                      |                                      |
| Trade receivables                     | 226.42                               | 156.03                               |
| <b>RAL Consumer Products Limited</b>  |                                      |                                      |
| Sales                                 | 1,930.74                             | 1,993.88                             |
| Services Received                     | 43.23                                | 48.97                                |
| Services Rendered                     | 27.19                                | 73.75                                |
| <b>Outstanding as at the year end</b> |                                      |                                      |
| Trade receivables                     | 114.12                               | 109.13                               |
| <b>Key Managerial Person</b>          |                                      |                                      |
| (i) P. Dwaraknath Reddy               |                                      |                                      |
| Remuneration & Perquisites            | 83.78                                | 88.33                                |
| Commission                            | -                                    | 15.25                                |
| (ii) R.P. Khaitan                     |                                      |                                      |
| Remuneration & Perquisites            | 82.68                                | 90.22                                |
| Commission                            | -                                    | 15.25                                |
| (iii) P. Aditya Reddy                 |                                      |                                      |
| Remuneration & Perquisites            | 82.42                                | 87.31                                |
| Commission                            | -                                    | 15.25                                |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>28.7 Earnings per share</b>  |                                      |                                      |
| <b>28.7A Basic</b>  |                                      |                                      |
| Profit for the year   | 48.63                                | 1,905.98                             |
| Weighted average number of equity shares  | 37.50                                | 37.50                                |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share - Basic (Rs.P)   | 1.30                                 | 50.83                                |
| <b>28.7B Diluted</b>  |                                      |                                      |
| The diluted earnings per share has been computed by dividing the profit for the year available for Equity Shareholders by the weighted average number of equity shares  |                                      |                                      |
| Profit for the year   | 48.63                                | 1,905.98                             |
| Weighted average number of equity shares for basic EPS  | 37.50                                | 37.50                                |
| Weighted average number of equity shares for diluted EPS  | 37.50                                | 37.50                                |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share - Diluted (Rs.P)   | 1.30                                 | 50.83                                |
| <b>28.8 Corporate Social Responsibility (CSR)</b>   |                                      |                                      |
| As per section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The expenditure incurred during the year on the CSR activities are in accordance with Schedule VII on the Companies Act, 2013. |                                      |                                      |
| (a) Gross amount required to be spent by the Company during the year INR 66.02 Lakhs  |                                      |                                      |
| (b) Amount spent during the year on:  |                                      |                                      |
| Education and Health care   | 21.48                                | 38.97                                |
| Social Welfare  | 36.60                                | 22.48                                |
| Animals Welfare   | 4.00                                 | -                                    |
| Drinking Water  | 1.94                                 | 5.83                                 |
| Sports  | -                                    | 0.30                                 |
| Conservation of Natural Resources   | 2.00                                 | -                                    |
| <b>Total</b>  | <b>66.02</b>                         | <b>67.58</b>                         |
| <b>28.9 Details of research and development expenditure recognised as an expense</b>  |                                      |                                      |
| Buying of equipments, lab test and cylinder development charges   | <b>40.27</b>                         | <b>65.61</b>                         |

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>28.10 Financial Instruments</b>  |                         |                         |
| <b>28.10A Capital management</b>  |                         |                         |
| The Company's capital management objective is to maintain an optimal debt-equity structure so as to reduce the cost of capital, thereby enhancing returns to shareholders. The Company also has a policy of making judicious use of various available debt instruments within its overall working capital drawing limit. This interest arbitrage helps the Company to contain / reduce the cost of capital. |                         |                         |
| <b>Gearing ratio</b>  |                         |                         |
| Debt (A)  | 3,117.32                | 3,024.00                |
| Cash and bank Balances (B)  | 2,113.81                | 1,932.53                |
| Net Debt (A-B)  | 1,003.51                | 1,091.47                |
| Total Equity  | 19,924.08               | 20,806.36               |
| Net debt to Equity Ratio (%)  | 5.04                    | 5.25                    |
| <b>28.10B Categories of financial instruments</b>   |                         |                         |
| <b>Financial assets</b>   |                         |                         |
| <b>Measured at amortised cost</b>   |                         |                         |
| Cash and bank Balances  | 2,113.81                | 1,932.53                |
| Trade Receivables   | 6,197.42                | 8,387.20                |
| Other Financial Assets  | 145.72                  | 143.11                  |
| <b>Measured at deemed cost</b>  |                         |                         |
| Investments in subsidiaries   |                         |                         |
| Equity  | 5.00                    | 5.00                    |
| Debentures  | 4,646.52                | 4,646.52                |
| <b>Financial liabilities</b>  |                         |                         |
| <b>Measured at amortised cost</b>   |                         |                         |
| Financial liabilities measured at amortised cost  | 6,506.70                | 5,269.66                |

**28.11 Risk Management framework**

The company's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has constituted the risk management committee which carries on the following functions:

1. The implementation of Risk management systems and framework;
2. Reviewing the Company's financial and risk management policies;
3. Assessing risk and minimizing the procedures;
4. Framing, implementing and monitoring the risk management plan.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 28.11 Risk Management framework (Contd.)

relation to the risks faced by the Company. The Risk management Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The company has exposure to the following risks arising from its financial risk management:

Credit risk

Liquidity risk

Commodity price risk

Foreign currency risk

The Company manages its financial operations with its own accruals and hence is not subject to interest rate risk. The company manages its working capital with its own stock and debtors. However, the overdraft/ cash credit facility from our bankers are utilised to manage the working capital gap as and when required. The company does not foresee any requirement for long term funding in the near future.

#### **Credit risk management**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables, deposits and other financial assets.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The company has established a strong liquidity damage agreement with its customers. The normal credit period for trade receivable is 15 days and any settlement beyond 15 to 90 days and thereafter the same is compensated by and agreed interest on outstanding amounts.

The company based on internal assessment which is driven by the historical experience and current facts available in relation to default and delays in collection thereof, has decided not to make any provision for the expected credit loss of trade receivables. The company does not foresee any requirement to create the allowance matrix considering the past trend and future operations.

#### **Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The average credit period for purchase of materials and traded products ranges from 30 to 60 days and the company settles the significant portion of the obligation within the aforesaid credit period. The company's working capital is adequately supported by Stock, Book debts and Bank overdraft/ CC facilities.

#### **Commodity price risk management**

The Company is exposed to commodity price risk, mainly in respect of Zinc, which is a key raw material in the manufacture of batteries. The price risk is linked to fluctuations in London Metal Exchange (LME). The Company manages the price risk by entering into a average price agreement with the vendor.

#### **Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. The company has the policy of settling the foreign exchange exposure within 5 to 10 days to mitigate the foreign currency risk.



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 28.12 Financing facilities

(Rs. in lakhs)

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| Secured bank overdraft facilities         |                         |                         |
| - amount used                             | 3,117.32                | 3,024.00                |
| - amount unused                           | 3,382.68                | 3,476.00                |
| Secured letter of credit / bank guarantee | 20.00                   | 20.00                   |

### 28.13 Fair value measurements

The company has not recognised any financial asset / liability at fair value. The directors consider that the carrying amounts of financial assets and financial liabilities that are recognised at fair value in the financial statements approximate their fair values.

### 28.14 Material Changes and Commitments/Impact of COVID-19 Pandemic

The Manufacturing facilities, sales & distribution locations and all offices of the Company were closed from March 23, 2020 following the countrywide lockdown due to COVID-19. The Company has since obtained necessary permissions and restarted its manufacturing facilities from 6th May 2020. Similarly, offices started operated partially from 18th May 2020. Based on current assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered in full. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2020, considering the prevailing uncertainties.

### 28.15 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on June 29, 2020.

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**J. SRINIVASAN**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Indo National Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of M/s Indo National Limited ("the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "The Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup>March 2020, and the consolidated Statement of Profit and Loss(including other comprehensive income), consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at 31<sup>st</sup>March 2020, and consolidated profit/loss (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note No.33 to the consolidated financial statements which describes the management's assessment of the uncertainties and impact of COVID-19 pandemic on the company's operations and the financial results. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

#### 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, and we do not provide a separate opinion on these matters.

**Trade Receivables-Bad Debts written off with respect to outstanding receivables by Holding Company**

| Key audit matter  | How the matter was addressed in our audit  |
|---|--|
| <p><b>(Refer note no. 9A and 30 to the financial statements)</b></p> <p>Considering the industry in which the company operates and the related customer profile, the company has dues outstanding from customers, which are past due.</p> <p>The recoverability assessment and the provisioning requirement carried on by the management is based on the customer contracts, ageing profile, historical payment pattern and the past record of the default by the customer, expected date of collection and time value of money.</p> <p>Further to initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 by Hon'ble National Company Law Tribunal against one of the debtors, whose debts due to the company have not been recovered, have been written off by the company.</p> <p>We identified the write-off of trade receivables as a key audit matter because of the inherent uncertainty in assessing if that particular trade receivable from the debtor will be recovered and also because the outcome of this litigation has a significant impact to the financial statements which requires the management judgement (based on legal advice and opinion).</p> | <p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient and appropriate audit evidence:</p> <ol style="list-style-type: none"> <li>1. We reviewed the customers' ageing report to identify the collection risks.</li> <li>2. We verified the terms and conditions in the customer contract with respect to the amount outstanding receivable from the customer.</li> <li>3. We studied the order passed by the Hon'ble National Company Law Tribunal in detail along with our own legal experts for interpretation of the order.</li> <li>4. Obtained Management's assessment of the case based on the legal advice/opinion to assess the reasonableness of the contingency.</li> <li>5. We assessed the independence and competence of the legal advisors.</li> <li>6. Considered the adequacy of the Company's disclosure made in the financial statements and the related risk such as credit risk and liquidity risk.</li> </ol> |

**Other Information**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report together with the annexure thereto, Report on Corporate Governance but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

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 including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 are responsible for assessing the ability of the Group 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 are also responsible for overseeing the financial reporting process of the Group.

## **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:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. 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.
5. 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.
6. 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 of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 of subsidiaries whose financial statements reflect total assets of Rs. 26,801.06 lakhs as at 31st March 2020, total revenues of Rs. 18,064.30 lakhs and net cash flows amounting to Rs. 244.53 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the 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 certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss(including other comprehensive income),the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, 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 31<sup>st</sup>March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup>March2020 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 Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Additional information to financial statements Note No.1 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, incorporated in India.

For G Balu Associates LLP  
Chartered Accountants  
FRN : 000376S/S200073

Place: Chennai  
Date : 29th June, 2020

Raja Gopalan. B  
Partner (M.No.217187)  
ICAIUDINNo:20217187AAAACC7365



## **ANNEXURE - A TO THE AUDITORS' REPORT**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2020, we have audited the Internal financial controls with reference to the financial statements of M/s Indo National Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company, its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control 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 judgment, including the assessment of the risks of material misstatement of the 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 Company's internal financial controls system over financial reporting with reference to financial statements.

#### **Meaning of Internal Financial Controls over Financial Reporting with reference to financial statements**

A company's internal financial control over financial reporting with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and



the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls 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 Holding Company, its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, due to COVID-19 lockdown we have relied upon the management testing with respect to the operating effectiveness of the year end controls which were found to be in order.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to the subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

For G Balu Associates LLP  
Chartered Accountants  
FRN : 000376S/S200073

Place: Chennai  
Date : 29th June, 2020

Raja Gopalan. B  
Partner (M.No.217187)  
ICAIUDINNo:20217187AAAACC7365

# CONSOLIDATED BALANCE SHEET

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars  | Note No. | Balance as at<br>31.03.2020 | Balance as at<br>31.03.2019 |
|--|----------|-----------------------------|-----------------------------|
| <b>I. ASSETS</b>   |          |                             |                             |
| <b>1 Non-Current Assets</b>  |          |                             |                             |
| (a) Property plant and equipment   | 3A       | 13,184.74                   | 12,684.68                   |
| (b) Capital work in progress   | 3B       | 79.86                       | 477.14                      |
| (c) Other Intangible assets  | 4        | 715.03                      | 532.72                      |
| (d) Goodwill on consolidation  | 5        | 4,940.90                    | 4,940.90                    |
| (e) Financial assets   |          |                             |                             |
| (i) Investments  | 6A       | 0.27                        | 0.64                        |
| (ii) Other financial assets  | 6B       | 18.47                       | 13.30                       |
| (f) Other Non-current tax assets   | 6C       | 141.94                      | 1,291.20                    |
| (g) Other Non-current assets   | 7        | 1,557.11                    | 1,254.81                    |
| <b>Total Non-current Assets</b>  |          | <b>20,638.32</b>            | <b>21,195.39</b>            |
| <b>2 Current Assets</b>  |          |                             |                             |
| (a) Inventories  | 8        | 8,758.45                    | 6,207.65                    |
| (b) Financial assets   |          |                             |                             |
| (i) Trade receivables  | 9A       | 11,591.14                   | 13,675.51                   |
| (ii) Cash and cash equivalents   | 9B       | 2,115.33                    | 1,933.02                    |
| (iii) Bank balances other than above   | 9B       | 3,422.62                    | 3,179.13                    |
| (iv) Other financial assets  | 9C       | 198.03                      | 238.96                      |
| (c) Current Tax Assets   | 10       | 2,823.92                    | 365.97                      |
| (d) Assets held for sale   |          | 7.00                        | 7.00                        |
| (e) Other current assets   | 11       | 1,541.38                    | 1,304.36                    |
| <b>TOTAL CURRENT ASSETS</b>  |          | <b>30,457.87</b>            | <b>26,911.60</b>            |
| <b>TOTAL ASSETS</b>  |          | <b>51,096.19</b>            | <b>48,106.99</b>            |
| <b>II. EQUITY &amp; LIABILITIES</b>  |          |                             |                             |
| <b>1 Equity</b>  |          |                             |                             |
| (a) Equity share capital   | 12       | 375.00                      | 375.00                      |
| (b) Other equity   | 13       | 21,054.25                   | 21,871.64                   |
| <b>Equity attributable to owners of the Company</b>  |          | <b>21,429.25</b>            | <b>22,246.64</b>            |
| 2 Non controlling interest   | 14       | 3,079.19                    | 2,206.98                    |
| <b>Total Equity</b>  |          | <b>24,508.44</b>            | <b>24,453.62</b>            |
| <b>3 Non-Current Liabilities</b>   |          |                             |                             |
| (a) Financial liabilities  |          |                             |                             |
| (i) Borrowings   | 15A      | 3,446.86                    | 3,980.99                    |
| (ii) Other financial liabilities   | 15B      | 114.36                      | -                           |
| (b) Provisions   | 16       | 611.13                      | 533.73                      |
| (c) Deferred tax liabilities (Net)   | 17       | 1,521.87                    | 1,162.57                    |
| (d) Other Non-current liabilities  | 18       | 117.06                      | 126.39                      |
| <b>Non-Current Liabilities</b>   |          | <b>5,811.28</b>             | <b>5,803.68</b>             |
| <b>4 Current Liabilities</b>   |          |                             |                             |
| (a) Financial liabilities  |          |                             |                             |
| (i) Borrowings   | 19A      | 7,059.73                    | 5,257.67                    |
| (ii) Trade payables  | 19B      |                             |                             |
| a. Total outstanding dues of<br>micro enterprises and small enterprises                      |          | 117.58                      | 50.40                       |
| b. Total outstanding dues of creditors other<br>than micro enterprises and small enterprises |          | 6,798.69                    | 5,587.02                    |
| (b) Other financial liabilities  | 19C      | 3,318.67                    | 3,312.80                    |
| (c) Other current liabilities  | 20       | 2,961.46                    | 3,037.47                    |
| (d) Provisions   | 16       | 520.34                      | 604.33                      |
| <b>Current liabilities</b>   |          | <b>20,776.47</b>            | <b>17,849.69</b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>51,096.19</b>            | <b>48,106.99</b>            |

