V-GUARD

July 20, 2020

The Manager Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	The Manager Listing Department, National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra-East, Mumbai- 400 051
Ref:- Scrip Code: 532953	Ref:- Symbol: VGUARD

Sub: Filing of Annual Report and AGM notice for the Financial Year 2019-20 – reg.

Dear Sir/Madam,

In pursuance with the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of Annual Report and AGM notice, for the Financial Year 2019-20.

Kindly take the above on record.

Thanking you,

For V-Guard Industries Limited

V-GUARD INDUSTRIES LTD.
DOOR NO. 42/962, VENNALA HIGH SCHOOL ROAD
VENNALA
KOCHI-682028

Jayasree K
Company Secretary
Membership No. A15900

Encl: as above

V-GUARD INDUSTRIES LTD.
Regd. office 42/962,
Vennala High School Road,
Vennala, Kochi - 682 028.
CIN: L31200KL1996PLC010010

P +91 484 433 5000, 200 5000
E mail@vguard.in
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V-Guard Industries Limited

CIN: L31200KL1996PLC010010

Registered Office: 42/962, Vennala High School Road, Vennala, Ernakulam - 682028; E-mail: secretarial@vguard.in; Web: www.vguard.in; Phone: 0484 - 4335000

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of V-Guard Industries Limited will be held on Wednesday, August 12, 2020, at 3.30 p.m., through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at 42/962, Vennala High School Road, Vennala, Ernakulam – 682028.

Ordinary Business

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, the Reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 and the Report of Auditors thereon.

2. To confirm the payment of Interim Dividend of Rs. 0.90 (90 paise) per equity share already paid for the Financial Year 2019-20.

3. To appoint a Director in place of Mr. Mithun K Chittilappilly (DIN: 00027610), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

4. To re-appoint Mr. Ramachandran V (DIN: 06576300) as Whole-time Director for a period of four years

   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 Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and subject to such approvals, permissions and sanctions as may be necessary and pursuant to, the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, vide resolutions dated May 22, 2020, respectively, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Ramachandran V (DIN: 06576300), as Whole-time Director of the Company, liable to retire by rotation, designated as Director and Chief Operating Officer, or such other designation, as the Board of Directors of the Company may decide from time to time, for a period of four years with effect from June 01, 2020 to May 31, 2024, upon and subject to the terms and conditions including the remuneration payable during the period of re-appointment, as agreed and contained in the agreement entered into with him and as set out in the Statement setting out material facts to the special business pursuant to Section 102 of the Act and forming part of this notice, with liberty to the Board of Directors including any Committee thereof, to alter and vary the terms and conditions of the said re-appointment and/or remuneration payable and/or the agreement, as may be agreed to between the Board and Mr. Ramachandran V, subject to such approvals of applicable authorities, as may be required under the applicable laws to such alterations or variations.

   RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any Financial Year, during the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may, subject to receipt of requisite approvals, if any, and subject to Schedule V, pay to the Whole-time Director, the remuneration, set out in the Statement setting out material facts attached to this Notice, as the minimum remuneration by way of salary, perquisites, other allowances and benefits and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II, Section III and Section IV of Part II of Schedule V to the Act, or any statutory act(s), rule(s), regulation(s), notification(s), modification(s) and enactment(s) thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized severally to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

5. To consider appointment of Mr. B Jayaraj (DIN: 00027479) as Non-Executive Non-Independent Director

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

   RESOLVED THAT Mr. B Jayaraj (DIN: 00027479) who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 01, 2020, in terms of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, as per the provisions of Section 160 of the Companies Act, 2013, proposing Mr. B Jayaraj, as a candidate for the office of Director, be and is hereby appointed as Non-Executive Non-Independent Director of the Company and whose office shall be liable to retire by rotation.

6. To ratify the remuneration payable to Cost Auditor

   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 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or any amendment(s) thereto or any substitution(s) or any re-enactment(s) thereof for the time being in force), M/s. BBS & Associates, Cost Accountants, Kochi (Firm Registration No.: 00273), appointed by the Board of Directors as Cost Auditors, based on the recommendation made by Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2021, be paid remuneration of Rs. 3,50,000/- (Rupees Three Lakhs and Fifty Thousand only), plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized severally to do all acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. Payment of remuneration by way of commission to Mr. Kochouseph Chittilappilly, Past Chairman and Non-Executive Director for the Financial Year 2019-20, above fifty percent of the total annual remuneration by way of commission payable to all the Non-Executive Directors of the Company

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

   RESOLVED THAT pursuant to Regulation 17(6)(ca) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), approval of the Members of the Company, be and is hereby accorded for payment of remuneration by way of commission to Mr. Kochouseph Chittilappilly (DIN: 00020512), who was the Chairman and Non-Executive Director till March 31, 2020, for the Financial Year 2019-20, in excess of fifty percent of the total annual remuneration payable to all the Non-Executive Directors of the Company for the said Financial Year.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable for the purpose of giving effect to this Resolution.

8. To create further number of options for grant under the existing Employee Stock Option Scheme of the Company

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

RESOLVED THAT in partial modification of the special resolutions passed by the shareholders of the Company, on May 14, 2013, through Postal Ballot process, at the 20th Annual General Meeting held on July 26, 2016 and on April 30, 2017 and December 09, 2017 through Postal Ballot process respectively and pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013, (the Act) and applicable rules made thereunder (including any statutory modification(s) or any amendment(s) thereto or any substitution(s) or any re-enactment(s) thereof for the time being in force), and pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI Regulations) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors vide their respective resolutions dated June 01, 2020, and subject to such other approvals, permissions and sanctions as may be necessary from various authorities and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent and approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), to create, issue, offer, grant and allot to, or for the benefit of such person(s) as identified by the Nomination and Remuneration Committee, who are in permanent employment of the Company in India or out of India, including any Whole-time Director of the Company, except those who is or are Promoter(s) or belonging to the Promoter Group, Director(s) who himself or herself through his or her relative holds more than 10% of the paid up capital of the Company and Independent Directors, additional options, exercisable into not more than 15,00,000 equity shares of the Company under Employee Stock Option Scheme 2013 (ESOS 2013), in one or more tranches, giving the right but not obligation to the holder, to subscribe for cash on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or regulations or guidelines issued by the relevant Authority and that each option would be exercisable into one equity share of face value of Re.1/- each fully paid-up on payment of the requisite exercise price to the Company and the Board of the Company be and is hereby authorised to make requisite alterations in ESOS 2013, to give effect to the above creation of additional options.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above 15,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the ESOS 2013 and such equity shares shall rank pari passu in all respects including dividend, with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case the equity shares of the Company are subdivided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Re.1/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said employees.

RESOLVED FURTHER THAT the Board shall take necessary steps for listing of the equity shares of the Company allotted under ESOS 2013 on the stock exchanges where the shares of the Company are listed, as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listing Agreement executed with the stock exchanges and other rules and regulations as may be applicable.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any Committee, with power to further delegate to any executives/officers of the Company to do all such acts, deeds, matters and things and also to execute such documents as may be necessary in this regard.

9. To increase overall managerial remuneration payable from 11% to 15% of the net profits of the Company

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

   RESOLVED THAT in accordance with the provisions of Section 197 of the Companies Act, 2013, read with Schedule V and other applicable provisions, if any, and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of the Company made in its respective meetings held on June 01, 2020, approval of the Members of the Company be and is hereby accorded to increase the overall limit of managerial remuneration payable for the Financial Year 2020-21, from 11% to 15% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps and to do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.

10. To Increase managerial remuneration payable to Mr. Ramachandran V, Whole-time Director in excess of 5% of the net profits of the Company

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

   RESOLVED THAT subject to the approval of resolutions by Members for re-appointment of Mr. Ramachandran V, as Whole-time Director for a period of four years from June 01, 2020 and for increasing overall managerial remuneration payable from 11% to 15% of the net profits of the Company for the Financial Year 2020-21, being duly passed and becoming effective as set out at item nos. 4 and 9 of this Notice convening the 24th Annual General Meeting and pursuant to Section 197 and other applicable provisions, if any, of the Companies Act, 2013, (the Act) read with Schedule V of the Act and the Rules made thereunder, including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board in its respective meetings held on June 01, 2020, and considering the contributions made and quality of services rendered by Mr. Ramachandran V in the growth trajectory of the Company, approval of the Members of the Company, be and is hereby accorded for payment of remuneration to Mr. Ramachandran V (DIN: 06576300), Whole-time Director, for the Financial Year 2020-21, in excess of 5% of the net profits of the Company computed in accordance with Section 198 of the Act.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or desirable for the purpose of giving effect to this resolution.

By Order of the Board
For V-GUARD INDUSTRIES LIMITED

Sd/-
JAYASREE K
Company Secretary
(Membership No.: A15900)

Place : Ernakulam
Date : July 20, 2020

Notes:

1. In view of the continuing restrictions on the movement of persons at several places in the country caused by outbreak of COVID – 19, the Ministry of Corporate Affairs vide Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, has allowed the companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for the calendar year 2020. Pursuant to the above circulars, the 24th AGM of the Company shall be conducted through VC/OAVM and hence, the facility for appointment of proxy by the members is not available for this AGM and the Proxy Form and the Attendance Slip including Route Map are not annexed to this Notice. Pursuant to the above circulars issued by the Ministry of Corporate Affairs, the Company has decided to send the Annual Report for the Financial Year 2019-20 and Notice of the 24th AGM only through e-mail to all the Members of the Company.

2. For convenience of the Members and for proper conduct of the AGM, Members can login and join

atleast 20 minutes before the time scheduled for the AGM and login facility shall be kept open throughout the proceedings of the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shares, 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.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. The Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, Secretarial Standard-2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) in respect of the special businesses, which are unavoidable in nature, under item nos.4 to 10 of the accompanying Notice is annexed hereto.

5. Corporate Members are required to send a certified true copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting.

6. Pursuant to Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, as amended from time to time, the Company is pleased to provide its Members the facility for voting through remote e-voting as well as e-voting during the AGM in respect of all the businesses to be transacted at the AGM and has engaged National Securities Depositories Limited (NSDL) to provide e-voting facility and for participation in the AGM through VC / OAVM facility.

7. A brief resume of each of the Directors proposed to be re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under Regulation 36 of the Listing Regulations and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in Annexure 1.

8. The Company's Statutory Auditors, M/s. S R Batliboi & Associates LLP, Chartered Accountants, Kochi registered with the Institute of Chartered Accountants of India vide registration number 101049W/E300004, were re-appointed as Statutory Auditors of the Company for a period of five consecutive years at the 21st AGM of the Members held on July 31, 2017, to hold office till the conclusion of AGM to be held in the year 2022, on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

   Their appointment was subject to ratification by the Members at every AGM held in the subsequent years. Pursuant to the amendments made to Section 139 of the Act by the Companies (Amendment) Act, 2017, effective from May 07, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn.

   In view of the above, ratification by the Members for continuation of their re-appointment at this AGM is not being sought. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

9. Electronic copy of the Annual Report for FY 2019-20 and Notice of AGM are uploaded on the Company's website www.vguard.in and is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s)/RTA for communication purposes and also available on the website of BSE Ltd., and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. Further, Notice of the AGM is available on the website of NSDL, the agency engaged for providing e-voting facility, i.e. www.evoting.nsdl.com.

10. All the documents referred to in the accompanying Notice and the Statement setting out material facts can be obtained for inspection by writing to the Company at its email ID investors@vguard.in till the date of the AGM.

11. The annual accounts of the subsidiary company are made available on the website of the Company www.vguard.in

12. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates, all unclaimed dividends up to the Financial Year 2011-12 to Investor Education and Protection Fund (IEPF) established by Central Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.vguard.in), and also on the website of the Ministry of Corporate Affairs (www.iepf.gov.in). Members who have not encashed the dividend warrant(s) for the Financial Year 2012–13 and for consecutive 7 years from the said year, so far, are requested to make their claim to the Secretarial Department of the Company, at the Registered Office or the office of the RTA on or before August 10, 2020, failing which the unpaid / unclaimed amount for the Financial Year 2012-13 shall be transferred to said fund at an appropriate date. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

13. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more on August 22, 2020 shall be transferred by the Company to Investor Education and Protection Fund Authority (IEPFA). The Company has also written to the Shareholders concerned intimating them their particulars of the equity shares due for transfer. These details are also available on the Company's website www.vguard.in. No claim shall lie against the Company in respect of these equity shares post their transfer to IEPFA. Upon transfer, the Shareholders will be able to claim these equity shares only from the IEPFA by making an online application, the details of which are available at www.iepf.gov.in. and on the website of the Company at www.vguard.in All correspondence should be addressed to the RTA of the Company viz. Link Intime India Pvt. Ltd , Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore- 641 028, Tel: 0422 2314792 email ID: coimbatore@linkintime.co.in.

14. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM is August 05, 2020. Please note that a person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting at the Meeting. If Members opt for remote e-voting, then they should not vote at the Meeting. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting can attend the Meeting and participate in the Meeting but shall not be entitled to cast their vote again.

15. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.

16. The Board vide its resolution passed on June 01, 2020 has appointed Mr. M D Selvaraj (Membership No. F960), MDS & Associates, Company Secretaries, Coimbatore, as the scrutinizer to scrutinize both the remote e-voting as well as e-voting during the AGM in a fair and transparent manner.

17. Any person, who acquires shares of the Company and becomes member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. August 05, 2020 may obtain the login ID and password by sending an email to evoting@nsdl.co.in or investors@vguard.in by mentioning their Folio No. / DP ID and Client ID No. However, if you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forget User Details/Password" option available on www.evoting.nsdl.com. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.

    A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again. At the end of remote e-voting period, the facility shall forthwith be blocked.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the RTA /Company.

19. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 01, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

20. Members who desires to raise/ ask questions during the AGM are requested to send the same to investors@vguard.in before 5 p.m on Saturday, August 08, 2020. The speaker Members are requested to maintain a time limit of 5 minutes to complete their questions.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on August 09, 2020, Sunday at 09:00 A.M. and ends on August 11, 2020, Tuesday at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

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

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

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares **i.e. Demat (NSDL or CDSL) or Physical**	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 113137 then user ID is 113137001***

5. Your password details are given below:

   a If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

d Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mds@mdsassociates.in with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Mr. Amit Vishal, Senior Manager-NSDL at amitv@nsdl.co.in / 022-24994360 or at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@vguard.in

2. In case shares are held in demat mode, please provide DPID- CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@vguard.in

3. Alternatively member may send an email request to evoting@nsdl.co.in for obtaining user id and password by providing the details mentioned in point (1) or (2) as the case may be.

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not 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 in the AGM.

3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

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

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at investors@vguard.in atleast 48 hours before the start of the AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6. Questions /queries received by the Company till 5.00 p.m. on Saturday, August 08, 2020 shall only be considered and responded during the AGM.

STATEMENT SETTING OUT MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (THE ACT), SECRETARIAL STANDARD-2 ON GENERAL MEETINGS AND REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (THE LISTING REGULATIONS).

Item No. 4

Re-appointment of Mr. Ramachandran V, as Whole-time Director for a period of four years

Mr. Ramachandran V was re-appointed as Whole-time Director of the Company, under the designation, Director and Chief Operating Officer for a period of four years effective from June 01, 2016. He has made significant contributions in enhancing business competitiveness of the organization and is leading various strategic projects of the Company. He was instrumental in developing a long-term business plan and the supporting infrastructure roadmap, developing e-commerce trade channel, strengthening in-house manufacturing, putting in place framework for new-product development etc.

Considering the contributions made by him in the growth trajectory of the Company, based on the recommendation of the Nomination and Remuneration Committee, your Directors in their meeting held on May 22, 2020, re-appointed Mr. Ramachandran V (DIN: 06576300) as Whole-time Director under the designation, Director and Chief Operating Officer for a term of four years from June 01, 2020, subject to ratification of Members of the Company in the ensuing Annual General Meeting. The office of directorship of Mr. Ramachandran V shall be liable to retire by rotation.

The Remuneration payable to him is as given below;

Salary	:	Rs.16,60,000/- p.m., with a power to the Board or any Committee thereof to give an annual increase upto 7% of the last drawn salary during the subsequent years falling under the re-appointment and also to alter or modify other terms and conditions of re-appointment including the remuneration payable subject to the limits specified herein above.
Medical Allowance	:	Rs. 41,692/- per month
Short-term variable pay	:	Rs.80,00,000/- for the Financial Year 2020-21 with a power to the Board or any Committee thereof to give an annual increase upto 7% during the subsequent years falling under the re-appointment and the payment is linked to the Company performance and the parameters consist of 15% annual growth in Revenue and EBITDA with equal weightage to both the parameters and the amount shall be calculated by applying multiplier as per linear measure detailed herein below and that the maximum amount payable shall not exceed 150% of the short term variable pay fixed.

Achievement % to desired growth (15%)	80% - 94.99%	95% - 104.99%	105% - 114.99%	115% - 124.99%	> 125%
Multiplier for short term variable pay	80%	100%	115%	130%	150%

He is also entitled to the following perquisites during the tenure of his re-appointment.

(1) Rent free furnished residential accommodation and reimbursement of housing society charges, other utility bills and salary to domestic help paid by the Director;

(2) Employer's contribution to Provident Fund;

(3) Reimbursement of travelling expenses;

(4) A car for office use with driver and use of car for private purpose shall be considered as perquisite;

(5) A mobile phone for official use. Personal long distance calls made by the Director shall be billed by the Company and same be considered as perquisite;

(6) Medical Insurance as per the rules of the Company;

(7) Leave and leave encashment as per rules of the Company;

(8) Employee stock options as decided by the Nomination and Remuneration Committee and the Board as per ESOP Scheme of the Company.

He will not be entitled for sitting fee for attending the meetings of the Board or Committees thereof.

Detailed resume of Mr. Ramachandran V, along with disclosures required under the Listing Regulations and Secretarial Standard – 2 on General Meeting issued by the Institute of Company Secretaries of India, is given in the Annexure accompanying this Notice.

Directors seek the approval of the Members for re-appointment of Mr. Ramachandran V, as a Whole-time Director by way of passing an Ordinary Resolution. Accordingly, the Board of Directors recommend passing of the Ordinary Resolution contained in item no.4 of the accompanying Notice.

The copy of the agreement setting out the terms and conditions of re-appointment and remuneration of Mr. Ramachandran V, can be obtained for inspection by writing to the Company at the email ID investors@vguard.in till the date of the AGM.

Other than Mr. Ramachandran V and his relatives, no other Director or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution set out at item no. 4 of the accompanying Notice.

Item No. 5

To consider appointment of Mr. B Jayaraj (DIN: 00027479) as Non-Executive Non-Independent Director

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company, appointed Mr. B Jayaraj, as an Additional Director to hold office effective from April 01, 2020. As per the provisions of Section 161 of the Act, Mr. B Jayaraj, will hold office up to the date of the ensuing Annual General Meeting.

In terms of Section 160 of the Act, the Company has received notice in writing from a member proposing the candidature of Mr. B Jayaraj as Non–Executive Director of the Company, liable to retire by rotation under Section 152 of the Act. The Companies Amendment Act, 2017 exempted the requirement of deposit amount of Rs.1,00,000/- if the appointment of a Director is recommended by Nomination and Remuneration Committee.

The Company has received consent in writing from Mr. B Jayaraj to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification) Rules, 2014, amended from time to time to the effect that he is not disqualified under Section 164(2) of the Act.

Other than Mr. B Jayaraj and his relatives, none of the other Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out at item no. 5 of the accompanying Notice.

Item No. 6

To ratify the remuneration payable to Cost Auditor

As per the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited by a Cost Accountant in Practice.

The Board on the recommendation of the Audit Committee, has approved the appointment of M/s. BBS & Associates, Cost Accountants, Kochi, (Firm Registration No.: 00273), as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2021. The Board also approved payment of Rs.3,50,000/- as audit fee payable to the Cost Auditors plus applicable taxes and reimbursement of out of pocket expenses.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2020-21.

None of the Directors and Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise, in this resolution.

Item No. 7

Payment of remuneration by way of commission to Mr. Kochouseph Chittilappilly, Past Chairman and Non-Executive Director for the Financial Year 2019-20, above fifty percent of the total annual remuneration by way of commission payable to all the Non-Executive Directors of the Company.

As per Regulation 17(6)(ca) of the Listing Regulations [as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018] approval of shareholders is required, in case the annual remuneration payable to a single Non-Executive Director exceeds the limit of 50% of that payable to all the Non-Executive Directors.

The Members of the Company in their 23rd Annual General Meeting held on July 24, 2019, approved payment of commission to Non-Executive Directors @ not exceeding 2% of the net profits of the Company. The Board of Directors had fixed the amount of commission payable to Mr. Kochouseph Chittilappilly, who was the Chairman and Non-Executive Director till the end of the financial year 2019-20 and the amount payable to him for the said financial year is Rs.1.51 crores, which exceeds 50% of the total annual remuneration payable to all the Non-Executive Directors. The amount of commission payable is in addition to the sitting fee paid to him for his attendance in the meetings of Board and Committees thereof.

Considering the provisions of the said amendment, your Directors recommend the Special Resolution at item no. 7 of the Notice of the AGM to the Members for their approval for payment of commission to Mr. Kochouseph Chittilappilly.

Other than Mr. Mithun K Chittilappilly, Mrs. Joshna Johnson Thomas and their respective relatives, no other Director or Key Managerial Personnel or their respective relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at item no. 7 of the accompanying Notice.

Item No. 8

To create further number of options for grant under the existing Employee Stock Option Scheme of the Company

The Company had implemented Employee Stock Option Scheme in the year 2013 (ESOS 2013) in accordance with the provisions of erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to grant stock options to the employees and 1,12,00,000 number of options were initially created under ESOS 2013 and subsequently, options aggregating to 34,50,000 numbers were added and the total number of options available was 1,46,50,000. The scheme is administered by Nomination and Remuneration Committee and options were granted to eligible employees from time to time.

Equity based compensation is considered to be an integral part of employee compensation, which enables alignment of personal goals of the employees with the organizational goals. Directors believe that equity based compensation schemes are an effective tool to reward the employees including the professional Directors in the growth pace of the Company and helps in retaining the existing key resources and attract new talents, who are required for the future growth.

With this objective, on recommendation of Nomination and Remuneration Committee, your Directors propose, to create, issue, grant, offer and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company, in India or out of India including Whole-time Director, other than Promoters and Independent Directors of the Company, additional options exercisable into not more than 15,00,000 equity shares of the Company under ESOS 2013, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board or Nomination and Remuneration Committee in accordance with the provisions of the law or regulations issued by the relevant authority and that each option would be exercisable into one equity share of face value of Re.1/- fully paid-up on payment of the requisite exercise price to the Company, subject to approval of the Members and such other approvals, as the case may be. The Board or the Nomination and Remuneration Committee of the Company is authorised to carry out requisite modifications in ESOS 2013, to enhance the limit of options to be granted, after obtaining the approval of the Members.

Brief description of ESOS 2013

a. The Nomination and Remuneration Committee, may from time to time, identify the eligible employee(s) and Directors and grant options to them, on such terms and conditions, as it may decide and shall determine the maximum no. of options to be issued or granted per employee(s) and in aggregate under ESOS 2013.

b. The options granted under the Scheme would vest not less than one year and not more than four years from the date of grant of such options. Vesting of options would be a function of continued employment with the Company.

c. The exercise price would be equal to a price not less than face value of the shares and not more than the prevailing Fair Market Value of the shares, on the prior date of the meeting of the Nomination and Remuneration Committee, for consideration of grant.

d. The options granted under the Scheme shall be exercisable at any time during the exercise period, and subject to fulfilment of conditions of vesting. The options shall be deemed to have been exercised when an employee makes an application in writing to the Company accompanied by payment of an amount equivalent to the exercise price in respect of such options. Exercise of option is permitted upto a period of 6 years from the date of vesting and if the options are not exercised within the said period, it will get lapsed.

e. The Company will conform to the disclosures and the accounting policies prescribed by SEBI and other regulatory authorities from time to time.

f. The Company shall use either intrinsic or fair value method for valuing the options granted, in line with the requirements of accounting policies prescribed by SEBI or any other regulatory authorities.

g. The maximum quantum of benefits underlying the options issued to an eligible employee shall be equal to the difference between the option exercise price and market price of the shares on the exercise date.

h. The scheme contemplates fresh or new issue of equity shares by the Company and no acquisition will be made from the secondary market.

i. The Scheme does not contemplate formation of Trust and hence there is no requirement for providing of loan to Trust.

j. In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profit and EPS of the Company shall also be disclosed in the Directors' Report.

A copy of ESOS 2013 is available for inspection by the Members and can be obtained by writing to the Company at its email ID investors@vguard.in till the date of AGM.

The Board of Directors recommend passing of the Special Resolution contained at item no. 8 of the accompanying Notice.

None of the Directors and Key Managerial Personnel of the Company including their relatives is interested or concerned, financially or otherwise, in the Special Resolution set out at item no.8 of the accompanying notice, except to the extent of their stock option entitlements, if any.

Item Nos. 9 & 10

To increase overall managerial remuneration payable from 11% to 15% of the net profits of the Company and to increase managerial remuneration payable to Mr. Ramachandran V, Whole-time Director in excess of 5% of the net profits of the Company

As per Section 197 of the Companies Act, 2013 read with Companies (Amendment) Act, 2017, which came into effective on September 12, 2018, the total managerial remuneration payable by a Company to its Directors, including Managing Director and Whole-time Director and its Manager in any Financial Year may exceed 11% (eleven per cent), and remuneration payable to any one Whole-time Director or Managing Director may exceed 5%, of the net profits of the Company calculated as per the Section 198 of the Act, provided the same is approved by the members of the Company with requisite majority. The Companies (Amendment) Act, 2017 has done away the requirement of seeking approval of Central Government for both increasing the overall limit of remuneration in excess of 11% of, and the limit for payment of remuneration to any one Whole-time Director / Managing Director in excess of 5% of net profits.

The Members of the Company in their Annual General Meeting held on July 24, 2019, in accordance with the amended provisions of Section 197 of the Act, accorded approval by way of special resolution, for payment of remuneration to Non-Executive Directors @ not exceeding 2% of net profits of the Company. Considering the above increase, overall limit for payment of remuneration to the Managing Director and Whole-time Director(s) has become 9% of the net profits of the Company in any Financial Year. Presently, the overall managerial remuneration paid / payable has not exceeded 11% of the net profits of the Company in any of the previous Financial Years.

Mr. Ramachandran V, Whole-time Director of the Company has been granted stock options under ESOS 2013, the Employee Stock Option Scheme of the Company from time to time as part of his compensation package pursuant to the approval of Members of Nomination and Remuneration Committee and the Board of Directors in their meetings held on June 11, 2013, May 04, 2016 and August 08, 2016 respectively. Certain number of options have vested in his favour as per the terms and conditions of ESOS 2013 and as per the said Scheme he was granted additional options to give effect to the Corporate Action carried out by the Company during the Financial Year 2016-17.

As per the provisions of Income Tax Act, the employees are required to pay tax, on the perquisite value, which is the differential value between the fair market price of share on the date of exercise of options and the exercise price. The perquisite value of the options exercised by the Whole-time Director during in any Financial Year becomes part of his total remuneration. Movement in perquisite value is directly linked to the fair market value of the shares of the Company on the date of exercise of options.

The Whole-time Director has not exercised completely the options that were vested to him during the last several years and some number of options, if not exercised during the current Financial Year, would lapse in the coming Financial Years. If he exercises the fairly large number of options in the current Financial Year, taking into account the perquisite value which will get added to the remuneration, the total managerial remuneration payable to all Directors including the Managing Director and Whole-time Director(s) is expected to exceed 11% of the net profits of the Company and the remuneration payable to Mr. Ramachandran V in the Financial Year may also exceed the limit of 5% of the net profits of the Company.

The employee stock compensation expenses relating to the options vested had been taken into the Statement of Profit and Loss in the respective years of vesting and there will not be any further impact neither on the profitability nor on the cashflow for the Financial Year 2020-21 on account of proposed increase in the overall managerial remuneration.

Accordingly, based on the recommendation of Nomination and Remuneration Committee, the Board of Directors in their meeting held on June 01, 2020 considered the proposal to increase the overall limit of managerial remuneration payable from 11% to 15% of the net profits of the Company calculated as per Section 198 of the Act, and increase the limit of the remuneration payable to Mr. Ramachandran V, in excess of 5% of the net profits of the Company, for the Financial Year 2020-21.

Your Directors recognize that pursuant to the current outbreak of COVID-19 in India and around the world, the Government of India had announced a nationwide 'lock-down' from midnight March 25, 2020 till May 03, 2020. In the wake of the lock-down, business of several companies including this Company have been adversely impacted. Accordingly, your Directors submit that the above mentioned increase in the overall limit of managerial remuneration and the limit of remuneration payable to Mr. Ramachandran V have been proposed mainly to facilitate Mr. Ramachandran V, to exercise the options vested to him pursuant to the grant made in the years 2013 and 2016 which, if not exercised are due to lapse in the coming financial years and not with a view to make any undue remuneration to the managerial personnel during this time of crisis. No additional funds other than what have been approved by your Directors and set out under item no. 4 of this Statement will be paid to Mr. Ramachandran V.

Your Directors recommend the Ordinary and Special Resolutions at item nos. 9 and 10 of the Notice of AGM respectively to the Members for their approval.

Other than Mr. Ramachandran V, Director and his relatives, no other Director and Key Managerial Personnel of the Company including their relatives are interested or concerned, financially or otherwise, in the resolutions set out at item nos.9 and 10 of the accompanying notice.

By Order of the Board
For V-GUARD INDUSTRIES LIMITED

Sd/-
JAYASREE K
Company Secretary
(Membership No.: A15900)

Place : Ernakulam
Date : July 20, 2020

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard-2 on General Meetings]

Particulars	Mithun K Chittilappilly	Ramachandran Venkataraman	B Jayaraj
Date of Birth & Age	02.09.1980 39 Years	27.10.1963 56 Years	28.08.1956 63 Years
DIN & Nationality	00027610 Indian	06576300 Indian	00027479 Indian
Date of first appointment to the Board	01.04.2003	01.06.2013	01.04.2020
Qualification	Graduate in Commerce & MBA (Finance & Marketing)	Bachelor of Science Master in Management Studies (Marketing)	Bachelor of Commerce Chartered Accountant - Intermediate
Experience in specific functional areas	He is on the Board of the Company for more than 16 years and has headed various strategic initiatives and lead the organisation to the next level by implementing various transformational activities in the functional areas of Supply Chain Management, Sales & Marketing and Customer Services. He has been instrumental in Company going digital and unveiling a new brand identity. He has taken an active role in increasing the manufacturing footprint of the Company in major products	A leading management professional with over 30 years of cross functional experience across blue chip companies like HUL and LG Electronics, has been appointed as a Whole-time Director of the Company since June 2013. He is engaged in building and enhancing business competitiveness and capabilities required to secure future market position by putting together a strategic framework for the organization. In addition to leading execution of corporate strategic initiatives and developing new growth platforms, he is engaged in developing long-term business plans with supporting infrastructure development roadmap. His strategic foresight and pioneering vision have led to several transformational processes being rolled out across various functions including Marketing, Customer Service, Supply Chain Management, Manufacturing Excellence, Research & Development apart from others to build a future ready organization.	He has more than three decades of experience which includes handling diverse roles in group concerns. Initially he began his career as Accounts Manager in the year 1986 and headed various positions. He has been appointed as an Additional Director with effect from April 1, 2020 in the Non-Executive Non-Independent Director category and is the Chairman of the Corporate Social Responsibility Committee of the Company.
Relationship with any Director(s) or Manager or Key Managerial Personnel of the Company	Mr. Kochouseph Chittilappilly, Chairman Emeritus (who held the Chairmanship till March 31, 2020) is his father and Mrs. Joshna Johnson Thomas, Director is his spouse.	Not related to any Director or Key Managerial Personnel of the Company.	Not related to any Director or Key Managerial Personnel of the Company.