See accompanying notes forming part of the consolidated financial statements

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**J. SRINIVASAN**  
Company Secretary

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars   | Note No. | For the Year ended<br>31.03.2020 | For the Year ended<br>31.03.2019 |
|---|----------|----------------------------------|----------------------------------|
| I. Revenue from Operations (Gross)                        | 21       | 50,817.23                        | 44,323.26                        |
| II. Other Income  | 22       | 1,577.24                         | 1,692.70                         |
| III. Total Income (I+II)                                  |          | 52,394.47                        | 46,015.96                        |
| IV. Expenses  |          |                                  |                                  |
| (a) Cost of materials consumed                            | 23       | 21,316.94                        | 18,206.97                        |
| (b) Purchase of stock-in-trade - Traded goods             | 24       | 9,616.71                         | 9,130.87                         |
| (c) Changes in inventories of raw material                | 25       | (2,079.82)                       | (759.57)                         |
| (d) Employee benefit expenses                             | 26       | 7,422.02                         | 6,414.49                         |
| (e) Finance Costs   | 27       | 1,657.27                         | 1,209.46                         |
| (f) Depreciation and amortization expense                 | 28       | 1,220.64                         | 1,065.46                         |
| (g) Other expenses  | 29       | 8,473.26                         | 7,218.83                         |
| Total Expenses  |          | 47,627.02                        | 42,486.51                        |
| V. Profit / Loss before tax (III-IV)                      |          | 4,767.45                         | 3,529.45                         |
| Exceptional items Bad debts written off                   | 30       | 2,922.55                         | -                                |
| VI. Profit / Loss before tax expense                      |          | 1,844.90                         | 3,529.45                         |
| Tax expense   |          |                                  |                                  |
| (a) Current Tax   | 31       | 602.65                           | 1,196.93                         |
| (b) Deferred Tax  | 31       | 198.11                           | (324.46)                         |
| Total Tax (a+b)   |          | 800.76                           | 872.47                           |
| VII. Profit for the year (V-VI)                           |          | 1,044.14                         | 2,656.98                         |
| VIII. Other Comprehensive Income                          |          |                                  |                                  |
| I) Items that will not be reclassified to profit or loss  |          |                                  |                                  |
| (a) Remeasurements of defined benefit plans               |          | (64.30)                          | (29.01)                          |
| (b) Equity instruments through other comprehensive income |          | 6.14                             | (0.07)                           |
| Total Comprehensive Income                                |          | (58.16)                          | (29.08)                          |
| IX. Total Comprehensive Income for the year (VII+VIII)    |          | 985.98                           | 2,627.90                         |
| Profit for the year attributable to                       |          |                                  |                                  |
| - Owners of the company                                   |          | 140.56                           | 1,842.33                         |
| - Non-controlling interest                                |          | 903.58                           | 814.65                           |
| Other Comprehensive Income for the year attributable to   |          |                                  |                                  |
| - Owners of the company                                   |          | (40.02)                          | (14.15)                          |
| - Non-controlling interest                                |          | (18.14)                          | (14.93)                          |
| Total Comprehensive Income for the year attributable to   |          |                                  |                                  |
| - Owners of the company                                   |          | 100.54                           | 1,828.18                         |
| - Non-controlling interest                                |          | 885.44                           | 799.72                           |
|   |          | 985.98                           | 2,627.90                         |
| X. Earnings Per Share (EPS) of Rs.10/- each               |          |                                  |                                  |
| (1) Basic   |          | 3.75                             | 49.13                            |
| (2) Diluted   |          | 3.75                             | 49.13                            |

See accompanying notes forming part of the consolidated financial statements

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**RAJA GOPALAN B**  
Partner (M No.217187)

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

**N. RAMESH RAJAN**  
Chairman

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

For and on behalf of the Board of Directors

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**J. SRINIVASAN**  
Company Secretary

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended March 31, 2020

(Rs. in Lakhs)

| Particulars   | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>             |                                      |                                      |
| Profit before tax   | 1,844.90                             | 3,529.45                             |
| Adjustment for :  |                                      |                                      |
| (a) Depreciation  | 1,220.64                             | 1,065.46                             |
| (b) Interest on Borrowings                                | 1,420.05                             | 1,013.24                             |
| (c) Assets Written Off                                    | -                                    | 0.90                                 |
| (d) Interest Income                                       | (1,398.71)                           | (1,548.64)                           |
| (e) Profit / Loss on sale of Fixed Assets                 | 17.41                                | 5.27                                 |
| (f) Net unrealised foreign exchange gain                  | (131.12)                             | 196.22                               |
| (g) Remeasurement Gain / Loss                             | (58.16)                              | (29.08)                              |
| <b>Changes in operating assets and liabilities</b>        | <b>2,915.01</b>                      | <b>4,232.82</b>                      |
| Increase / (Decrease) in Current Liabilities              |                                      |                                      |
| (a) Trade payables  | 1,397.89                             | (205.73)                             |
| (b) Other financial Liabilities (Current and Non-Current) | 45.23                                | 334.80                               |
| (c) Other Liabilities (Current and Non-Current)           | (23.69)                              | (1,646.83)                           |
| (d) Provisions (Current and Non-Current)                  | (6.59)                               | 328.90                               |
| (Increase) / Decrease in Current Assets                   |                                      |                                      |
| (a) Inventories   | (2,550.80)                           | (1,280.78)                           |
| (b) Trade receivables                                     | 2,022.72                             | (1,098.30)                           |
| (c) Other assets (Current and Non-Current)                | (658.36)                             | (1,548.78)                           |
| (d) Other financial assets (Current and Non-current)      | 35.39                                | 67.01                                |
| (e) Bank balances other than above                        | (243.49)                             | 205.13                               |
| (f) Tax assets  | (1,308.69)                           | -                                    |
| Changes in Working Capital                                | (1,290.39)                           | (4,844.58)                           |
| (i) Cash generated from Operations                        | 1,624.62                             | (611.76)                             |
| Less: Income tax paid                                     | (652.38)                             | (1,312.27)                           |
| <b>Net Cash from operating activities (A)</b>             | <b>972.24</b>                        | <b>(1,924.03)</b>                    |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                                      |                                      |
| (a) Purchase of Fixed Assets                              | (1,394.73)                           | (2,052.09)                           |
| (b) Interest Income                                       | 1,398.71                             | 1,548.64                             |
| (c) Proceeds from sale of Fixed assets                    | -                                    | 6.14                                 |
| (d) Sale of non-current investment                        | -                                    | 0.07                                 |
| <b>Net Cash used in investing activities (B)</b>          | <b>3.98</b>                          | <b>(497.24)</b>                      |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended March 31, 2020 (Contd.)

(Rs. in Lakhs)

| Particulars  | For the Year ended<br>March 31, 2020 | For the Year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                      |                                      |
| (a) Repayment of Long Term Borrowing   | (459.13)                             | -                                    |
| (b) Issue expenses   | (27.00)                              | -                                    |
| (c) Interest / TDS received from Helios  | 83.26                                | 127.71                               |
| (d) Interest expenses  | (1,420.05)                           | (1,013.23)                           |
| (e) Dividend and Tax thereon paid  | (904.16)                             | (904.16)                             |
| (f) Long Term Borrowing availed during the year  | -                                    | 2,822.92                             |
| (g) Short Term Borrowing availed during the year   | 1,802.06                             | 1,830.61                             |
| <b>Net Cash used in financing activities (C)</b>   | <b>(925.02)</b>                      | <b>2,863.85</b>                      |
| Net Increase / (Decrease) in cash and cash equivalents (A+B+C)                                 | 51.20                                | 442.58                               |
| Effect of exchange differences on restatement of foreign<br>currency Cash and cash equivalents | 131.11                               | (196.22)                             |
| Cash and Cash equivalents at the beginning of the year   | 1,933.02                             | 1,686.66                             |
| <b>Cash and Cash equivalents at the closing of the year</b>                                    | <b>2,115.33</b>                      | <b>1,933.02</b>                      |

See accompanying notes forming part of the financial statements

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai

Date : 29<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

(Rs. in lakhs)

| <b>a) EQUITY SHARE CAPITAL</b>                  |        |
|---|--------|
| Balance as at April 1, 2018                     | 375.00 |
| Changes in equity share capital during the year | 0.00   |
| <b>Balance as at March 31, 2019</b>             | 375.00 |
| Changes in equity share capital during the year | 0.00   |
| <b>Balance as at March 31, 2020</b>             | 375.00 |

### b) OTHER EQUITY

| PARTICULARS  | RESERVES & SURPLUS |                    |                   | Items of other comprehensive income | Total            |
|--|--------------------|--------------------|-------------------|-------------------------------------|------------------|
|  | GENERAL RESERVE    | SECURITIES PREMIUM | RETAINED EARNINGS |                                     |                  |
| Balance as at April 1, 2018                                  | 18,057.82          | 981.21             | 1,909.82          | -                                   | 20,948.85        |
| Profit / Transfer for the year                               | 1,200.00           | -                  | 642.33            | -                                   | 1,842.33         |
| Promotor's Contribution                                      | -                  | -                  | (1.23)            | -                                   | (1.23)           |
| Other comprehensive Income                                   | -                  | -                  | -                 | (14.15)                             | (14.15)          |
| Payment of Dividend and dividend distribution tax FY 2017-18 | -                  | -                  | (904.16)          | -                                   | (904.16)         |
| <b>Balance as at March 31, 2019</b>                          | <b>19,257.82</b>   | <b>981.21</b>      | <b>1,646.76</b>   | <b>(14.15)</b>                      | <b>21,871.64</b> |
| Profit for the year  | -                  | -                  | 140.56            | -                                   | 140.56           |
| Promotor's Contribution                                      | -                  | -                  | (13.77)           | -                                   | (13.77)          |
| Other comprehensive Income                                   | -                  | -                  | -                 | (40.02)                             | (40.02)          |
| Payment of Dividend and dividend distribution tax FY 2018-19 | -                  | -                  | (904.16)          | -                                   | (904.16)         |
| <b>Balance as at March 31, 2020</b>                          | <b>19,257.82</b>   | <b>981.21</b>      | <b>869.39</b>     | <b>(54.17)</b>                      | <b>21,054.25</b> |

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

For and on behalf of the Board of Directors

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Indo National Limited ("the parent company") is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956 and has its registered office in Chennai. The parent group has 4 subsidiaries. The parent company is in the business of manufacture and marketing of batteries, torches, LED products, Electrical accessories, mosquito bats and Razors & Blades. The Parent company together with its subsidiaries is hereinafter referred to as the "Group".

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013, (the 'Act'), the Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act.

#### 2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- (i) certain financial instruments are measured at fair value and
- (ii) defined benefit plans- plan assets measured at fair value.

#### Measurement of Fair values

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.3 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the group and its subsidiaries drawn upto the same reporting date as that of the Group i.e. March 31, 2020. Control is achieved when the group has power over the investee, is exposed or has right to variable return from its investment with the investee and has the ability to use its power to affect its returns.

Consolidation of subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit and Loss from the date the group gains controls until the date when the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

of the Group and to the non controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expense, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Estimates have been used in provision for warranties, provision for employee benefits, allowance for expected credit loss on financial assets and useful lives of property, plant and equipment.

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

#### i) Useful lives of property, plant and equipment and intangible assets:

The group reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation or amortisation expense in future periods.

#### ii) Valuation of deferred tax assets:

The group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.16 below.

#### iii) Actuarial Valuation:

The determination of group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in Other Comprehensive Income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in the notes to the financial statements.

#### iv) Provisions and Contingent Liabilities:

The policy for the same has been explained under Note 2.17 below.

### 2.5 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost (net of refundable taxes - primarily input credit relating to Goods and Service Tax) less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment include purchase price, expenses incidental to making the assets ready for its intended use, attributable borrowing costs and net of any trade discounts and rebates. Subsequent expenditure on property, plant and equipment, after its purchase / completion, is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

#### Depreciation

Depreciation on property, plant and equipment is provided on a pro-rata basis using the straight line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

All items of property, plant and equipment costing less than Rs. 5,000 each are fully depreciated in the year of acquisition.

Property, Plant and equipment has been provided on the straight-line method on imported body maker and bag makers, other projects under plant and equipments on assets relating to 3D Project (I line), 3U Unit (New line), 4U Units (New lines) and solar plant and written down value method on all other tangible assets as per the useful life prescribed in Schedule II to the Companies Act, 2013. Motor car purchased under new block is depreciated over 4 years. Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

### Capital work in progress

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

### 2.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets are amortized over their useful life.

### Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

### 2.7 Impairment of property, plant and equipment and intangible assets

The carrying value of property, plant and equipment and intangible assets is reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. However, the following intangible assets are tested for impairment in each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use and
- (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor, that reflects current market assessments of the time value of money and the risks, specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the consolidated

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Profit and Loss, to the extent the amount was previously charged to the consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 2.8 Inventories

Inventories are valued at the lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale including octroi and other levies, transit insurance and receiving charges. Finished goods and work in progress include apportionment of overheads. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Raw materials including components, finished goods, work in process, stock in trade, material in transit, packing materials and stores & spares have been valued at lower of cost and estimated net realizable value. Cost is computed under FIFO method. Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock wherever applicable. Moulds, dies and tools, developed in house for specific customer application are classified as 'Composite tooling' based on technical consideration. These are shown in balance sheet based upon technical and economic evaluation carried out by independent valuers but not exceeding the cost thereof. In case the technical or economic factors underlying the valuation undergo material or adverse changes, appropriate write down is made in the year of such adverse change. Material in transit is valued at cost.

### 2.9 Foreign currency transactions and translations

The functional currency of the Group is Indian rupee (INR).

Foreign currency transactions are initially recorded at the spot rates on the date of the transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. Non-monetary items denominated in other currencies and that are measured in terms of historical cost are translated at the exchange rates prevailing on the dates on which such values are determined. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the consolidated Statement of Profit and Loss.

### 2.10 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated Statement of Profit and Loss.

Effective Interest Rate method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

#### i) Financial assets

##### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

##### Financial assets as fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group has elected to present subsequent changes in fair value in other comprehensive income in case of investments based on its business model.

### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Statement of Profit or Loss.

### **Investment in subsidiaries**

Investment in subsidiaries is carried at cost in the separate financial statements.

### **Impairment of financial assets**

The Group recognises loss allowance using the Expected Credit Loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to 12 months expected credit losses or lifetime Expected Credit Loss. The Group had used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration historical credit loss experience and adjusted for forward looking information. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

### **Derecognition of financial assets**

The group derecognises an financial asset when (i) the contractual rights to receive cash flows from the asset expire, or (ii) the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a) the group has transferred substantially all the risks and rewards of ownership of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of the financial asset in its entirety, the difference between the assets carrying amount measured at the date of derecognition and the consideration received is recognised in the Statement of Profit and Loss.

The group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

## ii) **Financial liabilities and equity instruments**

### **Classification as debt or equity**

Debt and equity instruments issued by the group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Financial Liabilities

All financial liabilities that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortised cost using the effective interest method. The interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

- (i) Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.
- (ii) Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between with a lender or debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is current enforceable legal right to offset the recognised amounts and it is intended to either settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### iii) Derivative financial instruments

The Group enters into derivative financial instruments in the nature of forward exchange contracts to manage its exposure to foreign exchange rate risks on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are marked to market and gain/ loss on such contracts is recognised in the Statement of Profit and Loss at the end of each reporting period. The derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

The hedges are accounted for and measured at fair value from the date the hedge contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The fair values for forward currency contracts are marked to market at the end of each reporting period.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the Statement of Profit and Loss.

The effective portion of change in the fair value of the designated hedge instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve as a separate component of equity. Such amounts are reclassified into the Statement of Profit and Loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

accumulated in equity till that time remains and is recognised in profit or loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the Statement of Profit and Loss.

### 2.11 Statement of cash flows

Statement of cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the group are segregated based on the available information.

Cash comprises of cash in hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdraft and cash credit are also considered as part of cash and cash equivalents for the purpose of Statement of Cash Flows.

### 2.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and the group will comply with the conditions attached to them.

Where the grant relates to an asset the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognised as income in the Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

Revenue grants are recognised in the Statement of Profit and Loss in the same period as the related cost which they are intended to compensate are accounted for.

### 2.13 Revenue recognition

During the year the group earned revenue from the following sources which was recognised on the basis stated against each source:

#### Sale of goods

The Group recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The company recognises unearned revenue (i.e. contract liabilities) for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises as unbilled revenue (i.e. contract assets) in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The company presents revenues net of returns, trade discounts and indirect taxes in its statement of profit and loss.

#### Sale of services

Revenues from services are recognised when services are rendered and related costs are incurred.

#### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Interest income is accounted for using the effective interest rate method. Interest income on financial asset is accrued on a time proportion basis by reference to the principal amount outstanding and the applicable effective interest rate.

### Insurance Claims

Insurance claims are accounted for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.14 Employee benefits

#### i) Short term

Short term employee benefits include salaries, allowances and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees are recognised as an expense in the Statement of Profit and Loss during the year when the employees render the service to the group.

#### ii) Long term

The group has defined contribution and defined benefit plans. The plans are financed by the group and in the case of some defined contribution plans by the group along with its employees.

#### Defined contribution plans

The group's contribution to provident fund and family pension fund made to regulatory authorities and where the group has no further obligation are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss as they fall due based on the amount of contribution required to be made.

#### Defined benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries (using the projected unit credit method) in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains/losses are recognised, in full in the other comprehensive income in the year in which they arise.

#### Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availing of encashment of such accrued benefit or where the availing or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

### 2.15 Borrowings and borrowing costs

The group borrows funds in Indian Rupees. These borrowings carry a fixed rate or floating rate of interest. The liabilities are initially measured at the amount borrowed and subsequently stated at the outstanding amounts. Interest accrued but not due which is in the nature of current liability is classified as part of 'Other current financial liabilities'. Amount outstanding in respect of foreign currency borrowings are stated at the exchange rate at the Balance Sheet date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs include interest expense as per Effective Interest Rate (EIR). The borrowing costs in respect of foreign currency borrowings are adjusted for exchange differences, to the extent they are regarded as an adjustment to the interest cost.

### 2.16 Taxes on income

Tax expenses for the year, comprising of current tax and deferred tax, are included in the determination of net profit or loss for the period.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing tax laws and includes any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax is provided / recognised using the balance sheet method, on all deductible temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credit and unused tax losses. Deferred tax assets and liabilities are measured using tax rates that are substantively enacted at the balance sheet date. At each balance sheet date the group evaluates the carrying amount of deferred tax assets and reduces the value of such deferred tax assets to the extent it is no longer probable that sufficient taxable profit will be available to allow all or a part of deferred tax asset to be utilised/ recovered.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing tax laws and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### Current Tax :

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

#### Deferred tax :

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the respective group will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the group will pay normal income tax during the specified period.

### Current and deferred tax for the year :

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 2.17 Provisions, contingent liabilities and contingent assets

'A provision is recognised when the group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A contingent liability is disclosed in case of present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation and a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed when an inflow of economic benefits is probable.

Provisions for the expected cost of warranty obligations under the terms of contract with the customers are recognised at the managements best estimate of the expenditure required to settle the warranty obligation.

Provisions for service warranties and returns are recognised when the group has a present 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 reliably measured.

### 2.18 Leases

The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17- Leases. The Group has applied Ind AS 116 prospectively with effect from 1st April 2019.

The Group has elected to use the carrying value of the leased assets measured as per the previous GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2019 as the deemed cost of the right-of-use assets along with the value of the lease liability at the date of transition to the Ind AS. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

'The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

In adopting Ind AS 116, the Group has applied the below practical expedients:

- (i) The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.
- (ii) The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.
- (iii) The Company has treated the leases with remaining lease term of less than 12 months as 'short term leases'.
- (iv) The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
- (v) The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

### 2.19 Earning per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### 2.20 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| A. Carrying amounts of:                                  |                         |                         |
| Freehold land  | 384.90                  | 363.35                  |
| Buildings  | 3,704.76                | 3,302.99                |
| Plant and equipment                                      | 8,512.07                | 8,460.63                |
| Furniture and Fixture                                    | 217.73                  | 246.41                  |
| Vehicles   | 171.17                  | 107.63                  |
| Office equipment   | 72.87                   | 88.24                   |
| Electrical Equipment - Airconditioners and refrigerators | 49.95                   | 57.26                   |
| Computer Systems   | 71.29                   | 58.17                   |
| <b>Sub-total</b>   | <b>13,184.74</b>        | 12,684.68               |
| B. Capital work-in -progress                             | 79.86                   | 477.14                  |
| <b>Total</b>   | <b>13,264.60</b>        | 13,161.82               |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS (CONTD.)**

(Rs.in lakhs)

| Particulars                         | Freehold Land | Building | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Electrical Equipment Air Conditioners and Refrigerators | Computer Systems | Total     |
|-------------------------------------|---------------|----------|---------------------|------------------------|----------|-------------------|---|------------------|-----------|
| <b>Cost or deemed cost</b>          |               |          |                     |                        |          |                   |   |                  |           |
| <b>Balance as at March 31, 2018</b> | 363.35        | 2,219.84 | 9,063.01            | 327.77                 | 136.14   | 131.27            | 10.33   | 60.37            | 12,312.08 |
| Additions                           | -             | 1,489.52 | 1,126.60            | 51.90                  | 28.05    | 34.56             | 57.29   | 37.16            | 2,825.08  |
| Disposals                           | -             | -        | 126.02              | 72.10                  | 10.02    | 40.23             | 5.01  | 7.86             | 261.24    |
| <b>Balance as at March 31, 2019</b> | 363.35        | 3,709.36 | 10,063.58           | 307.57                 | 154.17   | 125.60            | 62.85   | 91.20            | 14,877.68 |
| Additions                           | 21.55         | 582.23   | 828.80              | 22.67                  | 136.11   | 14.24             | 1.52  | 45.88            | 1,653.00  |
| Disposals                           | -             | -        | -                   | -                      | 55.29    | -                 | -   | 0.56             | 55.85     |
| <b>Balance as at March 31, 2020</b> | 384.90        | 4,291.59 | 10,892.38           | 330.24                 | 234.99   | 139.84            | 64.37   | 136.52           | 16,474.83 |
| <b>Accumulated Depreciation</b>     | -             | -        | -                   | -                      | -        | -                 | -   | -                | -         |
| <b>Balance as at March 31, 2018</b> | -             | 241.68   | 1,067.45            | 68.29                  | 21.50    | 41.85             | -   | 14.71            | 1,455.48  |
| Depreciation expenses               | -             | 164.69   | 657.54              | 62.38                  | 33.15    | 34.83             | 7.79  | 28.22            | 988.60    |
| Elimination on disposal             | -             | -        | 122.03              | 69.50                  | 8.12     | 39.56             | 2.21  | 7.51             | 248.93    |
| <b>Balance as at March 31, 2019</b> | -             | 406.37   | 1,602.95            | 61.16                  | 46.54    | 37.36             | 5.59  | 33.03            | 2,193.00  |
| Depreciation expenses               | -             | 180.46   | 777.36              | 51.35                  | 47.97    | 29.61             | 8.83  | 32.73            | 1,128.31  |
| Elimination on disposal             | -             | -        | -                   | -                      | 30.69    | -                 | -   | 0.53             | 31.22     |
| <b>Balance as at March 31, 2020</b> | -             | 586.83   | 2,380.31            | 112.51                 | 63.82    | 66.97             | 14.42   | 65.23            | 3,290.09  |
| <b>Carrying amount</b>              |               |          |                     |                        |          |                   |   |                  |           |
| <b>Balance as at March 31, 2018</b> | 363.35        | 1,978.16 | 7,995.56            | 259.48                 | 114.64   | 89.42             | 10.33   | 45.66            | 10,856.60 |
| <b>Balance as at March 31, 2019</b> | 363.35        | 3,302.99 | 8,460.63            | 246.41                 | 107.63   | 88.24             | 57.26   | 58.17            | 12,684.68 |
| <b>Balance as at March 31, 2020</b> | 384.90        | 3,704.76 | 8,512.07            | 217.73                 | 171.17   | 72.87             | 49.95   | 71.29            | 13,184.74 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

(Rs. in lakhs)