Particulars	Mithun K Chittilappilly	Ramachandran Venkataraman	B Jayaraj
Directorship held in other listed Companies	NIL	NIL	NIL
Memberships in the Committees of Board of other listed Companies	NIL	NIL	NIL
Membership and Chairmanship in the Committees of the Board of the Company*	Audit Committee Stakeholders' Relationship Committee	NIL	NIL
No. of shares held in the Company	10,76,86,278 Equity Shares as on March 31, 2020	4,22,662 Equity Shares as on March 31, 2020	1,50,000 Equity Shares as on March 31, 2020
Number of meetings of the Board attended during the Financial Year 19-20	6	6	NA**
Terms and conditions of re-appointment along with details of remuneration sought to be paid	He was re-appointed as Managing Director of the Company effective from April 01, 2018 for a period of three years and is managing the Company. As per the terms of re-appointment, he is liable to retire by rotation as per the provisions of Section 152 of the Act and being eligible offers himself for re-appointment. As Managing Director, he is entitled to receive remuneration as approved by the Members in their meeting held on July 31, 2018.	He was re-appointed as Director and Chief Operating Officer of the Company for a period of four years effective from June 01, 2020 by the Board of Directors in their meeting held on May 22, 2020, subject to the approval of Members of the Company in the ensuing Annual General Meeting. As per the terms of re-appointment, he is liable to retire by rotation pursuant to Section 152 of the Act. Details of the remuneration sought to be paid forms part of the Statement setting out materials facts as per Section 102 of the Act and forming part of this notice.	He was appointed by the Board of Directors as an Additional Director with effect from April 01, 2020 (Non-Executive Non-Independent Director) at its meeting held on March 16, 2020 considering the recommendation from the Nomination and Remuneration Committee. As per the provisions of Section 161 of the Act, he holds office upto this Annual General Meeting and seeks approval for his appointment as Director, liable to retire by rotation pursuant to Section 152 of the Act.
Details of last drawn remuneration	During the Financial Year 2019-20, an aggregate amount of Rs. 480.77 lakhs was paid towards salary, retirement benefits, perquisites and commission.	During the Financial Year 2019-20, an aggregate amount of Rs. 1,135.49 lakhs was paid towards salary, retirement benefits and perquisites.	NA

* Chairpersonship and Membership of the Audit Committee and the Stakeholders' Relationship Committee are only considered.

** Mr. B Jayaraj, was appointed on the Board of the Company effective from April 01, 2020.

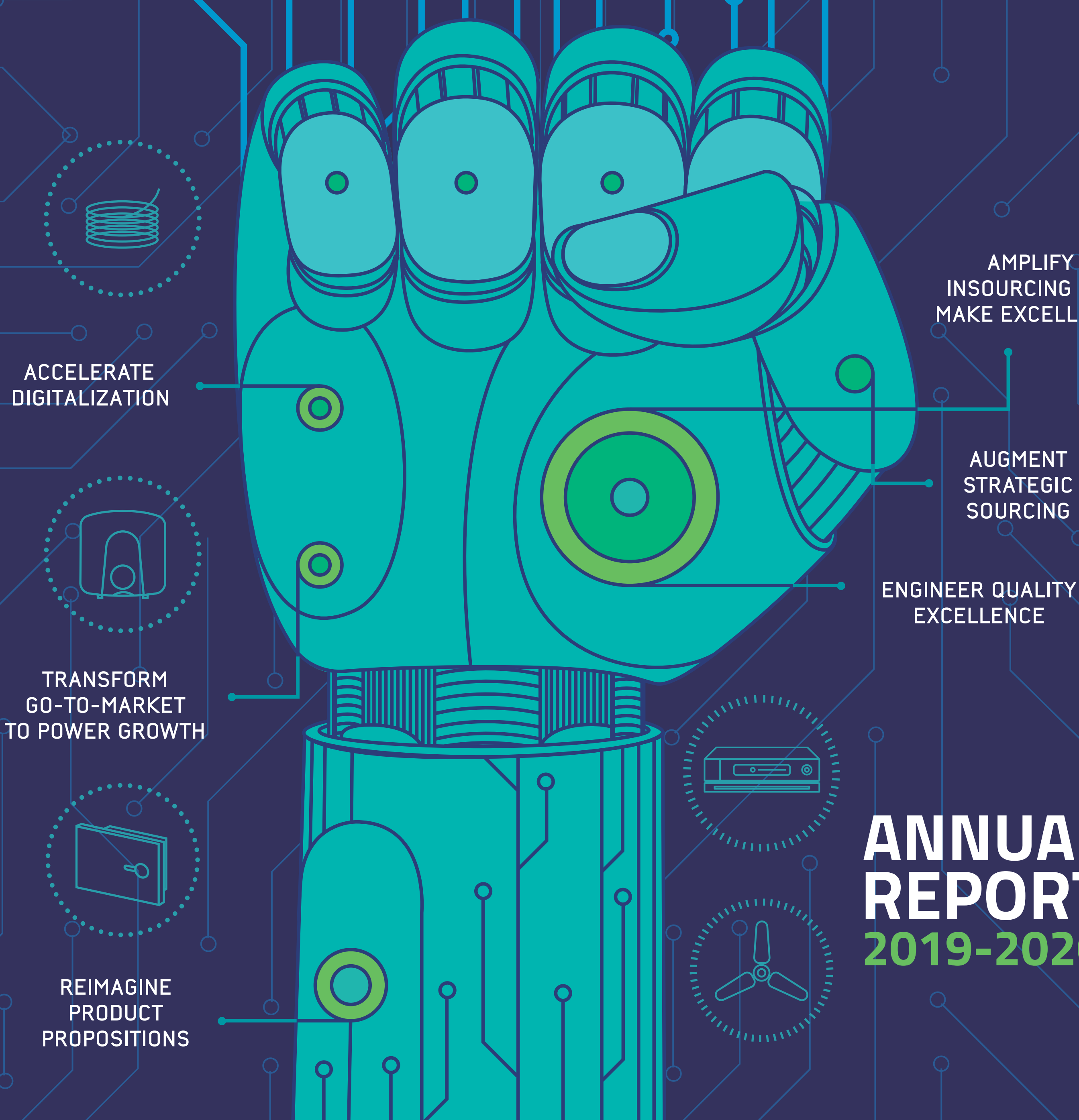
By Order of the Board
For V-GUARD INDUSTRIES LIMITED

Sd/-
JAYASREE K
Company Secretary
(Membership No.: A15900)

Place : Ernakulam
Date : July 20, 2020

V-GUARD

RISING WITH RESILIENCE



ANNUAL REPORT 2019-2020

Contents

Visit www.vguard.in

Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

RESILIENCE

noun

1. the capacity to recover quickly from difficulties; **toughness.**
2. the ability of a substance or object to spring back into shape; **elasticity.**

If there is one quality that will help companies globally pull through the impact of what is an era-defining crisis, it is Resilience. At V-Guard, empowered by our resilient spirit, we are no strangers to surviving tough times. As we face the uncertain times ahead due to the pandemic and economic slowdown, we remain confident of rising to the challenges once again.

By continuing to invest in our transformational journey encompassing manufacturing excellence, product innovation, consumer connect, digital capabilities and our people, we are determined to make V-Guard stronger and recover faster when the situation improves. We remain financially well positioned with a strong balance sheet and adequate liquidity while taking mitigating actions appropriately to successfully navigate through these unprecedented times. Finally, by reconfiguring ourselves to the new normal, we will emerge as a more consumer-focused and efficient organisation.

WE WILL RISE WITH RESILIENCE.

MR. KOCHOUSEPH CHITTILAPPILLY
Chairman Emeritus

Board of Directors

INDEPENDENT DIRECTORS

MR. CHERIAN N PUNNOOSE
Chairman

MR. ULLAS K KAMATH
Director

MR. C J GEORGE
Director

MS. RADHA UNNI
Director

EXECUTIVE DIRECTORS

MR. MITHUN K CHITTILAPPILLY
Managing Director

MR. RAMACHANDRAN VENKATARAMAN
Director & Chief Operating Officer

NON-EXECUTIVE NON-INDEPENDENT DIRECTORS

MS. JOSHNA JOHNSON THOMAS
Director

MR. B JAYARAJ
Director

About V-Guard

RISING TO A ROBUST FUTURE

Founded in 1977, V-Guard Industries Ltd. ('V-Guard') is a reputed Indian company manufacturing innovative and experiential products in the categories of Electronics, Electricals and Consumer Durables. Our passion and determination has empowered our growth from being a brand synonymous with voltage stabilizers across South India, to a brand offering a wide array of thoughtfully engineered products to consumers across the length and breadth of the country. Underpinned by our continuous quest to enrich consumer lives and power a stronger tomorrow.

Our Product Portfolio

ELECTRONICS

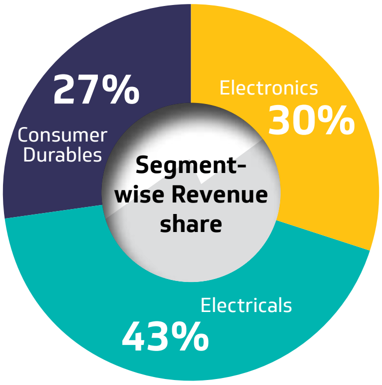
- Stabilizers
- Digital UPS & Batteries

ELECTRICALS

- House Wiring Cables
- Switchgears
- Modular Switches
- Pumps

CONSUMER DURABLES

- Solar & Electric Water Heaters
- Fans
- Air Coolers
- Kitchen Appliances



RISING WITH CLARITY OF PURPOSE

Our clear purpose drives energy and ambition across our business, critical for driving innovation and competitiveness in a fast-changing and challenging marketplace.

OUR VISION

"Be India's Leading Brand, Driving Market Leadership with Thoughtful Products and Experiences to Enrich Consumer Lives and Enhance Stakeholder Value"

MULTI-LOCATION MANUFACTURING

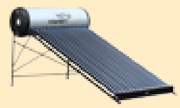
We have expanded from a single manufacturing location into an organisation with multiple production sites across India. The manufacturing facilities are located in Coimbatore and Perundurai (Tamil Nadu), Kashipur (Uttarakhand), Kala Amb (Himachal Pradesh) and Sikkim. Our state-of-the-art facilities are driven by stringent quality and design control norms to deliver superior products that meet consumer expectations.

PAN-INDIA DISTRIBUTION

We continue to consolidate our presence in the South markets while stepping up our penetration in the non-South markets. Our robust channel network comprising 31 branches and over 40,000 channel partners enable us to reach consumers across the country and make our products easily accessible

- **House wiring cables**
  Coimbatore, Kashipur

- **Fans**
  Kala Amb



- **Solar water heaters**
  Perundurai

- **Pumps & Motors**
  Coimbatore

- **Electric water heaters**
  Kala Amb, Sikkim

- **Stabilizers**
  Sikkim

OUR RESILIENCE INDICATORS

TALENTED TEAM
We are backed by a motivated and skilled team demonstrating professional, cultural and behavioural traits that encourage them to be flexible, consumer-focused and responsive

INNOVATION & DESIGN CAPABILITIES
We are continuously scanning the horizon to create innovative and thoughtful products that can make a meaningful difference in the lives of our consumers

DIVERSE PRODUCT MIX
We continue to grow our product basket to meet evolving consumer needs, staying relevant and providing the flexibility to respond to new opportunities as well as changing market dynamics

WORLD-CLASS MANUFACTURING FACILITIES
We are continually investing in growing our in-house manufacturing capabilities to ensure future-readiness and deliver the highest quality products in a dynamic operating environment

GROWING PAN INDIA PRESENCE
We continue to grow our vast network of distributors, direct dealers, retailers and service centres, in our endeavour to reinforce our pursuit to reach out to consumers

ROBUST SYSTEMS & PROCESSES
We embed well-defined processes to ensure timely, cost-effective and high-quality deliverables under a variety of operating conditions, with a minimum amount of business disruption

QUALITY ASSURANCE
We apply strict quality control measures at every stage of our manufacturing process to ensure that our products are of stringent quality and reinforce the trust we have built

FINANCIAL STABILITY
We have a strong balance sheet with minimal debt, high credit ratings and availability of substantial working capital lines further providing financial stability

VISIONARY MANAGEMENT
We are steadfastly focused on and aligned behind a coherent business strategy driven by our experienced leadership team

The Year at a Glance

OPERATIONAL HIGHLIGHTS

1. **Formulated** a three-pronged strategy at the organisational level to combat the unprecedented pandemic challenge

2. **Advanced** our Manufacturing Excellence journey to bring in increased efficiencies and quality assurances in production processes

3. **Launched** exciting new products across categories to further drive V-Guard's commitment to bring forth meaningful innovations that enrich the lives of our consumers

4. **Increased** our focus on emerging channels such as leading e-commerce platforms, in sync with changing consumer behaviour to enhance product reachability

5. **Strengthened** New Product Development capabilities to increase speed to market and meeting discerning consumer aspirations

FINANCIAL HIGHLIGHTS

1

-3.3%
revenue degrowth in FY20

2

12%
increase in PAT at ₹ 185 crores

3

Cash flow from Operations at
₹ 139 crores
in FY20 underlining strong cash generation

4

₹ 0.90
per equity share paid as interim dividend for FY 20

5

₹ 138 crores
net cash on balance sheet as on March 31, 2020

Message from Chairman Emeritus

By being constantly attentive to the ever-evolving consumer needs, we have always endeavoured in creating products that not just enhance the consumers experience, but also their lifestyle.

DEAR SHAREHOLDERS,

The age-old adage 'When the going gets tough, the tough get going' could never find a better proponent than our very own company. In the face of adversity, being challenged by a protracted economic slowdown and an unprecedent storm of a pandemic, we at V-Guard have braced and fortified ourselves, and placed ourselves at a vantage point from where we can not only identify the opportunities but have also positioned ourselves to make good on them. Thereby creating our very own mantra 'Rising with Resilience'.

All of our business moves are underpinned by financial prudence: a strong balance sheet, net cash position, and access to liquidity. This gives us the confidence and ability to weather any storm.

As the economy re-opens, our internal response which is based on three elements; safety protocols for our people, and protective measures at manufacturing units and better governance and oversight in the Company, and it will combine with our external response which includes working together with local, state, and national authorities to ensure a cautious restoration of normalcy.

Built on the edifice of Innovation and Excellence

With a clear vision and precise application, we have built a strong foundation that has laid the path to build a sustainable business. By being constantly attentive to the ever-evolving consumer needs, we have always endeavoured in creating products that not just enhance the consumers experience but also their lifestyle. Armed with best-in-class products with the right balance of cost, quality and technology, we had embarked on a transformational journey of excellence across the value chain in the organization. And not just in manufacturing but also with noteworthy initiatives like the Product Lifecycle Management (PLM) Project which in turn will also drive the R&D transformation. Its full implementation will result in faster go-to-market, development and production efficiency, better cost competitiveness and greater sustainability.

A Symbiotic relationship with society

Any good business organisation worth its salt will always evaluate its success alongside the progress of the society that it operates in. At V-Guard, we believe that it is in giving that we shall receive, which is why our CSR initiatives are planned around the communities and lives that we touch, our sites, helping the underprivileged walk towards a better life, and we shall continue on this path. In the aftermath of the lockdown, these initiatives become even more significant. Our focus will continue on environmental sustainability as a major CSR focus area.

> **At V-Guard, we believe that it is in giving that we shall receive, which is why our CSR initiatives are planned around the communities and lives that we touch, our sites, helping the underprivileged walk towards a better life, and we shall continue on this path.**

And finally, Passing the Baton

It has been an extraordinary journey for me personally, though it has taken over 40 years, it seems like only yesterday with a borrowed one lakh rupees from my father and a burning desire gave birth to a dream called V-Guard. The journey has seen its ups and downs, though thankfully more ups than I can remember. On this journey I have had the pleasure and privilege of meeting and working with some of the brightest of minds and the nicest of people. Colleagues who were more like family than co-workers. And together we have had the absolute delight of not only fructifying that dream but also creating an amazing legacy. As you are aware, Mr. Mithun Chittilappilly, has been driving the company's fortunes for close to a decade now and has taken V-Guard to even greater heights over the years. I am confident that under his able stewardship V-Guard will accomplish many landmark achievements and become one of the leading brands in the fast moving electrical goods space. The time had come for me to now pass on the baton to the next Chairman Mr. Cherian N Punnoose who has been with V-Guard as Vice Chairman for more than seven years and has graciously acknowledged to take over the position. I wish him all the very best in his journey of taking V-Guard to even greater heights. Making it a beacon of light for all other organisations on how business can be conducted with grace and dignity while still making profits. By believing that it is in creating stellar product experiences for consumers, worthy returns for shareholders and the utmost care for society is where true profitability resides.

I am thankful to the Board of Directors who had requested me to continue to associate with the Company in the position of Chairman Emeritus and have humbly accepted the same and will be reachable to the Directors and employees for any advisories.

Good Luck.

Warm regards

Kochouseph Chittilappilly
Chairman Emeritus

Message from the Managing Director

The focus on driving quality and manufacturing excellence including best-in-class practices like Six Sigma, Total Productive Maintenance (TPM), lean manufacturing, and other initiatives across our plants enabled us to unlock improved efficiencies across the value chain.

DEAR SHAREHOLDERS,

If these past many months were to be assessed, it would be an understatement to say that people, organizations and nations at large have been facing some real challenging times. India was no exception. Liquidity crunch, financial sector crisis, lower consumer demand and rising unemployment led to a significant slowdown in economic growth. These challenges were further aggravated by the outbreak of the coronavirus pandemic towards the tail end of the financial year. The nation-wide lockdown to combat the pandemic had a significant impact on almost all businesses.

Demonstrating resilience

While these unsettling times challenged and tested the resolve of many organisations, we at V-Guard find immense pride in our collective resilience. The grit and tremendous will demonstrated by our people to adapt themselves to the new normal is truly commendable. At the organisational level, we have been working tirelessly to ensure that our COVID-19 response strategy is being built in seamlessly into our long-term growth objectives and operational goals and this percolated from the top to across all our functions and team members so that the execution of all our plans become increasingly sharper. Meanwhile, we have moved ahead resolutely on our various transformational initiatives which we embarked on over the last few years. With the stated emphasis of creating a more digitally enabled enterprise, driving consumer-centric innovations, instilling excellence across our manufacturing capabilities and a deeper engagement through our reoriented marketing strategy, we have sharpened our focus on rejuvenating our business model to ensure that V-Guard as an organisation is stronger, competitive, more responsive and better positioned to drive maximum benefit out of the eventual economic recovery.

Performance that reaffirms our transformational strategy

That our performance has been healthy, despite a tough operating environment, is a testimony to the dramatic transformational strategic interventions that we have undertaken. We have had to face the dual challenge of a guarded consumer sentiment with reduced discretionary spending coupled with a lower seasonal demand in the South markets due to unforeseen calamities, like floods. Furthermore, the unprecedented nationwide lockdown resulted in a drastic fall in revenues in March, which is usually a strong month due to the pre-build of summer products and closing of annual schemes. While our revenue declined moderately by 3.3% to ₹ 2,482 crores in FY 2019-20, we were able to grow our profitability. EBITDA growth was 16.7% while PAT increased by 11.9% during the year, benefiting from our ability to command a premium and also from our increasing focus on cost reduction initiatives, structural interventions and in-house manufacturing efforts.

Another important aspect of our transformation journey is to expand our presence in the non-South region by enhancing our distribution network and brand visibility. While the revenue contribution from non-South region grew modestly on a year-on-year basis, the fact that this was achieved in unprecedented times, indicates that our marketing strategy is headed in the right direction. In the coming years, we will continue to scale up our presence in this region, as well as strengthen our brand salience to further grow and diversify our consumer base.

V-Guard distributed an interim dividend of ₹ 0.90 per equity share during the financial year ended on March 31, 2020. Owing to the uncertainty created by the COVID-19 pandemic, the Company's Board deemed it prudent not to recommend any final dividend for the year in order. The Company always maintains a healthy balance between dividend payout and retaining enough earnings to fund future growth.

Other operational highlights

We have spent the past few years preparing and positioning V-Guard as a future-ready organisation. Our transformation initiatives are centred on addressing the ever-evolving needs of the modern consumer, who seeks a more engaging product experience along with an enriching lifestyle. External uncertainties notwithstanding, we continue to work with the same intensity propelled by our resilient spirit.

In aligning with our goal to instil manufacturing excellence, the year prompted us in prioritising of our in-house manufacturing for those products that have reached sufficient scale, thereby strengthening our competency, quality control and competitiveness. The focus on driving quality and manufacturing excellence including best-in-class practices like Six Sigma, Total Productive Maintenance (TPM), lean manufacturing, and other initiatives across our plants enabled us to unlock improved efficiencies across the value chain. Another major achievement in our pursuit of manufacturing excellence was the installation of a highly automated backward integration line at our Sikkim plant for the manufacture of critical inputs for our water heaters.

Across our business segments, we have been more attentive to our consumers resulting in the creation of new and better products in response to their changing needs. During the year, powered by our extensive consumer learnings, we launched several new products that imbibe superior aesthetics and performance to align with consumers' aspirations. Our new products have been well-received in the market, thereby reinforcing our product design and development capabilities.

We continued to increase penetration and brand recall on the back of our marketing transformation initiatives, many of which are in various stages on initiation. Focused interventions such as salesforce automation, curated go-to-market strategy for select product categories and sales extraction, along with activities such as retail mapping, secondary sales tracking, in-store promoter program, and influencer management program will enable us to reach out more effectively to our channel partners and consumers.

To respond to the new trends in the market with increasingly technology-empowered consumers and a wider array of products available to them, we had commenced our transformation into a digitally-integrated enterprise. We are constantly upgrading our digital capabilities, including further strengthening our e-commerce play enabling us to meet our consumers' needs more quickly and efficiently.

People development

Our people have been working extraordinarily hard and have demonstrated great commitment in a difficult year; they are prepared to rise once again to navigate through the current challenging times. We express our sincere gratitude for their efforts. Meanwhile, as an organisation that deeply values the contributions of its employees, V-Guard remains committed to investing in their professional growth. During the year, several new initiatives were undertaken to promote learning, encourage individual development and foster a stimulating and safe working environment.

Outlook

While we have confidence in our medium and long-term growth opportunities, the year ahead is unlikely to be business as usual. With overall indications that consumer spending on discretionary items will show only a slow recovery and with the economic growth expected to remain muted, FY 2020-21 is likely to be a transition year towards better times. Cognizant of the upcoming challenges, we have initiated cost containment measures to avoid discretionary expenses and improving the effectiveness of spends. Whilst we are a business with a strong balance sheet, we are also exercising prudence in our investments to maintain comfortable liquidity. Further, various measures are being undertaken to protect our employees, safeguard our operations and support our channel partners through this crisis to ensure business continuity.

In addition, we are re-engineering our processes and we continue to invest aggressively in the development of new products and new capabilities – many of which are showcased on the pages that follow. We are present across several categories, many of which are highly scalable, and are positioned to drive growth by expanding our product portfolio and distribution network. With our relentless focus and efforts, our business will rebound even more strongly once the economic revival gains momentum. Meanwhile, V-Guard is truly determined to rise with resilience and is fully prepared for any future challenges and opportunities that comes our way.

Looking forward for a better tomorrow.

Warm regards

Mithun K Chittilappilly
Managing Director

Rising to the Challenge with Coordinated Response

The COVID-19 pandemic is a crisis affecting billions of people worldwide. Public health and economic activity stands disrupted around the world. The situation remains fluid, making it difficult to predict with precision how the coming months will unfold. At V-Guard, we continue to watch the evolving situation carefully, plan dynamically and stay agile to the new normal. We have designed a three-pronged strategy at the organisational level to rise to the challenges of these unprecedented times. Our coordinated response is centred on making the right decisions on how best to support our employees and business partners, extract the most of our capabilities, serve our consumers efficiently and ensure business continuity.

OUR THREE-PRONGED RESPONSE

Nerve Centre Integration

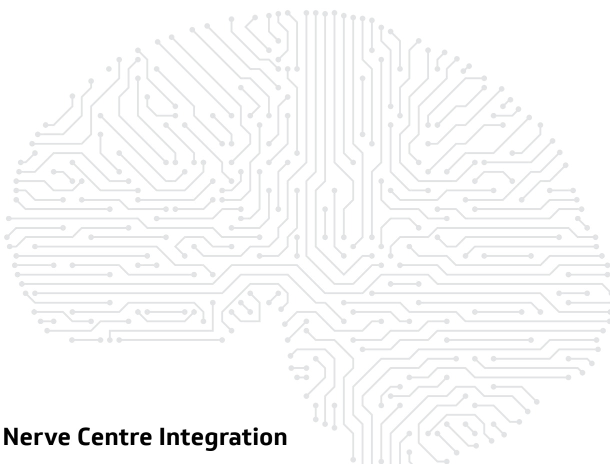
Enhancing our governance and providing oversight across the organisation

Process Framework

Rolling out protocols to protect our employees and business partners

Infrastructural Systems

Carrying out proactive protective measures at the unit level



Nerve Centre Integration

We have created a multilevel governance mechanism covering the entire organisation as part of our response to COVID-19. At the apex is a Cross-Functional Team (CFT) to devise our pandemic response strategy. The CFT meets regularly to monitor the developments, receives information from various sub-governance teams, provides them necessary guidance and shares insights with the Company's Management. The regular review of the Marketing, Manufacturing and Supply Chain Operations requirement has created an agile system to scale our response aligned with the unfolding developments. During the nationwide lockdown, operations were streamlined and seamlessly enabled by our IT infrastructure.

CROSS-FUNCTION TEAM

Two-way Communication with Sub-Governance Teams

Corporate EHS Team	Manufacturing Unit Heads Forum	Logistic Leads Forum	Regional Sales Head Forum
Sharing directives on **safety practices from industry and re-design of processes.**	Sharing directives on **manpower and operation readiness, safety precautions and planning updates along with best practices.**	Sharing directives on **readiness and support for warehouse operations to ensure disruption-free trade.**	Sharing directives for **safe operations and engagement of Sales and Customer Service employees.**

CREATION OF A PROCESS FRAMEWORK

We have rolled out a well thought-out process framework to ensure all relevant precautions are adopted and strictly followed for the safety of our employees.

The first set of protocols were aimed at resuming operations post the lockdown. All units of V-Guard were categorised into similar operational/function units - Manufacturing Units, Corporate Office, Customer Service, Sales Offices, Field Staff, Warehouses, Employees working at Vendor Units, In-Store Demonstrators and Suppliers at V-Guard Premises. For each of these units, a customised protocol was developed covering preparation of premises and tracing full employee work cycle processes and interfaces. These were cascaded down through multiple channels including mails, sessions, demonstrations, videos and posters, depending on the target group of employees.

With pandemic spread increasing as movement restrictions were lifted, a second set of protocols was created for handling incident management (positive, under observation, travel quarantine, etc.) with aspects related to safety, communication, support and documentation. To ensure adherence to the new normal, a three-layered participative framework has been drawn up. In this, each facility is sub-divided into manageable zones. Warriors from within employees in the zone are selected and entrusted the task of encouraging adherence to norms daily. All the protocols are published on our common portal for easy employee accessibility.

INFRASTRUCTURAL SYSTEMS

We have embarked on a project to institutionalise safety insights in new normal via infrastructural changes. Our Industrial Engineering team has created an umbrella structure and units have started implementing changes at local level. These vary from sensor systems, to spatial changes, hygiene products to workspace rearrangement.

EVOLVING OUR APPROACH FOR EVOLVING SITUATIONS

At organisational level, all governance systems will continue till pandemic challenges subside. Our measures are being updated to align with changing local, state, and national level government directives on real-time basis and to ensure adherence to best practices.

Enhancing our **RESILIENCE**

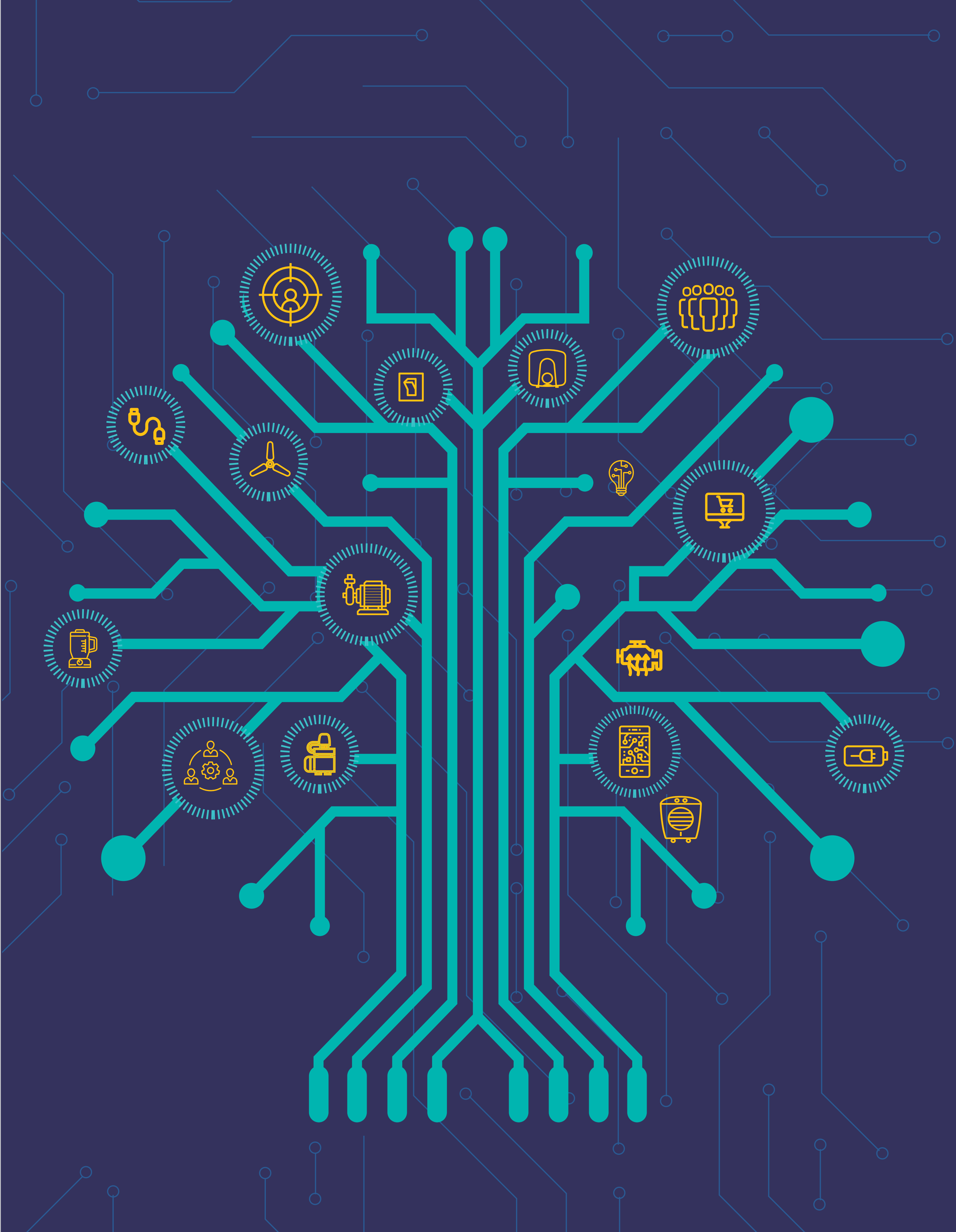
Our resilience is driven by the winning combination of our manufacturing prowess, innovative products, new-age marketing strategies, digital readiness and the expertise of our people. Aligned with our strategic framework, we continue to enhance these competencies to enhance consumer experience, optimise our operations and put ourselves in a position for long-term success.

We are steadily migrating from outsourcing to in-house manufacturing to derive cost competitiveness, enable innovation and build an agile supply chain. Our product focus is attuned to meet evolving consumer aspirations and drive premiumisation.

Various transformational initiatives are in progress, supported by leading consultants, to build organizational capabilities to enhance effectiveness, efficiency and competitive advantage. Specialized functions necessary to compete in the evolving market-place are also getting institutionalized as part of the transformation.