| Particulars                                    | As at<br>March 31, 2020  | As at<br>March 31, 2019 |               |
|--|--------------------------|-------------------------|---------------|
| Carrying amounts of:                           |                          |                         |               |
| Computer Software                              | 113.33                   | 115.25                  |               |
| Others   | 389.30                   | 417.47                  |               |
| <b>Sub-Total</b>                               | <b>502.63</b>            | <b>532.72</b>           |               |
| Right-off used assets                          | 212.40                   | -                       |               |
| <b>Total</b>                                   | <b>715.03</b>            | <b>532.72</b>           |               |
|  | <b>Computer Software</b> | <b>Other</b>            | <b>Total</b>  |
| <b>Cost or deemed cost</b>                     |                          |                         |               |
| <b>Balance as at March 31, 2018</b>            | 174.81                   | 417.01                  | 591.82        |
| Additions                                      | 39.22                    | 135.00                  | 174.22        |
| Disposals                                      | -                        | 24.56                   | 24.56         |
| <b>Balance as at March 31, 2019</b>            | 214.03                   | 527.45                  | 741.48        |
| Additions                                      | 41.15                    | 23.48                   | 64.63         |
| Disposals                                      | -                        | -                       | -             |
| <b>Balance as at March 31, 2020</b>            | <b>255.18</b>            | <b>550.93</b>           | <b>806.11</b> |
| <b>Accumulated depreciation and impairment</b> |                          |                         |               |
| <b>Balance as at March 31, 2018</b>            | 56.43                    | 73.32                   | 129.75        |
| Disposals                                      | -                        | -                       | -             |
| Amortization expense                           | 42.35                    | 36.66                   | 79.01         |
| <b>Balance as at March 31, 2019</b>            | 98.78                    | 109.98                  | 208.76        |
| Disposals                                      | -                        | -                       | -             |
| Amortization expense                           | 43.07                    | 51.65                   | 94.72         |
| <b>Balance as at March 31, 2020</b>            | <b>141.85</b>            | <b>161.63</b>           | <b>303.48</b> |
| <b>Carrying amount</b>                         |                          |                         | -             |
| <b>Balance as at March 31, 2018</b>            | 118.38                   | 343.69                  | 462.07        |
| <b>Balance as at March 31, 2019</b>            | 115.25                   | 417.47                  | 532.72        |
| <b>Balance as at March 31, 2020</b>            | <b>113.33</b>            | <b>389.30</b>           | <b>502.63</b> |
| <b>5. GOODWILL</b>                             |                          |                         |               |
| Goodwill on consolidation                      | 4,940.90                 | 4,940.90                |               |
| <b>Total</b>                                   | <b>4,940.90</b>          | <b>4,940.90</b>         |               |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>6A FINANCIAL ASSETS</b>   |                         |                         |
| <b>NON CURRENT INVESTMENTS</b>   |                         |                         |
| Investment in debt instruments   | 0.27                    | 0.64                    |
| Less : impairment loss   | -                       | -                       |
| <b>Total</b>   | 0.27                    | 0.64                    |
| <b>6B OTHER FINANCIAL ASSETS</b>   |                         |                         |
| Security Deposits (Unsecured, Considered good)   | 18.47                   | 13.30                   |
| <b>Total</b>   | 18.47                   | 13.30                   |
| <b>6C OTHER NON-CURRENT TAX ASSETS</b>   |                         |                         |
| Receivable from revenue authorities  | 5.98                    | 1,204.71                |
| Income tax payment less liabilities  | 135.96                  | 86.49                   |
| <b>Total</b>   | 141.94                  | 1,291.20                |
| <b>7. OTHER NON-CURRENT ASSETS</b>   |                         |                         |
| Prepaid expenses   | 11.16                   | 89.50                   |
| Capital advances   | 15.83                   | 23.09                   |
| Interest Receivable  | 1,472.11                | 1,084.21                |
| Insurance  | 10.08                   | 10.08                   |
| Security Deposit   | 47.93                   | 47.93                   |
| <b>Total</b>   | 1,557.11                | 1,254.81                |
| <b>8. INVENTORIES</b> (at lower of cost and NET realizable value)<br>(as taken valued & certified by the management) |                         |                         |
| Raw materials  | 2,551.82                | 2,218.54                |
| Work in process  | 1,803.56                | 898.17                  |
| Finished goods   | 1,807.54                | 1,224.16                |
| Stock-in-trade   | 2,054.68                | 1,455.12                |
| Stores and spares  | 540.85                  | 411.66                  |
| <b>Total</b>   | 8,758.45                | 6,207.65                |
| Note : Details of inventory of work-in-progress  |                         |                         |
| Batteries  | 267.62                  | 283.68                  |
| Others   | 1,535.94                | 614.49                  |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>9. FINANCIAL ASSETS</b>  |                         |                         |
| <b>9A TRADE RECEIVABLE</b>  |                         |                         |
| <b>Unsecured and considered good</b>  | <b>11,591.14</b>        | 13,675.51               |
| Doubtful  | 26.29                   | 40.96                   |
| Less: Allowance for doubtful trade receivables<br>(expected credit loss allowance)  | 26.29                   | 40.96                   |
| <b>Total</b>  | <b>11,591.14</b>        | 13,675.51               |
| <b>Ageing of Holding Company</b>  |                         |                         |
| Within the credit period (0-15)   | 257.85                  | 1,436.80                |
| 16-90 days past due   | 2,895.12                | 3,650.50                |
| More than 90 past due   | 3,019.35                | 3,298.50                |
| <b>Total</b>  | <b>6,172.32</b>         | 8,385.80                |
| Trade receivables as at 31st March 2020 is net of an amount of Rs. 2922.55 lakhs, bad debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the parent company (Also refer Note No. 30). |                         |                         |
| <b>Ageing of Group Company</b>  |                         |                         |
| Within the credit period  | 4,011.31                | 3,856.81                |
| 0-90 days   | 1,224.07                | 856.34                  |
| 91-180 days   | 121.20                  | 311.44                  |
| More than 180 days  | 62.24                   | 265.12                  |
| <b>Total</b>  | <b>5,418.82</b>         | 5,289.71                |
| Movement in the allowances for doubtful trade receivables (expected credit loss allowance):   |                         |                         |
| Balance at the beginning  | 40.96                   | 49.68                   |
| <b>Movement in expected credit loss allowance on trade receivables</b>  |                         |                         |
| Created during the year   | 26.29                   | 40.96                   |
| Released during the year  | 40.96                   | 49.68                   |
| <b>Balance at the end</b>   | <b>26.29</b>            | 40.96                   |



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>9B CASH AND CASH EQUIVALENTS AND OTHER BALANCES WITH BANKS</b>       |                         |                         |
| <b>(i) Cash &amp; cash equivalents :</b>                                |                         |                         |
| (a) Cash in hand  | 8.20                    | 3.17                    |
| (b) Cheques and drafts on hand  | 1,813.06                | 1,694.19                |
| (c) Balance with banks<br>In Current accounts                           | 294.07                  | 235.66                  |
| <b>Total - Cash and cash equivalents<br/>(as per Balance sheet) (i)</b> | <u>2,115.33</u>         | <u>1,933.02</u>         |
| <b>(ii) Other Balance with banks</b>                                    |                         |                         |
| (a) In earmarked accounts   |                         |                         |
| Held as fixed deposits (Less than 12 months)                            | 899.27                  | 1,255.87                |
| Unpaid dividend accounts  | 34.96                   | 34.74                   |
| Held as margin money against borrowings<br>And other commitments        | 2,488.39                | 1,888.52                |
| <b>Total - Other balances with bank (ii)</b>                            | <u>3,422.62</u>         | <u>3,179.13</u>         |
| <b>Total cash and bank balances (i + ii)</b>                            | <u>5,537.95</u>         | <u>5,112.15</u>         |
| <b>9C OTHER FINANCIAL ASSETS</b>  |                         |                         |
| Security Deposits   | 198.03                  | 238.96                  |
| <b>Total</b>  | <u>198.03</u>           | <u>238.96</u>           |
| <b>10. CURRENT TAX ASSETS (NET)</b>                                     |                         |                         |
| Receivable from Net Revenue authorities                                 | 2,623.70                | 343.15                  |
| Income tax and TDS (Net of liability)                                   | 200.22                  | 22.82                   |
| <b>Total</b>  | <u>2,823.92</u>         | <u>365.97</u>           |
| <b>11. OTHER CURRENT ASSETS</b>   |                         |                         |
| Insurance claims  | 14.25                   | 0.13                    |
| Advances recoverable in cash or kind                                    | 402.35                  | 451.90                  |
| Loan to employee  | 35.98                   | 36.68                   |
| Pre-paid expenses   | 77.26                   | 51.34                   |
| Other advances  | 1,011.54                | 764.31                  |
| <b>Total</b>  | <u>1,541.38</u>         | <u>1,304.36</u>         |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

| Particulars | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------|-------------------------|-------------------------|
|-------------|-------------------------|-------------------------|

**12. EQUITY SHARE CAPITAL**

|  | No. of<br>Shares | Lakhs  | No. of<br>Shares | Lakhs  |
|--|------------------|--------|------------------|--------|
| (a) Authorised Equity shares of Rs.10 each with voting rights                      | 50,00,000        | 500.00 | 50,00,000        | 500.00 |
| (b) Issued Equity shares of Rs.10 each with voting rights                          | 37,50,000        | 375.00 | 37,50,000        | 375.00 |
| (c) Subscribed and fully paid up<br>Equity shares of Rs.10 each with voting rights | 37,50,000        | 375.00 | 37,50,000        | 375.00 |

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

|   | Opening<br>Balance | Additions during<br>the year | Delitions during<br>the year | Closing<br>Balance |
|---|--------------------|------------------------------|------------------------------|--------------------|
| Equity shares with voting rights<br>Year ended March 31, 2020 |                    |                              |                              |                    |
| - Number of shares  | 37,50,000          | -                            | -                            | 37,50,000          |
| - Amount (Lakhs)  | 375.00             | -                            | -                            | 375.00             |
| Year ended March 31, 2019                                     |                    |                              |                              |                    |
| - Number of shares  | 37,50,000          | -                            | -                            | 37,50,000          |
| - Amount (Lakhs)  | 375.00             | -                            | -                            | 375.00             |

**(ii) Terms / rights attached to equity shares: -**

The company has one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. 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 shall be according to the members right and interest in the Company.

**(iii) Shareholding more than 5% - Number of shares and % of Holding:-**

| Sl.<br>No. | Shareholder's Name   | As at<br>March 31, 2020 |                  | As at<br>March 31, 2019 |                  |
|------------|----------------------|-------------------------|------------------|-------------------------|------------------|
|            |                      | No. of<br>Shares        | % of<br>Holdings | No. of<br>Shares        | % of<br>Holdings |
| 1.         | P. Dwaraknath Reddy  | 16,53,695               | 44.10            | 16,53,695               | 44.10            |
| 2.         | Laxmi Devi Jiwarajka | -                       | -                | 3,44,512                | 9.19             |
| 3.         | Sarla Devi Khaitan   | 2,60,398                | 6.94             | 2,60,398                | 6.94             |
| 4.         | HDFC Bank Ltd.       | 2,00,000                | 5.33             | -                       | -                |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>13. OTHER EQUITY</b>                          |                         |                         |
| (i) Securities Premium Reserve                   | 981.21                  | 981.21                  |
| (ii) General Reserve                             | 19,257.82               | 19,257.82               |
| (ii) Retained Earnings                           | 815.22                  | 1,632.61                |
| <b>Total</b>                                     | <b>21,054.25</b>        | <b>21,871.64</b>        |
| <b>(i) General Reserve</b>                       |                         |                         |
| Balance at beginning of year                     | 19,257.82               | 18,057.82               |
| Movement during the year                         | -                       | 1,200.00                |
| <b>Balance at end of year</b>                    | <b>19,257.82</b>        | <b>19,257.82</b>        |
| <b>(ii) Retained Earnings</b>                    |                         |                         |
| Balance at beginning of year                     | 1,632.61                | 1,909.82                |
| Profit for the year                              | 140.56                  | 1,842.33                |
| Promoter's Contribution                          | (13.77)                 | (1.23)                  |
| Other comprehensive income                       | (40.02)                 | (14.15)                 |
| Payment of dividend                              | (904.16)                | (904.16)                |
| Transfer to General Reserve                      | -                       | (1,200.00)              |
| <b>Balance at end of year</b>                    | <b>815.22</b>           | <b>1,632.61</b>         |
| <b>(iii) Securities Premium</b>                  |                         |                         |
| Balance at beginning of year                     | 981.21                  | 981.21                  |
| Movement during the year                         | -                       | -                       |
| <b>Balance at end of year</b>                    | <b>981.21</b>           | <b>981.21</b>           |
| <b>14. NON CONTROLLING INTEREST</b>              |                         |                         |
| Balance at beginning of year                     | 2,206.98                | 1,415.69                |
| Share of profit / (loss) for the year            | 872.21                  | 791.29                  |
| <b>Balance at end of year</b>                    | <b>3,079.19</b>         | <b>2,206.98</b>         |
| <b>15. FINANCIAL LIABILITIES</b>                 |                         |                         |
| <b>15A BORROWINGS</b>                            |                         |                         |
| <b>From Banks (Secured)</b>                      |                         |                         |
| Working Capital Term Loan                        | 2,155.46                | 2,806.47                |
| Term Loan - Building & Machinery Loan            | 828.33                  | 710.43                  |
| Term Loan - Vehicle Loan                         | 48.07                   | -                       |
| Loan from Mr. Shekar Sardessai                   | 75.00                   | 75.00                   |
| <b>From Banks (Unsecured)</b>                    |                         |                         |
| Bank of America - External Commercial Borrowings | -                       | 389.09                  |
| Other Term Loans                                 | 340.00                  | -                       |
| <b>Total</b>                                     | <b>3,446.86</b>         | <b>3,980.99</b>         |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 15A BORROWINGS (CONTD.)

Details of terms of repayment for the non-current borrowings and security provided in respect of the secured non-current borrowings:

(Rs. in lakhs)

| Particulars                    | Terms of Repayment and Security | As at<br>March 31, 2020 |                 | As at<br>March 31, 2019 |           |        |
|--------------------------------|---------------------------------|-------------------------|-----------------|-------------------------|-----------|--------|
|                                |                                 | Secured                 | Unsecured       | Secured                 | Unsecured |        |
| <b>Term Loans From Banks:</b>  | See<br>Note                     |                         |                 |                         |           |        |
| ICICI Bank Ltd.                |                                 | 2,155.46                | -               | 2,806.47                | -         |        |
| State Bank of India            |                                 | 828.33                  | -               | 710.43                  | -         |        |
| Daimler Financial Services     |                                 | 48.07                   | -               | -                       | -         |        |
| Loan from Mr. Shekar Sardessai |                                 | 75.00                   | -               | 75.00                   | -         |        |
| <b>ECB - From Banks</b>        |                                 |                         |                 |                         |           |        |
| Bank of America                |                                 | -                       | -               | -                       | 389.09    |        |
| Other Banks                    |                                 | -                       | 340.00          | -                       | -         |        |
| <b>Total</b>                   |                                 |                         | <b>3,106.86</b> | <b>340.00</b>           | 3,591.90  | 389.09 |

**Note: Indo National Ltd.**

The aggregate working capital limits of Rs.6,500 (Rs.4,900) sanctioned by Banks are secured against equitable mortgage by deposit of title deed of factory property situated at Nellore, Andhra Pradesh and hypothecation of imported and indigenous raw materials, components, spares, goods in process and finished goods.