Our consumer connect is being driven by deep rooted 'insighting' manifested through our thoughtful products and supported by our growing distribution and service networks. To build a resilient enterprise and prepare for future market disruptions, while reaching out to the digitally empowered consumer, we are accelerating the adoption of new age digital technologies. Last but not the least, our human resource practices are aimed at attracting, motivating, and retaining competent and committed talent to make the transformations successful.

Backed by our growing resilience, we firmly believe that we will not only successfully navigate through these testing times but also pivot towards novel ways of working and become more agile to respond to future challenges.



Embedding Manufacturing Excellence

As we progress towards an increasing in-house manufacturing model, we are establishing standardised robust processes and systems at our plants. This focused pursuit will enable us to embed manufacturing excellence across our existing as well as upcoming units, thus enhancing our business competitiveness and resilience.

INGRAINING THE V-GUARD WAY OF WORKING

The Manufacturing Excellence journey across V-Guard manufacturing units was envisaged with a vision to achieve best-in-class manufacturing capabilities through adoption of Good Manufacturing Practices (GMPs), benchmarking and standardizing processes across factories, creating growth framework plans and enhancing manufacturing capabilities at the plants. V-Guard has appointed a top-notch consultant to partner in this transformation journey.

The last year has seen a more structured approach towards defining, implementing, and establishing best-in-class practices in our manufacturing units under the aegis of the VGMEA (V-Guard Manufacturing Excellence Award System) programme. The objective of the VGMEA is to encourage, appreciate and recognise the efforts of the teams, champions, and plants in their journey towards manufacturing excellence. The best practices are being institutionalised under the framework of standard operating manual to ingrain the V-Guard way of working across all our units. The first cycle of assessments was completed for all units by March 2020. The scorecard submitted by the Manufacturing Excellence team shows that all units have made considerable improvement across key performance indicators.

UNLOCKING NEW EFFICIENCIES

Underpinned by our Manufacturing Excellence framework, dedicated champions and teams are working on improvement projects at each unit to achieve operational excellence in 12 key parameters. These improvement projects are yielding tangible benefits in the areas of productivity, maintenance, inventory management, skill development and material movement inside each factory. Some notable achievements include productivity improvements, capacity enhancement through debottlenecking, warehouse optimisation through layout modification, fatigue reduction & safety enhancement through ergonomics, water conservation and value chain improvements. This initiative has also resulted in improvement in the Overall Equipment Effectiveness (OEE) through predictive and condition-based maintenance system and optimization of engineering spares. Significant improvements were also witnessed in inventory management & internal logistics.

REDUCING OUR DEPENDENCE ON IMPORTS

As part of our continuing efforts to increase in-house manufacturing, we have installed a new line for glass-lined tank manufacturing at our Sikkim water heater plant. This in-house manufacturing of critical components will reduce our dependence on imports. The new line embraces the latest technology with sophisticated machinery which are Industry 4.0 compliant. To ensure consistent and precise welding, the line is equipped with advanced automatic welding systems. This ensures consistent quality and eliminates operator intervention, thus enhancing operator safety. The fully automated glass enamel coating system features state-of-the art technology and is capable of handling a wide range of tank sizes. The highly automated, power-efficient and environment friendly system conforms to global safety standards.

IMPROVING EHS AT MANUFACTURING FACILITIES

Health and safety of our employees is our topmost priority. A comprehensive EHS (Environment, Health & Safety) framework is in place to ensure a safe working environment for all at V-Guard. We have formulated Standard Operating Procedures (SOPs), protocols, and implemented operational controls to bring uniformity in EHS practices across the organisation.

Our EHS initiative is focused towards internalizing the concept of "Safety First" activities, training programmes and periodic performance evaluation to foster a safe work environment.

During the year, we accelerated our EHS practices across our manufacturing facilities and warehouses. As a result of our initiatives, we reported zero fatal injuries and zero major fire incidents. Key actions include:

Developing visual EHS protocol and enabling easy access via EHS document repository system

Conducting electrical safety audits across all units

Improvising upon the existing EHS performance indicators and linking it with the yearly performance management system to achieve 'Zero Harm' target

Periodic auditing of warehouse and manufacturing locations by senior management

Conducting V-Guard EHS excellence assessment

Successfully completing EHS capability building exercise across all manufacturing units

Powering Meaningful Innovation

Understanding, anticipating, and going above and beyond to fulfil consumer needs, we at V-Guard are creating product solutions designed to enliven homes and enrich lives. Our thoughtful products bring alive our brand promise of 'Bring home a better tomorrow'.

Today's consumers want products that deliver more than just functional benefit. They aspire for products that help them live better and smarter while enabling them to be more intricately connected with their home. As a resilient organisation powered by the vision to make V-Guard a trusted brand for every home, we think strategically about these emerging needs, to deliver product innovations that are not only feature-rich and user-friendly but also aesthetically superior. Delving deep into consumer insights, we launched multiple innovative products during the year that have aligned itself with evolving consumer expectations.

GAME-CHANGING INVERTER AC STABILIZER

Resonating with consumers' expectations for fusion of a sophisticated design and superior performance, we launched a state-of-the-art inverter stabiliser for air conditioners (AC) – Arizor. The new offering is designed so aesthetically superior that it not only complements the AC but also gives it a look upgrade. On the functional aspects, the stabilizer is equipped with a host of excellent technical features like smart voltage correction, micro-controlled operation, a digital display system etc., to ensure smooth and seamless functioning of the AC.

EXCITING RANGE OF BREAKFAST APPLIANCES

With mornings being a rushed affair for most consumers, they increasingly seek appliances that enable quick and convenient cooking during such hectic hours. We launched an exciting range of Grill King Sandwich Makers, Toasters and Kettles to meet these expectations, while building on our existing kitchen portfolio. For instance, our Grill King offers a floating lid, which means that its height can be adjusted to accommodate sandwiches of different heights, while its dual non-stick coating allows for easy food release and convenient cleaning. Our Pop-up Toasters offer variable browning control and a host of other functionalities to ensure that our consumers can start their day with bread toasted to their liking. Along with several built-in safety features, including auto-shutoff and concealed heating elements, our Kettles provide complete protection from dry boiling and contamination. With a host of thoughtful features, V-Guard range of breakfast appliances has made a mark in the minds of consumers.

PREMIUM WATER HEATERS

We launched a series of premium water heaters – IRIS & a digital variant IRIS DG – that provide the best of performance and aesthetics. Stylishly designed for modern homes, the water heaters are equipped with the latest LED display system for real time temperature indication. Its unique 0.3 cm thick coating in the inner tank has been created using Engineered Polymer Anti Corrosion [EPAC] technology, making IRIS DG resistant to rust and also suitable for any kind of water, thus increasing the life span of the product.

THOUGHTFULLY DESIGNED FANS

In continuation of creating thoughtful products that fulfil consumer aspirations, V-Guard introduced the Finesta STS Plus pedestal fan powered by a two-in-one convertible system, that can be height adjusted to operate both as a table fan and as a pedestal fan, giving the consumer the power of a two-in-one feature. The ABS construction that defines the core of Finesta STS plus is not just powerful, it also provides the foundation for its distinctly long shelf life. With aerodynamically designed blades enabling smooth rotation, this fan provides a range of speed levels that one can adjust as per their convenience making it truly one of its kind.

We further strengthened our portfolio in the Fan category with the launch of Finesta STS prime pedestal fans. The fan's aerodynamically balanced five-leaf design provides enhanced air velocity to deliver a powerful combination of efficiency, flexibility, and longevity.

SMART INVERTER SERIES

Today's digital savvy consumers seek smart products that offer convenience and help them stay connected. Keeping our pulse on emerging trends, we launched new synergy smart inverter series to ensure that at the time of power cuts, our consumers can continue to enjoy uninterrupted moments at home with their loved ones. Extremely stable and sturdy, this inverter is equipped with Wi-Fi and Bluetooth connectivity to make smart home a reality. Other consumer-friendly features include increased product capacity (4KVA) and solar panel connectivity (3KW) and intuitive seven segment LED display.

IMPLEMENTING PLM TO STEER PERFORMANCE

Using the latest software and benchmarked processes, Product Lifecycle Management (PLM) was institutionalized to manage complete product information at various stages of product life to enable a single source of truth, leading to reliability and easy accessibility of information. PLM consists of several components and is being taken up in phase-wise manner.

The adoption of PLM will facilitate improvement across a variety of metrics, including speed to market, product development efficiency, product cost, sourcing and supply chain performance, service operations, product innovation and sustainability. The implementation of PLM will also automate and streamline manual processes in product development and standardise business processes.

Driving Deeper Engagement

Committed to building and nurturing relationships, we are pursuing a step change in our marketing efforts through our Marketing Transformation endeavour. Our goal is to foster a deeper, sustained connect with consumers and channel partners across the length and breadth of the country.

MARKETING TRANSFORMATION

V-Guard has a broader plan under the Marketing Transformation to not only strengthen the connect with influencers, distributors and dealers, but to also activate all major elements required for the transformation of Marketing and Sales. As this is a much larger and deeper functional transformation programme, various elements have been prioritised and are being addressed in a phased manner. Some initiatives undertaken in the past year include:

Sales Force enablement through alignment and technology intervention

A focused STP-GTM (Segmentation, Targeting-Positioning and Go-to-market) intervention for select product categories and sales extraction

Capability building in areas of retail universe mapping, secondary sales tracking, in-store promotion programme, influencer management programme and content management programme to enable more focused intervention on market expansion and extraction

Apart from the above activities, we also carried out our regular network expansion and engagement enhancement initiatives

We continue to build our channel reach both in south and non-south market. In south, we have our general trade reach across different tier cities and now building the same across large format stores (Modern Trade or Regional Speciality Stores). We are augmenting our reach with the launch of new categories and new models in these channels. In the non-south market, we are taking conscious steps of tapping into high potential markets which show stronger alignment with our existing category portfolio. We continue to focus on our customers in each region and tailor our key product portfolio to meet their needs.

SUSTAINED INVESTMENT IN BRAND BUILDING

We continue to invest in advertising and marketing to enhance brand visibility and facilitate pan-India expansion. Following a product-by-product and season-by-season communication strategy, our marketing activities in the past year were focused on building a 360-degree engagement with our consumers and channel partners by reaching out to them through mass media and strong region-focused BTL activities. Multiple actions were also undertaken to ensure new product launches get consumer acceptability.

In mass advertising media, television dominated with its cost-efficient mass reach. This was supported by print, radio, digital and outdoor (OOH) activities at strategic intervals. The primary objective of the ATL (above-the-line) plan was to build the brand in the new non-South India markets and maintain and build preference for it in the mature Southern markets.

With trade being a critical influencer in decision-making for many of our products, our BTL activities were aimed at empowering dealers and turning them into powerful spokespersons. At the branch level, focused BTL activities were designed to enhance product familiarisation.

We leveraged laptop branding in leading national and regional news channels in the past year, with an intent to build awareness about our offerings with our core target audience. This long-term intervention has helped the brand drive salience for many of our key seasonal products like fan, pump, air cooler, water heater, switchgear, wire and inverters in an engaging and cost-efficient manner.

We leveraged festivals strategically through on ground and in-store measures, content marketing and digital marketing activities to engage with our consumers. We also aggressively improved our brand presence at point-of-sale (POS) with customised activities for high impact markets. This was done with an aim to improve last mile conversion. We piloted technological solutions for POS with a motion sensor talking standee that communicates to consumers at retail point as they walk past it, and augmented reality poster providing immersive product experience

ENGAGING DIGITALLY

Following a holistic approach to communications, we also explored social media and digital opportunities. Digital medium was used to amplify the efforts on television in a bid to spread brand awareness. We are progressively increasing our digital spends keeping in mind the new age consumer whose media consumption habits are changing and evolving.

STEPPING UP FOCUS ON EMERGING CHANNELS

To stay at the forefront of the shift to e-commerce, and other emerging formats, we have initiated long-term capability building in this space. We have been strengthening our play in the e-commerce space as well as foraying into other organized retail formats including modern retail (MT) and regional speciality stores (RSS). We are also focusing on developing products keeping in mind the new age aspirations of the digital consumers. This year, we further consolidated our e-commerce presence with the launch of breakfast appliances on leading e-commerce portals. Further, we have been transforming our processes including GTM model to serve emerging channel partners in an agile manner while preserving the strength of our traditional channels.

SUCCESSFUL DEBUT AT ELECRAMA 2020

As part of our constant endeavour to build awareness of our electricals product offerings and drive deeper engagement with the electrical community, V-Guard debuted at Asia's largest electrical trade fair, Elecrama 2020. We showcased our broad suite of thoughtful products through our innovatively designed stall. Our debut turned out to be a grand success as we bagged the prestigious award for best stall in 61 sq m to 130 sq m category amongst the biggest names in electrical industry. The trade fair witnessed participation from over 1,370 exhibitors from over 120 countries.

AWARDS & ACCOLADES

V-Guard's Brand Identity & AC Stabilizer TV campaign was awarded at the 13th Edition of Pepper Creative Awards 2019 which is South India's biggest & one of India's largest advertising awards festival. Brand's work was chosen from over 800 entries vying for the honours in multiple categories.

V-Guard's AC Stabilizer campaign was adjudged winner of 'best advertising campaign' in consumer durable category by International Advertising Association (IAA) which is an industry recognized body of marketing communications from advertisers to media companies as well as advertising and interactive agencies, direct marketing firms and even individual practitioners. V-Guard's campaign was awarded from over 7,000 pieces of work evaluated by an elite panel of renowned marketers.

Improving Employee Experience

At V-Guard, we believe that energised employees are more resilient, more ready to reskill, and more eager to perform – all vital to helping the business navigate the difficult times and rebound faster.

Our Human Resources (HR) philosophy aims to foster a culture of continuous learning and development for collective progress and improved outcomes. Aligned with this belief, we carried out several new initiatives during the year.

TALENT ACQUISITION

We have a robust talent acquisition process in place. We are recalibrating our processes to ensure digitised on-boarding through various mediums and managing dynamic workflows through a world-class applicant tracking system. The overall digitisation efforts resulted in greater access to a nationwide talent pool and positive employee experience even during times of crisis caused by the pandemic.

To serve the long-term talent pipeline needs of sales force, a High Potential program was launched. The objective was to identify and groom high potential Product-In-Charges across branches through multiple assessment and developmental plans, to create role-ready future Branch Heads & Regional Product Heads. The nominated employees were put through individual as well as manager assessment covering functional, organisational knowledge as well as leadership competencies. This final shortlisted group will be put through 12 months of training plan, covering business acumen, self-management, problem solving, communication skills & leadership development. On the completion of training, the development & progress would be assessed and suitable tagging would be undertaken.

EMPLOYEE ENGAGEMENT

Our efforts on this front include imbibing a culture, wherein employees feel more connected to their colleagues and to the organisation as a whole. During the year, we accelerated our employee engagement activities. Interactive sessions with senior leadership teams were organised for the entire workforce through digital platforms.

We celebrated the Foundation day – Sanskriti to recognize the invaluable contribution made by employees of V-Guard. On this day, multiple value sessions were conducted across our various locations to reinforce V-Guard's core values in all employees. Various employee engagement activities like Thoughtful Tuesday; Vigyan (a platform for inspirational speeches by eminent personalities); Toastmasters Club for self-development and improving communication skills, etc. were also carried out.

LEARNING AND DEVELOPMENT

We rolled out a multitude of initiatives to create an environment for continuous learning and development. The e-Learning platform 'Degreed' is being used as an engagement tool, through which a series of modules are launched and assigned to learners across different departments and geographies. Over 1,500 product training webinars to engage our service technicians as well as more than 350 product and quality training sessions were conducted to engage rest of the workforce.

This platform utilization was further accentuated during the lockdown period. Our endeavour is to provide a holistic and blended learning experience to employees by providing a self-learning platform through online sessions and virtual classroom trainings and webinars.

Building Resilient Communities

We value the interests of our stakeholders and communities and actively pursue opportunities to ensure overall well-being and higher quality of life for all. Education and Skill Development, Healthcare, Build India & Relief Programme and Sports and Arts are the major focus areas of the Company's CSR programme.

We adopt a collaborative and collective approach by working in partnership with NGOs and social organisations. During the year, numerous developmental and welfare activities were undertaken to address the well-being of the needy, benefit communities, and protect the environment.

PROJECT NAVDARSHAN

This project aims to improve the quality of education of the intellectually challenged children for their holistic development. It is focussed on providing quality school education, therapeutic support, adequate rehabilitative care, and vocational training in partnership with special schools in Kerala. During the year, over 500 intellectually challenged students benefited from this programme.

PROJECT TARANG

Aligned with the Government's Skill India Mission, this residential skill development programme provides classroom training and on-the-job training with a Government and industry recognised certificate. With this programme, we have provided vocational training to youth to help them find a meaningful employment as technicians.

SCHOOL SUPPORT PROJECT

As part of School Support Project, we upgraded the school infrastructure as well as distributed desks, benches, and equipment to schools situated in Kerala, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Odisha, Uttarakhand, Himachal Pradesh, Haryana, West Bengal, Sikkim and Assam.

CHILD EDUCATION SPONSORSHIP PROJECT

We have provided educational scholarships and food, stationery, soft skills training, career guidance and counselling to 100 children belonging to Below Poverty Line (BPL) families in Kerala and Tamil Nadu. This will enable them to achieve self-sustainability and mitigate the challenges faced by them.

FAMILY STRENGTHENING PROGRAMME

This community intervention project is aimed at empowering abandoned women and children and is operational in Raipur. As part of this programme, we provided nutritional support to children, organised medical camps, conducted skill development and income generation activities for women, among other activities.

NUTRITIONAL SUPPORT FOR CANCER AFFECTED CHILDREN

Through this programme, we provided nutritional support to children suffering from cancer in Lucknow, Uttar Pradesh in partnership with Cuddles Foundation of Mumbai. We provided 860 nutritional counselling sessions to cancer affected children's families.

SUPPORT FOR DIFFERENTLY ABLED PERSONS

We distributed tricycles to school children, wheelchairs, walking sticks, and hearing aids to differently abled people in Andhra Pradesh to support and empower them to participate in social and developmental activities. This project was undertaken in partnership with Social Service Centre (SSC) of Vijayawada.

GENERAL HEALTH CAMPS

We partnered with HelpAge India to conduct general health check-up camps in Hyderabad for the poor, destitute and elderly beneficiaries. Through these camps, we aim to provide complete health check-up and free medication to the underprivileged elderly people. We conducted 46 such camps, which saw a participation of 2,157 elderly beneficiaries.

HEALTH INSTITUTION STRENGTHENING PROJECT

To strengthen health infrastructure of government hospitals and ensure better health care services for the underprivileged masses, we provided water purifiers, ceiling fans, and medical equipment to Government Primary Health Centre, Thrissur in Kerala.

DISASTER RELIEF AND REHABILITATION

The Kerala floods in 2018 devastated lives of thousands of people and communities. Providing relief and disaster management was a major imperative thereafter. Towards this end, we constructed houses for the flood-affected victims in Kerala. We built five houses in Pulipadam village of Malapuram district.

In 2019, Karnataka witnessed severe floods, which destroyed houses, schools, roads, communities, and led to loss of many lives. Amidst this, we stepped up and initiated reconstruction of one heavily damaged Anganwadi centre in Madikeri, Karnataka.

SWACHH BHARAT PROJECT

In our efforts to promote a clean environment, we organised a waste management drive in Sikkim and Maharashtra. Under this intervention, we arranged for waste collection equipment and ensured transportation of the collected waste for its proper disposal. We also educated children and youth to limit the usage of plastic water bottles.

Corporate Information

CHAIRMAN EMERITUS

Mr. Kochouseph Chittilappilly

BOARD OF DIRECTORS

Mr. Cherian N Punnoose
Chairman

Mr. Mithun K Chittilappilly
Managing Director

Mr. Ramachandran V
Director & Chief Operating Officer

Mr. C J George
Director

Mr. Ullas K Kamath
Director

Ms. Joshna Johnson Thomas
Director

Ms. Radha Unni
Director

Mr. B Jayaraj
Director

BOARD COMMITTEES

Audit Committee

Mr. Cherian N Punnoose
Chairman

Mr. Mithun K Chittilappilly
Member

Mr. C J George
Member

Mr. Ullas K Kamath
Member

Ms. Radha Unni
Member

Nomination and Remuneration Committee

Mr. C J George
Chairman

Mr. Cherian N Punnoose
Member

Mr. Ullas K Kamath
Member

Ms. Radha Unni
Member

Stakeholders' Relationship Committee

Mr. Cherian N Punnoose
Chairman

Mr. C J George
Member

Mr. Mithun K Chittilappilly
Member

Corporate Social Responsibility Committee

Mr. B Jayaraj
Chairman

Mr. Cherian N Punnoose
Member

Mr. Mithun K Chittilappilly
Member

CHIEF FINANCIAL OFFICER

Mr. Sudarshan Kasturi

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jayasree K

STATUTORY AUDITORS

M/s S R Batliboi & Associates LLP,
Chartered Accountants

LISTED AT

National Stock Exchange of India Limited

BSE Limited

REGISTERED OFFICE

42/962, Vennala High School Road,
Vennala, Ernakulam - 682028.
Phone : +91 484 433 5000
E-mail: mail@vguard.in
www.vguard.in

PLANT LOCATIONS

Wires & Cable Division
KG Chavadi, Palakkad Main Road
Coimbatore - 641105

Pump Division
2/113 E, Karayampalayam Road,
Mylampatti Post,
Coimbatore - 641062

Solar Invertor
KG Chavadi, Palakkad Main Road
Coimbatore - 641105

Wires & Cable Division
6th KM Stone, Moradabad Road,
Khasra No. 86, Village Basai,
Udhamsingh Nagar Dist.,
Kashipur - 244713, Uttarakhand

Water Heater & Fan Division
Village Bankebada,
Near Moginand High School,
Nahan Kala Amb Road,
Moginand P O, Tehsil-Nahan,
Dist-Sirmour,
Himachal Pradesh - 173 030

Stabilizer
Unit 1:
Plot No. 2240/5424,
Block West Pandam,
Duga Elaka (Majhitar),
Gangtok, East Sikkim,
Sikkim - 737136

Unit 2:
Plot No. 2200,
Block West Pandam,
Duga Elaka (Majhitar),
Gangtok, East Sikkim,
Sikkim - 737136

Water Heater
Rangpo Namchi Road, Mamring,
South Sikkim - 737132, Sikkim

Solar Water Heater
KK 12, 13, 14, 15, SIPCOT Industrial
Growth Center, Perundurai, Erode,
Coimbatore - 638052

BANKERS

HDFC Bank Limited

ICICI Bank Limited

Federal Bank Limited

Yes Bank Limited

State Bank of India

Citi Bank

HSBC Bank

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
Surya, 35, Mayflower Avenue,
Behind Senthil Nagar
Sowripalayam Road
Coimbatore - 641028
Phone: 0422-2314792
Email: coimbatore@linkintime.co.in

Management Discussion & Analysis

1. Economic Review & Outlook

Financial year 2019-20 ended on a very unexpected and difficult note with the entire world virtually coming to a standstill due to the spread of COVID-19 pandemic. Economic activity, manufacturing operations, global supply chains and consumption patterns have been disrupted, adversely affecting established frameworks both at macro as well as micro levels. However, even before the impact of the virus was starting to be felt, the global economy had underperformed and growth had slowed down to 3.5 percent. Previously, there were some hopes of revival in the current year that may no longer hold valid as the International Monetary Fund (IMF) in its latest outlook note has forecasted a 4.9% contraction in global GDP for the year 2020.

In line with this trend, the Indian economy had also remained sluggish in financial year 2019-20. Growth during this period came in at 4.2%, which has been much lower than initial estimates for the year and also weaker than the country's economic expansion in recent years. Economic slowdown resulted in a declining trend in each consecutive quarter and was already estimated to decelerate further in the fourth quarter even before the disruption caused by the virus. Economic progress was impeded by slower growth in private consumption exacerbated by tight liquidity conditions and the NBFC crisis, while government expenditure growth remained intact.

In the past, before the current slowdown took shape, India's GDP had grown at an average of 7.5% over the previous five years. Several key economic variables, including the fiscal deficit, current account deficit and inflation, had been showing improving trends. The country had moved up from #77 to #63 in last year's Ease of Doing Business ranking and by a substantial 79 places over the last five years from #142 in 2014 to #63 in 2019, which maybe a record for a major global economy. India has also undertaken several structural reforms to create a vibrant business environment. These are all positives from the perspective of attracting foreign direct and portfolio investors that have collectively channeled about $ 200 billion into India over the last five years.

Going forward, continuation of structural reforms, additional policy measures to boost the investment climate as well as expansion of consumption may help the country revert to its growth trajectory. However, at present, IMF estimates indicate that India's economy could contract by 4.5% in 2020, indicating a sharp reduction from the previous expectation of growth slowdown.

2. Sector Overview

Over the last few years, the Indian consumer electricals/electronics sector has delivered strong and sustained growth driven by some significant trends. Rapid urbanization, rise in working age population, growing disposable incomes, increasing propensity towards consumption, widening network of electrification in rural areas, expanding distribution, emerging credit culture and online availability of products are all factors that stimulate demand. It is expected that the share of consumption in the country's economic activity will increase over the next few years. Product availability has been supplemented by increasing premiumization to fulfill rising aspirations of our consumers that is in turn leading to more innovative products being introduced by leading players.

Currently, there is a huge untapped market in India with substantially low penetration of consumer appliances. For instance, the penetration of air conditioners in India is estimated to be about 6 percent compared to the global average of 30%. Growth in consumption in emerging rural areas holds great potential for expanding demand for appliances such as televisions, refrigerators and washing machines.

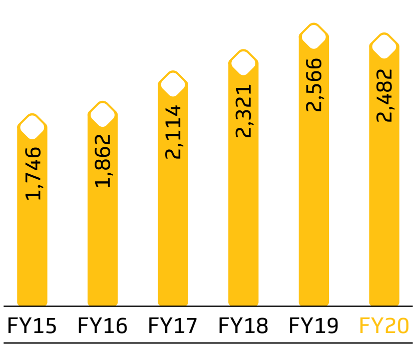
In addition, the government has approved the National Electronics Policy 2019 aimed at achieving a turnover of $400 billion for the electronics system design and manufacturing sector by 2025, while generating employment opportunities for 10 million people. The policy has introduced several incentive schemes for manufacturing in the sector, including those covering interest subvention and credit guarantee. The objective is to eliminate licensing and reservation, allow 100% foreign direct investment in electronics hardware manufacturing and introduce various incentive packages.

Despite such inherent positives, in the recent past market dynamics have shown weakness correlated with the economic slowdown and deceleration in consumption. However, going forward, as India moves towards a formal economic structure, it is expected that demand will recover driven by a shift towards organized players. Consumer durables are no longer considered luxury items, instead as necessities. Nationwide brands with a diversified, high quality product portfolio, service orientation and deep distribution would likely benefit from this substantial opportunity.

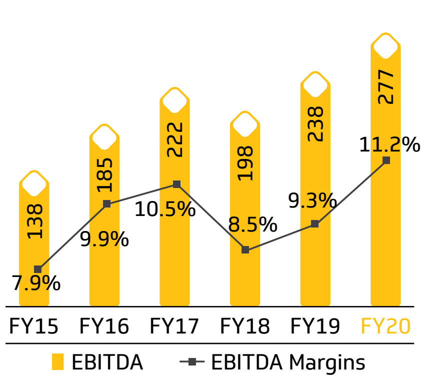
3. Review of Operations

Financial Performance (FY15-20) (₹ in crores)

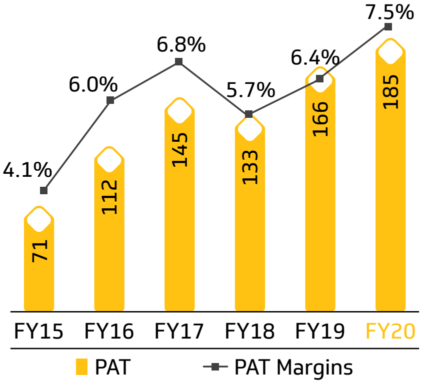
Revenue



EBITDA and Margins

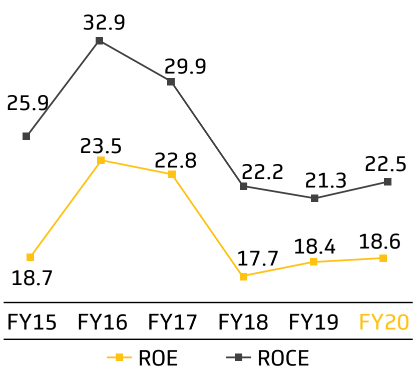


PAT and Margins

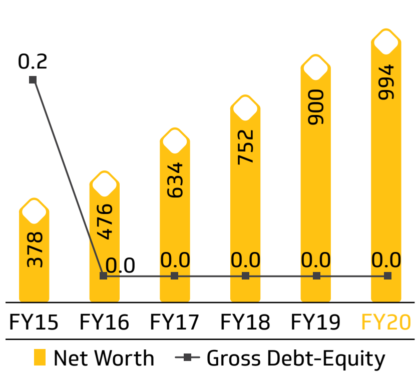


Note 1: Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 115 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT, etc. are not part of Revenue. Hence, the revenue and growth calculations for FY18 and later years are not strictly comparable with FY17 and prior periods.

ROE & ROCE

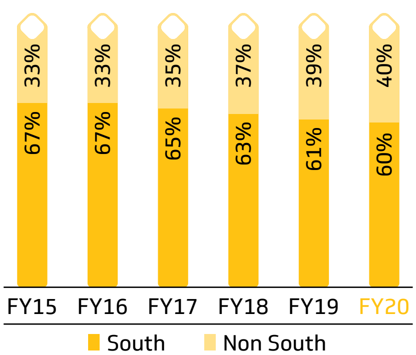


Net Worth & Debt-Equity Ratios

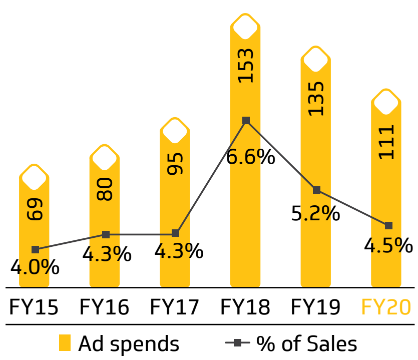


Operational Performance (FY15-20)

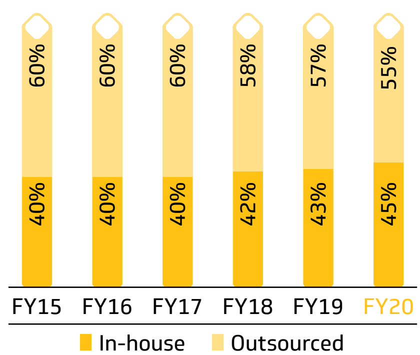
Expanding Geographic Presence



Ad Spends and as a % of Sales



In-house Manufacturing vs. Outsourcing



Key ratios (%)	FY20	FY19
Gross Margin	33.2%	29.9%
EBITDA Margin	11.2%	9.3%
Net Margin	7.5%	6.4%
Ad Expenditure (incl. promotions)/Total Revenues	4.5%	5.2%
Employee Cost/ Total Operating Income	8.3%	7.9%
Other Expenditure/ Total Operating Income	14.7%	13.5%
Tax rate	24.6%	22.9%
Diluted EPS (₹)	4.28	3.82

Balance Sheet Snapshot (₹ cr)	31 Mar 2020	31 Mar 2019	31 Mar 2018
Net worth	993.8	899.7	751.6
Gross debt	10.0	10.0	2.4
Current Investments	36.0	83.1	75.2
Cash and cash equivalents (including bank balance)	111.5	84.7	5.0
Net Cash Position (₹ crore)	137.5	157.8	77.8
Fixed Assets	334.4	221.2	208.1

Balance Sheet Snapshot (₹ cr)	31 Mar 2020	31 Mar 2019	31 Mar 2018
Debtor (days)	47	66	70
Inventory (days)	105	75	70
Creditor (days)	66	72	74
Working Capital Turnover (days)	86	69	66
RoE* (%)	18.6%	18.4%	17.7%
RoCE* (%)	22.5%	21.3%	22.2%

4. Dividend

The Company distributed an interim dividend of ₹ 0.90 per equity share during the financial year ended on 31st March, 2020. The Company's Board has not recommended any final dividend.