**Subsidiaries (Helios Strategic Systems Ltd., / Kineco Ltd. / Kineco Kaman Composites India Private Limited)**

- (a) Working Capital Term Loans froms Banks are Secured by hypothecation of stocks of Raw Material, Stock in Process, Finished goods, Consumables and book-debts and all other current assets. Secured by mortgage of land and building and movable assets at plot no. 34, 35, 36, 41, 42, 43 and 61. Extension of charge over remaining fixed assets. Also secured by personal guarantee of Mr. Shekhar Sardessai and Ultimate Holding Company, Indo National Limited.
- (b) The rupee term loan from State Bank of India is a secured facility and extended to finance the Company's expansion project which includes construction of factory building and purchase of machineries and equipments. This loan carries an interest rate of 2% above 1 year MCLR (ranging from 10.50% to 11.75% during the year. This facility is secured by equitable mortgage of factory land and building and hypothecation charge on the entire plant and machinery and other movable and immovable assets and on the inventories and receivables of the Company. The loan is repayable in 78 monthly instalments of Rs. 12.80 lakhs each and last instalment of Rs. 14.40 lakhs, the first instalment payable in September 2019 the last instalment payable in February 2026.  
This facility has swing option to covert the rupee loan to a Foreign Currency Non-Repatriable Term Loan (FCNR-TL). The Company has opted for this swing option and has converted a part of the rupee loan to FCNR TL.
- (c) Vehicle loan from State Bank of India is a secured facility with exquisite first charge on the vehicle financed from this facility. The loan carries an interest rate of 9.65 % per annum and is repayable in 31 equated monthly instalments of Rs. 0.30 lakhs each, the last instalment payable in October 2019.
- (d) External commercial borrowing from Bank of America is an unsecured facility and extended to finance the purchase of machineries and equipments. The loan carries an interest rate of 3 months LIBOR plus 175 basis points per annum (ranging from 3.71 % to 4.57 % during the year; during the year ended March 31, 2018 2.62 % to 3.10 %). The loan is repayable in quarterly instalments of USD 187,500 each, the last instalment payable in December 2020. The above loan is guaranteed by the Kaman Aerospace Group Inc ("Joint Venturer").
- (e) Vehicle loan from Daimler Financial Services India Private Limited is a secured facility with exquisite first charge on the vehicle financed from this facility. The loan carries an interest rate of 11.60 % per annum and is repayable in 31 equated monthly instalments of Rs. 0.85 lakhs each, the last instalment payable in October 2019, after which the vehicle will be sold to the financier at an amount of Rs. 24.61 lakhs.
- (f) Vehicle loan from Daimler Financial Services India Private Limited is a secured facility with exquisite first charge on the vehicle financed from this facility. The loan carries an interest rate of 10.75% per annum and is repayable in 36

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

equated monthly instalments of Rs. 1.20 lakhs each, the last instalment payable in October 2022, after which the vehicle will be sold to the financier at an amount of Rs. 32.32 lakhs.

- (g) The classification of the non-current portion of the borrowings from banks towards working capital term loan has been determined by taking into account moratorium of 6 months i.e. from March 2020 to August 2020 granted by bank as part of COVID -19 relief package.
- (h) At the time of renewal of unsecured loan in March 2020 the lenders have agreed upon repayment schedule where in the principal amount is repayable after 31st March 2021. Accordingly during the current year the unsecured loans outstanding as on 31st March 2020 have been classified under non- current borrowings.

### 15B OTHER FINANCIAL LIABILITIES

(Rs. in lakhs)

| Particulars                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Security Deposits received | 114.36                  | -                       |
| <b>Total</b>               | <b>114.36</b>           | <b>-</b>                |

### 16. PROVISIONS

(Rs. in lakhs)

| Particulars                    | As at<br>March 31, 2020 |               | As at<br>March 31, 2019 |               |
|--------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                | Non-<br>Current         | Current       | Non-<br>Current         | Current       |
| Provision for employee benefit | 611.13                  | -             | 533.73                  | -             |
| Others                         | -                       | 520.34        | -                       | 604.33        |
| <b>Total</b>                   | <b>611.13</b>           | <b>520.34</b> | <b>533.73</b>           | <b>604.33</b> |

### 17. DEFERRED TAX (LIABILITIES)/ASSETS

March 31, 2020      March 31, 2019

|                          |                 |                 |
|--------------------------|-----------------|-----------------|
| Deferred Tax Assets      | 1,003.68        | 1,335.83        |
| Deferred Tax Liabilities | 2,525.55        | 2,498.40        |
| <b>Total</b>             | <b>1,521.87</b> | <b>1,162.57</b> |

(Rs. in lakhs)

| Particulars  | As at<br>March 31,<br>2019 | Recognised in<br>Profit & Loss | Recognised in<br>other compre-<br>hensive income | As at<br>March 31,<br>2020 |
|--|----------------------------|--------------------------------|--|----------------------------|
| <b>A. DEFERRED TAX ASSETS</b>  |                            |                                |  |                            |
| Provision for employee benefit   | 247.74                     | 31.10                          | -  | 278.84                     |
| Mat credit entitlement   | -                          | -                              | -  | -                          |
| Others   | 1,088.09                   | (363.25)                       | -  | 724.84                     |
| <b>Total (A)</b>   | <b>1,335.83</b>            | <b>(332.15)</b>                | <b>-</b>   | <b>1,003.68</b>            |
| <b>B. DEFERRED TAX LIABILITIES</b>   |                            |                                |  |                            |
| Difference between book balance and tax balance of property, plant and equipment | 2,326.55                   | 27.15                          | -  | 2,353.70                   |
| Others   | 171.85                     | -                              | -  | 171.85                     |
| <b>Total (B)</b>   | <b>2,498.40</b>            | <b>27.15</b>                   | <b>-</b>   | <b>2,525.55</b>            |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars   | As at<br>March 31,<br>2018 | Recognised in<br>Profit & Loss | Recognised in<br>other compre-<br>hensive income | As at<br>March 31,<br>2019 |
|---|----------------------------|--------------------------------|--|----------------------------|
| <b>A. DEFERRED TAX ASSETS</b>   |                            |                                |  |                            |
| Provision for employee benefit  | 157.74                     | 90.00                          | -  | 247.74                     |
| Mat credit entitlement  | -                          | -                              | -  | -                          |
| Others  | 594.62                     | 493.47                         | -  | 1,088.09                   |
| <b>Total (A)</b>  | <u>752.36</u>              | <u>583.47</u>                  | <u>-</u>   | <u>1,335.83</u>            |
| <b>B. DEFERRED TAX LIABILITIES</b>  |                            |                                |  |                            |
| Difference between book balance and tax<br>balance of property, plant and equipment | 2,070.18                   | 256.37                         | -  | 2,326.55                   |
| Others  | 171.85                     | -                              | -  | 171.85                     |
| <b>Total (B)</b>  | <u>2,242.03</u>            | <u>256.37</u>                  | <u>-</u>   | <u>2,498.40</u>            |

**Note:** The recognition of deferred tax asset on unabsorbed depreciation has been restricted to the extent of deferred tax liability on account of timing difference in respect of depreciation, the reversal of which is virtually certain. As at the year end, the Co., also had other deferred tax assets, on other timing differences, unabsorbed depreciation and business losses which have not been recognised.

**18. OTHER NON-CURRENT LIABILITIES**

|                           |               |               |
|---------------------------|---------------|---------------|
| Deferred Government Grant | <u>117.06</u> | <u>126.39</u> |
| <b>Total</b>              | <u>117.06</u> | <u>126.39</u> |

**19. FINANCIAL LIABILITIES**

**19A BORROWINGS**

|   |                 |                 |
|---|-----------------|-----------------|
| Unsecured at amortised cost- Loan from Bank | <u>7,059.73</u> | <u>5,257.67</u> |
| <b>Total</b>                                | <u>7,059.73</u> | <u>5,257.67</u> |
| Loans repayable on demand                   |                 |                 |
| Canara Bank                                 | 1,917.32        | 657.44          |
| DBS Bank                                    | 1,200.00        | 766.56          |
| HDFC Bank                                   | -               | 500.00          |
| RBL Bank                                    | -               | 1,100.00        |
| Cash Credit                                 | 3,384.29        | 1,935.52        |
| Export packing credit                       | 558.12          | 298.15          |
| <b>Total</b>                                | <u>7,059.73</u> | <u>5,257.67</u> |

**19B TRADE PAYABLES**

|   |                 |                 |
|---|-----------------|-----------------|
| Total outstanding dues of micro enterprises<br>and small enterprises                      | 117.58          | 50.40           |
| Total outstanding dues of creditors other than<br>micro enterprises and small enterprises | <u>6,798.69</u> | <u>5,587.02</u> |
| <b>Total</b>  | <u>6,916.27</u> | <u>5,637.42</u> |

The dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by management. There have been no payments beyond the appointed date during the year and hence no interest has been provided on the outstanding dues to MSME.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>19C OTHER FINANCIAL LIABILITIES:</b>          |                         |                         |
| Current maturities of long-term debt             | 1,325.83                | 1,444.22                |
| Term loans from bank and others (secured)        | 8.77                    | -                       |
| Secured Loans                                    | 300.00                  | 300.00                  |
| Loans and advances from Shareholders & Directors | -                       | 290.00                  |
| Interest accrued and due on borrowings           | 1,480.47                | 1,073.74                |
| Statutory liabilities payable (Net)              | 111.63                  | 69.78                   |
| Unpaid/Unclaimed Dividends                       | 34.96                   | 34.74                   |
| Interest accrued but not due on borrowings       | 8.96                    | 7.23                    |
| Lease liabilities                                | 11.37                   | -                       |
| Payables on purchase of fixed assets             | 36.68                   | 93.09                   |
| <b>Total</b>                                     | <b>3,318.67</b>         | <b>3,312.80</b>         |
| <b>20. OTHER CURRENT LIABILITIES</b>             |                         |                         |
| (i) Statutory remittances                        | 820.22                  | 912.49                  |
| (ii) Advances from customer                      | 2,140.77                | 2,124.51                |
| (iii) Inter corporate deposits                   | 0.47                    | 0.47                    |
| <b>Total</b>                                     | <b>2,961.46</b>         | <b>3,037.47</b>         |
| <b>21. REVENUE FROM OPERATIONS</b>               |                         |                         |
| Sale of products-                                |                         |                         |
| Refer Note (i) below:                            | 50,817.23               | 44,323.26               |
| <b>Total</b>                                     | <b>50,817.23</b>        | <b>44,323.26</b>        |
| <b>(i) Sale of product comprises:</b>            |                         |                         |
| <b>A. Manufactured Goods</b>                     |                         |                         |
| Dry Batteries                                    | 20,562.96               | 20,211.96               |
| Aerospace  | 17,844.52               | 12,628.39               |
| <b>Total - Sale of Manufactured goods (A)</b>    | <b>38,407.48</b>        | <b>32,840.35</b>        |
| <b>B. Traded goods</b>                           |                         |                         |
| Batteries  | 3,407.73                | 5,201.55                |
| Torches  | 1,887.81                | 2,060.64                |
| Ledlite  | 5,428.17                | 3,078.06                |
| Others   | 1,686.04                | 1,142.66                |
| <b>Total - Sale of Traded goods (B)</b>          | <b>12,409.75</b>        | <b>11,482.91</b>        |
| <b>Total - Sale of Products (A+B)</b>            | <b>50,817.23</b>        | <b>44,323.26</b>        |



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>22. OTHER INCOME</b>  |                         |                         |
| (a) Interest Income Refer Note (i) below   | 1,413.21                | 1,548.64                |
| (b) Other non-operating income, Refer Note (ii) below                                    | 164.03                  | 144.06                  |
| <b>Total</b>   | <b>1,577.24</b>         | <b>1,692.70</b>         |
| (i) Interest income comprises:   |                         |                         |
| - Deposits   | 213.78                  | 203.30                  |
| - Overdue bills  | 1,184.93                | 1,341.36                |
| - Others   | 14.50                   | 3.98                    |
| <b>Total - Interest Income</b>   | <b>1,413.21</b>         | <b>1,548.64</b>         |
| (ii) Other non-operating income comprises:   |                         |                         |
| Net gain on sale of fixed assets   | 0.02                    | 2.83                    |
| Others   | 164.01                  | 141.23                  |
| <b>Total - Other Non-Operating Income</b>  | <b>164.03</b>           | <b>144.06</b>           |
| <b>23. COST OF MATERIALS CONSUMED</b>  |                         |                         |
| Opening Stock  | 2,218.54                | 1,680.33                |
| Add: Purchases   | 21,650.22               | 18,745.18               |
| Less: Closing Stock  | 2,551.82                | 2,218.54                |
| <b>Total Cost of Material Consumed</b>   | <b>21,316.94</b>        | <b>18,206.97</b>        |
| <b>Material Consumed Comprises of:</b>   |                         |                         |
| Zinc   | 3,800.89                | 4,053.27                |
| Electrolytic Manganese Dioxide   | 2,031.80                | 1,988.02                |
| Others   | 15,484.25               | 12,165.68               |
| <b>Total</b>   | <b>21,316.94</b>        | <b>18,206.97</b>        |
| <b>24. PURCHASE OF STOCK IN TRADE (TRADED GOODS)</b>                                     |                         |                         |
| Batteries  | 2,167.10                | 3,171.40                |
| Flashlights  | 1,631.85                | 1,577.42                |
| Ledlite  | 4,596.53                | 3,504.90                |
| Other consumer products  | 1,221.23                | 877.15                  |
| <b>Total</b>   | <b>9,616.71</b>         | <b>9,130.87</b>         |
| <b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b> |                         |                         |
| <b>A. At the begining of the year</b>  |                         |                         |
| Finished goods   | 1,224.16                | 1,371.75                |
| Goods-in-process   | 898.18                  | 763.17                  |
| Stock-in-trade   | 1,445.90                | 673.75                  |
|  | <b>3,568.24</b>         | <b>2,808.67</b>         |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| <b>B. At the end of the year</b>  |                                      |                                      |
| Finished goods  | 1,807.54                             | 1,224.16                             |
| Goods-in- process   | 1,803.57                             | 898.18                               |
| Stock-in-trade  | 2,036.95                             | 1,445.90                             |
|   | 5,648.06                             | 3,568.24                             |
| <b>C. Decrease/(Increase) in Inventories</b>  | <b>(2,079.82)</b>                    | <b>(759.57)</b>                      |
| <b>26. EMPLOYEE BENEFIT EXPENSE</b>   |                                      |                                      |
| Salary, Wages and Allowances  | 5,983.53                             | 4,846.13                             |
| Directors' Remuneration   | 409.92                               | 414.49                               |
| Contribution to Provident and other funds   | 416.88                               | 348.21                               |
| Staff welfare expenses (Including Compensated Absences)                                   | 611.69                               | 805.66                               |
| <b>Total</b>  | <b>7,422.02</b>                      | <b>6,414.49</b>                      |
| <b>27. FINANCE COSTS</b>  |                                      |                                      |
| Interest expense on borrowings  | 1,247.55                             | 847.71                               |
| Other borrowing costs   | 172.50                               | 165.53                               |
| Net loss on foreign currency transactions and translation<br>(considered as finance cost) | 237.22                               | 196.22                               |
| <b>Total</b>  | <b>1,657.27</b>                      | <b>1,209.46</b>                      |
| <b>28. DEPRECIATION AND AMORTISATION EXPENSE</b>  |                                      |                                      |
| Depreciation for the year on property, plant and equipment                                | 1,125.92                             | 1,056.80                             |
| Amortisation for the year on intangible assets  | 94.72                                | 8.66                                 |
| <b>Total</b>  | <b>1,220.64</b>                      | <b>1,065.46</b>                      |
| <b>29. OTHER EXPENSES</b>   |                                      |                                      |
| Consumption of stores and spare parts   | 719.27                               | 494.23                               |
| Power, Gas and Water  | 571.74                               | 516.68                               |
| Repairs to:   |                                      |                                      |
| Machinery   | 56.85                                | 67.07                                |
| Buildings   | 43.56                                | 85.81                                |
| General   | 319.07                               | 318.72                               |
| Insurance   | 67.50                                | 58.86                                |
| Research & Development Expenses   | 40.57                                | 65.61                                |
| Rent  | 332.55                               | 315.75                               |
| Travelling & Conveyance   | 820.15                               | 686.11                               |
| Communication Expenses  | 82.81                                | 80.39                                |
| Printing and Stationery   | 37.83                                | 32.05                                |
| Vehicle Maintenance   | 74.98                                | 84.09                                |
| Auditors' Remuneration  | 32.63                                | 30.33                                |
| Professional charges  | 1,076.36                             | 972.89                               |
| Rates and taxes   | 235.97                               | 108.13                               |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| <b>29. OTHER EXPENSES (CONTD.)</b>   |                                      |                                      |
| Advertisement expenses   | 667.64                               | 275.76                               |
| Freight Expense  | 1,584.39                             | 1,433.91                             |
| Sales promotion, Selling and Distribution expenses   | 1,035.90                             | 888.60                               |
| Loss on sale of fixed assets   | -                                    | 8.10                                 |
| Corporate Social Responsibility  | 83.45                                | 74.94                                |
| Miscellaneous expenses   | 590.04                               | 620.80                               |
| <b>Total</b>   | <u>8,473.26</u>                      | <u>7,218.83</u>                      |
| <b>Payments to the auditors comprises fees for</b>   |                                      |                                      |
| For Statutory audit  | 17.50                                | 16.62                                |
| For Taxation and Certification   | 5.10                                 | 5.10                                 |
| For Tax Audit  | 2.00                                 | 2.00                                 |
| For Out of pocket expenses   | 8.03                                 | 6.61                                 |
| <b>Total</b>   | <u>32.63</u>                         | <u>30.33</u>                         |
| <b>30. EXCEPTIONAL ITEMS</b>   |                                      |                                      |
| The Group classifies items of income and expense within profit or loss from ordinary activities as exceptional items when they are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.  |                                      |                                      |
| Exceptional items-Bad debts written off  | 2,922.55                             | -                                    |
| <b>Total</b>   | <u>2,922.55</u>                      | <u>-</u>                             |
| Exceptional item amounting to Rs.2922.55 lakhs in the statement of profit & loss account for the year ended March 31, 2020 represents Bad Debts written-off in respect of the debts due from one of the Authorised wholesale distributors (AWD) of the Holding Company. In spite of initiating various efforts to recover the amount, as a prudent measure, the Board approved the writing off of the bad debts further to initiation of Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 by Hon'ble National Company Law Tribunal against the distributor. Appropriate legal action is being taken to recover the outstanding dues from AWD and upon realization, if any, of the dues the same would be appropriately accounted in the books of account of the company. |                                      |                                      |
| <b>31. INCOME TAX</b>  |                                      |                                      |
| Income tax recognised in profit and loss   |                                      |                                      |
| <b>Current tax</b>   |                                      |                                      |
| In respect of current year   | 602.65                               | 1,196.93                             |
| <b>Deferred tax</b>  |                                      |                                      |
| In respect of current year   | 198.11                               | (324.46)                             |
| <b>Total</b>   | <u>800.76</u>                        | <u>872.47</u>                        |
| <i>Note: Reconciliation of the accounting profit to the income tax expense for the year is summarised below:</i>   |                                      |                                      |
| <b>Reconciliation of the accounting profit to the</b>  |                                      |                                      |
| <b>Income-Tax expense for the year is summarised below :</b>   |                                      |                                      |
| <b>Profit before tax</b>   | <u>4,767.45</u>                      | <u>3,529.45</u>                      |
| Income-Tax expense calculated at 25.168%   | 1,199.87                             | 1,221.47                             |
| Effect of expenses that are not deductible in determining taxable profit   | (399.11)                             | (349.00)                             |
| <b>Income-Tax expense</b>  | <u>800.76</u>                        | <u>872.47</u>                        |

**32. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS  
DISCLOSURES UNDER INDIAN ACCOUNTING STANDARDS**

**32.1 Contingent liabilities & commitments (to the extent not provided for)**

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>(i) Contingent Liability</b>   |                         |                         |
| a) Penalty imposed by Competition Commission of India ("CCI") on the Group and on certain officers of the Group (Refer note# below) | 4,226.00                | 4,226.00                |
| b) Claims against the Group not acknowledged as debts*  | 2,813.87                | 2,755.20                |
| Bills discounted with Bankers and others  | 2,155.48                | 3,564.87                |
| Income Tax disputed in Appeals  | 322.90                  | 29.48                   |
| Sales Tax disputed in Appeals   | 2.15                    | 2.15                    |
| Sales Tax disputed in Appeals   | 2.53                    | -                       |
| Sales Tax disputed in Appeals   | 3.65                    | -                       |
| Claims against the group for pending cases of the group   | 0.88                    | 2.18                    |
| <b>(ii) Guarantees</b>  |                         |                         |
| Bank Guarantee  | 1,484.68                | 680.62                  |
| <b>(iii) Letter of Credit</b>   | 664.57                  | 1,138.77                |
| <b>(iv) Commitments</b>   |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account   | 242.01                  | 146.42                  |

# **Note:** In terms of order dated 25th April 2018 received on 02nd May 2018, the Competition Commission of India (CCI) has imposed penalty of Rs. 4226.00 lakhs for alleged cartelisation in respect of Zinc carbon dry cell batteries market in India. The parent Company had filed an appeal against order of CCI before the National Company Law Appellate Tribunal (NCLAT). NCLAT has granted stay on the CCI order on the condition that the Company should deposit 10% of the penalty amounting to Rs.422.00 Lakhs. The parent Company based on the legal opinion and considering the uncertainty relating to outcome of this matter, no provision has been considered in the books of account.

**\* Note-Contingent Liability under the EPCG/Advance Licence Scheme**

The subsidiary Company has imported capital goods/ raw materials under the Export Promotion Capital Goods Scheme ("EPCG Scheme") / Advance licence ("Advance Licence scheme") and executed bonds aggregating Rs 367.00 lakhs (March 31, 2019 Rs 367 lakhs) in favour of Customs authorities. The Company is liable to pay the whole of the customs duty saved on such imported goods, along with interest at 18% per annum from the date of clearance of goods till the date of payment of duty, if it fails to discharge its export obligations as prescribed under the Schemes. Under the Schemes, the Company has to earn foreign currency worth Rs 5,166.93 lakhs (March 31, 2019 Rs 4,073.78 lakhs) in aggregate. The obligations are to be fulfilled within a period of 1.5-6 years from the date of issue of import licences. Import licenses have been issued at various points in time and the time limit of 1.5-6 years for licenses for which such obligation is pending to be fulfilled ends on September 17, 2021. As, at the year end, the balance export obligation is Rs. 2,813.87 lakhs (March 31, 2019 Rs. 2,755.20 lakhs) which is to be fulfilled by earning foreign exchange from Company's operations.

Based on its business plans the Group does not expect any liability to devolve in respect of the above and therefore no provision has been made in the accounts.

**32.2 Leases**

The subsidiary company has entered into long term lease agreements with Goa Industrial Development Corporation for use of Industrial Land. This use of land as per the agreements has been identified as the right of use assets.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 32. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### DISCLOSURES UNDER INDIAN ACCOUNTING STANDARDS (CONTD.)

| Particulars   | Amount in Lakhs     |
|---|---------------------|
| <b>i. Right-of-use assets - Land</b>                                |                     |
| Right-of-use assets as of April 1, 2019 (date of transition) - Land | 222.62              |
| Less: amortised during the year                                     | 10.21               |
| Balance as at March 31, 2020  | <b>212.40</b>       |
| <b>ii. Lease liabilities</b>  |                     |
| Lease liabilities as of April 1, 2019 (date of transition)          | 134.53              |
| Payment during the year   | 8.80                |
| Balance as at March 31, 2020  | <b>125.73</b>       |
| <b>iii. Maturity analysis of lease liabilities</b>                  | <b>Cash outflow</b> |
| a. Not later than one year  | 12.17               |
| b. Later than one year and not later than five years                | 55.97               |
| c. Later than five years  | 928.89              |
| <b>Total</b>  | <b>997.03</b>       |

- The lease term is for a definite period with no unconditional right with the Company to extend the lease period.
- The lease agreements provide for a 10% increase in lease rent every 3 years.
- The agreements provide for a subleasing of the leased land with prior approval of the lessor. However, the Company has not sub leased the right-of-use assets.
- The agreements provide for renewal option of the lease period. The option to be exercised within the time limit stipulated in the lease agreements. However, the renewal is at the discretion and subject to the approval of GIDC and hence to that extent conditional.
- The expenses relating to short term leases pertaining to leasing of equipments aggregated to Rs. 0.90 lakhs.

#### 32.3 Disclosure under MSMED Act

The details relating to Micro, Small and Medium Enterprises in terms of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows: As provided by the management, on the basis of confirmations received from suppliers regarding their status under the said act. Interest has not been provided as the amount due to these creditors is not overdue for a period of more than 45 days.

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| Outstanding principal Amount and Interest as on March 31, 2020 |                         |                         |
| - Principal amount   | 117.58                  | 50.40                   |
| - Interest due thereon   | -                       | -                       |
| <b>Total</b>   | <b>117.58</b>           | <b>50.40</b>            |

#### 32.4 Disclosure as per Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Particulars of Loans, guarantees or investments covered under Section 186(4) of the Companies Act, 2013

| Particulars          | March 31, 2020 | March 31, 2019 | Purpose  |
|----------------------|----------------|----------------|--|
| (a) Loan outstanding | 1,040.00       | 660.00         | Working capital requirement  |
| (b) Investments      | 4,651.52       | 4,651.52       | Refer Notes 5A to Standalone Financials  |
| (c) Guarantees*      | 4,040.00       | 3,690.00       | In connection with Bank facilities obtained by Kinenco Limited from HDFC Bank Ltd. |

\* To offset the above said risk, beyond our equity stake, we entered into a risk sharing agreement with another shareholder of Kinenco Ltd, to the extent of 49.01% representing equity stake held by that shareholder in Kinenco Ltd.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 32.5 EMPLOYEE BENEFIT PLANS

#### 32.5.1 Defined contribution plans / Benefit Plan

(Rs. in lakhs)

| Particulars                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Defined contribution plans | <u>384.26</u>           | <u>321.64</u>           |

The total expense recognised in profit or loss of Rs. 384.26 Lakhs for the year ended March 31, 2020: (Last year Rs.321.64 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

#### Defined benefit plans:

The Group Companies offer benefits under a defined-benefit plan in the form of a gratuity scheme to its eligible employees. The gratuity scheme covers substantially all regular employees. The plan provides for a lumpsum payment to its vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days/ one month salary drawn at the time of the incident occasioning such payment, as applicable, payable for each completed year of service or part there of in excess of six months. Vesting occurs up on completion of five years of service calculated as per the Payment of Gratuity Act, 1972.

The employees' gratuity fund scheme is managed by Life Insurance Corporation of India (LIC). The Group Companies make annual contributions to the plan. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method.

#### 32.5.2 The Group offers the following employee benefit schemes to its employees:

##### Defined benefit plans

- i. Gratuity
- ii. Leave encashment

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

(Rs. in lakhs)

| Particulars   | Year ended 31st March , 2020 |                          | Year ended 31st March , 2019 |                          |
|---|------------------------------|--------------------------|------------------------------|--------------------------|
|   | Gratuity                     | Leave                    | Gratuity                     | Leave                    |
|   | Funded                       | Encashment<br>Non-Funded | Funded                       | Encashment<br>Non-Funded |
| <b>Amount recognised under Employee Benefits<br/>Expense in the Statement of Profit and Loss:</b> |                              |                          |                              |                          |
| Current service cost  | 88.52                        | 22.87                    | 77.72                        | 15.32                    |
| Interest cost / (Income) - Net  | 5.12                         | 4.08                     | 2.58                         | 2.39                     |
| Past service cost   | -                            | 13.40                    | -                            | 16.27                    |
| Return on Plan Assets (Excluding Interest Income)   | -                            | -                        | -                            | -                        |
| <b>Components of defined benefit costs recognised<br/>in profit or loss</b>                       | <u>93.64</u>                 | <u>40.35</u>             | <u>80.30</u>                 | <u>33.98</u>             |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