This translates to a total payout (including dividend distribution tax) of ₹ 46.45 crores. The dividend payout ratio for the year under review is 25.09%. The Company believes in maintaining a fair balance between dividend distribution and cash retention that may be required for future growth, synergistic acquisitions, meeting unforeseen contingencies and maintaining a healthy balance sheet position.

5. Segment-wise Review

Products	FY20 (₹ Cr)	Contribution (%)	FY19 (₹ Cr)	Contribution (%)	YoY growth (%)
Electronics	754.5	30%	759.9	30%	-0.7%
Electricals	1,053.0	43%	1,128.6	44%	-6.7%
Consumer Durables	674.5	27%	677.9	26%	-0.5%
Grand Total	**2,482.0**	**100%**	**2,566.4**	**100%**	**-3.3%**

Electronics

The Company's Electronics Segment covers products such as Voltage Stabilizers and Digital UPS Systems. Revenue in this segment declined marginally by 0.7% during FY20 and contributed 30% to the total revenue. Strong growth in the early part of the year subsequently decelerated due to weak consumption demand and lockdown/disruptions witnessed across the country towards the end of the year.

The Company is the market leader in the Voltage Stabilizers segment. The demand for this product is linked to that of consumer durables such as refrigerators, televisions and air-conditioners. Competitors are largely regional players having limited presence along with increasing foray of national players. In this category, stabilizers used for air-conditioners have the largest contribution while there is rising demand linked to LED TV proliferation.

In alignment with changing consumer aspirations, the Company launched its path breaking Inverter AC stabilizer Arizor a game changer designed aesthetically superior that it not only complements the AC but also gives it a look upgrade. Arizor's stunning look perfectly complements the feel of the room as well as the connected equipment, making it the AC's better half. Digital UPS has been a growth driver for the Company and several initiatives have been undertaken to drive growth in premium variants, which create strong customer affinity as well as better margins. As consumers seek smarter products which can help them be connected with their home, the Company launched its new Synergy smart inverter series equipped with Wi-fi & Bluetooth connectivity, and power packed with a host of consumer-friendly features to ensure that our consumers can enjoy priceless uninterrupted moments in their home.

These products are now better established in non-South markets to provide a larger, nationwide presence in this segment.

Electricals

The Company's electricals segment comprises house wiring cables, pumps, switchgears and modular switches. Drivers for growth are home construction activity, weather conditions and consumption spending. The electrical portfolio caters largely to the real estate market which has been under stress for the last few years and has not shown any signicicant recovery and continues to impact the segment. Revenue in this segment were lower by 6.7% during FY20, based on substantial revenue loss due to consumption slowdown and accentuated by the countrywide lockdown as most economic activities halted towards the end of the year. Electricals contributed 43% to the total revenue.

Wires is the largest product category for the Company. In line with the Company's focus on end-consumer segments, the customer base includes mainly retail sales of house wiring to individual home owners based on strong brand salience established in the market. The focus is on the development of high quality products and introducing new-age technologies with quality, durability and safety related enhancements backed by an established distribution network that ensures deep availability. These are key differentiators in a commoditized market that is increasingly gravitating to organized players based on the growing importance of product quality and implementation of GST and other formal structures for businesses in India. During the initial part of the year under review, de-stocking in the distribution channel related to weak copper prices slowed demand. While there was a rebound seen subsequently, the year closed weak in line with overall economic activity.

Sale of pumps is skewed to the weather pattern and largely led by the summer season and changes in the water table. Growth remained subdued during the year.

Switchgears and modular switches is one of the key focus categories for growth. Over the last two years, following a synergistic acquisition of a production unit in Hyderabad, the switchgear business has delivered to potential. Switchgears and modular switches have strong adjacencies to wires and fans. Synergies from the distribution netwok allow postive leverage for growth.

Consumer Durables

The consumer durables segment includes fans, water heaters, kitchen appliances and air coolers. Revenue from this segment degrew by 0.5% during FY20. The segment accounted for 27% of total revenue during the year. Overall, the trend is of greater balance in contribution from each of the Company's three product segments.

The Company is an established player in water heater segment, marketing both electric as well as solar water heaters. Following the establishment of the water heater manufacturing facility at Sikkim, there is added capacity and capability to produce a wider range of SKUs. This has helped derive supply chain efficiencies, enabled launching more models and improve quality of products. The Company's products have imbibed technological and aesthetic improvements to align with customers' aspirations while premiumization and scale benefits have improved margins. The Company launched a series of premium water heaters – Iris. Powered with the latest LED display system for real time temperature indication, the IRIS DG Series electric water heater from the Company provides best of performance & aesthetics. This water heater comes with a unique thick coating, that has been created using Engineered Polymer Anti Corrosion [EPAC] technology which makes IRIS DG resistant to rust & also suitable for any kind of water.

The Company's solar water heaters are produced completely in-house and operate in a market that has relatively lower competition from the unorganized sector. The Company's presence is in residential rooftop solar water heaters, which are sold to individual consumers and institutional buyers. The business has been performing well based on growing demand as technology advancement is cutting down payback period for customers in this segment.

In fans category, the Company has increased market share over the years by expanding distribution reach as well as the range of feature-rich products available in the portfolio that now includes ceiling, table, pedestal and wall fans. The Company has made several innovations to launch variants with better aesthetic designs and improved technology, which have led to higher contribution from decorative and premium models. In continuation of creating thoughtful products that fulfil consumer aspirations the Company introduced Finesta STS Plus pedestal fan powered by a two-in-one convertible system, that can be height adjusted to operate both as a table and pedestal fan giving the consumer the power of two in-one. The ABS construction that defines the core of Finesta STS plus is not just powerful; it provides the foundation for its distinctly long shelf life. With aerodynamically designed blades enabling smooth rotation, this fan provides a range of speed levels that one can adjust as per convenience making it truly one of its kind.

The Company had muted growth in the fans category with the silver lining being an increase in penetration in the non-south market. Margins have improved over the past few years with the Company reducing presence in entry level offerings and driving innovation and expanding manufacturing capabilities in the larger volume categories/ variants. This category, which rides on distribution of the Company's electrical products, is also less discretionary and warmer weather conditions have been supporting demand.

The Company's kitchen appliances segment is relatively new and the expanding range now includes induction cooktops, mixer grinders, gas cooktops and rice cookers apart from several recently-introduced offerings focused on a stress-free kitchen experience. Many of these categories are highly scalable and the Company has the opportunity to derive growth by expanding the portfolio and distribution within appliance stores, modern trade and online channels. The Company further consolidated its e-commerce play with launch of breakfast appliances on leading e-commerce portals. The Company's new range of breakfast appliances are designed to help consumers navigate hectic morning routine seamlessly and make cooking a joyful experience. The Company with a host of products like GrillKing, Toaster and Kettle is building on its existing kitchen portfolio. Also, there are synergistic distribution overlaps with durable, electrical and hardware stores on the network. Typically, product introductions are made in the Kerala market followed by the other southern states but the Company is increasing focus on e-commerce platforms leading to potential accelerated growth & pan India reach. The Company is also strengthening its presence in both Modern Trade and Regional Speciality Stores enabling presence across various retail formats.

In the cooling space, the Company has a range of desert coolers, window-fitted coolers, personal coolers and room coolers. Initially introduced in Hyderabad and Delhi, these products have been rolled out across markets with an encouraging response and represent another expanding growth opportunity for the Company.

6. Financial Performance

COVID-19 pandemic towards the end of the financial year resulted in significant impact on performance. Typically, the second half of March tends to see strong demand from the distribution channel, due to pre-build of summer products and closing of annual schemes and incentives. This year, the timing of the lockdown resulted in the Company not being able to capture these revenue. We estimate that the Company's topline has been impacted to the extent of ₹ 250 crores with EBITDA compression of about ₹ 70 crores.

The Company delivered revenue of ₹ 2,482 crores in FY20 which was 3.3% lower than that of FY19. Gross profit grew 7.4% YoY to ₹ 824 crores in FY20. We achieved gross margins of 33.2% in FY20, a YoY expansion of 330 basis points due to pricing actions and premiumization of the portfolio. We have also benefited from the increasing contribution from in-house manufacturing, stable currency and benign commodity prices. EBITDA growth was 16.7% while PAT increased by 11.9% during the year. Most of the year witnessed weakness in consumer demand, tight liquidity conditions and reduced discretionary spending. The South region especially, saw another year of seasonal weakness on account of floods leading to a 6.3% YoY decline in revenue contribution in FY20. On the other hand, the non-South region saw an increase in contribution as revenue continued to grow on the back of significant investments in distribution and brand visibility over the last few years. Non-South revenue grew by 1.4% YoY despite the weakness towards the end of the year. The Company continues to invest in growing its presence further and envisage 50% contribution from the non-South region over the next 4-5 years.

In FY20, A&P spends were at 4.5% of sales as compared to 5.2% in FY19. The Company's new brand identity along with the transformation initiatives undertaken have enabled to increase penetration and brand recall, making more relevant and impactful as a consumer-oriented organization that is catering to the evolving needs of consumers across the country.

With emphasis on profitability and sustainability, the Company generated cash flows to the tune of ₹ 139 crores in FY20 as compared to ₹ 153 crores in FY19, despite the end-of-year lockdown that resulted in accumulation of inventory. Return ratios continue to be strong with ROE at 18.6% and ROCE at 22.5%. Net cash position on the balance sheet at the end of the year was at ₹ 138 crores, lower than last year due to the higher inventory position. The Company strive to strike a balance between investing in the business and regularly rewarding shareholders.

7. Outlook

The Company has a resilient business model with a diversified product portfolio and well-entrenched distribution reach that is driven by an experienced management team with strong understanding of business complexities. The Company is well-positioned to capitalize on the country's significant growth potential, with rising disposable incomes, young demographics with increasing awareness and aspirations.

FY20 has been a slow year for growth, based on weak consumer demand, tight liquidity conditions, reduced discretionary spending and the end-of-year lockdown. FY21 has also opened with the continuing conditions of extended inactivity and distribution closure. Near term visibility remains uncertain from a wider perspective. However, once normalcy returns, the Company is confident of reverting to top-line growth of 15% driven by increased scale in non-South markets and introduction of new/innovative products and entry into additional product categories.

The Company has undertaken several business strengthening initiatives over the last few years and has a strong execution track record and demonstrated ability to grow market share and attain rapid growth in revenue and profitability. The Company is focused on putting in place best-in-class processes and systems to future-proof the organization, including enhancing capabilities in new product development, quality control and salesforce automation.

The Company is looking to expand its footprint across the country and growing its retailer base of over 40,000. The non-South markets currently account for 40% of the Company's revenue and provides significant potential for revenue growth and operating leverage to expand on existing investments. The Company envisages the non-South markets to contribute to 50% over the next five years.

Going forward, the Company shall continue to build upon its competitive positioning in the consumer electricals, electronics and consumer durables industry. The Company will maintain its thrust on advertising and promotions to increase its brand visibility and penetration in the non-South markets under its new brand identity reflecting the Company's transformation into a leading multi-product, pan-India player in the Consumer Electricals space.

Currently, in-house manufacturing stands at 45%. As a strategy, once a product gains sufficient scale, the Company transitions to in-house manufacturing and the share from own-manufactured products is expected to reach 60% in the medium term.

The Company remain agile by having a good understanding of macroeconomic trends and changes in consumer preferences and adjusting the portfolio and processes accordingly, offering innovation and choice. The Company is focusing on Six Sigma, TPM, lean manufacturing, etc at it's plants. The manufacturing excellence system acts as an enabler for Industry 4.0, providing real-time factory data. Efforts on innovation, R&D and product development will continue to be made in order to roll out differentiated offerings in a competitive industry bringing in artificial intelligence and machine learning to build products that communicate with consumers. Various initiatives towards capability building like strengthening Go-To-Market process, accelerating digitalization, institutionalizing PLM (product lifecycle management) and other initiatives like finance transformation are underway.

8. Strengths and Opportunities

Strengths

- The Company has invested significantly in building its brand equity over the past decade, which has led to high brand recall and enabled entry into new product categories

- Consumer centric organisation with emphasis on after-sales service, quality, innovaton, R&D and new product development

- Strong pan-India footprint with investments in a well-entrenched distribution network spread across 40,000+ retail touch points

- Comprehensive and diversified product portfolio across fast growing categories in the consumer electricals, electronics and durables space, catering to the mass consumption market in India

- Strong execution track record and demonstrated ability to grow competitively and profitability

- Experienced management team with strong understanding of the business complexities

Opportunities

Strong macro and demographic drivers: The industry will continue to see a strong uptrend in the medium-to long-term driven by macroeconomic and industry factors like increasing disposable incomes, increased ease of availability of finance, low product penetration levels, growing middle class, premiumization in metros and urban towns, and increasing distribution reach by companies in tier II and tier III cities as well. In addition, the governments push for housing for all, increasing availability of electricity and GST rate reduction augur well for long term growth prospects of the sector.

Expansion into non-South markets: Non-South markets account for 40% of the Company's current revenues providing significant scope to expand and gain market share.

Shift from unorganized to organized: The Company is present in key product categories having significant market size and demonstrate medium to low branded penetration, leaving immense headroom for organized players to benefit especially market leaders, with established brands and entrenched manufacturing and distribution capabilities.

GST: With most electrical/durable/appliance categories now classified under 18% GST rate, the industry is expecting an accelerated demand shift to organized players, fuelled by price convergence between branded and unbranded.

Replacement demand: Shortening renovation cycles across segments due to rising disposable incomes, changing preferences of middle class and companies' focus on technology and innovation.

Reduction in interest rates: A low interest rate regime will help stimulate demand for household electricals.

9. Risk Mitigation

The Company has developed and implemented risk management framework detailing risks associated with its business, process of identification of risks, monitoring and mitigation of these risks. The Risk Management Committee constituted by the Board addresses strategic risks at the Corporate level, while product/functional risk groups identify risks specific to product categories and functions.

10. Audit & Internal Control System

The Company has Internal Control Systems commensurate with the nature of its business, size and complexities. Every quarter, Audit Committee reviews the adequacy and effectiveness of internal control system and monitors the implementation of audit recommendations. During the year under review, the Internal Audit division of the Company conducted detailed review of control processes in key areas and identified design gaps, process automation opportunities and management check points which will help in strengthening the processes and monitoring mechanisms. Key controls in operational, financial and IT processes were tested to provide assurance regarding compliance with the existing policies and significant operating procedures etc; and no significant weaknesses/deviations were noted in operation of controls.

Further, the Statutory Auditors of the Company also carried out audit of the Internal Financial Controls over Financial Reporting of the Company as on March 31, 2020 and issued their report which forms part of the Independent Auditor's report.

Directors' Report

Your Directors have great pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the Company, together with the Audited Financial Statements for the year ended March 31, 2020.

1. FINANCIAL SUMMARY

The summarized standalone and consolidated results of your Company and its subsidiary are given in the table below:

(₹ in crores)

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Revenue from Operations	2,481.96	2,566.44	2,502.94	2,594.01
Other Income	10.01	10.55	11.15	12.34
Finance Income	13.98	7.71	13.98	7.71
Total Income	**2,505.95**	**2,584.69**	**2,528.07**	**2,614.06**
Operating Expenditure	2,228.69	2,347.01	2,244.95	2,369.70
Operating Profit before Depreciation, Interest and Tax	**277.26**	**237.68**	**283.12**	**244.36**
Finance Cost	3.73	1.27	4.16	1.76
Depreciation and Amortization Expense	28.09	21.82	29.38	23.01
Profit Before Tax	**245.44**	**214.59**	**249.58**	**219.59**
Tax Expense:				
a) Current Tax	64.75	49.78	66.40	51.37
b) Deferred Tax	(4.47)	(0.71)	(5.07)	0.17
Profit After Tax	**185.16**	**165.52**	**188.25**	**168.05**
Basic EPS (₹)	4.33	3.88	4.38	3.92
Diluted EPS (₹)	4.28	3.82	4.32	3.86

2. COMPANY PERFORMANCE

The Standalone Net Revenue from Operations for the Financial Year ended March 31, 2020 was ₹ 2,481.96 crores, which de-grew by 3.3% compared to ₹ 2,566.44 crores for the previous Financial Year. The Profit After Tax for the year grew by 11.9% to ₹ 185.16 crores from ₹ 165.53 crores in the previous Financial Year. Economic growth during the year under review was subdued due to lower consumer demand, muted infrastructure activities, liquidity and financial crisis etc. Revenue growth for the year was impacted due to macroeconomic slowdown and disruption caused by COVID-19 pandemic outbreak towards the end of the Financial Year. The segment wise performance of the Company is detailed under the section Management Discussion and Analysis Report which forms part of this Annual Report.

The consolidated net revenue from operations for the Financial Year under review was ₹ 2,502.94 crores, with a de-growth of 3.5% over ₹ 2,594.01 crores for the previous Financial Year. Consolidated Profit Before Tax for the year was ₹ 249.58 crores over ₹ 219.59 crores for the previous Financial Year. On consolidated basis, the Company earned a Profit After Tax of ₹ 188.25 crores for the Financial Year 2019-20, against ₹ 168.05 crores for the previous Financial Year. These consolidated figures include the financial performance of GUTS Electro-Mech Limited, subsidiary Company.

3. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company's equity investment in Guts Electro-Mech Ltd., which is engaged in the business of manufacture and supply of MCB & RCCB, continues at 74% as on March 31, 2020. During the year under review, the Company has not made any investment in any other entity. Presently, the Company does not have any material subsidiary.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), can be accessed on the Company's website at www.vguard.in.

4. CHANGES TO THE SHARE CAPITAL

During the year under review, the Company has allotted 7,82,276; 5,17,132 and 54,033 number of equity shares of ₹ 1/-, ₹ 34.64 and ₹ 71.36 respectively under ESOS 2013. The Paid-up Capital of the Company, as on March 31, 2020 was ₹ 42,82,87,535/-

5. DIVIDEND

During the year, the Board declared an Interim Dividend of ₹ 0.90 (Ninety Paise) per equity share of ₹ 1/- per share (90% per equity share of ₹ 1/- each), which involved an outflow of ₹ 46.45 crores, including Dividend Distribution Tax. Dividend was paid to all the Shareholders / Beneficial Owners whose name appeared in the Register of Members as on February 27, 2020.

The Board has not recommended final dividend for the Financial Year 2019-20 and the interim dividend declared shall be considered as the final dividend for the year.

6. INVESTOR EDUCATION AND PROTECTION FUND

Transfer of Unpaid/ Unclaimed Dividend & Share Application Money to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013 ("the Act") unclaimed/ unpaid dividend of ₹ 4,41,742/- which was lying in the Unpaid Dividend Account for the Financial Year 2011-12 was transferred during the year under review to IEPF.

Reminders were sent to the Shareholders who have not claimed the dividends for earlier years to claim the same from the Company failing which, the unclaimed dividend lying in the unpaid account for seven years will be transferred to IEPF after the due date for transfer. Unclaimed dividend in respect of the Financial year 2012-13 is due for transfer to IEPF on August 22, 2020.

Transfer of Equity Shares to Investor Education Protection Fund Authority (IEPFA)

In terms of Section 124(6) of the Act read with Rule 6 of the IEPFA (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of IEPFA within a period of thirty days of such shares becoming due for transfer. Upon transfer of such shares, all benefits (like dividend, bonus, split, consolidation etc.), if any, accruing on such shares shall also be credited to the Account of IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which were transferred to the Demat Account of IEPFA can be claimed back by the shareholder by following the procedure prescribed under the aforesaid rules. The procedures to be followed by the shareholder(s) are detailed on the website of the Company, www.vguard.in, under 'investor relations'.

During the year under review, the Company was required to transfer 13,723 equity shares to IEPFA as dividend has not been encashed or claimed on the above shares during the seven consecutive years from the Financial Year 2011-12 to 2017-18. However, the Company could transfer only 10,443 equity shares to IEPFA, as 3,280 equity shares were pledged by one of the shareholders. The Company had intimated IEPFA the details of such shares by filing form IEPF-3.

Details of Nodal Officer

The details of the nodal officer appointed by the Company under the provisions of IEPF are given below and the same is disseminated in the website of the Company www.vguard.in.

Name of the Company Secretary designated as Nodal Officer	Jayasree K
Direct Phone No.	+91 484 - 433 5000
Email ID	jayasree@vguard.in
Address	V-Guard Industries Ltd 42/962, Vennala High School Road, Vennala, Ernakulam – 682028

7. FIXED DEPOSIT

The Company has not accepted any deposit within the meaning of Chapter V of the Act and the Rules framed thereunder during the year under review.

8. MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of the Report.

9. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the Financial Year 2019-20.

10. POSTAL BALLOT

During the year under review, the Board of Directors had sought approval of the Shareholders of the Company through Postal Ballot process pursuant to the provisions of Sections 108 & 110 of the Act read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations, vide notices dated June 12, 2019 and February 26, 2020 and all the resolutions moved by the Company had been approved with requisite majority by the members. Detailed voting results are given under the head 'Postal Ballot' in 'Report on Corporate Governance' Section which forms part of this Annual Report.

11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS / COURTS / TRIBUNALS

There were no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

12. CREDIT RATING

The Company's credit facilities are rated by Investment Information and Credit Rating Agency of India Limited (ICRA Ltd.). The Company continues to have long-term rating of [ICRA] AA (pronounced ICRA double A) and short-term rating of [ICRA] A1+ (pronounced ICRA A one plus). The outlook on the long-term rating remains stable.

13. BUSINESS RESPONSIBILITY REPORT

The Ministry of Corporate Affairs, Government of India, in July 2011, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. These guidelines contain certain principles which are to be adopted by companies as part of its business practices and disclosures regarding the steps taken to implement these principles through a structured reporting format, viz., Business Responsibility Report. Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Company has prepared the Business Responsibility Report which forms part of this Annual Report.

14. BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

As on March 31, 2020, the Board of Directors of the Company comprised of eight Directors, with two Executive and six Non-Executive Directors, which included, four Independent Directors. The composition of the Board of Directors is in compliance with the provisions of Regulation 17 of the Listing Regulations and Section 149 of the Act.

B. Change in office of Directors and Key Managerial Personnel of the Company during the year under review and details of Directors seeking Re-appointment at the 24th Annual General Meeting

The members of the Company in their 23rd Annual General Meeting held on July 24, 2019, re-appointed Ms. Joshna Johnson Thomas, as Non-Executive Director, whose office shall be liable to retire by rotation. The members also approved re-appointment of Mr. Cherian N Punnoose, Mr. C J George and Mr. Ullas K Kamath, as Independent Directors, for a period of five consecutive years from July 29, 2019, as per the provisions of Section 149 of the Act and Regulation 17 of the Listing Regulations. During the year, Mr. A K Nair, Independent Director, retired from the Board effective from July 29, 2019.

Mr. Kochouseph Chittilappilly, Non-Executive Chairman retired from the Board w.e.f. April 1, 2020 and the Board of Directors in their meeting held on March 16, 2020, appointed Mr. Cherian N Punnoose, Independent Director as Chairman of the Board to hold office effective from April 1, 2020. Further, the Board of Directors appointed Mr. B Jayaraj, as an Additional Director on the Board in the Non-Executive Non-Independent category w.e.f. April 1, 2020. As per the provisions of Section 161 of the Act, Mr. B Jayaraj will hold office up to the date of the ensuing Annual General Meeting.

In terms of provisions of Section 160 of the Act, and the rules made thereunder, the Company has received notice from one of the members of the Company, proposing the candidature of Mr. B Jayaraj, for the office of Non-Executive Non-Independent Director, for consideration in the ensuing Annual General Meeting.

As per the provisions of Section 152 of the Act, Mr. Mithun K Chittilappilly, Managing Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors in their meeting held on May 22, 2020, re-appointed Mr. Ramachandran V, as Whole-time Director of the Company, under the designation Director and Chief Operating Officer, for a period of four years, effective from June 1, 2020, subject to the approval of the members in the ensuing Annual General Meeting.

The Notice dated July 20, 2020, of the ensuing Annual General Meeting includes the proposal for appointment and / or re-appointment of Directors and their brief resume, specific information about the nature of expertise, the names of the Companies in which they hold directorship and membership/ chairmanship of the Board Committees as stipulated in the Act and the Listing Regulations.

C. Criteria for Determining Qualifications, Positive Attributes and Independence of a Director

The Nomination and Remuneration Committee has formulated Nomination Remuneration and Evaluation Policy, which details the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and the Listing Regulations. The policy forms part of this report.

D. Declaration by Independent Directors

Mr. C J George, Mr. Cherian N Punnoose, Mr. Ullas K Kamath and Ms. Radha Unni, Independent Directors, have furnished a declaration that they meet the criteria of independence as envisaged in Regulation 16 of the Listing Regulations and Section 149(6) of the Act.

E. Certificate from Practicing Company Secretary

Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the Listing Regulations, M/s. Keyul M Dedhia & Associates, Company Secretary in Practice, Mumbai, has certified that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority and the certificate forms part of the Report of Corporate Governance forming part of this Annual Report.

F. Number of Meetings of the Board of Directors

The Board meets at regular intervals to adopt financial results and consider and decide business policies and strategic proposals apart from other items of business. The Board and Committee meetings are pre-scheduled and a tentative annual calendar of meetings is circulated to the Directors in advance to ensure participation of all Directors.

During the year under review, six Board meetings were held and meetings of Sub-committees were also held. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations. The details of the meetings are given in the Report on Corporate Governance which forms part of this Report. The Company provides all the Board members the facility to participate the meetings of Board and Sub-committees through Video Conferencing / Other Audio Visual Means.

Pursuant to the requirements of Schedule IV to the Act and the Listing Regulations, a separate Meeting of the Independent Directors of the

Company was held on March 16, 2020, and the Directors reviewed and assessed the matters enumerated under Schedule IV(VII)(3) to the Act and Regulation 25(4) of the Listing Regulations. All the Independent Directors attended the meeting.

G. Statutory Committees of the Board

Pursuant to the requirements under the Act and the Listing Regulations, the Board of Directors has constituted various Committees of Board such as Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility ("CSR") Committee and Risk Management Committee.

The composition and terms of reference of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and number of meetings held during the year under review are given in the section, Report on Corporate Governance forming part of this Annual Report.

The CSR Committee of the Company as of March 31, 2020 comprised of three members, Mr. Kochouseph Chittilappilly, Mr. Cherian N Punnoose and Mr. Mithun K Chittilappilly. As Mr. Kochouseph Chittilappilly, retired from the Board of the Company, effective from April 1, 2020, he ceases to hold the position in the Committee. The Board in its meeting held on May 22, 2020, appointed Mr. B Jayaraj, as member of the Committee and he was elected as Chairman of the Committee by the members in their meeting held on June 1, 2020.

The Committee met two times during the year under review, on May 29, 2019 and November 5, 2019. The Committee recommended the amount of CSR spent for the Financial Year and the various CSR programs/activities to be carried out by the Company to the Board, for its consideration and approval.

The Risk Management Committee as of March 31, 2020, comprised of four members, Mr. Ullas K Kamath, Mr. Mithun K Chittilappilly, Mr. Ramachandran V and Mr. Sudarshan Kasturi.

H. Performance Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors (excluding the Director being evaluated) as well as the Sub-committees of the Board. The Nomination and Remuneration Committee of the Company has carried out evaluation of performance of each individual Director. Performance evaluation was made based on structured questionnaire considering the indicative criteria prescribed in the Nomination Remuneration and Evaluation Policy of the Company read with SEBI Guidance Note on Board Evaluation.

Evaluation of the Board was made based on the role played by the Board in decision making, evaluating strategic proposals, discussing annual budgets, assessing adequacy of internal controls, review of risk management procedures etc. The evaluation of individual Director was carried out based on various parameters such as participation in the Board and its Committee meetings, contribution towards strategic proposals, suggesting risk mitigation measures, supporting in putting place internal controls, governance, leadership and talent development and managing external stakeholders. Performance evaluation of various Sub-committees of the Board was carried out based on the criteria such as constitution, effective functioning of the Sub-committees as per the terms of reference, periodical suggestions and recommendations given by the Sub-committees to the Board etc.

In the meeting of Independent Directors held during the year, the members evaluated the performance of the Chairman based on criteria such as giving guidance to the Board and ensuring the independence of the Board etc. The performance of the non-independent directors was also evaluated based on their contribution made to the growth of the Company, strategic initiatives and Board deliberations.

I. Directors' Responsibility Statement

Pursuant to the provisions under Section 134(5) of the Act, with respect to Directors' Responsibility Statement, the Directors confirm:

I. That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

II. That they had 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 at the end of the Financial Year and of the profit and loss of the Company for that period;

III. That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. That they had prepared the annual accounts on a going concern basis;

V. That they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

VI. That they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. AUDIT RELATED MATTERS

A. Statutory Auditors

M/s. S R Batliboi & Associates LLP, Chartered Accountants, Kochi, with Firm Registration Number – 101049W/E300004 were re-appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the Company held on July 31, 2017, to hold office from the conclusion of 21st AGM till the conclusion of 26th AGM to be held in the year 2022, on a remuneration to be fixed by the Board of Directors.

Re-appointment was made subject to ratification by the Members at every subsequent AGM held during the tenure of re-appointment. Pursuant to the amendment made to Section 139 of the Act by the Companies (Amendment) Act, 2017, effective from May 07, 2018, the requirement of seeking ratification of the members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence, the resolution seeking ratification of the members for re-appointment at the ensuing AGM is not being sought.

B. Cost Auditors

As per Section 148 of the Act read with Rules framed thereunder, M/s. BBS & Associates, Cost Accountants, have been appointed as Cost Auditors for the Financial Year 2020-21 to conduct cost audit of the accounts maintained by the Company in respect of various products prescribed under the applicable Cost Audit Rules. The remuneration of Cost Auditors has been approved by the Board of Directors based on the recommendation of the Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by the Members of the Company is set out in the Notice of the ensuing AGM. The Cost Auditors have certified that their appointment is within the limits of Section 141(3)(g) of the Act and that they are not disqualified from appointment within the meaning of the said Act.

The Cost Audit Report for the Financial Year 2018-19, issued by M/s. RA & Co., Cost Auditors, was filed with the Ministry of Corporate Affairs on August 16, 2019. The Cost Audit Report does not contain any qualifications, reservations, or adverse remarks.

The Cost Audit Report for the Financial Year 2019-20 which is to be issued by M/s. RA & Co., Cost Auditors will be considered by the Board of Directors.

C. Secretarial Auditors

M/s. Keyul M Dedhia & Associates, Company Secretaries, Mumbai, were appointed as Secretarial Auditors of the Company for the Financial Year 2019-20 pursuant to Section 204 of the Act. The Secretarial Audit Report submitted by them in the prescribed form MR- 3 is attached as Annexure- I to this report.

The Secretarial Auditors have observed that there was a delay by one day in filing of the Limited Review Report on Un-Audited Consolidated Financial Results for the quarter ended September 30, 2019 with the Stock Exchanges.

Board's comment on the observation:

While filing the unaudited financial results for the quarter ended September 30, 2019, there was an inadvertent omission to file the Auditors' report issued on the unaudited consolidated financial results and the omission to file the Report was not intentional. Subsequently, the Audit Report was filed with BSE Ltd., and the National Stock Exchange of India Ltd., where the shares of the Company are listed.

16. REPORTING OF FRAUDS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors or the Cost Auditors has reported to the Audit Committee, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees.

17. POLICY MATTERS

A. Nomination Remuneration and Evaluation Policy

In terms of provisions of Section 178(3) of the Act, the Nomination and Remuneration Committee of the Company has formulated and recommended to the Board a policy, containing the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive/Non-Executive) and it highlights the remuneration for the Directors, Key Managerial Personnel and other employees, ensuring that it covers the matters mentioned in Section 178(4) of the Act. Nomination Remuneration and Evaluation Policy approved by the Board is given in Annexure II to this Report.

B. Vigil Mechanism / Whistle Blower Policy

The Company has adopted a Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management instances of unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the persons has been denied access to the Chairperson of the Audit Committee. The policy has been circulated amongst the employees of the Company working at various locations, divisions/units. During the year under review, the Company has not received any instances of genuine concerns from Directors or employees.