31.5 EMPLOYEE BENEFIT PLANS (CONTD.)

(Rs. in lakhs)

|   | Year ended 31st March, 2020 |                | Year ended 31st March, 2019 |                |
|---|-----------------------------|----------------|-----------------------------|----------------|
|   | Funded                      | Non-Funded     | Funded                      | Non-Funded     |
| <b>Amount recognised in Other Comprehensive Income (OCI) for the Year:</b>                  |                             |                |                             |                |
| Remeasurement on the net defined benefit liability comprising:                              |                             |                |                             |                |
| Actuarial (gains)/losses recognised during the period                                       | (7.19)                      | -              | 16.58                       | -              |
| <b>Components of defined benefit costs recognised in other comprehensive income</b>         | <b>(7.19)</b>               | <b>-</b>       | <b>16.58</b>                | <b>-</b>       |
| <b>Total expense / (income) recognised in the Consolidated Statement of Profit and Loss</b> | <b>86.45</b>                | <b>40.35</b>   | <b>96.88</b>                | <b>33.98</b>   |
| <b>Change in defined benefit obligations (DBO) during the year</b>                          |                             |                |                             |                |
| Opening defined benefit obligation  | 1,092.41                    | 62.83          | 1,295.96                    | 33.20          |
| Current service cost  | 88.52                       | 22.87          | 77.72                       | 15.33          |
| Interest cost   | 5.12                        | 4.08           | 86.89                       | 2.39           |
| Past service cost   | -                           | 13.40          | -                           | 16.27          |
| Benefit Paid  | (121.31)                    | -              | (214.72)                    | -              |
| <b>Actuarial losses / (gains)</b>   | <b>127.15</b>               | <b>(17.26)</b> | <b>(153.44)</b>             | <b>(4.36)</b>  |
| Closing defined benefit obligation  | 1,191.89                    | 85.92          | 1,092.41                    | 62.83          |
| <b>Change in fair value of assets during the year</b>                                       |                             |                |                             |                |
| <b>Opening fair value of plan assets</b>  | <b>964.73</b>               | <b>-</b>       | <b>1,246.42</b>             | <b>-</b>       |
| Interest Income   | 70.53                       | -              | 85.71                       | -              |
| Actual Group contributions  | 113.84                      | -              | 33.00                       | -              |
| Mortality charges and taxes   | 66.52                       | -              | (185.99)                    | -              |
| Benefits paid   | (119.38)                    | -              | (214.43)                    | -              |
| Return on plant of assets (excluding interest income)                                       | (3.66)                      | -              | 0.02                        | -              |
| <b>Plan Assets at the end of the year</b>   | <b>1,092.58</b>             | <b>-</b>       | <b>964.73</b>               | <b>-</b>       |
| <b>Net asset/ (liability) recognised in the Balance Sheet</b>                               |                             |                |                             |                |
| Present value of defined benefit obligation   | (1,191.89)                  | (85.92)        | (1,092.41)                  | (62.83)        |
| Fair value of plan of assets  | 1,092.58                    | -              | 964.73                      | -              |
| <b>Net asset/ (liability) recognised in the Balance Sheet</b>                               | <b>(99.31)</b>              | <b>(85.92)</b> | <b>(127.68)</b>             | <b>(62.83)</b> |



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### ACTUARIAL ASSUMPTIONS

#### Controlling Interest

| Particulars                     | As at<br>March 31, 2020   | As at<br>March 31, 2019   |
|---------------------------------|---|---|
| Discount Rate                   | 6.60% p.a.  | 7.67% p.a.  |
| Salary Escalation               | 8.50% p.a.  | 9.13% p.a.  |
| Expected return on assets       | NA  | NA  |
| Mortality                       | Indian Assured<br>Lives Mortality<br>(2012-14) &<br>(2006-08)                   | Indian Assured<br>Lives Mortality<br>(2012-14) &<br>(2006-08)                   |
| Attrition rate                  | 1% - 7.5% p.a.  | 1% - 7.5% p.a.  |
| <b>Non-controlling Interest</b> |   |   |
| Discount Rate                   | 6.54% p.a.  | 8.50% p.a.  |
| Expected return on plan assets  | 7.14% p.a.  | 6.90% p.a.  |
| Salary Escalation               | 6.75% p.a first year<br>and 8.75% p.a. afterwards                               | 7.00% p.a.  |
| Mortality Tables                | Indian Assured<br>Lives Mortality<br>(2012-14) &<br>(2006-08)<br>Ultimate table | Indian Assured<br>Lives Mortality<br>(2012-14) &<br>(2006-08)<br>Ultimate table |
| Attrition rate                  | 1% - 7.5% p.a.  | 1% - 7.5% p.a.  |

In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

These plans typically expose the Group to actuarial risks are as follows:

|                    |   |
|--------------------|---|
| Investment risk    | All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of. |
| Salary Risk        | The present value of the defined benefit obligation calculated by reference to the future salaries of the plan participants. An increase in the salary of the plan participants will increase the plan liability.   |
| Discount rate risk | The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Decrease in the bond rate will increase the plan liability; this will partially be offset by the increase in the interest on plan assets.   |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Longevity Risk** The present value of the defined benefit obligation calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plans liability.

**Interest risk** A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

### Sensitivity Analysis

The increase/ (decrease) of the defined benefit obligation to changes in the weighted principal assumptions are:

| Particulars                     | Funded  |         |
|---------------------------------|---------|---------|
|                                 | 2019-20 | 2018-19 |
| DISCOUNT RATE +100 basis points | 158.53  | 73.26   |
| DISCOUNT RATE -100 basis points | 185.81  | 81.31   |
| SALARY GROWTH +100 basis points | 183.85  | 81.19   |
| SALARY GROWTH -100 basis points | 159.99  | 73.29   |

| Particulars                     | Non-Funded |         |
|---------------------------------|------------|---------|
|                                 | 2019-20    | 2018-19 |
| DISCOUNT RATE +100 basis points | 80.77      | 59.28   |
| DISCOUNT RATE -100 basis points | 91.71      | 66.81   |
| SALARY GROWTH +100 basis points | 91.54      | 66.74   |
| SALARY GROWTH -100 basis points | 80.81      | 59.28   |

### Segment Information

The business of the Group currently is manufacture and sale of dry batteries, trading lighting products and other home appliances which comes under a single business segment known as consumer goods. This classification is based on the nature of products, risks, returns and the internal business reporting system and accordingly there is no other reportable segment in terms of Ind AS "Operating Segment".

### 32.6 SEGMENT WISE REVENUE, RESULTS & CAPITAL EMPLOYED

(Rs. in lakhs)

| Particulars                    | As at            | As at            |
|--------------------------------|------------------|------------------|
|                                | March 31, 2020   | March 31, 2019   |
| <b>Segment Revenue</b>         |                  |                  |
| a) Consumer Goods              | 32,972.71        | 31,694.87        |
| b) Composite & Aerospace       | 17,844.52        | 12,628.39        |
| <b>Total</b>                   | <b>50,817.23</b> | <b>44,323.26</b> |
| Less: Inter-segment revenue    | -                | -                |
| <b>Revenue from operations</b> | <b>50,817.23</b> | <b>44,323.26</b> |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>Results</b>   |                         |                         |
| Profit before tax and interest   |                         |                         |
| a) Consumer Goods  | 3,575.37                | 3,233.76                |
| b) Composite & Aerospace   | 2,849.35                | 1,505.15                |
| <b>Total</b>   | 6,424.72                | 4,738.91                |
| Less: i) Interest  | 1,657.27                | 1,209.46                |
| <b>Profit before exceptional items</b>                                 | 4,767.45                | 3,529.45                |
| Exceptional items  | 2,922.55                | -                       |
| <b>Profit before Tax</b>   | 1,844.90                | 3,529.45                |
| <b>Tax</b>   | 800.76                  | 872.47                  |
| <b>Profit After Tax (Including share of profit/ loss subsidiaries)</b> | 1,044.14                | 2,656.98                |
| <b>Segment Assets</b>  |                         |                         |
| a) Consumer Goods  | 24,295.13               | 24,522.41               |
| b) Composite & Aerospace   | 26,801.06               | 23,584.58               |
| <b>Total Segment Assets</b>  | 51,096.19               | 48,106.99               |
| <b>Segment Liabilities</b>   |                         |                         |
| a) Consumer Goods  | 24,295.13               | 24,522.41               |
| b) Composite & Aerospace   | 26,801.06               | 23,584.58               |
| <b>Total Segment Liabilities</b>                                       | 51,096.19               | 48,106.99               |

**32.7 RELATED PARTY TRANSACTIONS**

**32.7.1** Details of related parties:

| Description of relationship  | Names of related parties   |
|--|--|
| <b>SUBSIDIARIES</b>  | Helios Strategic Systems Ltd.<br>Kineco Limited (Subsidiary of Helios Strategic Systems Ltd)<br>Kineco Kaman composites Pvt Ltd<br>(Second level subsidiary of Kineco Ltd)<br>Kineco Alte Train Technologies Pvt Ltd.<br>(Second level subsidiary of Kineco Ltd) |
| Joint Venturer of Subsidiary with<br>49% ownership                                       | Kaman Aerospace Group Inc  |
| Associates Of Subsidiary (with whom<br>transactions have taken place during<br>the year) | Kaman Aerosystems - Kaman Composites CT<br>Kaman Composites - Vermont, Inc<br>Kaman Composites - UK Limited  |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of relationship                             | Names of related parties                                  |
|---|---|
| <b>ENTERPRISES WITH SIGNIFICANT INFLUENCE</b>           | Apex Agencies   |
|   | Associated Electrical Agencies                            |
|   | Kalpatharu Enterprises Pvt. Ltd.                          |
|   | Radiohms Properties Pvt. Ltd                              |
|   | Radiohms Agencies   |
|   | RAL Consumer Products Limited                             |
|   | Deccan Hospitals<br>(A Unit of Apollo Hospitals Ent. Ltd) |
|   |   |
| <b>KEY MANAGERIAL PERSONNEL<br/>Executive Directors</b> | P. Dwaraknath Reddy                                       |
|   | R.P. Khaitan  |
|   | P. Aditya Reddy   |
|   | Mr. Vinay Jagtap  |
|   | Mr. Prashant Naik   |
|   | Mr. Shekhar Sardessai                                     |

Related party relationship are as identified by management and relied upon by auditors.

32.7.2 Details of related party transactions during the year ended March 31, 2020 and balances outstanding as at March 31, 2020:

(Rs. in lakhs)

| Particulars                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>SUBSIDIARIES</b>                     |                         |                         |
| <b>Helios Strategic Systems Limited</b> |                         |                         |
| Corporate Guarantee                     | 4,040.00                | 3,690.00                |
| <b>Kineco Limited</b>                   |                         |                         |
| <b>Outstanding as at the year end</b>   |                         |                         |
| Trade receivables                       | 25.10                   | 1.40                    |
| <b>Kaman Aerospace Group Inc.</b>       |                         |                         |
| <b>Outstanding at the year end</b>      |                         |                         |
| - Trade payables                        | -                       | (7.37)                  |
| <b>Corporate guarantee</b>              | 424.05                  | 908.37                  |
| <b>Kaman Composites - UK Limited</b>    |                         |                         |
| Recovery of expenses                    | -                       | 39.08                   |
| Expenses reimbursed                     | 2.13                    | 3.37                    |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Outstanding at the year end</b>    |                         |                         |
| Purchase of Fixed Assets              |                         |                         |
| - Trade payables                      | 0.46                    | -                       |
| - Trade receivables                   | 69.63                   | -                       |
| - Expenses recoverable                | -                       | 37.50                   |
| <b>Apex Agencies</b>                  |                         |                         |
| Sales                                 | 5,808.09                | 5,909.73                |
| Services Received                     | 69.38                   | 128.40                  |
| Services Rendered                     | 656.45                  | 512.93                  |
| <b>Outstanding as at the year end</b> |                         |                         |
| Trade receivables                     | 3,032.77                | 2,919.26                |
| <b>Associated Electrical Agencies</b> |                         |                         |
| Sales                                 | 4,955.17                | 4,563.01                |
| Services Received                     | 16.45                   | 57.37                   |
| Services Rendered                     | 591.66                  | 430.77                  |
| <b>Outstanding as at the year end</b> |                         |                         |
| Trade receivables                     | 2,478.47                | 2,375.25                |
| <b>Deccan Hospitals</b>               |                         |                         |
| Sales                                 | 266.23                  | 431.91                  |
| Services Received                     | 10.50                   | 14.45                   |
| <b>Outstanding as at the year end</b> |                         |                         |
| Trade receivables                     | 0.24                    | 0.24                    |
| <b>Radiohms Properties Pvt Ltd</b>    |                         |                         |
| Services Received                     | 14.93                   | 14.93                   |
| <b>Radiohms Agencies</b>              |                         |                         |
| Sales                                 | 2,240.89                | 2,228.65                |
| Services Received                     | 33.13                   | 41.35                   |
| Services Rendered                     | 33.75                   | 75.85                   |
| <b>Outstanding as at the year end</b> |                         |                         |
| Trade receivables                     | 226.42                  | 156.03                  |
| <b>RAL Consumer Products Limited</b>  |                         |                         |
| Sales                                 | 1,930.74                | 1,993.88                |
| Services Received                     | 43.23                   | 48.97                   |
| Services Rendered                     | 27.19                   | 73.75                   |
| <b>Outstanding as at the year end</b> |                         |                         |
| Trade receivables                     | 114.12                  | 109.13                  |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------|-------------------------|-------------------------|
| <b>Key Managerial Person</b>    |                         |                         |
| <b>(i) R.P. Khaitan</b>         |                         |                         |
| Remuneration                    | 82.68                   | 90.22                   |
| Commission                      | -                       | 15.25                   |
| <b>(ii) P. Dwaraknath Reddy</b> |                         |                         |
| Remuneration                    | 83.78                   | 88.33                   |
| Commission                      | -                       | 15.25                   |
| <b>(iii) P. Aditya Reddy</b>    |                         |                         |
| Remuneration                    | 82.42                   | 87.31                   |
| Commission                      | -                       | 15.25                   |
| <b>(iv) Shekhar Sardesai</b>    |                         |                         |
| Remuneration                    | 161.04                  | 118.74                  |
| Repayment of Loan               | -                       | 20.00                   |
| Finance Cost                    | 9.78                    | 9.73                    |
| Loan received                   | -                       | 95.00                   |
| <b>v) Vinay Jagtap</b>          |                         |                         |
| Repayment of Loan               | -                       | 3.60                    |
| Loan received                   | -                       | 3.60                    |

**32.8 EARNINGS PER SHARE****32.8.1 Basic**

|  |        |          |
|--|--------|----------|
| Profit for the year in Rs. Lakhs         | 140.56 | 1,842.33 |
| Weighted average number of equity shares | 37.50  | 37.50    |
| Par value per share                      | 10.00  | 10.00    |
| Earnings per share - Basic (Rs.P)        | 3.75   | 49.13    |