The policy is in line with the provisions of the Act and the Listing Regulations is available on the website of the Company www.vguard.in.

C. Corporate Social Responsibility Policy

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee and framed a CSR policy which details the programs / activities that can be carried out under various program heads. CSR policy of the Company is available on the website www.vguard.in. The Company's CSR activities are focused on Health Care and Education, Infrastructure Development, Sustainable Livelihood and Social Empowerment & Welfare and Sports, Arts and Culture.

During the year, Company carried out several initiatives under the CSR program, directly as well as through agencies. A report on CSR activities is attached as Annexure III forming part of this report.

D. Risk Management Policy

The Company has developed and implemented risk management framework detailing risks associated with its business, process of identification of risks, monitoring and mitigation of these risks. Risk Management committee constituted by the Board identifies Corporate level risks during the Financial Year which are cascaded down to product/functional risk groups for inclusion in their risk matrices. Corporate risks are strategic risks impacting the Company in the areas of new products, information security, digitization etc. Product risk group also identifies and monitors product specific risks and key product risks are included in Corporate Risks. Yearly update on Corporate risks and its mitigation plans are presented to Risk Management Committee and the Board of Directors.

E. Dividend Policy

Pursuant to the provisions of 43A of the Listing Regulations, the Board of Directors of the Company has adopted a Dividend Policy for determining circumstances and parameters under which Dividend pay-out could be made on periodical basis. The policy highlighted the factors to be considered by the Board of Directors at the time of recommending/declaring of Dividend. The said policy is given in Annexure IV to this report and posted on the web site of the Company www.vguard.in.

18. OTHER MATTERS

A. Internal Financial Controls

The Company has Internal Control Systems commensurate with the nature of its business, size and complexities. Audit Committee reviews the adequacy and effectiveness of internal control system and monitors the implementation of audit recommendations. During the year under review, the Internal Audit division of the Company conducted detailed review of control processes in key control areas and identified design gaps, improvement opportunities and management check points which helps in strengthening the processes and monitoring mechanisms.

Key controls in operational, financial and IT processes were tested to provide assurance regarding compliance with the existing policies and significant operating procedures and no significant weaknesses/deviations were noted in operational controls. Further, the Statutory Auditors of the Company also carried out audit of Internal Financial Controls over Financial Reporting of the Company as on March 31, 2020 and issued their report which forms part of the Independent Auditor's report.

B. Particulars of Loans, Guarantees and Investments

During the year under review, the Company has not given any loan, provided any guarantee or made any investment falling under the provisions of Section 186 of the Act.

C. Financial Position and Performance of Subsidiaries, Joint Ventures and Associates

GUTS Electro-Mech Ltd., subsidiary Company reported Revenue from Operations of ₹ 52.65 crores for the FY 2020. The financial summary of subsidiary Company is as under:

(Amt in lakhs)

Particulars	2019-20	2018-19
Revenue from Operations	5265.05	6,022.50
Profit Before Tax	612.41	593.01
Profit/Loss After Tax	438.39	311.14

Consolidated Financial Statements of the Company are prepared in accordance with Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Act, (Ind AS compliant Schedule III) as applicable to the consolidated financial statements and the same forms an integral part of this Report.

Pursuant to 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 subsidiary, for the Financial Year 2019-20 is given in Form AOC-1 which forms an integral part of this Annual Report.

In accordance with Section 136(1) of the Act, the Annual Report of your Company containing inter alia, financial statements including consolidated financial statements, has been placed on the Company's website www.vguard.in. Further, the financial statements of the subsidiary have also been placed on the Company's website.

The audited financial statements including the consolidated financial statements of the Company and the audited financial statements in respect of the subsidiary company shall be available for inspection for members. Any member desirous of inspecting the above documents may write to the Company and the facility to inspect the documents electronically shall be provided.

D. Any Revision Made in Financial Statements of Board's Report

The Company has not revised the Financial Statements or Board's Report in respect of any of the three preceding Financial Years.

E. Employee Stock Option Scheme 2013

During the year under review, 63,000 no. of options of ₹1/- each and 5,67,000 no. of options of ₹ 68.75 each, being the options for time based vesting for the third year were vested in respect of the grant made on May 04, 2016. Options to the extent of 48,654 of ₹1/- each were vested on time basis due for the third year of vesting, in respect of grant made on June 16, 2016. 2,29,054 no. of options of ₹1/- each were vested on time basis pertaining to the third year in respect of grant made on August 08, 2016.

Further, 42,000 no. of options of ₹1/- each and 1,68,000 no. of options of ₹ 121.80 each were also vested during the year under review, on time basis, for the third year, in respect of the grant made on August 08, 2016. Options to the extent of 28,994 of ₹1/- each were vested on time basis for the third year, in respect of grant made on October 21, 2016.

Options to the extent of 37,706 and 23,584 of ₹ 1/- each were vested on time basis towards the second year in respect of grants made on May 19, 2017 and July 31, 2017 respectively. In respect of grant made on January 30, 2017 options to the extent of 15,462 of ₹1/- each were vested on time basis for the third year.

Options to the extent of 47,023 of ₹ 1/- each were vested on time basis for the second year in respect of grant made on January 22, 2018. In respect of grant made on May 30, 2018, options to the extent of 8,691 were vested, for the first year of vesting. Further, 18,644 no. of options were vested during the year in respect of the grant made on July 31, 2018, for the first year. 14,286 no. of options were vested during the year in respect of grant made on January 31, 2019 being the options for the first year of vesting.

During the year, 7,34,619 no. of options granted at ₹ 1/- each and 15,12,000 no. of options with exercise price of ₹ 68.75 and 4,48,000 no. of options granted at ₹ 121.80 were cancelled due to separation of some of the option grantees and non-achievement of performance parameters. The options cancelled were made available in the Scheme for considering future grant.

The Nomination and Remuneration Committee granted 31,444 no. of options under ESOS 2013, on November 05, 2019, at ₹ 1/- each, and it will be vested over a period of four years from the date of grant based on time and performance basis.

The disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Section 62(1)(b) of the Act, read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is given as Annexure V to this Report.

F. Code of Conduct

In compliance with Regulation 26(3) of the Listing Regulations and the Act, the Company has framed and adopted Code of Conduct ("the Code") for Directors and Senior Management, which provides guidance on ethical conduct of business and compliance of law.

All Members of the Board and Senior Management personnel have affirmed the compliance with the Code as on March 31, 2020. A declaration to this effect, signed by the Managing Director in terms of the Listing Regulations is given in the Report of Corporate Governance forming part of this Annual Report. The Code is made available on the Company's website www.vguard.in.

G. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is enclosed as Annexure VI.

H. Management Discussion and Analysis Report

As per the terms of Regulation 34(2)(e) of the Listing Regulations, the Management Discussion and Analysis Report forms part of this Annual Report.

I. Related Party Transactions

All related party transactions which were entered during the Financial Year were in the ordinary course of business and on an arm's length basis. There were no materially significant related party transactions entered by the Company with the Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interests of the Company.

A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of transactions. Since all the Related Party Transactions entered into during the Financial Year were on an arm's length basis and in the ordinary course of business, no details are required to be provided in Form AOC-2 as prescribed under Section 134(3)(h) the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

In accordance with the requirements of the Listing Regulations, the Company has also adopted Policy on Materiality and dealing with Related Party Transactions and the same has been placed on the website of the Company at www.vguard.in.

J. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements. The Report on Corporate Governance as required under Regulation 34(3) read with Schedule V of the Listing Regulations forms part of this Annual Report. Further as required under Regulation 17(8) of the Listing Regulations, a certificate from the Managing Director and Chief Financial Officer is annexed with this Report.

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

The information pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is furnished in Annexure VII and forms part of this Report.

L. Particulars of Remuneration details of Directors, Key Managerial Personnel and Employees

The remuneration details of Directors and Key Managerial Personnel and ratio of remuneration of each Director to the median of employees' remuneration as per Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure VIII. In accordance with the provisions of Section 197(12) of the Act and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of remuneration of top ten employees who have drawn remuneration not less than the limits specified in the Rules are available with the Company and in terms of provisions of Section 136(1) of the Act, this report is being sent to the members without this detail and any member desirous of obtaining information may write to the Company and the same shall be provided through electronic mode till the date of the ensuing Annual General Meeting.

M. Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of sexual harassment. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment as per the guidelines provided in the policy. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. The policy has been circulated amongst the employees of the Company and the same is exhibited on the notice board of all the business locations/divisions of the Company. During the year under review, the Company has not received any complaint.

19. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the various Secretarial Standards issued by the Institute of Company Secretaries of India.

20. LISTING OF SHARES

The equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Ltd. (BSE). The listing fee for the Financial Year 2020-21 has been paid to the credit of both the Stock Exchanges.

21. CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Board has formulated code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Fair Disclosure Code") for fair disclosure of events and occurrences that could impact price discovery in the market for the Company's securities and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations. The copy of the same is available on the website of the Company at www.vguard.in.

22. PREVENTION OF INSIDER TRADING

The Board has formulated code of conduct for regulating, monitoring and reporting of trading of shares by Insiders. This code lays down guidelines, procedures to be followed and disclosures to be made by the insiders while dealing with shares of the Company and cautioning them on consequences of non-compliances. The copy of the same is available on the website of the Company at www.vguard.in.

23. ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the steadfast commitment and highly motivated performance by employees at all levels which is instrumental in sustained performance of the Company. Your Directors also sincerely thank channel partners, shareholders, various Government & other Statutory Authorities, Banks, Financial Institutions and Analysts for their continued assistance, co-operation and support.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Cherian N Punnoose	**Mithun K Chittilappilly**
Date: June 1, 2020	Chairman	Managing Director
Place: Ernakulam	(DIN: 00061030)	(DIN: 00027610)

Annexure I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members,
V-Guard Industries Limited
Corporate Identity Number: L31200KL1996PLC010010
42/962, Vennala High School Road, Vennala, Ernakulam, Kochi, Kerala- 682 028.

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

We would like to state that due to nation-wide lockdown ordered by the Government of India in view of COVID-19 global pandemic, we have not been able to physically verify the records of the Company for the purpose of our current audit and have instead placed our reliance solely on the contents of electronically signed / scanned copies of the records, documents, papers, information, explanation etc; provided to us by the Company and its officers and agents in electronic form.

Based on our limited verification of the Company's Books, Papers, Minute Books, Forms and Returns filed with applicable regulatory authority(ies) 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 Financial Year ended on March 31, 2020 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

We herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and produced before us for the Financial Year ended March 31, 2020, as per 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) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder with respect to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;

(v) 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 (to the extent applicable);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit period);**

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit period);**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit period);** and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) We relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for the compliance of the following laws applicable specifically to the Company:

1. The Bureau of Indian Standards Act, 1986 and rules made thereunder.
2. The Essential Commodities Act, 1955.
3. Household Electrical Appliances (Quality Control) Order, 1981.

We have also examined compliance with the applicable clauses:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

Based on the aforesaid information provided by the Company, we report that during the Financial Year under report, the Company has complied with the provisions of the above mentioned Act/s, Rules, Regulations, Guidelines, Standards, etc. mentioned above and we have not found material observation or instances of non compliances in respect of the same subject to following observation:

1. There was delay of one day in filing of the Limited Review Report on Un-Audited Consolidated Financial Results for the quarter ended September 30, 2019 with the Stock Exchanges.

We further report that, during the review period, one of the designated employees of the Company had dealt in equity shares of the Company during non-transaction period notified as per the Company's Prevention of Insider Trading Code.

We further report that, during the Audit period, one designated employee of the Company, has delayed in submitting the disclosures under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the Company.

We further report that:

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

Adequate notice was given to all Directors about scheduled Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the representation made by the Company and its Officers, majority decisions were carried through while dissenting member's views, if any, were captured and recorded as part of the Minutes.

Based on the representation made by the Company and its Officers explaining to us in respect of internal systems and mechanisms established by the Company which ensures compliances of other Laws and Regulations applicable to the Company, we 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:

a. The members have passed a Special Resolution by way of Postal Ballot Notice dt June 12, 2019, authorizing the Board of Directors for raising of funds through various sources under Section 180(1)(c) of the Companies Act, 2013 and rules made thereunder, as amended upto INR 750 crores.

b. The members have passed a Special Resolution by way of Postal Ballot dt June 12, 2019, modifying the Statement setting out material facts of the special resolution passed for issue of 10,00,000 number of options for grant under ESOS2013, through Postal Ballot process vide notice dated November 09, 2017.

c. The members have passed a Special Resolution by way of Postal Ballot dt February 26, 2020, adopting new set of Articles of Association in substitution, and to the entire exclusion of the Articles contained in the existing Articles of Association of the Company.

For Keyul M. Dedhia & Associates
Company Secretaries
Unique ICSI Code Number: S2009MH120800

Keyul M. Dedhia
Proprietor
FCS No: 7756 COP No: 8618
UDIN: F007756B000308628

June 01, 2020, Mumbai.

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'Annexure A'

To,
The Members,
V Guard Industries Limited
Corporate Identity Number: L31200KL1996PLC010010
42/962, Vennala high School Road, Vennala, Ernakulam, Kochi, Kerala- 682 028.

Sub: 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-check basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we follow 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 and we rely on Statutory Auditors' Independent Assessment on the same.

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 process followed by Company to ensure adequate Compliance on test-check 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 Keyul M. Dedhia & Associates
Company Secretaries
Unique ICSI Code Number: S2009MH120800

Keyul M. Dedhia
Proprietor
FCS No: 7756 COP No: 8618
UDIN: F007756B000308628

June 01, 2020, Mumbai

Annexure II

Nomination, Remuneration & Evaluation Policy

I. PREAMBLE

As per the provisions of Section 178 of the Companies Act, 2013("the Act") and Regulation 19 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), every listed company shall constitute a Nomination and Remuneration Committee and such Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

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

Further, Sections 134 & 149 of the Act requires every listed company to have a formal evaluation mechanism to evaluate the performance of the Board, its Committees and Individual Directors. Section 178 of the Act further provides that Nomination & Remuneration Committee of the Company shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

In compliance of the above requirements, V-Guard Industries Limited being a Listed Company has constituted a Nomination and Remuneration Committee and the Committee has formulated a Nomination, Remuneration and Evaluation Policy to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and Other employees and evaluation of the Directors. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

II. DEFINITIONS

a) Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time;

b) Board means Board of Directors of the Company

c) Director means a director appointed to the Board of the Company and includes Whole-time Directors, Non-Executive Directors and Independent Directors.

d) Key Managerial Personnel (KMP) means

(i) Managing Director

(ii) Whole-time Directors

(iii) Chief Financial Officer

(iv) Company Secretary and

(v) Such other officer(s) as may be prescribed

e) Nomination & Remuneration Committee of the Company means a sub-committee of the Board constituted in accordance with the provisions of Section 178(1) of the Act and Regulation 19(1) of the Listing Regulations and consists of four Independent Directors as members.

f) Senior Management means to include all members other than the Directors and KMPs of the Company who are the members of its core management team excluding the Board of Directors including Functional Heads.

III. OBJECTIVES OF NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for:

a) Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board.

b) Identifying individuals suitably qualified to be appointed as Directors, KMPs and Senior Management Personnel of the Company.

c) Recommending to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

d) Recommending to the Board to provide any kind of reward to KMPs and Senior Management Personnel linked to their performance and achievement relating to the Company's operations.

e) Ensuring that level and composition of remuneration is reasonable and sufficient and relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

f) Assessing the independence of Independent Directors.

g) Evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members.

h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director, subject to the provisions of law and their service contracts. Further, the extension or continuation of the term of appointment of the Independent Director shall also be on the basis of the report of performance evaluation of Independent Directors.

i) Devising a policy on Board diversity.

j) Developing a succession plan for the Board, KMPs and Senior Management and to regularly review the plan.

k) To recommend to the Board, all remuneration, in whatever form, payable to senior management.

l) Such other key issues or matters as may be referred by the Board or as may be necessary in view of the Listing Regulations and provisions of the Act and Rules made thereunder.

IV. POLICY FOR APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT

A) Appointment criteria and qualifications

i) The Committee shall identify and ascertain the qualification, expertise, industry experience, integrity, background and other qualities of the persons for appointment as Director, KMP or at Senior Management level and recommend to the Board his /her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position concerned.

ii) The Committee shall assess the criteria of independence fulfilled by the appointee incase of recommending a person for appointment / re-appointment as Independent Director.

iii) The Committee shall consider the extent to which the person proposed to be appointed as Director, is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors and enhance the efficiencies of the Company.

iv) The Committee shall consider the nature of existing positions held by the appointee including directorships or other relationships and the impact it may have on the appointee's ability to exercise independent judgement.

v) The Committee shall consider the appointment of any person who has attained the age of 70 years as Whole-time Director, only with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such appointment.

vi) The Committee shall ensure that the new Directors, KMPs and Senior Management are provided adequate training about the operations of the Company and reviewing the training procedures from time to time.

vii) The Committee shall ensure that formal letter of appointment is given to the Independent Directors at the time of their appointment.

B) Term / Tenure

i) The Committee shall recommend the appointment or re-appointment of any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time.

ii) The Committee shall recommend appointment or re-appointment of any person as Independent Director for a term upto five consecutive years and also ensuring that no Independent Director is holding office for more than two consecutive terms.

iii) Recommending to the Board, appointment of KMPs / Senior Management as per the provisions of the Act and policy of the Company.

C) Removal

The Committee may recommend, to the Board due to reasons of any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and the same recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, Rules and Regulations.

D) Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position or otherwise, even after attaining the retirement age, for the benefit of the Company.

V. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

A) Remuneration for Whole-time / Non-Executive / Independent Directors

i) The remuneration including commission payable to Whole-time Directors will be determined by the Committee in accordance with the provisions of the Articles of Association of the Company and the Act and recommended to the Board for approval, subject to the approval of the shareholders of the Company and Central Government, wherever required. The Whole-time Directors shall be eligible for a monthly fixed pay which includes HRA and commission on net profits as variable pay and other benefits like employer's contribution to PF, pension scheme etc and other perquisites like LTA, reimbursement of medical expenses, car, use of telephone, club fees etc.

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

iii) If in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act.

iv) Increments to the existing remuneration structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.

v) Where any insurance is taken by the Company on behalf of its Directors, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to them. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

vi) Non-Executive Directors and Independent Directors may be paid remuneration by way of commission at the rate of not exceeding 2% of the net profits of the Company calculated in accordance with the provisions of the Act.

vii) Non-Executive and Independent Directors shall receive remuneration by way of fees for attending the meetings of Board and sub-committees of the Board, in which they hold membership / chairmanship as the case may be. Sitting fee payable shall be fixed and approved by the Board within the limits as prescribed in the Act.

viii) Independent Directors are not entitled to any stock option of the Company.

B) Remuneration for Key Managerial Personnel and Other Employees

i) The Committee shall take into account the qualification, industry experience, integrity of the appointee, existing remuneration level for similar positions in other companies operating in the same sector etc., while fixing the remuneration payable to the KMPs and Senior Management Personnel. The remuneration payable shall be structured in such way that it consists of fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

ii) The Committee may also consider giving ESOP to KMPs & Senior Management.

VI. PERFORMANCE EVALUATION OF BOARD

As per the provisions of Section 134 and 178 of the Act, the performance of the Board of a Company is to be evaluated annually by the Nomination and Remuneration Committee and a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be mentioned in the Board's report.

The Company's Board consists of optimum combination of Executive and Non-Executive Directors and performance evaluation of the Board as a whole, each individual director and sub-committees of the Board is to be carried out, to ensure that with the efficient performance of the Board, the Company's objectives are achieved and stakeholders' expectations are met.

A) In each Financial Year the Board will undertake the following activities:

i) The Board shall discuss the operating and financial performance, strategic proposals, risk management and key appointments and standards of conduct.

ii) The Board shall ensure that the Company has adopted best governance practices in all spheres of its operations which results in enhanced value for the stakeholders.

iii) The Board as a whole will discuss and analyse its own performance during the year.

iv) The Board shall review the performance of Independent Directors, excluding the Director being evaluated.

v) The Board shall review from time to time the necessity of forming any sub-committees of the Board and delegating certain of its powers, duties and responsibilities to such sub-committees.

vi) The Board shall review the terms of reference of the sub-committees to ensure that these are in line with the provisions of the Act, Listing Regulations or such other regulations that may in force.

vii) The Board shall review the adequacy of number of meetings and provide suggestions for improving Board deliberations.

viii) The Board shall ensure that minimum information is made available to the Board as specified in Annexure / Schedule to the Listing Regulations.

ix) The Board shall ensure that as per the provisions of the Act and the Listing Regulations, matters which are to be discussed and decided in Board meeting are placed and decided at the Board meeting.

x) The Board shall from time to time review those matters which have a bearing on the operations / performance of the Company and needs to be compulsorily informed to the exchange.

B) Independent Directors of the Company shall hold at least one meeting in a year and consider the following:

i) Review the performance of Non-Independent Directors and the Board as a whole.

ii) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

iii) Assess 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.

C) Criteria for evaluation of the performance of the Board

The Board will assess its performance with regard to the following aspects:

i. Analysing the operational activities and financial indicators of the Company.

ii. Understanding the enterprise risk and suggesting mitigation procedures for the risks identified.

iii. Analysis of the budgets and strategic proposals of the Company and its periodical review.

iv. Ability to take appropriate decisions for the proposals placed before the Board.

v. Reviewing the future roadmap of the Company and giving suggestive measures.

vi. Awareness about the industry in which the Company operates.

vii. Monitoring of all statutory compliance.

viii. Implementation of various policies approved by the Board.

ix. Preparedness in dealing with unforeseen crises.

x. Planning for top management succession.

xi. Contribution to Board deliberations with regard to important policy matters and strategic proposals.

D) Evaluation Criteria for Independent Directors:

A. Personal Traits

i. Highest personal and professional ethics, integrity, values and Independence.

ii. Inquisitive and objective perspective, practical wisdom and mature judgment.

iii. Contribution to Board deliberations.

B. Other Criteria

i. Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings.

ii. To act in the best interest of minority shareholders of the Company.

iii. Absence of personal and business relationships that would pose a conflict of interest with the best interests of the Company.

iv. Compliance with the definition of Independent Director as provided in the Act and Listing Regulations.

v. Monitoring the implementation of Corporate Governance guidelines and conflict of interest policy adopted by the Company.

E. Evaluation Criteria for Individual Directors

Individual Director's performance will be evaluated considering the following:

i. Active participation in the Board deliberations and attendance in meetings.

ii. Contribution in practice of Corporate Governance by the Company.

iii. Leadership through vision and values.

iv. Strategic thinking and decision making.

v. Providing guidance to the Management.

vi. Contribution to resolution of divergent views.

F. Evaluation Criteria for Chairman

i. Ensuring effectiveness in conduct of Board meetings & Shareholders meetings.

ii. Ensuring that matters are discussed at the Board meetings in a structured way in order to achieve a balanced decision.

iii. Proactive role in the Board & Committee Evaluation.

iv. Acting as a facilitator of the Agenda for the Board meetings and monitoring finalisation of Minutes.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Cherian N Punnoose	**Mithun K Chittilappilly**
Date: June 1, 2020	Chairman	Managing Director
Place: Ernakulam	(DIN: 00061030)	(DIN: 00027610)

Annexure III

Annual Report on Corporate Social Responsibility (CSR) Activities

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

The CSR Policy of the Company has been formulated and adopted in terms of Section 135 of the Companies Act, 2013 ("the Act") and the Rules made thereunder. The Company undertakes CSR activities specified in the CSR Policy which is in line with Schedule VII to the Act. Activities are predominantly carried out in the areas where the Company's offices or units are located. The Company has formed a Section 8 Company, V-Guard Foundation, which is the principal arm in implementing various CSR programs / projects.

The Company's CSR activities are carried under four broad program heads i.e., Edu-care and Skill Development Programs, Health Care Programs, Build India & Relief and Sports, Arts & Culture.

During the year under review, focus was given on supporting nation building, improving the quality of life of socially and economically backward people, promotion of education and skill development, undertaking livelihood enhancement projects, providing support to differently abled children, providing health care services, promotion of sports and arts, activities to minimize environmental impacts, waste management, providing drinking water and sanitation facilities at schools etc.

Pursuant to Section 135(1) of the Act read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors have constituted a CSR Committee. More information on its CSR Policy and programs can be accessed from the Company's website (www.vguard.in).

II. Composition of CSR Committee of the Board:

The constitution of CSR Committee is as follows:

a. Mr. B Jayaraj

b. Mr. Cherian N Punnoose

c. Mr. Mithun K Chittilappilly

Mr. Kochouseph Chittilappilly, Chairman and Member of the Committee retired with effect from April 1, 2020. Mr. B. Jayaraj was inducted to the committee effective from May 22, 2020.

III. Average net profit of the Company for last three Financial Years for the purpose of computation of CSR:

₹ 19,812 Lakhs (as per Section 198 of the Act).

IV. Prescribed CSR Expenditure (two per cent of the amount as in item III above):

₹ 396.23 Lakhs

During the Financial Year 2019-20, the Company earned an income from CSR projects/ activities and Bank interest to the tune of ₹ 1.52 Lakhs and ₹ 0.32 Lakhs respectively. The total earnings of ₹ 1.84 lakhs were added to the total CSR budget for the year as per the provisions of the Act and Rules made thereunder and in line with CSR policy of the Company and the amount was spent towards various programs / activities.

V. Details of CSR spent during the Financial Year:

a. Total amount spent for the Financial Year 2019-20: ₹ 400.57 Lakhs

b. Amount unspent: Nil

(c) Manner in which the amount spent during the Financial Year is detailed below:

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads (₹)	Cumulative Expenditure Up to the reporting period (₹)	Amount Spent: Direct or through implementing Agency (₹)
1	**V-Guard Edu-care and Skill Development Programs** Activities undertaken to improving infrastructure in Government schools & colleges. Contribution for educational sponsorship programs. Improving the livelihood of unemployed youths through skill development programs, vocational trainings etc.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled children and livelihood enhancement projects.	Palakkad, Angamaly, Aluva, Ernakulam, Kottayam, Malapuram, Alappuzha, Thrissur (Kerala), Vellore, Madurai, Coimbatore (Tamil Nadu), Raichur, Yadgir, Belguam, Bangalore, Gulbarga (Karnataka), Hyderabad (Telangana), Puri & Khurda (Odisha), Jaipur (Rajasthan), Raipur (Chhattisgarh), Jorhat, Biswanath, Barpeta (Assam), Kala Amb (Himachal Pradesh), Ghaziabad (U.P), Kashipur (Uttarakhand), Mamring (Sikkim), Mumbai (Maharashtra)	2,49,32,422.00	2,49,32,422.00	2,49,32,422.00	Direct: 73,37,232.00 Agency: 1,75,95,190.00
2	**V-Guard Health Care Programs** Activities undertaken to Strengthening the infrastructure of various Government and Charity health centers/ hospitals and thereby improve access to preventive and curative human health services. Programs for improving sanitation facilities and hygiene habits, access to quality drinking water. Nutritional Support to Cancer affected children and T.B patients.	Promoting health care including preventive health care, sanitation programs and organizing medical camps.	Thrissur, Wayanad, Kochi, Kozhikode, Ernakulam, Kottayam (Kerala), Hazaribagh (Jharkhand), Lucknow (UP), Krishna (Andhra Pradesh), Hyderabad (Telangana)	26,77,545.00	26,77,545.00	26,77,545.00	Direct: 4,35,345.00 Agency: 22,42,200.00

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Subheads: (1) Direct Expenditure (2) Overheads (₹)	Cumulative Expenditure Up to the reporting period (₹)	Amount Spent: Direct or through implementing Agency (₹)
3	**V-Guard Build India & Relief** Activities towards Disaster relief & rehabilitation. Financial assistance to old age homes. Plantation of tree saplings in the vicinity of highway sides as part of highway beautification project. Swachh Bharat and Plastic free environment Initiatives. Rural Drinking water Projects and Revival of water bodies Initiative.	1) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water. 2) Measures for reducing inequalities faced by socially and economically backward groups. 3) Disaster Relief activities	Perumbavoor, Kochi, Malapuram (Kerala), Perundurai (Tamil Nadu), Madikeri (Karnataka), Pune, Nagpur, Mumbai (Maharashtra), Ahmedabad (Gujarat), Kashipur (Uttarakhand), Kolkata (West Bengal), Rangpo (Sikkim), Guwahati (Assam)	1,00,02,266.00	1,00,02,266.00	1,00,02,266.00	Direct: 36,15,307.00 Agency: 63,86,959.00
	V-Guard Sports, Arts & Cultural Programs Support Paralympic shooter Infrastructure support to Sports authority of India.	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Ernakulam (Kerala), Kashipur (Uttarakhand)	12,90,796.00	12,90,796.00	12,90,796.00	Direct: 11,90,796.00 Agency: 1,00,000.00
	Subtotal					**3,89,03,029.00**	
	Administrative Expenses					**11,53,804.00**	
	Total CSR spend					**4,00,56,833.00**	

Details of Implementing Agency

1. Help Age, India
2. World Vision India
3. SOS Children's Village of India
4. Cuddles Foundation, India
5. Bharat Scouts and Guides, West Bengal
6. Indian Cancer Society, Mumbai
7. Rotary club, Borivli
8. Social Service Centre, Vijayawada
9. Indraprastha Academy, New Delhi

10. Rotary Cochin International, Kochi
11. Welfare Service Society, Ernakulam
12. Adarsh Charitable Trust, Ernakulam
13. Kochi Bypass Beautification Society, Kochi
14. Santhibhavan Social centre, Kozhikode
15. Amala fellowship, Angamaly
16. Anand Vruddhashram seva trust ,Palghar

VI. In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report:

Not applicable.

VII. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR Objectives and Policy of the Company:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the projects and activities in compliance with the Company's CSR objectives.

For and on behalf of CSR Committee

	Sd/-	Sd/-	Sd/-
	B Jayaraj	**Cherian N Punnoose**	**Mithun K Chittilapilly**
Date: June 1, 2020	Chairman	Member	Member
Place: Ernakulam	(DIN: 00027479)	(DIN: 00061030)	(DIN: 00027610)

For and on behalf of Board of Directors

	Sd/-	Sd/-
	Cherian N Punnoose	**Mithun K Chittilapilly**
Date: June 1, 2020	Chairman	Managing Director
Place: Ernakulam	(DIN: 00061030)	(DIN: 00027610)

Annexure IV

DIVIDEND POLICY

Preamble

Distribution of profit by a Company among its shareholders is termed as payment of Dividend. A Company may either distribute, entire profits earned by it, among its shareholders or distribute a certain percentage of its profit and retain the balance in business for purposes like expansion, diversification and inorganic investments. A formal dividend policy, helps the Board of a Company, to arrive at a balanced dividend pay-out ratio, taking into account, factors such as profit made during the relevant Financial Year, expansion programmes, other strategic plans etc.

Objective of the Policy

This policy formulated by the Board of Directors ("the Board") of V-Guard Industries Ltd., ("the Company") will act as an aid to declare dividend and its pay-out by the Company in compliance with the provisions of Companies Act, 2013 ("the Act") (including any statutory re-enactment(s) made from time to time) read with applicable rules framed thereunder, as may be in force for the time being.

The objective of the policy is to ensure a regular dividend income for the shareholders and long term capital appreciation for all the stakeholders of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profit retained in the business for various purposes. The Board, will refer to this policy, while declaring / recommending dividend and would endeavour to maintain a consistent approach to dividend pay-out plans and also provide greater clarity on the dividend pay-out philosophy of the Company.

Final Dividend

Payment of dividend which is approved by the shareholders of a Company in their Annual General Meeting, based on the recommendation of Board of Directors, subsequent to adoption of audited annual financial statements of a Financial Year is the final dividend for that particular Financial Year.

Process for approval of payment of Final Dividend

- Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- Based on the profits arrived at as per the audited financial statements;
- Shareholders to approve in Annual General Meeting;
- Once in a Financial Year.