**32.8.2 Diluted**

The diluted earnings per share has been computed by dividing the profit for the year available for Equity Shareholders by the weighted average number of equity shares

|  |        |          |
|--|--------|----------|
| Profit for the year                                      | 140.56 | 1,842.33 |
| Weighted average number of equity shares for basic EPS   | 37.50  | 37.50    |
| Weighted average number of equity shares for diluted EPS | 37.50  | 37.50    |
| Par value per share                                      | 10.00  | 10.00    |
| Earnings per share - Diluted (Rs.P)                      | 3.75   | 49.13    |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>32.9 CORPORATE SOCIAL RESPONSIBILITY (CSR)</b>   |                         |                         |
| As per section 135 of the Companies Act, 2013, CSR committees have been formed by the Group companies. The areas of CSR activities are eradication of hunger, promoting education, gender equality, empowerment of women, rural development, promoting sports - National & Olympic etc. The expenditure incurred during the year on these activities are as specified in schedule VII on the Companies Act, 2013. |                         |                         |
| (a) Gross amount required to be spent by the Company during the year INR 83.45 Lakhs  |                         |                         |
| (b) Amount spent during the year on:  |                         |                         |
| Education and Health care   | 40.98                   | 38.97                   |
| Social Welfare  | 15.85                   | 22.48                   |
| Animals Welfare   | 4.00                    | -                       |
| Drinking Water  | 1.94                    | 5.83                    |
| Sports  | -                       | 0.30                    |
| Provision   | 4.27                    | -                       |
| Sanitation and Swacch Bharath Abiyan  | 16.41                   | 7.36                    |
| <b>Total</b>  | <b>83.45</b>            | <b>74.94</b>            |
| <b>32.10 Details of research and development expenditure recognised as an expense</b>   |                         |                         |
| Buying of equipments and lab test cylinder development charges  | 40.57                   | 65.61                   |
| <b>32.11 FINANCIAL INSTRUMENTS</b>  |                         |                         |
| <b>32.11.1 Capital management</b>   |                         |                         |
| The Group's capital management objective is to maintain an optimal debt-equity structure so as to reduce the cost of capital, thereby enhancing returns to shareholders. The Group's also has a policy of making judicious use of various available debt instruments within its overall working capital drawing limit. This interest arbitrage helps the Group's to contain / reduce the cost of capital.         |                         |                         |
| <b>Gearing ratio</b>  |                         |                         |
| Debt (A)  | 10,506.59               | 9,238.66                |
| Cash and bank Balances (B)  | 5,537.95                | 5,112.15                |
| Net Debt (A-B)  | 4,968.64                | 4,126.51                |
| Total Equity  | 21,429.25               | 22,246.64               |
| Net debt to Equity Ratio (%)  | 23.19                   | 18.55                   |



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

| Particulars  | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>32.11.2 Categories of financial instruments</b>                               |                         |                         |
| <b>Financial assets</b>  |                         |                         |
| <b>Measured at fair value through Other Comprehensive Income (FVTOCI)</b>        |                         |                         |
| Investments designated at fair value through Other Comprehensive Income (FVTOCI) | 0.27                    | 0.64                    |
| <b>Measured at amortised cost</b>  |                         |                         |
| (a) Cash and Bank Balances   | 5,537.95                | 5,112.15                |
| (b) Other financial assets at amortised cost                                     | 11,807.64               | 13,927.77               |
| <b>Financial liabilities</b>   |                         |                         |
| Financial liabilities measured at amortised cost                                 | 20,855.89               | 18,188.88               |

**32.11.3 Risk Management framework**

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has constituted the risk management committee which carries on the following functions:

1. The implementation of Risk management systems and framework;
2. Reviewing the Group's financial and risk management policies;
3. Assessing risk and minimizing the procedures;
4. Framing, implementing and monitoring the risk management plan

**32.11.4 Credit risk management**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, deposits and other financial assets.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has established a strong liquidity damage agreement with its customers. The normal credit period for trade receivable is 15 days and any settlement beyond 15 to 90 days and 90 days and thereafter compensated as per the LD Agreement.

The Group based on internal assessment which is driven by the historical experience and current facts available in relation to default and delays in collection thereof has decided to make any expected credit loss of trade receivables amounting to Rs. 26.29 lakhs. Refer Note (9A).

**Liquidity risk management**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The average credit period for purchase of materials and traded

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

products ranges from 30 to 60 days and the Group settles the significant portion of the obligation within the aforesaid credit period. The Group's working capital is adequately supported by Stock, Book debts and Bank overdraft/ CC facilities.

### Commodity price risk management

The Group is exposed to commodity price risk, mainly in respect of Zinc, which is a key raw material in the manufacture of batteries. The price risk is linked to fluctuations in London Metal Exchange (LME). The Group manages the price risk by entering into a average price agreement with the vendor.

### 32.11.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. The Group has the policy of settling the foreign exchange exposure within 5 to 10 days to mitigate the foreign currency risk

The Group's business activities include import of raw materials which are linked to international price in dollar terms. As a result the Group is exposed to exchange rate fluctuation on its imports. The Group also avails foreign currency funding in terms of export packing facilities for the purchase of raw materials. The impact of these fluctuations affects the Group's profitability and finance.

The Group's objective is to insure that the cost of export packing facilities availed doesn't exceed the cost of Rupee funding of a comparable nature at the time of availing. The Group's foreign currency transaction are recorded in accordance with guidelines laid down in Indian accounting standards.

The Group enters into derivative financial instruments of the nature of forward foreign exchange contracts to manage its foreign currency risk of foreign currency receivables. The Group also uses the asset liability offset of foreign currency exposures as a part of its foreign exchange fluctuation risk management policies.

Derivatives are used only for economic hedging purposes and not as speculative investments. All such transactions are carried out with the approval of the board of Directors.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

i. Amount receivable in foreign currency on account of the following:-

| Particulars                                 | As at March 31, 2020  |                              | As at March 31, 2019  |                              |
|---|-----------------------|------------------------------|-----------------------|------------------------------|
|   | Rupees<br>in<br>Lakhs | Foreign<br>Currency<br>Lakhs | Rupees<br>in<br>Lakhs | Foreign<br>Currency<br>Lakhs |
| Trade receivables and advances to suppliers |                       |                              |                       |                              |
| - USD                                       | 504.56                | 6.81                         | 350.99                | 5.05                         |
| - Euro                                      | 16.50                 | 0.20                         | 0.16                  | -                            |
| - GBP                                       | 11.57                 | 0.13                         | 7.75                  | 0.09                         |
| - SGD                                       | 4.23                  | 0.08                         | -                     | -                            |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars   | As at March 31, 2020 |                        | As at March 31, 2019 |                        |
|---|----------------------|------------------------|----------------------|------------------------|
|   | Rupees in Lakhs      | Foreign Currency Lakhs | Rupees in Lakhs      | Foreign Currency Lakhs |
| Cash and Bank balances  |                      |                        |                      |                        |
| - USD   | 127.63               | 1.69                   | 155.75               | 2.25                   |
| - SGD   | 0.01                 | -                      | 0.23                 | -                      |
| - Euro  | 0.29                 | -                      | 0.02                 | -                      |
| - GBP   | 0.01                 | -                      | -                    | -                      |
| - New Shekel  | 0.04                 | -                      | -                    | -                      |
| ii. Amount payable in foreign currency on account of the following: |                      |                        |                      |                        |
| Trade payables and other Current Liabilities                        |                      |                        |                      |                        |
| - Euro  | 12.45                | 0.15                   | 24.62                | 0.31                   |
| - USD   | 1,998.96             | 28.54                  | 2,171.82             | 33.70                  |
| - GBP   | 0.46                 | -                      | -                    | -                      |
| Foreign Currency loans including interest there on                  |                      |                        |                      |                        |
| - USD   | 1,425.99             | 19.00                  | 1,631.93             | 23.59                  |

**Development of Composite Technology, Products and Process Know-How:**

**(i) Development of Composite Filament Winding Technology, products and process know- how**

The subsidiary company has completed and commercialized a project for Research and Development in the field of filament Winding using advanced technology at an aggregate cost of Rs.227.18 lacs, In association with Indian Institute of Technology, Mumbai and Technology Information Forecasting Assessment Council, a body constituted by Govt. of India under Ministry of Science and Technology. Research and product development under this has been funded by TIFAC for Rs. 99.50 Lakhs. Out of Rs. 227.18 lac, Rs. 33.31 lacs was expensed on Building and Rs.134.71 lacs represent capital expenditure on Research, which is capitalized under appropriate assets heads. Balance Rs. 59.10 lacs represent expenditure on personnel, consultancy fees to IIT Mumbai and other consultant, premium payable to bridge TIFAC as per agreement, travelling, depreciation, interest on finance etc. These being incurred for "Development of Composite development process, are classified as Intangible Asset under Technology, Products and process Know-How".

**(ii) Development of Composite Sky bus Coaches Technology, products and process know- how**

The company has completed R&D project for Development of composite sky bus coaches for Konkan Railway Corporation at an aggregate cost Rs. 186.47 lacs, in association with Indian Institute of Technology, Mumbai and TIFAC. TIFAC has committed financial assistance of Rs. 99.50 lacs of which Rs. 79.60 lacs has been disbursed till 31st March 2006. The Commercialisation of the sky bus Coaches Project for Konkan Railway in the project. However, during the year the Group has successfully leveraged this intangible asset in the form of Composite Technology, Products and Process Know-How Sky Bus

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Project. Using the technology developed under this project, the Group has manufactured and supplied substantial volume orders for seats, front end cab and interior train paneling for Indian Railways over the past 8 years.

**(iii) The Development of Composite Technology, Products and Process Know-How for armature cores (for power plants), carbon fiber cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures.**

The company has incurred capital expenditure for Research and Development of armature cores (for power plants), carbon fiber cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures at an aggregate cost of Rs. 288.67 lacs. The Group has received initial commercial order from customers for products developed from this research and development efforts and expects revenues over years arising out of the same.

**(iv) The Development of Composite Technology, Products and Process Know-How for Sonar Dome**

The company has incurred capital expenditure for Research and development of composites Sonar Dome for ships through R&DE(E),BEL at an aggregate cost of Rs.99.46 lacs. The company has received commercial order from R&DE(E), BEL orders for manufacture and supply of sonar domes from these domes from these research and development efforts and expects revenues over years arising out of the same.

**(v) The Development of Composite Technology for fabrication of Composites Sonar Dome for P15A Class Ships**

Kineco in coordination with R&DEE, Pune, DRDO, Ministry of Defence, Govt. of India developed a unique technology for fabrication of Composites Sonar Dome for P15A Class Ships by vacuum assisted resin transfer moulding technical know-how process and testing method for quality assurance. With this know how process Kineco have successfully manufactured SONAR DOME to DRDO. The Sonar Dome is a protective cover to sonar equipment of surface war ships. This technology will be utilised to manufacture sonar domes to MDL/INDIAN ARMED FORCES/BEL in consultation with DRDO. As per the TOT the licence to utilise the technology for manufacture in India and supply for 10 years.

### 32.11.6 Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings contracts.

### 32.11.7 Fair value measurements

The Group has not recognised any financial asset / liability at fair value. The directors consider that the carrying amounts of financial assets and financial liabilities that are recognised at fair value in the financial statements approximate their fair values.

#### Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)  
(Rs. in lakhs)

| Particulars   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|-------------------------|-------------------------|
| <b>Financial assets - at fair value through other comprehensive income:</b> |                         |                         |
| Non-Current Investments<br>(other than equity instruments of subsidiaries)  | 0.27                    | 0.64                    |
| <b>Total</b>  | <b>0.27</b>             | 0.64                    |

### 33. Material Changes and Commitments/Impact of COVID-19 Pandemic

The Manufacturing facilities, sales & distribution locations and all offices of the Company were closed from March 23, 2020 following the countrywide lockdown due to COVID-19. The Company has since obtained necessary permissions and restarted its manufacturing facilities from 6th May 2020. Similarly, offices started operated partially from 18th May 2020. Based on current assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered in full. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2020, considering the prevailing uncertainties.

### 34. Approval of Financial Statements

The consolidated financial statements were approved for issue by board of directors on 29th June, 2020.

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

For and on behalf of the Board of Directors

**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai  
Date : 29<sup>th</sup> June, 2020

**ATTACHMENT TO THE FINANCIAL STATEMENT**

**FORM AOC-1**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Subsidiary / Associate Companies / Joint ventures**

**Subsidiaries**

| <b>S.No.</b> | <b>Name of the Subsidiary</b>                       | <b>Helios Strategic Systems Ltd</b> | <b>Kineco Limited and its Subsidiaries</b> |
|--------------|---|-------------------------------------|--|
| 1            | Reporting period                                    | 31st March 2020                     | 31st March 2020                            |
| 2            | Reporting Currency                                  | INR in Lakhs                        | INR in Lakhs                               |
| 3            | Share Capital                                       | 5.00                                | 626.42                                     |
| 4            | Other Equity  | 3,331.02                            | 2,700.20                                   |
| 5            | Non controlling interest                            | -                                   | 1,656.39                                   |
| 6            | Total Assets  | 6,059.95                            | 21,819.06                                  |
| 7            | Total Liabilities                                   | 2,723.93                            | 16,836.05                                  |
| 8            | Investments (except for investment in subsidiaries) | -                                   | 0.27                                       |
| 9            | Turnover  | 185.96                              | 17,844.52                                  |
| 10           | Profit/(Loss) before taxation                       | (297.11)                            | 2,041.37                                   |
| 11           | Provision for taxation                              | -                                   | 748.76                                     |
|              | Total Comprehensive income attributable to:         |                                     |  |
|              | 1. Owners of the Company                            | (297.11)                            | 736.94                                     |
|              | 2. Non controlling interest                         | -                                   | 524.27                                     |
| 12           | Proposed Dividend                                   | -                                   | -  |
| 13           | % of shareholding                                   | 100%                                | *50.991%                                   |

\*held through Helios Strategic Systems Ltd ., a wholly owned subsidiary of Indo National Ltd.

As per our Report attached

For **G BALU ASSOCIATES LLP**  
Chartered Accountants  
FRN : 000376S/S200073

**N. RAMESH RAJAN**  
Chairman

**P. DWARAKNATH REDDY**  
Managing Director

For and on behalf of the Board of Directors  
**R.P. KHAITAN**  
Joint Managing Director

**RAJA GOPALAN B**  
Partner (M No.217187)

**C.R. SIVARAMAKRISHNAN**  
Chief Financial Officer

**J. SRINIVASAN**  
Company Secretary

Place : Chennai

Date : 29<sup>th</sup> June, 2020



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(CIN NO.L31909TN1972PLC006196)

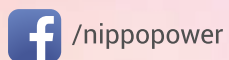


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**Corporate / Head Office :** 'Surya Varsh', 1st & 2nd Floor, Door No.17/9, Wallace Garden 2nd Street,  
Nungambakkam, Chennai - 600 006.

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Website : [www.nippobatteries.com](http://www.nippobatteries.com)



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