Interim Dividend

The Board of the Company may declare interim dividend during a Financial Year, based on the profits of any particular quarter or half year or in exceptional circumstances.

Process of approval of payment of Interim Dividend

- Board may declare Interim Dividend at its discretion in line with this Policy;
- Based on profits arrived at as per quarterly (or half-yearly) financial statements including exceptional items;
- One or more times in a Financial Year.

Declaration of Dividend

Subject to the provisions of the Act, Dividend shall be declared or paid only out of-

i) Current Financial Year's profit:

    a) after providing for depreciation in accordance with law.

ii) The profits for any previous Financial Year(s):

    a) after providing for depreciation in accordance with law;

    b) remaining undistributed; or

iii) out of i) & ii) both.

The Board may, while declaring or recommending Dividend, transfer to reserves such amount as may be considered appropriate. However, transfer of amount to reserves, before declaring or recommending Dividend is not mandatory, as per the provisions of the Act.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

Factors to be considered while declaring or recommending Dividend

While declaring or recommending Dividend, the Board shall take into account, the external and internal factors and arrive at an optimum percentage for distributing the profits of the Company.

The Board may consider the external factors such as economic, business and market conditions and if the conditions are not favourable, the Board may decide to retain larger part of profits to build up reserves. The Board may also consider the restrictions imposed by the Act with regard to declaration of Dividend.

Apart from the external factors, the Board may also consider various internal factors, while declaring Dividend. The Board may take into account, the present and future capital requirements for both existing and new units, business acquisition plans and any other matters that the Board may deem fit.

Dividend Range

The Company aims in ensuring sustainable wealth creation for its shareholders and with this objective, would distribute an optimum level of profits among the shareholders and retain the balance for meeting the expansion requirements. The Board will endeavour to maintain a Dividend pay-out in the range of 15-25% of the Company's Profit After Tax on standalone financials.

The Board may, at its discretion, consider declaring or recommending special dividends, at times, when the Company has huge cash surpluses, which is not deployed or earmarked for expansion programmes or makes extraordinary profits, from sale of assets or investments.

Review

The Board, may review this policy on periodical basis, considering various external and internal factors.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Cherian N Punnoose	**Mithun K Chittilappilly**
Date: June 1, 2020	Chairman	Managing Director
Place: Ernakulam	(DIN: 00061030)	(DIN: 00027610)

Annexure V

DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND RULE 12 OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

1. **Disclosure in terms of Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time**
   Disclosed in the notes to financial statements - Refer to Note 46 of Standalone Financial Statements 2019-20 which forms the part of this Annual Report

2. **Material Changes in the Scheme**
   No material change has been carried out during the Financial Year under review. The Scheme was primarily adopted as per the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and the same was aligned as per the provisions and requirements under the SEBI (Share Based Employee Benefits) Regulations, 2015.

3 **Diluted EPS on issue of shares pursuant to ESOS: ₹ 4.28**

4 **(i) Details related to ESOS**

Sr. No.	Particulars	ESOS 2013
1	Details of the Shareholders Approval	May 14, 2013, July 26, 2016, April 30, 2017 and December 09, 2017
2	Total number of Options approved under the scheme Additional options granted on account of Corporate Action of Bonus Issue	1,46,50,000 no. of options 33,66,710 no. of options
3	Vesting requirements	Vesting period of options vested in respect of Grant 1 and 2 was three years and the same for options vested or to be vested in respect of Grant 3 to 13 is four years. In respect of the Grant (Grant 14) made during the Financial Year 2019-20, the options will vest over a period of 4 years on time and performance basis subject to fulfillment of terms and conditions attached to it
4	Exercise Price / Pricing Formula	The Company has granted options both at Market price and at face value as detailed below: **No. of options** — **Particulars** 1,11,96,310 — At Market Price 50,06,542 — At Face Value
5	Maximum Term of Options granted	As per the terms attached to each of the grants, the total term of the options for the grants 1 & 2 is 9 years and for the grants 3 to 14 is 10 years. (Exercise period will be for a period of 6 years from each year of vesting)
6	Source of Shares	Primary
7	Variation in terms of options	No Variation
8	Method used for accounting of ESOS	Fair Value Method
9	For Options granted during the year weighted average exercise prices and weighted average fair value of the options shall be disclosed seperately for options whose exercise price either equals or is less than the market price of the stock.	

Sr. No.	Particulars	ESOS 2013
	Weighted average exercise price of Options whose	₹
	Exercise price equals market price	Nil
	Exercise price is greater than market price	Nil
	Exercise price is less than market price	1
	Weighted average fair value of options whose	₹
	Exercise price equals market price	Nil
	Exercise price is greater than market price	Nil
	Exercise price is less than market price	241.66

4. (ii) Employee-wise details of options granted during the Financial Year 2019-20 to:

(i)	**Senior Managerial Personnel**		
	Name of employee & Designation	**Number of Options & Exercise Price**	
	Nil		
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year		
	Name of employee & Designation	**Total number of Options & Exercise Price**	
a	Shabrish Divakaran Nair Deputy General Manager-Costing	31,444 number of options	₹ 1/- per option
(iii)	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.		
	Name of employee and designation	**Total number of Options**	
a	Ramachandran V Director and Chief Operating Officer	56,00,000	

4 (iii) A description of the method and significant assumption used during the year to estimate the fair values of options.

a)	The fair value has been calculated using the Binomial Method. The assumptions used in the model are as follows	Weighted Average Assumptions
	Price of the underlying shares in market at the time of Option granted (₹)	222.84
	Expected Volatility %	31.68% to 31.95%
	Riskfree Rate %	6.01% to 6.55%
	Exercise Price (₹)	1
	Expected Life (In Years)	4.01 to 7.01
	Expected Dividend %	0.32%
b)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical prices for the period equivalent to the expected life of the option.
c)	The method used and the assumptions made to incorporate the effects of expected early exercise	It is assumed that the options will be exercised within the exercise period.
d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	No other features incorporated.

5. Options Movement During the year

Sr. No	Particulars	ESOS 2013 Grant I	ESOS 2013 Grant II	ESOS 2013 Grant III	ESOS 2013 Grant IV	ESOS 2013 Grant VA	ESOS 2013 Grant V B	ESOS 2013 Grant VI	ESOS 2013 Grant VII	ESOS 2013 Grant VIII	ESOS 2013 Grant IX	ESOS 2013 Grant X	ESOS 2013 Grant XI	ESOS 2013 Grant XII	ESOS 2013 Grant XIII	ESOS 2013 Grant XIV
1	Number of options outstanding at the beginning of the period	23,70,171 number of options of ₹34.64 each and 83,784 number of options of ₹1/- each	1,71,408 number of options of ₹71.36 each and 4,612 number of options of ₹1/- each	37,80,000 number of options of ₹68.75 each and 3,57,000 number of options of ₹1/- each	1,64,499 number of options of ₹1/- each	9,20,242 number of options of ₹1/- each	11,20,000 number of options of ₹121.8 each and 1,96,000 number of options of ₹1/- each	69,827 number of options of ₹1/- each	67,000 number of options of ₹1/- each	1,63,393 number of options of ₹1/- each	1,33,169 number of options of ₹1/- each	2,23,521 number of options of ₹1/- each	46,354 number of options of ₹1/- each	99,452 number of options of ₹1/- each	76,190 number of options of ₹1/- each	NA
2	Options exercisable at the beginning of the year	23,70,171 number of options of ₹34.64 each and 83,784 number of options of ₹1/- each	1,71,394 number of options of ₹71.36 and 4,612 number of options of ₹1/- each	11,34,000 number of options of ₹68.75 and 63,000 number of options of ₹1/- each	2,300 number of options of ₹1/- each	1,28,094 number of options of ₹1/- each	3,36,000 number of options of ₹121.8	11,839 number of options of ₹1/- each	15,462 number of options of ₹1/- each	Nil	1,895 number of options of ₹1/- each	19,760 number of options of ₹1/- each	Nil	Nil	Nil	NA
3	Number of options Granted during the year	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	31,444 number of options of ₹1/- each
4	Number of options vested during the year	NA	NA	5,67,000 number of options of ₹68.75 and 63,000 number of options of ₹1/- each	48,654 number of options of ₹1/- each	2,29,054 number of options of ₹1/- each	1,68,000 number of options of ₹121.8 and 42,000 number of options of ₹1/- each	28,994 number of options of ₹1/- each	15,462 number of options of ₹1/- each	37,706 number of options of ₹1/- each	23,584 number of options of ₹1/- each	47,023 number of options of ₹1/- each	8,691 number of options of ₹1/- each	18,644 number of options of ₹1/- each	14,286 number of options of ₹1/- each	NA
5	Number of options exercised during the year	5,17,132 number of options were exercised of ₹34.64 and 15,289 number of options were exercised of ₹1/-each	54,033 number of options were exercised of ₹71.36 and 4,612 number of options were exercised of ₹1/- each	1,26,000 number of options were exercised of ₹1/- each	35,816 number of options were exercised of ₹1/- each	2,12,058 number of options were exercised of ₹1/- each	42,000 number of options were exercised of ₹1/- each	28,176 number of options were exercised of ₹1/- each	30,924 number of options were exercised of ₹1/- each	37,706 number of options of ₹1/- each	25,479 number of options of ₹1/- each	39,563 number of options of ₹1/- each	4,500 number of options of ₹1/- each	18,644 number of options of ₹1/- each	14,286 number of options of ₹1/- each	NA
6	Number of shares arised as a result of exercise of options	5,32,421	58,645	1,26,000	35,816	2,12,058	42,000	28,176	30,924	37,706	25,479	39,563	4,500	18,644	14,286	NA
7	Number of options lapsed during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	Number of options cancelled during the year*	Nil	Nil	15,12,000 number of options granted at ₹68.75 and 1,68,000 number of options granted at ₹1/- each	64,890 number of options granted at ₹1/- each	3,34,040 number of options granted at ₹1/- each	4,48,000 number of options granted at ₹121.8 and 1,12,000 number of options granted at ₹1/- each	6,958 number of options granted at ₹1/- each	Nil	Nil	48,731 number of options granted at ₹1/- each	Nil	Nil	Nil	Nil	Nil
9	Money realised by exercise of options (INR)*	1,79,28,741.48	38,60,406.88	1,26,000	35,816	2,12,058	84,000	28,176	30,924	37,706	25,479	39,563	4,500	18,644	14,286	NA

Sr. No	Particulars	ESOS 2013 Grant I	ESOS 2013 Grant II	ESOS 2013 Grant III	ESOS 2013 Grant IV	ESOS 2013 Grant VA	ESOS 2013 Grant V B	ESOS 2013 Grant VI	ESOS 2013 Grant VII	ESOS 2013 Grant VIII	ESOS 2013 Grant IX	ESOS 2013 Grant X	ESOS 2013 Grant XI	ESOS 2013 Grant XII	ESOS 2013 Grant XIII	ESOS 2013 Grant XIV
10	Number of options outstanding at the end of the year	18,53,039 number of options of ₹34.64 each and 68,495 number of options of ₹1/- each	1,17,375 number of options of ₹71.36 each.	22,68,000 number of options of ₹68.75 each and 63,000 number of options of ₹1/- each	63,793 number of options of ₹1/- each	3,74,144 number of options of ₹1/- each	6,72,000 number of options of ₹121.8 each and 42,000 number of options of ₹1/- each	34,693 number of options of ₹1/- each	36,076 number of options of ₹1/- each	1,25,687 number of options of ₹1/- each	58,959 number of options of ₹1/- each	1,83,958 number of options of ₹1/- each	41,854 number of options of ₹1/- each	80,808 number of options of ₹1/- each	61,904 number of options of ₹1/- each	31,444 number of options of ₹1/- each
11	Number of options exercisable at the end of the year	18,53,039 number of options of ₹34.64 each and 68,495 number of options of ₹1/- each	1,17,361 number of options of ₹71.36	17,01,000 number of options of ₹68.75	15,138 number of options of ₹1/- each	1,45,090 number of options of ₹1/- each	5,04,000 number of options of ₹121.8	12,657 number of options of ₹1/- each	Nil	Nil	Nil	27,220 number of options of ₹1/- each	4,191 number of options of ₹1/- each	Nil	Nil	NA
12	Loan repaid by the trust during the year from the exercise price received	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: * Exercise amount in respect of 42000 no. of options exercised during February-March 2019 was received in April 2019. Options to the extent of 26,22,928 were cancelled due to non achievement of performance criteria.

The disclosures made above are available on the Company's website, www.vguard.in under the section "Investor Relations".

For and on behalf of the Board of Directors

Sd/-
Cherian N Punnoose
Chairman
(DIN: 00061030)

Sd/-
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: June 1, 2020
Place: Ernakulam

Annexure VI

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2020

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

I REGISTRATION & OTHER DETAILS:

i)	CIN	L31200KL1996PLC010010
ii)	Registration Date	12.02.1996
iii)	Name of the Company	V-Guard Industries Limited
iv)	Category/Sub-category of the Company	Company Limited by Shares
v)	Address of the Registered office & contact details	42/962, Vennala High School Road, Vennala, Ernakulam - 682028 Ph: 0484-433 5000; e-mail: mail@vguard.in
vi)	Whether listed company	Listed at BSE Ltd. and National Stock Exchange of India Ltd.
vii)	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd. Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028 Ph: 0422 - 2314792; e-mail: coimbatore@linkintime.co.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company

Sr No	Name & Description of main products / services	NIC Code of the product /service	% to total turnover of the company
1	Electronics	2710	30%
2	Electricals	2710, 2732, 2733, 2750, 2812	43%
3	Consumer Durables	2750, 2790, 2815	27%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sr No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Guts Electro-Mech Limited 163C/ 164E, Phase II, IDA, Cherlapally, Hyderabad, Telangana-500051	U52520TG1987PLC007245	Subsidiary	74	Section 2(87) of the Companies Act, 2013

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS A PERCENTAGE OF TOTAL EQUITY)

(i) Category- Wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change
		Number of shares held in dematerialised form	Number of shares held in physical form	Total number of shares	% of the total number of shares	Number of shares held in dematerialised form	Number of shares held in physical form	Total number of shares	% of the total number of shares	% Change during the year
(A)	**Promoter**									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	12,54,92,830	-	12,54,92,830	29.39	8,45,89,166	-	8,45,89,166	19.75	-9.64
(b)	Central Government / State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Any Other - Promoter Group									
	Individuals	10,89,36,960	-	10,89,36,960	25.52	14,47,36,786	-	14,47,36,786	33.80	8.28
	Trust	3,93,33,250	-	3,93,33,250	9.21	3,93,33,250	-	3,93,33,250	9.18	-0.03
	Sub Total (A)(1)	**27,37,63,040**	**-**	**27,37,63,040**	**64.12**	**26,86,59,202**	**-**	**26,86,59,202**	**62.73**	**-1.39**
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	0.00	-	-	-	0.00	0.00
(b)	Government	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Institutions	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Foreign Portfolio Investor	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**27,37,63,040**	**-**	**27,37,63,040**	**64.12**	**26,86,59,202**	**-**	**26,86,59,202**	**62.73**	**-1.39**
(B)	**Public Shareholding**									
[1]	Institutions									
(a)	Mutual Funds / UTI	4,93,50,869	-	4,93,50,869	11.56	4,74,23,313	-	4,74,23,313	11.07	-0.49
(b)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Alternate Investment Funds	11,94,669	-	11,94,669	0.28	36,92,705	-	36,92,705	0.86	0.58
(d)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Foreign Portfolio Investors	5,28,48,867	-	5,28,48,867	12.38	5,73,47,604	-	5,73,47,604	13.39	1.01
(f)	Financial Institutions / Banks	92,148	-	92,148	0.02	1,29,277	-	1,29,277	0.03	0.01
(g)	Insurance Companies	-	-	-	0.00	63,37,433	-	63,37,433	1.48	1.48
(h)	Provident Funds/ Pension Funds	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Any Other (Specify)	-	-	-	0.00	-	-	-	0.00	0.00
	Sub Total (B)(1)	**10,34,86,553**	**-**	**10,34,86,553**	**24.24**	**11,49,30,332**	**-**	**11,49,30,332**	**26.83**	**2.59**
[2]	Central Government/ State Government(s)/ President of India	-	-	-	0.00	-	-	-	0.00	0.00
	Sub Total (B)(2)	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**0.00**	**0.00**
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,26,80,564	8,59,534	3,35,40,098	7.86	3,05,59,476	8,12,254	3,13,71,730	7.33	-0.53
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	84,51,271	-	84,51,271	1.98	86,80,636	-	86,80,636	2.03	0.05
(b)	NBFCs registered with RBI	4,589	-	4,589	0.00	-	-	-	0.00	0.00
(c)	Employee Trusts	394	-	394	0.00	-	-	-	0.00	0.00

Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change
		Number of shares held in dematerialised form	Number of shares held in physical form	Total number of shares	% of the total number of shares	Number of shares held in dematerialised form	Number of shares held in physical form	Total number of shares	% of the total number of shares	% Change during the year
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Any Other (Specify)									
	IEPF	90,620	-	90,620	0.02	99,863	-	99,863	0.02	0.00
	Trusts	-	-	-	0.00	7,213	-	7,213	0.00	0.00
	Hindu Undivided Family	3,88,697	-	3,88,697	0.09	3,78,086	-	3,78,086	0.09	0.00
	Non Resident Indians (Non Repat)	5,83,610	-	5,83,610	0.14	5,89,295	-	5,89,295	0.14	0.00
	Non Resident Indians (Repat)	29,04,418	-	29,04,418	0.68	25,86,758	-	25,86,758	0.60	-0.08
	Foreign Portfolio Investor (Individual)	2,646	-	2,646	0.00	2,646	-	2,646	0.00	0.00
	Clearing Member	6,83,660	-	6,83,660	0.16	2,58,079	-	2,58,079	0.06	-0.10
	Bodies Corporate	30,21,898	12,600	30,34,498	0.71	7,11,095	12,600	7,23,695	0.17	-0.54
	Sub Total (B)(3)	**4,88,12,367**	**8,72,134**	**4,96,84,501**	**11.64**	**4,38,73,147**	**8,24,854**	**4,46,98,001**	**10.44**	**-1.20**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**15,22,98,920**	**8,72,134**	**15,31,71,054**	**35.88**	**15,88,03,479**	**8,24,854**	**15,96,28,333**	**37.27**	**1.39**
	Total (A)+(B)	**42,60,61,960**	**8,72,134**	**42,69,34,094**	**100.00**	**42,74,62,681**	**8,24,854**	**42,82,87,535**	**100.00**	**0.00**
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	-	-	-	0.00	-	-	-	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	0.00	-	-	-	0.00	0.00
	Total (A)+(B)+(C)	**42,60,61,960**	**8,72,134**	**42,69,34,094**	**100.00**	**42,74,62,681**	**8,24,854**	**42,82,87,535**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr No	Shareholders Name	No. of shares held at the beginning of the year			No. of shares held at the end of the year			
		Number of shares	% of total number of shares	% of Shares pledged / encumbered to total shares	Number of shares	% of total number of shares	% of Shares pledged / encumbered to total shares	% change in shareholding during the year
1	Kochouseph Chittilappilly	7,90,08,252	18.51%	0.00	7,36,57,964	17.20%	0.00%	-1.31%
2	Sheela Kochouseph	4,64,84,578	10.89%	0.00	1,09,31,202	2.55%	0.00%	-8.34%
3	Mithun Kochouseph Chittilappilly*	7,18,86,452	16.84%	0.00	10,76,86,278	25.14%	0.00%	8.31%
4	Arun K Chittilappilly*	3,70,50,508	8.68%	0.00	3,70,50,508	8.65%	0.00%	-0.03%
5	Kochouseph Chittilappilly, Managing Trustee of K Chittilappilly Trust*	2,08,08,000	4.87%	0.00	2,08,08,000	4.86%	0.00%	-0.01%
6	Kochouseph Chittilappilly, Managing Trustee of Arav Chittilappilly Trust*	1,85,25,250	4.34%	0.00	1,85,25,250	4.33%	0.00%	-0.01%
	Total	**27,37,63,040**	**64.12%**	**0.00**	**26,86,59,202**	**62.73%**	**0.00%**	**-1.39%**

* Member of Promoter Group as defined under SEBI (ICDR) Regulations 2009, which is amended from time to time.

(iii) Change in Shareholding of Promoters

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	**Kochouseph Chittilappilly**				
	At the beginning of the year	7,90,08,252	18.51%	7,90,08,252	18.51%
	Decrease on 26.08.2019/ Market Sale	(2,30,000)	-0.05%	7,87,78,252	18.43%
	Decrease on 10.12.2019/ Market Sale	(51,20,288)	-1.20%	7,36,57,964	17.22%
	At the end of the year			7,36,57,964	17.20%
2	**Sheela Kochouseph**				
	At the beginning of the year	4,64,84,578	10.89%	4,64,84,578	10.89%
	Decrease on 27.12.2019 (Disposition by way of gift to Mr. Mithun K Chittilappilly - Off Market Transfer)	(3,55,53,376)	-8.31%	1,09,31,202	2.56%
	At the end of the year			1,09,31,202	2.55%
3	**Mithun Kochouseph Chittilappilly**				
	At the beginning of the year	7,18,86,452	16.84%	7,18,86,452	16.84%
	Increase on 26.08.2019/Market Purchase	2,30,000	0.05%	7,21,16,452	16.87%
	Increase on 27.12.2019 (Acquisition by way of gift from Ms. Sheela Kochouseph - Off Market Transfer)	3,55,53,376	8.31%	10,76,69,828	25.18%
	Increase on 18.03.2020/Market Purchase	4,000	0.00%	10,76,73,828	25.14%
	Increase on 23.03.2020/Market Purchase	2,000	0.00%	10,76,75,828	25.14%
	Increase on 24.03.2020/Market Purchase	2,000	0.00%	10,76,77,828	25.14%
	Increase on 25.03.2020/Market Purchase	4,000	0.00%	10,76,81,828	25.14%
	Increase on 27.03.2020/Market Purchase	4,450	0.00%	10,76,86,278	25.14%
	At the end of the year			10,76,86,278	25.14%
4	**Arun K Chittilappilly**				
	At the beginning of the year	3,70,50,508	8.68%	3,70,50,508	8.68%
	At the end of the year			3,70,50,508	8.65%
5	**Kochouseph Chittilappilly, Managing Trustee of K Chittilappilly Trust**				
	At the beginning of the year	2,08,08,000	4.87%	2,08,08,000	4.87%
	At the end of the year			2,08,08,000	4.86%
6	**Kochouseph Chittilappilly, Managing Trustee of Arav Chittilappilly Trust**				
	At the beginning of the year	1,85,25,250	4.34%	1,85,25,250	4.34%
	At the end of the year	-		1,85,25,250	4.33%

iv. Shareholding Pattern of top 10 Shareholders (other than Directors, Promoters and Holders of GDR and ADRs)

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	**Nalanda India Equity Fund Limited**				
	At the beginning of the year	1,82,62,790	4.28%	1,82,62,790	4.28%
	At the end of the year			1,82,62,790	4.26%
2	**Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Focused 25 Fund**				
	At the beginning of the year	1,34,94,836	3.16%	1,34,94,836	3.16%
	Decrease on 05.04.2019 / Sale	(61,324)	-0.01%	1,34,33,512	3.15%
	Decrease on 12.04.2019 / Sale	(75,717)	-0.02%	1,33,57,795	3.13%
	Increase on 31.05.2019 / Purchase	16,71,699	0.39%	1,50,29,494	3.52%
	Increase on 07.06.2019 / Purchase	17,56,963	0.41%	1,67,86,457	3.93%
	Increase on 29.06.2019 / Purchase	97,907	0.02%	1,68,84,364	3.95%
	Decrease on 12.07.2019 / Sale	(1,68,251)	-0.04%	1,67,16,113	3.91%
	Increase on 19.07.2019 / Purchase	2,84,000	0.07%	1,70,00,113	3.98%
	Increase on 26.07.2019 / Purchase	2,30,000	0.05%	1,72,30,113	4.03%
	Increase on 02.08.2019 / Purchase	6,81,000	0.16%	1,79,11,113	4.19%
	Increase on 09.08.2019 / Purchase	34,618	0.01%	1,79,45,731	4.20%
	Increase on 23.08.2019 / Purchase	45,459	0.01%	1,79,91,190	4.21%
	Increase on 06.09.2019 / Purchase	1,62,692	0.04%	1,81,53,882	4.25%
	Decrease on 20.09.2019 / Sale	(10,077)	0.00%	1,81,43,805	4.24%
	Decrease on 30.09.2019 / Sale	(2,532)	0.00%	1,81,41,273	4.24%
	Increase on 01.11.2019 / Purchase	1,20,201	0.03%	1,82,61,474	4.27%
	Decrease on 10.01.2020 / Sale	(2)	0.00%	1,82,61,472	4.27%
	Increase on 06.03.2020 / Purchase	87,578	0.02%	1,83,49,050	4.29%
	Decrease on 20.03.2020 / Sale	(2,72,091)	-0.06%	1,80,76,959	4.22%
	At the end of the year			1,80,76,959	4.22%
3	**DSP Midcap Fund**				
	At the beginning of the year	1,93,70,118	4.54%	1,93,70,118	4.54%
	Decrease on 05.04.2019 / Sale	(1,25,317)	-0.03%	1,92,44,801	4.51%
	Decrease on 12.04.2019 / Sale	(49,255)	-0.01%	1,91,95,546	4.50%
	Decrease on 19.04.2019 / Sale	(7,06,90)	-0.02%	1,91,24,856	4.48%
	Decrease on 26.04.2019 / Sale	(7,61,905)	-0.18%	1,83,62,951	4.30%
	Decrease on 03.05.2019 / Sale	(56,989)	-0.01%	1,83,05,962	4.29%
	Decrease on 17.05.2019 / Sale	(50,000)	-0.02%	1,82,55,962	4.27%
	Decrease on 24.05.2019 / Sale	(3,19,259)	-0.07%	1,79,36,703	4.20%
	Decrease on 31.05.2019 / Sale	(21,78,120)	-0.51%	1,57,58,583	3.69%
	Decrease on 07.06.2019 / Sale	(81,660)	-0.02%	1,56,76,923	3.67%
	Decrease on 29.06.2019 / Sale	(11,997)	0.00%	1,56,64,926	3.67%
	Decrease on 19.07.2019 / Sale	(5,81,865)	-0.14%	1,50,83,061	3.53%
	Decrease on 26.07.2019 / Sale	(7,90,693)	-0.18%	1,42,92,368	3.35%
	Decrease on 02.08.2019 / Sale	(2,08,837)	-0.05%	1,40,83,531	3.30%
	Decrease on 09.08.2019 / Sale	(1,14,365)	-0.03%	1,39,69,166	3.27%
	Decrease on 16.08.2019 / Sale	(43,985)	-0.01%	1,39,25,181	3.26%
	Decrease on 06.09.2019 / Sale	(92,119)	-0.02%	1,38,33,062	3.24%
	Decrease on 20.09.2019 / Sale	(4,974)	0.00%	1,38,28,088	3.24%
	Decrease on 27.09.2019 / Sale	(4,42,690)	-0.10%	1,33,85,398	3.14%

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Decrease on 04.10.2019 / Sale	(46,792)	-0.01%	1,33,38,606	3.13%
	Increase on 25.10.2019 / Purchase	2,21,954	0.05%	1,35,60,560	3.18%
	Increase on 01.11.2019 / Purchase	52,096	0.01%	1,36,12,656	3.19%
	Decrease on 08.11.2019 / Sale	(10,65,643)	-0.25%	1,25,47,013	2.94%
	Decrease on 15.11.2019 / Sale	(1,59,667)	-0.04%	1,23,87,346	2.90%
	Decrease on 22.11.2019 / Sale	(1,83,356)	-0.05%	1,22,03,990	2.85%
	Decrease on 29.11.2019 / Sale	(12,757)	0.00%	1,21,91,233	2.85%
	Decrease on 27.12.2019 / Sale	(71,694)	-0.02%	1,21,19,539	2.83%
	Decrease on 31.12.2019 / Sale	(894)	0.00%	1,21,18,645	2.83%
	Decrease on 03.01.2020 / Sale	(2,55,826)	-0.06%	1,18,62,819	2.77%
	Decrease on 17.01.2020 / Sale	(6,20,644)	-0.14%	1,12,42,175	2.63%
	Decrease on 24.01.2020 / Sale	(307)	0.00%	1,12,41,868	2.63%
	Decrease on 07.02.2020 / Sale	(63,197)	-0.01%	1,11,78,671	2.62%
	Decrease on 14.02.2020 / Sale	(23,736)	-0.01%	1,11,54,935	2.61%
	Decrease on 28.02.2020 / Sale	(11,60,211)	-0.27%	99,94,724	2.34%
	Increase on 20.03.2020 / Purchase	5,39,778	0.13%	1,05,34,502	2.47%
	Increase on 27.03.2020 / Purchase	61,833	0.01%	1,05,96,335	2.48%
	At the end of the year			1,05,96,335	2.48%
4	**Sundaram Mutual Fund A/c Sundaram Mid Cap Fund**				
	At the beginning of the year	85,70,441	2.01%	85,70,441	2.01%
	Decrease on 12.04.2019 / Sale	(33,267)	-0.01%	85,37,174	2.00%
	Decrease on 31.05.2019 / Sale	(1,31,973)	-0.03%	84,05,201	1.97%
	Increase on 29.06.2019 / Purchase	28,000	0.01%	84,33,201	1.98%
	Decrease on 02.08.2019 / Sale	(83,941)	-0.02%	83,49,260	1.96%
	Decrease on 29.11.2019 / Sale	(16,773)	0.00%	83,32,487	1.96%
	Decrease on 06.12.2019 / Sale	(24,167)	-0.01%	83,08,320	1.95%
	Decrease on 20.12.2019 / Sale	(9,960)	0.00%	82,98,360	1.95%
	Increase on 06.03.2020 / Purchase	7,052	0.00%	83,05,412	1.95%
	Increase on 20.03.2020 / Purchase	75,000	0.02%	83,80,412	1.97%
	At the end of the year			83,80,412	1.97%
5	**Nalanda India Fund Limited**				
	At the beginning of the year	83,49,796	1.96%	83,49,796	1.96%
	At the end of the year			8349796	1.95%
6	**HDFC Life Insurance Co. Ltd#**				
	At the beginning of the year	14,16,940	0.33%	14,16,940	0.33%
	Increase on 05.04.2019 / Purchase	95	0.00%	14,17,035	0.33%
	Decrease on 26.04.2019 / Sale	(41,940)	-0.01%	13,75,095	0.32%
	Increase on 03.05.2019 / Purchase	60,050	0.02%	14,35,145	0.34%
	Increase on 10.05.2019 / Purchase	94	0.00%	14,35,239	0.34%
	Increase on 24.05.2019 / Purchase	45	0.00%	14,35,284	0.34%
	Decrease on 31.05.2019 / Sale	(75,000)	-0.02%	13,60,284	0.32%
	Decrease on 07.06.2019 / Sale	(33,000)	-0.01%	13,27,284	0.31%
	Increase on 14.06.2019 / Purchase	108	0.00%	13,27,392	0.31%
	Decrease on 29.06.2019 / Sale	(5,023)	0.00%	13,22,369	0.31%
	Increase on 05.07.2019 / Purchase	50,053	0.01%	13,72,422	0.32%

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Decrease on 19.07.2019 / Sale	(19,886)	0.00%	13,52,536	0.32%
	Increase on 26.07.2019 / Purchase	6,49,729	0.15%	20,02,265	0.47%
	Increase on 02.08.2019 / Purchase	156	0.00%	20,02,421	0.47%
	Increase on 09.08.2019 / Purchase	392	0.00%	20,02,813	0.47%
	Increase on 16.08.2019 / Purchase	19,391	0.00%	20,22,204	0.47%
	Increase on 23.08.2019 / Purchase	586	0.00%	20,22,790	0.47%
	Increase on 30.08.2019 / Purchase	187	0.00%	20,22,977	0.47%
	Increase on 06.09.2019 / Purchase	5,023	0.00%	20,28,000	0.47%
	Increase on 13.09.2019 / Purchase	25,000	0.01%	20,53,000	0.48%
	Increase on 27.09.2019 / Purchase	175	0.00%	20,53,175	0.48%
	Increase on 11.10.2019 / Purchase	75	0.00%	20,53,250	0.48%
	Increase on 18.10.2019 / Purchase	75	0.00%	20,53,325	0.48%
	Increase on 08.11.2019 / Purchase	75	0.00%	20,53,400	0.48%
	Increase on 22.11.2019 / Purchase	50	0.00%	20,53,450	0.48%
	Increase on 29.11.2019 / Purchase	150	0.00%	20,53,600	0.48%
	Increase on 13.12.2019 / Purchase	15,50,000	0.36%	36,03,600	0.84%
	Increase on 20.12.2019 / Purchase	150	0.00%	36,03,750	0.84%
	Increase on 03.01.2020 / Purchase	250	0.00%	36,04,000	0.84%
	Increase on 17.01.2020 / Purchase	200	0.00%	36,04,200	0.84%
	Increase on 07.02.2020 / Purchase	50,300	0.01%	36,54,500	0.85%
	Increase on 14.02.2020 / Purchase	300	0.00%	36,54,800	0.85%
	Increase on 21.02.2020 / Purchase	3,51,329	0.08%	40,06,129	0.93%
	Increase on 28.02.2020 / Purchase	13,60,958	0.32%	53,67,087	1.25%
	Increase on 06.03.2020 / Purchase	24,842	0.01%	53,91,929	1.26%
	Increase on 13.03.2020 / Purchase	16,321	0.00%	54,08,250	1.26%
	Increase on 20.03.2020 / Purchase	1,02,255	0.02%	55,10,505	1.28%
	Increase on 27.03.2020 / Purchase	3,48,495	0.08%	58,59,000	1.36%
	Increase on 31.03.2020 / Purchase	500	0.00%	58,59,500	1.36%
	At the end of the year			58,59,500	1.36%
7	**Aditya Birla Sun Life Trustee Pvt Ltd. - Aditya Birla Sun Life Equity Advantage Fund**				
	At the beginning of the year	56,08,312	1.31%	56,08,312	1.31%
	Decrease on 07.06.2019 / Sale	(90,000)	-0.02%	55,18,312	1.29%
	Decrease on 21.06.2019 / Sale	(2,710)	0.00%	55,15,602	1.29%
	Decrease on 28.02.2020 / Sale	(3,42,524)	-0.08%	51,73,078	1.21%
	Increase on 06.03.2020 / Purchase	33,300	0.01%	52,06,378	1.22%
	Increase on 13.03.2020 / Purchase	16,700	0.00%	52,23,078	1.22%
	Increase on 20.03.2020 / Purchase	45,306	0.01%	52,68,384	1.23%
	At the end of the year			52,68,384	1.23%
8	**India Midcap (Mauritius) Ltd.**				
	At the beginning of the year	52,30,000	1.23%	52,30,000	1.23%
	At the end of the year			52,30,000	1.22%
9	**Kotak Emerging Equity Scheme#**				
	At the beginning of the year	14,79,935	0.35%	14,79,935	0.35%
	Decrease on 05.04.2019 / Sale	(1,89,000)	-0.04%	12,90,935	0.31%
	Increase on 19.04.2019 / Purchase	2,27,720	0.05%	15,18,655	0.36%

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Increase on 26.04.2019 / Purchase	39,000	0.01%	15,57,655	0.37%
	Increase on 03.05.2019 / Purchase	4,17,000	0.10%	19,74,655	0.47%
	Increase on 10.05.2019 / Purchase	3,09,000	0.07%	22,83,655	0.54%
	Increase on 17.05.2019 / Purchase	2,08,600	0.05%	24,92,255	0.59%
	Increase on 24.05.2019 / Purchase	2,38,720	0.06%	2,73,0975	0.65%
	Increase on 31.05.2019 / Purchase	48,000	0.01%	27,78,975	0.66%
	Decrease on 07.06.2019 / Sale	(5,01,000)	-0.12%	22,77,975	0.54%
	Increase on 14.06.2019 / Purchase	3,12,000	0.07%	25,89,975	0.61%
	Increase on 21.06.2019 / Purchase	1,17,000	0.03%	27,06,975	0.64%
	Increase on 29.06.2019 / Purchase	2,52,000	0.06%	29,58,975	0.70%
	Increase on 05.07.2019 / Purchase	4,71,000	0.11%	34,29,975	0.81%
	Increase on 12.07.2019 / Purchase	12,425	0.00%	34,42,400	0.81%
	Decrease on 26.07.2019 / Sale	(50,000)	-0.01%	33,92,400	0.79%
	Increase on 09.08.2019 / Purchase	13,802	0.00%	34,06,202	0.79%
	Increase on 04.10.2019 / Purchase	52,169	0.01%	34,58,371	0.80%
	Increase on 22.11.2019 / Purchase	22,239	0.01%	34,80,610	0.81%
	Increase on 29.11.2019 / Purchase	94,522	0.02%	35,75,132	0.83%
	Increase on 13.12.2019 / Purchase	36,798	0.01%	36,11,930	0.84%
	Increase on 27.12.2019 / Purchase	3,300	0.00%	36,15,230	0.84%
	Increase on 03.01.2020 / Purchase	1,48,535	0.03%	37,63,765	0.87%
	Increase on 10.01.2020 / Purchase	52,170	0.01%	38,15,935	0.88%
	Increase on 07.02.2020 / Purchase	41,817	0.01%	38,57,752	0.89%
	Increase on 21.02.2020 / Purchase	20,000	0.00%	38,77,752	0.89%
	Increase on 28.02.2020/ Purchase	3,88,902	0.09%	42,66,654	0.98%
	Increase on 06.03.2020 / Purchase	1,20,084	0.03%	43,86,738	1.01%
	Increase on 13.03.2020 / Purchase	2,65,629	0.06%	46,52,367	1.07%
	Increase on 20.03.2020 / Purchase	1,00,000	0.02%	47,52,367	1.09%
	At the end of the year			47,52,367	1.09%
10	**Priya Sarah Cheeran Joseph**				
	At the beginning of the year	43,11,338	1.01%	43,11,338	1.01%
	Decrease on 07.06.2019 / Sale	(1,31,000)	-0.03%	41,80,338	0.98%
	Decrease on 10.06.2019 / Sale	(1,00,000)	-0.03%	40,80,338	0.95%
	Decrease on 26.06.2019 / Sale	(86,000)	-0.02%	39,94,338	0.93%
	Increase on 27.03.2020 / Purchase	2,000	0.00%	39,96,338	0.93%
	At the end of the year			39,96,338	0.93%
11	**Kotak Funds - India Midcap Fund ***				
	At the beginning of the year	38,19,042	0.89%	38,19,042	0.89%
	Decrease on 12.04.2019 / Sale	(5,458)	0.00%	38,13,584	0.89%
	Decrease on 29.06.2019 / Sale	(3,43,624)	-0.08%	34,69,960	0.81%
	Decrease on 07.02.2020 / Sale	(24,128)	-0.01%	34,45,832	0.80%
	Decrease on 14.02.2020 / Sale	(1,56,954)	-0.04%	32,88,878	0.76%
	At the end of the year			32,88,878	0.76%
12	**First State Investments ICVC- Stewart Investors Indian Subcontinent Sustainability Fund***				
	At the beginning of the year	15,75,220	0.37%	15,75,220	0.37%
	Increase on 29.06.2019 / Purchase	1,35,591	0.03%	17,10,811	0.40%

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Increase on 27.09.2019 / Purchase	53,503	0.01%	17,64,314	0.41%
	Increase on 30.09.2019 / Purchase	60,978	0.01%	18,25,292	0.42%
	Increase on 04.10.2019 / Purchase	1,29,136	0.03%	19,54,428	0.45%
	Increase on 29.11.2019 / Purchase	92,963	0.02%	20,47,391	0.47%
	Increase on 06.12.2019 / Purchase	26,000	0.00%	20,73,391	0.47%
	Increase on 17.01.2020 / Purchase	1,33,936	0.03%	22,07,327	0.50%
	Decrease on 13.03.2020 / Sale	(1,52,288)	-0.03%	20,55,039	0.47%
	At the end of the year			20,55,039	0.47%

Not in the list of Top 10 shareholders as on 01.04.2019. Details are shown above, since the shareholder is one of the Top 10 shareholder as on 31.03.2020.

* Ceased to be in the list of Top 10 shareholders as on 31.03.2020. Details are shown above, since the shareholders were in the list of Top 10 shareholders as on 01.04.2019.

Movement in the shares shown above are based on the beneficiary position

V. SHAREHOLDING OF DIRECTORS AND KMP

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
1	**Kochouseph Chittilappilly (Chairman)**				
	At the beginning of the year	7,90,08,252	18.51%	7,90,08,252	18.51%
	26.08.2019 - Market Sale	(2,30,000)	-0.05%	7,87,78,252	18.43%
	10.12.2019 - Market Sale	(51,20,288)	-1.20%	7,36,57,964	17.22%
	At the end of the year			7,36,57,964	17.20%
2	**Mithun Kochouseph Chittilappilly (Managing Director)**				
	At the beginning of the year	7,18,86,452	16.84%	7,18,86,452	16.84%
	30.08.2019 - Market Purchase	2,30,000	0.05%	7,21,16,452	16.87%
	27.12.2019 - Inter-se Transfer	3,55,53,376	8.31%	10,76,69,828	25.18%
	18.03.2020 - Market Purchase	4,000	0.00%	10,76,73,828	25.14%
	23.03.2020 - Market Purchase	2,000	0.00%	10,76,75,828	25.14%
	24.03.2020 - Market Purchase	2,000	0.00%	10,76,77,828	25.14%
	25.03.2020 - Market Purchase	4,000	0.00%	10,76,81,828	25.14%
	27.03.2020 - Market Purchase	4,450	0.00%	10,76,86,278	25.14%
	At the end of the year			10,76,86,278	25.14%
3	**Ramachandran V (Director & Chief Operating Officer)**				
	At the beginning of the year	9,69,220	0.23%	9,69,220	0.23%
	13-04-2019 - ESOP Allotment	42,000	0.01%	10,11,220	0.24%
	13-06-2019 - Market Sale	(10,000)	0.00%	10,01,220	0.23%
	17-06-2019 - Market Sale	(5,000)	0.00%	9,96,220	0.23%
	27-06-2019 - Market Sale	(5,000)	0.00%	9,91,220	0.23%

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	24-07-2019 - ESOP Allotment	1,68,000	0.04%	11,59,220	0.27%
	04-09-2019 - Market Sale	(3,000)	0.00%	11,56,220	0.27%
	24-09-2019 - Market Sale	(1,559)	0.00%	11,54,661	0.27%
	26-09-2019 - Market Sale	(10,000)	0.00%	11,44,661	0.27%
	27-09-2019 - Market Sale	(13,000)	0.00%	11,31,661	0.26%
	30-09-2019 - Market Sale	(20,000)	0.00%	11,11,661	0.26%
	25-11-2019 - Market Sale	(5,000)	0.00%	11,06,661	0.26%
	27-11-2019 - Market Sale	(15,000)	0.00%	10,91,661	0.26%
	18-12-2019 - Market Sale	(10,000)	0.00%	10,81,661	0.25%
	19-12-2019 - Market Sale	(20,000)	0.00%	10,61,661	0.25%
	24-12-2019 - Market Sale	(34,730)	-0.01%	10,26,931	0.24%
	31-12-2019 - Off Market Transfer	(6,49,400)	-0.15%	3,77,531	0.09%
	10-01-2020 - ESOP Allotment	2,73,131	0.06%	6,50,662	0.15%
	17-03-2020 - Market Sale	(50,000)	-0.01%	6,00,662	0.14%
	18-03-2020 - Market Sale	(10,000)	0.00%	5,90,662	0.14%
	19-03-2020 - Market Sale	(40,000)	-0.01%	5,50,662	0.13%
	23-03-2020 - Market Sale	(10,000)	0.00%	5,40,662	0.13%
	24-03-2020 - Market Sale	(20,000)	0.00%	5,20,662	0.12%
	25-03-2020 - Market Sale	(48,000)	-0.01%	4,72,662	0.11%
	30-03-2020 - Market Sale	(50,000)	-0.01%	4,22,662	0.10%
	At the end of the year			4,22,662	0.10%
4	**Sudarshan Kasturi, CFO**				
	At the beginning of the year	40,667	0.01%	40,667	0.01%
	14-06-2019 - Market Sale	(20,000)	0.00%	20,667	0.01%
	14-08-2019 - Market Sale	(20,000)	-0.01%	667	0.00%
	14-10-2019 - ESOP Allotment	26,462	0.01%	27,129	0.01%
	26-11-2019 - Market Sale	(10,000)	-0.01%	17,129	0.00%
	29-11-2019 - Market Sale	(5,000)	0.00%	12,129	0.00%
	04-12-2019 - Market Sale	(10,000)	0.00%	2,129	0.00%
	10-01-2020 - ESOP Allotment	26,706	0.00%	28,835	0.01%
	25-02-2020 - Market Sale	(5,000)	0.00%	23,835	0.01%
	27-02-2020 - Market Sale	(10,000)	-0.01%	13,835	0.00%
	13-03-2020 - ESOP Allotment	15,462	0.01%	29,297	0.01%
	At the end of the year			29,297	0.01%
5	**Jayasree K, Company Secretary**				
	At the beginning of the year	59,678	0.01%	59,678	0.01%
	13-04-2019 - ESOP Allotment	7,532	0.02%	67,210	0.02%
	27-09-2019 - Market Sale	(2,000)	0.00%	65,210	0.02%
	14-10-2019 - ESOP Allotment	7,532	0.00%	72,742	0.02%
	28-02-2020 - Market Sale	(5,000)	0.00%	67,742	0.02%
	At the end of the year			67,742	0.02%

VI. INDEBTEDNESS (₹ In lakhs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2.23	1,000.00	-	1,002.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2.23**	**1,000.00**	**-**	**1,002.23**
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	2.23	-	-	2.23
Net Change	**(2.23)**	**-**	**-**	**(2.23)**
Indebtedness at the end of the financial year				
i) Principal Amount	-	1,000.00	-	1,000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**1,000.00**	**-**	**1,000.00**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: (Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mithun K Chittilappilly Managing Director	Ramachandran V Director & Chief Operating Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,50,14,400	2,34,61,644	3,84,76,044
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	15,66,319	5,85,398	21,51,717
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	8,95,01,559	8,95,01,559
3	Sweat Equity	-	-	-
4	Commission as % of profit	3,14,96,210	-	3,14,96,210
5	Others (Specify)	-	-	-
	Total (A)	4,80,76,929	11,35,48,601	16,16,25,530
	Ceiling as per the Act	9% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 23,67,65,680/-		

B. Remuneration to other Directors: (Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the Directors					Total Amount
1	Independent Directors	**Cherian N Punnoose**	**C J George**	**A K Nair**	**Ullas K Kamath**	**Radha Unni**	
	(a) Fee for attending Board / Committee meetings	5,60,000	3,80,000	1,65,000	3,70,000	4,60,000	19,35,000
	(b) Commission	9,42,820	-	-	-	-	9,42,820
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	15,02,820	3,80,000	1,65,000	3,70,000	4,60,000	28,77,820
2	**Other Non Executive Directors**	**Kochouseph Chittilappilly**	**Joshna Johnson Thomas**				
	(a) Fee for attending Board / Committee meetings	3,75,000	1,50,000				5,25,000
	(b) Commission	1,51,18,181	62,99,242				2,14,17,423
	(c) Others, please specify.	-	-				-
	Total (2)	1,54,93,181	64,49,242				2,19,42,423
	Total (B)=(1+2)						2,48,20,243
	Total Managerial Remuneration (A+B)						18,64,45,772
	Overall Ceiling as per the Act.	Overall Managerial Remuneration: 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e., ₹ 28,93,80,275/- 2% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e., ₹ 5,26,14,595/- (Limit for remuneration to Non-Executive Directors)					

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Sudarshan Kasturi Chief Financial Officer	**Jayasree K Company Secretary**	**Total**
1	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,77,51,329	21,05,815	1,98,57,145
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	28,800	68,400
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	1,46,78,701	16,59,902	1,63,38,603
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, specify	-	-	-
	Total	3,24,69,630	37,94,517	3,62,64,148

VIII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

For and on behalf of the Board of Directors

Sd/-
Cherian N Punnoose
Chairman
(DIN: 00061030)

Sd/-
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: June 1, 2020
Place: Ernakulam

Annexure VII

Disclosure pursuant to Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

A) Conservation of Energy:

i)	Steps taken or impact on Conservation of Energy	For conservation of energy, the following measures were taken: • To optimise usage of energy, electrical energy consumption in production is monitored on real time basis with recording facility and analysis. • Installation of proximity sensors in all packing machines to avoid unnecessary machine run. • Optimization of testing time through innovation and re-engineering in all automatic testing jig systems, for ensuring faster testing of stabilizers and thereby reducing energy consumption. • Energy savings through installation of new machines and technology such as servo motor controls, VFD etc. • Installation of high-speed energy efficient extrusion line and energy efficient online coiling line for cables. • Installation of LED lamps, sensor lights and 24 ft HVLS fans resulted in reduced energy consumption. • Installation of energy efficient bunching machines and air compressor. • Reduction in energy consumption achieved due to conversion of DC to AC motors. • Installation of auto switching off mechanism for lights and ACs. • 10HP motors of chiller cooling pump and chiller water pump were replaced with 7.5HP motors after various trials. • Improvement in productivity at MMH machines through various measures taken such as introduction of enhanced die management system, implementation of emulsion line cleaning schedule, periodic calibration of capstan torque, etc. • Higher productivity achieved in RBD machine by enabling higher operating speed through vibration balancing of pack coiler. • Systems were implemented to measure and record water consumption on a real time basis in factories. By implementing the aforesaid measures: • Estimated benefits per year in electricity consumption comes to 11k units and that of water consumption is 75 litres per year. • Conversion of DC to AC motors, energy efficient air compressor and bunching machine, process upgradation, installation of high speed energy efficient extrusion line, online coiling line for cables etc., helped in saving about 4,37,124 units of energy and also resulted in mitigation of CO2 emission up to 4,02,154 kg and cost saving to the extend of ₹ 28.65 lakhs. • Savings to the extent of ₹ 45 lakhs were achieved in the category of green energy utilisation. • Various intervention in manufacturing processes has resulted in energy conservation to the extent of 3,76,384 units and cost saving of ₹ 22.58 lakhs.

ii)	Steps taken for utilising alternative sources of energy	• 5KW solar plant installed in Solar Inverter unit at Chavadi to cater to the power requirements of the entire unit. • Renewable energy in the form of Wind & Solar is utilised at Chavadi cable units to reduce carbon footprint and environmental impact caused by usage of conventional fuel-based electricity.
iii)	Capital investment on energy conservation equipment i.e, Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	• Investment were made on capex during the year in various energy conservation projects to achieve the objective of reducing energy consumption.

B) Technology Absorptions:

(i) Efforts made towards Technology absorption in Research and Development;

- Smart connectivity features in DUPS & Stabilizers which gives user to have control of devices and know the status.
- Introduction of energy monitoring feature in Stabilizer.
- Implementation of Product Lifecycle Management software for new product development application.
- Development of projects by concentration on Design for Manufacturing (DFM) & Design for Assembly (DFA).
- Special focus given for developing energy efficient heating technology, industrial design, modular water heating systems, indigenizing imported items, advanced 3D printing technology, arc shielding and shrouded terminals for better safety in modular switches etc.
- Design and Development of high efficiency Electric Motors.
- Efficiency improvement in domestic pumps.
- Exploring better alternatives for materials used in pumps.
- Improving strength of pump parts to withstand tougher environmental conditions.
- Advancement of existing products

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution;

- Development and launch of innovative products were made possible by adopting high end tools and approaches like Computational Fluid Dynamics, DFMEA, DFA, DFM, DFS etc.
- Introduction of special feature “Holiday Mode” in DUPS connected with smart phones, benefits consumers to optimize power consumption and enhance battery life.
- Through the energy monitoring feature on the stabilizer, the consumers can know the usage of energy consumption of the connected equipment and control its usage.
- Introduced 30 new models of IE2 high efficient 3 Phase electric motors.
- Improved the overall efficiency of fast-moving domestic pumps by 2 to 6%.
- Introduced new bearing material in higher selling submersible pumps and digital panel boards for submersible pumps for better customer experience and better life.
- Launched a model of pumps with improved rigidity for better survival in extreme climatic conditions.
- Developed Enviro 32 BLDC Ceiling fan in regular plain premium platform.

- Developed star rated platform for all ceiling fan models, moving towards converting all the ceiling fan models into energy saving product by 2022.
- Launched new 2 in 1 fan with Table/Pedestal feature.
- Developed High velocity TPW series, Air delivery improved without increasing speed, it helps in reducing motor wear and tear complaints.
- Designed Eco friendly packing for ceiling fan fast moving models, development in progress and new set of products with better aesthetics.

(iii) In case of imported technology (imported during the last three years recocked from the beginning of the financial year:

Details of technology imported	Year of import	Whether technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof
Ansys Maxwell	2017	Yes	NA
Ansys Mechanical	2017	Yes	NA
Ansys Fluent	2017	Yes	NA
Ansys CFX	2017	Yes	NA
3D Scanner	2017	Yes	NA
Flir E95 Thermal Imager	2018	Yes	NA
Motor Testing Equipment	2020	Yes	NA

(iv) Expenditure on R & D :

a. Capital: ₹ 45.17 Lakhs

b. Recurring: ₹ 1541.27 lakhs

c. Total: ₹ 1586.44 lakhs

d. % of R&D expenditure to total sales: 0.64 %

C. Foreign Exchange Earnings and outgo:

The details of foreign exchange earnings and outgo during the year under review is as under:

Foreign Exchange earned	₹ 700.61 lakhs
Foreign Exchange outgo	₹ 27,003.26 lakhs

For and on behalf of the Board of Directors

Sd/-
Cherian N Punnoose
Chairman
(DIN: 00061030)

Sd/-
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: June 1, 2020
Place: Ernakulam

Annexure VIII

DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars	
(i)	Ratio of the remuneration of each Director to the median remuneration of the employee of the Company for the Financial Year.	**Name**	**Ratio to Median**
		Mr. Mithun K Chittilappilly	94.51
		Mr. Ramachandran V	223.22
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	**Name**	
		Mr. Mithun K Chittilappilly	13.8
		Mr. Ramachandran V	53.4
		Mr. Sudarshan Kasturi	32.6
		Ms. Jayasree K	2.1
(iii)	Percentage increase in the median remuneration of employees in the Financial Year	6.5 %	
(iv)	Number of permanent employees on the rolls of the Company.	2302 (As on March 31, 2020)	
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentage increase in the salary of employees other than managerial cadre in the Financial Year was "6.7%" Average percentage increase in the salary of managerial personnel in the Financial Year was "-0.5%"	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the Nomination Remuneration and Evaluation Policy for the Directors, Key Managerial Personnel and Other Employees of the Company, formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	

For and on behalf of the Board of Directors

Sd/-
Cherian N Punnoose
Chairman
(DIN: 00061030)

Sd/-
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: June 1, 2020
Place: Ernakulam

Report on Corporate Governance

Report on Corporate Governance of V-Guard Industries Limited (the 'Company') for the Financial Year ended March 31, 2020, as stipulated in the relevant provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time (the 'Listing Regulations'), is set out below:

I. CORPORATE GOVERNANCE PHILOSOPHY

It is imperative for every organisation to adopt and follow best practices to endure in the space in which it operates. The governance philosophy of the Company is not limited to confirming of compliance of laws, but is a blend of both legal and management practices to embed the same in the decision making process. Over the last four decades of its existence, the Company has been practising best principles from the stage of conceptualization of products till providing of services to consumers after sales. The Company always endeavour to align the practices in line with the changing business environment and confirms that the interest of all stakeholders are safeguarded and could successfully take the various stakeholders in its journey and reach newer heights. Governance philosophy of rise with resilience coax the Company to imbibe, evolve and adapt to all situations and keep its trajectory intact to serve the public at large.

The practices followed by the Company are detailed herein below.

II. BOARD OF DIRECTORS

a) Composition of the Board

The present composition of the Board is in compliance with the requirements of Regulation 17(1) of the Listing Regulations. The Board of Directors (the 'Board') of the Company comprises of optimum mix of Executive and Non-Executive Directors, with fifty percent of the Board as Independent Directors.

As on March 31, 2020, strength of the Board of the Company consists of eight Directors, out of which two are Executive Directors and six are Non-Executive Directors. The Board has four Independent Directors, in compliance with the requirements of proviso to Regulation 17(1)(b) of the Listing Regulations. Total number of women Directors on the Board is two and one of them is in Independent category. Out of the two Executive Directors, one Director is from promoter category and the other is in the professional category. During the beginning of the Financial Year, five Independent Directors were there on the Board and tenure of four of the Independent Directors concluded by end of July 28, 2019. Mr. Cherian N Punnoose, Mr. C J George and Mr. Ullas K Kamath, Directors were re-appointed for another period of five years effective from July 29, 2019 in the Annual General Meeting (AGM) held on July 24, 2019. Mr. A K Nair opted to retire from the Board and his tenure of appointment concluded by end of July 28, 2019. Ms. Radha Unni, Independent Director was appointed for a period of three years effective from September 27, 2018. Ms. Joshna Johnson Thomas, who retired by rotation was re-appointed in the AGM held on July 24, 2019. The Board periodically reviews its composition to ensure compliance with the regulatory requirements and it is closely aligned with the strategic and long-term goals of the Company.

All the Independent Directors have declared that they meet the criteria of 'Independence' as required under the provisions of Section 149 of the Companies Act, 2013 (the 'Act') read with the provisions of Regulation 16 of the Listing Regulations. As per the Companies (Appointment and Qualifications of Directors) Fifth Amendment Rules, 2019, all the Independent Directors of the Company have registered with the Indian Institute of Corporate Affairs for inclusion of their names in the comprehensive repository maintained by the Ministry of Corporate Affairs.

The following are the names, position and categories of Directors as on March 31, 2020:

Name of Director	Position	Category
Mr. Kochouseph Chittilappilly	Chairman	Promoter and Non-Executive
Mr. Cherian N Punnoose	Vice Chairman	Non-Executive Independent
Mr. Mithun K Chittilappilly	Managing Director	Promoter and Executive
Mr. Ramachandran Venkataraman	Director & Chief Operating Officer	Executive
Mr. C J George	Director	Non-Executive Independent
Mr. Ullas K Kamath	Director	Non-Executive Independent
Ms. Radha Unni	Director	Non-Executive Independent
Ms. Joshna Johnson Thomas	Director	Non-Executive Non-Independent

As per the declaration received from the Directors, none of the Directors is disqualified under section 164 (2) of the Act.

During the year under review, Mr. A K Nair, Non-Executive Independent Director retired from the Board on July 29, 2019, after completion of his tenure. Mr. Kochouseph Chittilappilly, Chairman, retired from the Board of the Company by end of the Financial Year 2019-20 and the members of the Company have appointed him as Chairman Emeritus, effective from April 1, 2020. Further, the Board of Directors in their meeting held on March 16, 2020, designated Mr. Cherian N Punnoose, Non- Executive Independent Director, as the Chairman of the Board and appointed Mr. B Jayaraj, as an Additional Director, in the Non-Executive Non-Independent category, to hold office effective from April 1, 2020. The Board of Directors, in their meeting held on May 22, 2020, re-appointed Mr. Ramachandran Venkataraman, as a Whole-time Director of the Company for a period of 4 years, effective from June 1, 2020 subject to ratification of the members in the ensuing AGM.

b) Attendance of each Director at the meeting of the Board and General Meeting

During the Financial Year, the Board of Directors met six times. Details of attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the Financial Year are given below:

Name of the Director	Attendance at	
	Board Meetings	AGM (held on July 24, 2019)
Mr. Kochouseph Chittilappilly	6	Yes
Mr. Cherian N Punnoose	6	Yes
Mr. Mithun K Chittilappilly	6	Yes
Mr. Ramachandran Venkataraman	6	Yes
Mr. C J George	4	No
Mr. A K Nair*	2	Yes
Mr. Ullas K Kamath	4	No
Ms. Joshna Johnson Thomas	3	No
Ms. Radha Unni	6	Yes

*Mr. A K Nair, Non-Executive Independent Director, retired from the Board on July 29, 2019, after completion of his tenure of appointment.

c) No. of Directorship, Membership and Chairmanship held by the Directors in the Board and Committees of other companies:

Name & Position of the Director	Category	Directorship on Board and Membership/ Chairmanship of Board Committees in other companies as on March 31, 2020		
		Director	Committee Member	Committee Chairman
Mr. Kochouseph Chittilappilly **Chairman**	Promoter and Non-Executive	2	Nil	Nil
Mr. Cherian N Punnoose **Vice Chairman**	Non-Executive Independent	Nil	Nil	Nil
Mr. Mithun K Chittilappilly **Managing Director**	Promoter and Executive	Nil	Nil	Nil
Mr. Ramachandran Venkataraman **Director & Chief Operating Officer**	Executive	Nil	Nil	Nil
Mr. C J George **Independent Director**	Non-Executive Independent	3	1	Nil
Mr. Ullas K Kamath **Independent Director**	Non-Executive Independent	2	1	Nil
Ms. Joshna Johnson Thomas **Non-Executive Director**	Non-Executive Non-Independent	Nil	Nil	Nil
Ms. Radha Unni **Independent Director**	Non-Executive Independent	7	4	1

Directorship, Membership / Chairmanship in other companies shown above do not include alternate directorship, Private Limited Companies that are neither a subsidiary nor a holding company of a Public Company, Companies incorporated under Section 8 of the Act and Companies incorporated outside India.

Chairmanship/Membership of Board Committees include Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee as per the Regulation 26(1)(b) of the Listing Regulations. Details of no. of membership given above include the details of Chairmanship held by the Directors.

Directorship, Membership and Chairmanship held by the Directors of the Company, in other companies are within the limits prescribed. None of the Independent Directors of the Company is serving on the Board of more than seven listed companies, as an Independent Director. Further, Independent Directors of the Company, serving as Whole-time Director in any other listed company are not holding the position of Independent Director in more than three listed companies, as prescribed under Regulation 17A of the Listing Regulations.

d) Details of Directorship held by the Directors in other Listed Companies as on March 31, 2020

Name of the Director	Name of the Company	Category of Directorship	Position
Mr. Kochouseph Chittilappilly	Wonderla Holidays Limited	Promoter - Executive	Vice Chairman
Mr. Cherian N Punnoose	Nil	Nil	Nil
Mr. Mithun K Chittilappilly	Nil	Nil	Nil
Mr. Ramachandran Venkataraman	Nil	Nil	Nil
Mr. C J George	Geojit Financial Services Limited	Promoter -Executive	Managing Director
Mr. Ullas K Kamath	Jyothy Labs Limited	Promoter – Executive	Joint Managing Director
Ms. Joshna Johnson Thomas	Nil	Nil	Nil
Ms. Radha Unni	Nitta Gelatin India Limited	Non-Executive Independent	Director
	Muthoot Capital Services Limited	Non-Executive Independent	Director
	Western India Plywoods Limited	Non-Executive Independent	Additional Director

Directorship held in other companies whose equity shares are listed on stock exchanges are only shown above.

e) Number and dates of meeting of Board of Directors

Details of meetings of Board of Directors of the Company held during the Financial Year 2019-20 are given below:

Number of Meetings held	Date of Meetings
6	May 29, 2019, July 24, 2019, November 6, 2019, January 31, 2020, February 14, 2020 and March 16, 2020.

The maximum interval between any two meetings was not more than 120 days. The Board Meetings of the Company are generally held at the Registered Office of the Company and the Board agenda with proper explanatory notes are prepared and circulated on time to all the Board members. The Company provides the facility to its Directors to attend the meetings through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). All statutory and other matters of significant importance including information as mentioned in Part A of Schedule II to the Listing Regulations are tabled before the Board, to enable it to take appropriate decisions in both strategic and regulatory matters. The Board reviews compliances of all laws, rules, regulations on a quarterly basis. At the Board Meeting, members have full freedom to express their opinion and decisions are taken after detailed deliberations.

During the year under review, a separate meeting of the Independent Directors of the Company was held on March 16, 2020, and the members discussed the matters enumerated in the Schedule IV to the Act and Regulation 25(3) of the Listing Regulations. The members reviewed the performance of:

a) Non-Independent Directors and the Board as a whole;

b) Chairman of the Company, considering the views of Executive and Non-Executive Directors; and

c) Assessed the quality, quantity and timeliness of flow of information from the Company Management to the Board, which is required for the Board to perform its duties reasonably and effectively.

f) Disclosure of Relationship between Directors Inter-se

Mr. Mithun K Chittilappilly, Managing Director of the Company is the son of Mr. Kochouseph Chittilappilly, who held the Chairmanship till March 31, 2020. Ms. Joshna Johnson Thomas, Non-Executive Director, is the spouse of Mr. Mithun K Chittilappilly. None of the other Directors have inter–se relationship.

g) Number of shares and convertible instruments held by Non-Executive Directors

Mr. Kochouseph Chittilappilly, Non-Executive Chairman of the Company was holding 7,36,57, 964 equity shares of the Company as on March 31, 2020. Mr. B Jayaraj, who has been appointed as an Additional Director, in the Non-Executive Non-Independent

Category, with effect from April 1, 2020 is holding 1,50,000 equity shares of the Company. None of the other Non-Executive Directors of the Company is holding shares or convertible instruments in the Company.

h) Details of familiarization program imparted to Independent Directors and web link

The Company has conducted several programmes from time to time for all the Independent Directors of the Company, to enable them to familiarize with the nature of the industry in which the Company operates, its business model etc., and the role to be played by them. Their rights and responsibilities were intimated through the Letter of Appointment issued to them. During the Financial Year under review, the Company had conducted session on overall performance of the Company, strategy and strategic initiatives, regulatory updates and presentation on Internal Financial Controls. The details of such familiarization programmes are disclosed on the Company's website www.vguard.in under the head 'Investor Relations'.

i) List of core skills, competencies, and expertise of Board of Directors

The Company is engaged in the business of manufacture and marketing of electricals, electronics and consumer durables. To manage the operations and to formulate long term strategies for its growth, different skill sets are required. The Board of the Company consists of individuals who have experience and expertise in the following areas:

Strategy	Expertise in formulating, managing and reviewing various strategic initiatives.
Innovation & Technology	Suggesting new technologies and innovation for the manufacture of various product category.
Finance	Evaluating various proposals with respect to its financial viability, review of capital budgets, financial results / statements, risks associated with the business and minimization procedure.
Sales / Marketing	Developing strategies to sales and marketing, brand building, foraying into newer markets.
Corporate Governance	Ensuring putting in place best in class practices for various activities to strengthen the governance system.
Digital application to consumer goods value chain	Understand developments across the digital landscape and their potential to disrupt consumer businesses. Evaluate plans and priorities to leverage digital effectively for growth and efficiency. Promote adoption of appropriate digital priorities consistent with consumer business value chain.

Skills and Description	Mr. Kochouseph Chittilappilly	Mr. Cherian N Punnoose	Mr. Mithun K Chittilappilly	Mr. Ramachandran Venkataraman	Mr. C J George	Mr. Ullas K Kamath	Ms. Joshna Johnson Thomas	Ms. Radha Unni
Strategy & Transformation Experience in developing and reviewing long term business strategy for sustainable growth and profitability of businesses in highly competitive landscape. Enabling organisation and functional capability building through transformational strategic initiatives.	✓	✓	✓	✓	✓	✓	✓	✓
Innovation & Technology Understanding the Management of product innovation value chain, emerging technology and business risks thereof, their commercial and disruptive potential to enable evaluation/ propose new technologies/ innovation ideas for adoption in the manufacture of various product categories.	✓		✓	✓				
Finance Evaluating the financial viability of various strategic proposals, review of capital budgets, financial results/ statements, risks associated with business and the minimisation procedure.	✓	✓	✓	✓	✓	✓	✓	✓
Sales/ Marketing Developing strategies to protect and grow brand equity and distribution reach. Understanding evolution in channels and strategies required to protect and grow the business.	✓	✓	✓	✓		✓		
Corporate Governance Understanding and promoting best in class practices across various functional areas to enhance enterprise governance.	✓	✓	✓	✓	✓	✓	✓	✓
Digital application to consumer goods value chain Understand developments across the digital landscape and their potential to disrupt consumer businesses. Evaluate plans and priorities to leverage digital effectively for growth and efficiency. Promote adoption of appropriate digital priorities consistent with consumer business value chain.			✓	✓		✓	✓	

j) Confirmation that the Independent Directors fulfils the condition and are independent in the management

The Independent Directors, appointed in the Board have fulfilled all the necessary condition and criteria as enumerated under Regulation 16(1)(b) of the Listing Regulations and have provided their declaration in relation to their Independence as required under Regulation 25 (8) of the Listing Regulations. All the Independent Directors are Independent and are not related to any members of the Board. The Company has taken Directors and Officers Insurance (D and O Insurance) for all their Independent Directors, as mandated under Regulation 25(10) of the Listing Regulations.

k) Detailed reason of the resignation of the Independent Director before the expiry of his/her tenure along with confirmation that there are no material reasons other than those provided

During the year under review, no Independent Director has resigned from the Board of the Company.

l) Performance Evaluation of Board, Sub-Committees of the Board, Chairman and all other Directors

The Nomination, Remuneration and Evaluation Policy (the 'Policy') details the evaluation criteria for performance of the Board, its Committees, Chairman of the Board, Independent Directors and all the Individual Directors.

As per the criteria laid down in the Policy and basis the Guidance Note issued by SEBI dated January 5, 2017, on Evaluation of Board, the Nomination and Remuneration Committee of the Board in its meeting held on March 16, 2020, has carried out the evaluation of performance of individual Directors. Further, the Board in its meeting held on March 16, 2020 carried out evaluation of the Board as a whole, its various Sub-Committees, Chairman of the Board and all the individual and Independent Directors on the Board. The evaluation was carried out by framing appropriate questions considering the role played by the Board, Sub-Committees, Chairman and each individual Director.

III. AUDIT COMMITTEE

a) Brief description of terms and reference

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18(1) of the Listing Regulations read with Section 177 of the Act.

The broad terms of reference of the Audit committee are as follows:

1) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

2) Recommending to the Board the appointment, re-appointment and terms of appointment of auditors of the Company;

3) Approval of payments to the statutory auditors for any other services rendered by them;

4) Reviewing with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:

   a) Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause(c) of sub-section (3) of Section 134 of the Act;

   b) Changes, if any, in accounting policies and practices and reasons for the same;

   c) Major accounting entries involving estimates based on the exercise of judgement by management;

   d) Significant adjustments made in the financial statements arising out of audit findings;

   e) Compliance with listing and other legal requirements relating to financial statements;

   f) Disclosure of any related party transactions;

   g) Modified opinion(s) in the draft audit report;

5) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;

6) Reviewing with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

7) Review and monitor the auditor's independence and performance and effectiveness of audit process;

8) Approval of any subsequent modification of transactions of the Company with related parties;

9) Scrutiny of inter-corporate loans and investments;

10) Valuation of undertakings or assets of the Company wherever it is necessary;

11) Evaluation of internal financial controls and risk management systems;

12) Reviewing with the Management, the performance of statutory and internal auditors and adequacy of the internal control systems;

13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

14) Discussion with internal auditors any significant findings and follow up there on;

15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting matters to the Board;

16) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18) Reviewing the functioning of the whistle blower mechanism;

19) Approval of appointment of CFO after assessing the qualifications, experience and background etc., of the candidate;

20) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances / investments.

21) Carrying out any other function as is mentioned in terms of reference of the Audit committee.

b) Composition, Name of Members and Chairperson

The Company's Audit Committee consists of five Directors, of which four are Non-Executive Independent Directors. All the members of the Audit Committee have adequate knowledge in the areas of finance and accounting. Mr. Cherian N Punnoose, Chartered Accountant, is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Committee invites the heads of various business verticals, Chief Financial Officer and representatives of Statutory and Internal Auditors to attend the meetings of Audit Committee.

The Composition of Audit Committee as on March 31, 2020 is as under:

Name	Category	Position
Mr. Cherian N Punnoose	Non–Executive Independent	Chairman
Mr. C J George	Non–Executive Independent	Member
Mr. Mithun K Chittilappilly	Executive	Member
Mr. Ullas K Kamath	Non–Executive Independent	Member
Ms. Radha Unni*	Non-Executive Independent	Member

*Ms. Radha Unni was appointed as a Member of the Audit Committee effective from June 1, 2019.

Mr. A K Nair, Independent Director ceased to be the member of the Audit Committee due to his retirement from the Board from July 29, 2019.

c) Meetings and Attendance during the year

During the Financial Year 2019-20, the Committee members met five times, i.e. on May 29, 2019, July 24, 2019, November 6, 2019, January 31, 2020 and

March 16, 2020, respectively. The gap between two meetings was not more than 120 days and requisite quorum was there for all the meetings. The audited standalone and consolidated financial statements of the Company for the Financial Year ended March 31, 2020 were reviewed by the Committee members at their meeting held on June 1, 2020. Attendance of Committee members at the meetings held during the Financial Year 2019-20 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. Cherian N Punnoose	5	5
Mr. C J George	5	3
Mr. Ullas K Kamath	5	5
Mr. Mithun K Chittilappilly	5	5
Ms. Radha Unni	4	4 *
Mr. A K Nair	2	2 **

*Ms. Radha Unni was appointed as a member of the Audit Committee on June 1, 2019.

**Mr. A K Nair, Independent Director and Member of the Audit Committee retired from the Board of the Company from July 29, 2019 after completion of his tenure.

IV. NOMINATION AND REMUERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19(1) of the Listing Regulations read with Section 178 of the Act.

a) Brief description of terms and reference

The broad terms of reference of Nomination and Remuneration Committee includes the following:

1) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
3) Devising suitable policy on board diversity;
4) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
5) To extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors;
6) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

As per the criteria laid down in the Nomination, Remuneration and Evaluation Policy, the Committee has carried out the evaluation of every Director on the Board of the Company.

Mr. C J George, Chairman of the Committee was not present at the 23rd Annual General Meeting of the Company, held on July 24, 2019 and had authorised Mr. Cherian N Punnoose, a member of the Committee to attend the said meeting on his behalf.

The Company has adopted a Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and other employees which is available on the website of the Company www.vguard.in in the page 'Investor Relations'. A copy of the said Policy forms part of this Annual Report.

b) Composition, Name of Members and Chairperson

The Composition of the Committee as on March 31, 2020 was as follows:

Name	Category	Position
Mr. C J George	Non–Executive Independent	Chairman
Mr. Kochouseph Chittilappilly*	Non-Executive Non-Independent	Member
Mr. Cherian N Punnoose	Non–Executive Independent	Member
Ms. Radha Unni**	Non–Executive Independent	Member
Mr. Ullas K Kamath***	Non–Executive Independent	Member

*Mr. Kochouseph Chittilappilly, was inducted as a member of the Nomination and Remuneration Committee effective from July 24, 2019 and ceases to be a member post his retirement.

**Ms. Radha Unni, was inducted as a member of the Nomination and Remuneration Committee effective from June 1, 2019.

***Mr. Ullas K Kamath was inducted as a member of the Nomination and Remuneration Committee effective from November 6, 2019.

Ms. Joshna Johnson Thomas, Non-Executive Non-Independent Director ceased to be a member with effect from July 24, 2019 due to resignation.

c) Meetings and attendance during the year

The members of Nomination and Remuneration Committee met four times i.e. on May 28, 2019, November 5, 2019, January 31, 2020 and March 16, 2020. Attendance of the members at the meetings held during the Financial Year 2019-20 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	4	4
Mr. Cherian N Punnoose	4	4
Mr. Kochouseph Chittilappilly*	3	3
Ms. Radha Unni**	3	3
Mr. Ullas K Kamath***	2	2
Mr. A K Nair****	1	1
Ms. Joshna Johnson Thomas#	1	Nil

*Mr. Kochouseph Chittilappilly, was inducted as a member of the Nomination and Remuneration Committee effective from July 24, 2019 and ceases to be a member post his retirement.

**Ms. Radha Unni, was inducted as a member of the Nomination and Remuneration Committee effective from June 1, 2019.

***Mr. Ullas K Kamath was inducted as a member of the Nomination and Remuneration Committee effective from November 6, 2019.

****Mr. A K Nair, Director and Member of the Nomination and Remuneration Committee, retired from the Board of the Company from July 29, 2019 after completion of his tenure.

Ms. Joshna Johnson Thomas resigned from the Nomination and Remuneration Committee effective from July 24, 2019.

d) Performance evaluation criteria for Independent Directors

As per the Nomination, Remuneration and Evaluation Policy of the Company, the Independent Directors of the Company are evaluated based on criteria such as highest personal and professional ethics, integrity, values and independence, contribution to Board deliberation, willingness to devote sufficient time to carry out the duties and responsibilities effectively including attendance at the meetings, act in the best interest of minority shareholders of the Company etc.

V. REMUNERATION OF DIRECTORS

a) Details of pecuniary relationship or transaction of Non-Executive Directors with the Company

Mr. Kochouseph Chittilappilly, Mr. Cherian N Punnoose and Ms. Joshna Johnson Thomas, Non-Executive Directors, were paid remuneration by way of commission during the Financial Year 2019-20. Commission to all the Non-Executive Directors of the Company is not exceeding 1% of the net profits of the Company. The shareholders of the Company in their 23rd Annual General Meeting held on July 24, 2019, had increased payment of remuneration to Non-Executive Directors upto 2% of the net profits of the Company.

As the commission payable to Mr. Kochouseph Chittilappilly, for the Financial Year 2019-20 is more than 50% of the total annual remuneration, by way of commission payable to all the Non-Executive Directors, approval of members by way of special resolution is being sought for payment of commission to him in the ensuing Annual General Meeting, in compliance with the provisions of Regulation 17(6)(ca) of the Listing Regulations.

All the Non-Executive Directors were paid sitting fees for attending the meetings of the Board and Sub-committees of the Board. There were no other pecuniary relationship or transaction between any other Non-Executive Director and the Company during the year under review.

Ms. Joshna Johnson Thomas, Non-Executive Director, is related to Mr. Kochouseph Chittilappilly, who held the office of Non-Executive Chairman till March 31, 2020.

b) Criteria of making payments to Non-Executive Directors

The Company has adopted Nomination, Remuneration and Evaluation Policy, which describes the criteria of making payments to Non-Executive Directors. The Policy is available on the website of the Company www.vguard.in, in the page 'Investor Relations'.

The Non-Executive Directors are paid sitting fees for attending meetings of Board and Sub-Committees, which is duly approved by the Board of Directors of the Company and the present fee payable to the Directors for attending the meetings is within the limits specified in Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Commission is paid to three of the Non-Executive Directors with the approval of the members of the Company, considering their contributions in strengthening governance practices, review of strategic proposals, driving new initiatives etc., and the total amount of commission payable for the Financial Year 2019-20 is below 1% of the net profits of the Company.

c) Details of Remuneration paid to the Directors

The following is the details of remuneration and sitting fee paid to the Directors of the Company during the Financial Year under review:

(₹ In Lakhs)

Name	Salary	Retirement Benefits#	Perquisites $	Commission	Sitting fees	Total
Mr. Kochouseph Chittilappilly	-	-	-	151.18	3.75	154.93
Mr. Cherian N Punnoose	-	-	-	9.43	5.60	15.03
Mr. Mithun K Chittilappily	136.32	13.82	15.67	314.96	-	480.77
Mr. Ramachandran Venkataraman*	209.96	24.65	5.86	-	-	240.47
Mr. C J George	-	-	-	-	3.80	3.80
Ms. Joshna Johnson Thomas	-	-	-	62.99	1.50	64.49
Mr. Ullas K Kamath	-	-	-	-	3.70	3.70
Ms. Radha Unni	-	-	-	-	4.60	4.60
Mr. A K Nair**	-	-	-	-	1.65	1.65
Total	**346.28**	**38.47**	**21.53**	**538.56**	**24.60**	**969.44**

*As per terms and conditions of re-appointment, no notice or severance fee is payable to Mr. Ramachandran Venkataraman.

The retirement benefits do not include the provisions made for gratuity and compensated absence (if any), as they were determined on an actuarial basis for the Company as a whole.

$ Perquisite value of options exercised by Mr. Ramachandran Venkataraman under ESOS 2013 amounting to ₹ 895.02 lakhs is not included in the remuneration disclosed above.

During the year under review, 1,05,000, 5,67,000 and 1,68,000 number of options of ₹ 1/-, ₹ 68.75 and ₹ 121.80 respectively were vested to Mr. Ramachandran. He has exercised options to the extent of 1,68,000 and 2,73,131 numbers at an exercise price of ₹ 1/- and ₹ 34.64 respectively during the year.

**The sitting fees paid to Mr. A. K Nair was for the Board and Sub-Committee meetings took place on May 28, 2019, May 29, 2019 and July 24, 2019, respectively.

VI. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has constituted the Committee to look into various aspects of interest of investors such as transfer or credit of shares, non-receipt of dividend/ notices/annual reports etc. and to approve the share transfer, issue of duplicate share certificates, transmission, dematerialization and rematerialization of equity shares.

a) Composition, Name of Members and Chairperson

The Committee consists of two Non–Executive Independent Directors and one Executive Director as members. The composition of the Stakeholders' Relationship Committee as on March 31, 2020 is as follows:

Name	Category	Position
Mr. Cherian N Punnoose	Non-Executive Independent	Chairman
Mr. C J George	Non-Executive Independent	Member
Mr. Mithun K Chittilappilly	Executive	Member

b) Terms of reference

The terms of reference of Stakeholders' Relationship Committee are as follows:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Approving of dematerialization and rematerialization requests and authorize fixation of common seal of the Company on the share certificate(s).

(3) Review of measures taken for effective exercise of voting rights by shareholders.

(4) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent.

(5) Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

c) **Name and designation of the Compliance officer**

The Board of Directors has appointed Ms. Jayasree K, Company Secretary of the Company as Compliance Officer of the Company.

d) **Meeting and attendance during the year**

During the Financial Year 2019-20, the Committee met 2 times i.e on May 28, 2019 and November 6, 2019. Attendance of the members at the meeting held during the Financial Year 2019-20 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. Cherian N Punnoose	2	2
Mr. Mithun K Chittilappilly	2	2
Mr. C J George	2	2

e) **Redressal of Investor Grievances**

The Company addresses all the complaints, suggestions and grievances expeditiously. The details of complaints received and resolved during the year are as follows:

Sl. No.	Complaints received	Status
1	No. of investor complaints as on April 01, 2019	Nil
2	No. of investor complaints received during the year	
3	No. of investor complaints resolved during the year	
4	No. of investor complaints pending as on March 31, 2020	

VII. GENERAL BODY MEETING

a) **Details of Annual General Meeting held during the last three years**

Financial Year	Date	Time	Address
2018-19	July 24, 2019	04:30 p.m	The Renai Cochin, Palarivattom P.O, Kochi – 682025
2017-18	July 31, 2018	04:30 p.m	The Renai Cochin, Palarivattom P.O, Kochi – 682025
2016-17	July 31, 2017	04:30 p.m	The Renai Cochin, Palarivattom P.O, Kochi – 682025

b) **Details of Special Resolutions passed in the previous three Annual General Meetings and Extra-ordinary General Meeting**

Date of Annual General Meeting	Details of Special Resolutions passed if any;
23rd Annual General Meeting held on July 24, 2019.	a) Re-appointment of Mr. Cherian N Punnoose as Independent Director of the Company, to hold office for five consecutive years with effect from July 29, 2019 to July 28, 2024 and for continuation of his office of directorship who may attain the age of 75 years during this term. b) Re-appointment of Mr. C J George as Independent Director of the Company, to hold office for five consecutive years with effect from July 29, 2019 to July 28, 2024. c) Re-appointment of Mr. Ullas K Kamath as Independent Director of the company, to hold office for five consecutive years with effect from July 29, 2019 to July 28, 2024. d) Payment of remuneration by way of commission to Mr. Kochouseph Chittilappilly, Chairman (Non-Executive Director) for the Financial Year ended 2019, above fifty percent of the total annual remuneration by way of commission payable to all the Non-Executive Directors of the Company. e) Payment of remuneration to Non-Executive Directors of the Company, by way of commission or otherwise, not exceeding 2% (two percent) of the net profits of the Company effective from April 01, 2019.
22nd Annual General Meeting held on July 31, 2018.	To continue the directorship of Mr. A K Nair, Non-Executive Independent Director who attained the age of 75 as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2018.
21st Annual General Meeting held on July 31, 2017.	None.

c) Postal Ballot

During the year under review, the Company has moved special resolutions through postal ballot process vide notice dated June 12, 2019, to authorize raising of funds through various sources under section 180(1)(c) of the Companies Act, 2013 and to modify the statement setting out material facts of the special resolution passed for issue of 10,00,000 number of options for grant under ESOS 2013, through postal ballot process vide notice dated November 09, 2017.

On February 26, 2020, the Company has moved a special resolution for adoption of new Articles of Association in line with the provisions of the Act and an ordinary resolution for appointment of Mr. Kochouseph Chittilappilly as Chairman Emeritus of the Company and for payment of emoluments to him for a period of three years effective from April 1, 2020.

The Board of Directors of the Company had appointed Mr. Mithun K Chittilappilly, Managing Director (DIN: 00027610) and Ms. Jayasree K, Company Secretary (ICSI Membership No.: ACS 15900), of the Company as the person responsible for the entire Postal Ballot process.

In compliance with Sections 108 and 110 of Act read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 44 of the Listing Regulations, the Company provided e-voting facility to all the shareholders. The members had the option to vote either by physical ballot or through e-voting. The Company authorised Link Intime India Private Limited, for providing e-voting facilities to the shareholders of the Company through their e-voting platform 'InstaVote.'

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelope to its members whose names appeared on the register of members / list of beneficiaries as on the cut-off date decided by the Board. The postal ballot notices were sent to members in electronic form to their e-mail addresses registered with the Depository Participants.

For members, whose email ids are not registered, physical copies of the postal ballot notice along with forms and prepaid self-addressed business reply envelope were sent by permitted mode (i.e through registered post or through courier). Voting rights were reckoned on the paid-up value of the equity shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period and those desiring to exercise votes by electronic mode were requested to vote before the close of the business hours on the last date of e-voting.

The Board of Directors had appointed Mr. C N Paramasivam, Practicing Company Secretary, Coimbatore and Mr. M D Selvaraj, Practicing Company Secretary, Coimbatore as "Scrutinizer" for scrutinizing the postal ballot and e-voting process in respect of the resolutions passed through postal ballot process vide notices dated June 12, 2019 and February 26, 2020 respectively. The scrutinizers submitted their report to the Chairman, after completion of scrutiny and the consolidated results of voting by postal ballot and e-voting were announced by the Chairman. The results were displayed on the Company website www.vguard.in and communicated to the stock exchanges.

The details of the voting done by the shareholders in respect of various resolutions passed through postal ballot process during the year under review are given below:

1. Date of Postal Ballot Notice : June 12, 2019.

   Date of declaration of results : July 13, 2019.

   Voting period : June 13, 2019 to July 12, 2019.

Sl. No.	Details of Business Transacted	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against	
				No. of Votes	%	No. of Votes	%
1.	To authorize raising of funds through various sources under section 180(1) (c) of the Companies Act, 2013.	Special Resolution	33,44,76,550	33,44,73,856	100.00	2,694	Negligible
2.	To modify the statement setting out the material facts of the special resolution passed through postal ballot process vide notice dated November 09, 2017 for issue of 10,00,000 number of options for grant under ESOS 2013.	Special Resolution	33,44,76,550	32,68,79,338	97.73	75,97,212	2.27

The Board of Directors had appointed Mr. C N Paramasivam, Practicing Company Secretary, Coimbatore, as the Scrutinizer for scrutinizing the postal ballot and e-voting process.

2. Date of Postal Ballot Notice : February 26, 2020.

   Date of declaration of results : March 28, 2020.

   Voting period : February 27, 2020 to March 27, 2020.

Sl. No.	Details of Business Transacted	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against	
				No. of Votes	%	No. of Votes	%
1.	Adoption of new Articles of Association.	Special Resolution	38,29,33,073	38,23,09,593	99.84	6,23,480	0.16
2.	Appointment of Mr. Kochouseph Chittilappilly, as Chairman Emeritus of the Company and for payment of emoluments to him.	Ordinary resolution*	9,40,75,777	8,38,40,439	89.12	1,02,35,338	10.88

The Board of Directors had appointed Mr. M D Selvaraj, Practicing Company Secretary, Coimbatore, as the Scrutinizer for scrutinizing the postal ballot and e-voting process.

*The promoters and promoter group who are interested in the resolution had abstained from voting.

No special resolution is proposed to be conducted through Postal ballot as on the date of this Report.

VIII. MEANS OF COMMUNICATION

a) Quarterly Results

The Company regularly intimates information like quarterly/half yearly/annual financial results and media releases on significant developments from time to time. The financial results and other official news releases are also placed in the 'Investor Relations' section of the website of the Company at www.vguard.in and have also been communicated to the stock exchanges in which shares of the Company are listed.

b) Newspaper wherein results are normally published

The financial results are normally published in the newspapers- Business Standard (English) and Deepika (Malayalam).

c) Details of website and display of official news releases and presentation made to the institutional investors or to analysts

The website of the Company, www.vguard.in contains comprehensive information about the Company, its business, Directors, Sub-Committees of the Board, terms and conditions of appointment of Independent Directors, products, branch details, distributor locator, media details, service helplines, various policies adopted by the Board, details of unpaid dividend, contact details for investor grievance redressal, credit rating details, financial statement of subsidiary, shareholding pattern, notice of meeting of Board of Directors, quarterly unaudited financial results, audited financial results, annual report, shareholder information, schedule of analyst or institutional investor conference, presentations made to analysts or institutional investor, other developments etc.

IX. GENERAL SHAREHOLDER INFORMATION

a) Date, Venue and Time of the 24th Annual General Meeting

Date	Wednesday, August 12, 2020
Time	3.30 p.m.
Mode & Venue	AGM will be convened through Video Conferencing / Other Audio Visual Means (OAVM) at the Company's Registered Office i.e., 42/962, Vennala High School Road, Vennala, Ernakulam – 682028

b) Board Meeting and Financial calendar

The Financial Year of the Company starts from April 1st of a year and ends on March 31st of the following year.

Calendar of Board Meeting to adopt the accounts (tentative and subject to change) for the Financial Year 2020-21 is as follows:

For the quarter ended	Proposed Dates
June 30, 2020	July 27, 2020
September 30, 2020	October 28, 2020
December 31, 2020	January 21, 2021
March 31, 2021	May 13, 2021

c) Dividend for the Financial Year 2019-20

The Board of Directors in their meeting held on February 14, 2020 declared an interim dividend of ₹ 0.90 (90%) per share. The dividend was paid to the equity shareholders, whose name appeared in the register of members or in the records of depositories, as beneficial owner on February 27, 2020. The dividend was disbursed to the shareholders on March 3, 2020. Further, the Company had transferred the dividend amount of ₹ 89,876.70/- pertaining to the shares transferred to IEPFA to its the bank account. Additionally, an amount of ₹ 72,496/- was transferred to IEPFA with respect to the final dividend declared for the Financial Year 2018-19.

The Company has formulated a policy on Distribution of Dividend and the same is available on the website of the Company www.vguard.in in the page 'Investor Relations' and forms part of this Annual Report.

d) Unpaid dividend Amount

As per the provisions of Section 124(5) and (6), the Company is required to transfer the unpaid dividend amount which is unclaimed for a period of seven years from the date of declaration of dividend to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

The Company has transferred an amount of ₹ 4,41,742/- which was lying in Unpaid Dividend Account for the Financial Year 2011-2012 to IEPF. The unclaimed dividend in respect of the Financial Year 2012-2013 is due for transfer to IEPF on August 22, 2020 in terms of section 124(6) of the Act. Claims against unpaid/unclaimed dividend pertaining to Financial Year 2012-2013 may be lodged at the Registered Office or at the Office of Registrar and Transfer Agent of the Company before August 10, 2020.

Members who have not encashed their Dividend Warrants within the validity period, may write to the Company at its Registered Office or to Link Intime India Private Limited, the Registrars & Transfer Agents of the Company by giving details of their bank account for claiming dividend.

Given below is the due date of transfer of the unclaimed dividend amount to IEPF by the Company:

Financial Year	Dividend per Share (Amt in ₹)	Nature	Date of Declaration of Dividend	Due date of transfer to IEPF	Account balance as on March 31, 2020 (Amount in ₹)
2012-13	3.50	Final	July 23, 2013	August 22, 2020	3,83,729.50
2013-14	4.50	Final	July 29, 2014	August 28, 2021	3,73,360.50
2014-15	4.50	Final	August 03, 2015	September 02, 2022	3,82,104.00
2015-16	4.50	Interim	March 09, 2016	April 08, 2023	4,25,169.00
2015-16	2.50	Final	July 26, 2016	August 25, 2023	2,21,970.00
2016-17	0.70	Final	July 31, 2017	August 30, 2024	7,21,560.30
2017-18	0.70	Final	July 31, 2018	August 30,2025	6,47,172.40
2018-19	0.80	Final	July 24, 2019	August 30, 2026	5,88,617.60
2019-20	0.90	Interim	February 14, 2020	March 22, 2027	10,70,620.20

As per the provisions of Section 124(6) of the Act and Investor Education and Protection Fund Authority Rules, 2016 (the 'Rules'), if dividend on any shares have not been encashed or claimed during seven consecutive years or more, such shares are to be transferred to IEPF, a fund constituted by the Government of India.Further, the aforesaid provisions will also be followed for the balance unclaimed amount of ₹ 23,406.59/- on account of sale proceeds of the fractional shares with respect to the Bonus Issue made on March 2017. The said amount will become due to transfer to IEPF by May 26, 2024.

The Company has given intimation to all shareholders who has not claimed dividend for seven consecutive years from the Financial Year 2012-13, indicating that such shares shall be transferred to Investor Education and Protection Fund Authority (IEPFA). The shareholders can claim dividend on or before August 10, 2020, failing which the shares will be transferred to IEPFA at appropriate date. The said intimation has been published in newspapers and made available on the website of the Company 'www.vguard.in' in the page 'Investor Relations'.

e) Details of shares transferred to Investor Education and Protection Fund Authority

During the year under review, the Company was required to transfer 13,723 equity shares to IEPFA as dividend has not been encashed or claimed on the above shares during the seven consecutive years from the Financial Year 2011-12 to 2017-18. However, the Company could transfer only 10,443 equity shares to IEPFA, as 3,280 equity shares were pledged by one of the shareholders. The Company had intimated IEPFA the details of such shares by filing form IEPF-3. The voting rights on the shares transferred to IEPFA shall remain frozen till the shareholder claim those shares from IEPFA, by filing Web Form IEPF - 5, as prescribed under the Rules. The details of shares transferred to IEPFA is available in the website of the Company at www.vguard.in, in the page 'Investor Relations'.

The procedures to be followed by the shareholder for filing of Web Form IEPF-5 for claiming both unpaid dividend and the shares from IEPFA is detailed in the website of the Company www.vguard.in in the page 'Investor Relations'.

f) Name and address of the stock exchange at which the shares of the Company are listed and details of annual listing fees paid

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the BSE Ltd., since March 13, 2008. Listing fees for the Financial Year 2020-21 have been paid to both the Stock Exchanges. Address of the Stock Exchanges are as follows:

BSE Limited Phiroze Jeejeebhoy Towers, Dalal street, Mumbai – 400001	National Stock Exchange of India Limited Exchange plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra – East, Mumbai – 400051

g) Custodial Fees

The Company has paid the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05/2011 dated April 27, 2011 for the year 2020-21.

h) Details of Stock code

The stock codes of the Company at the Stock Exchanges are as follows:

BSE Ltd : Scrip code: 532953

The National Stock Exchange of India Limited : Symbol VGUARD/Series: EQ

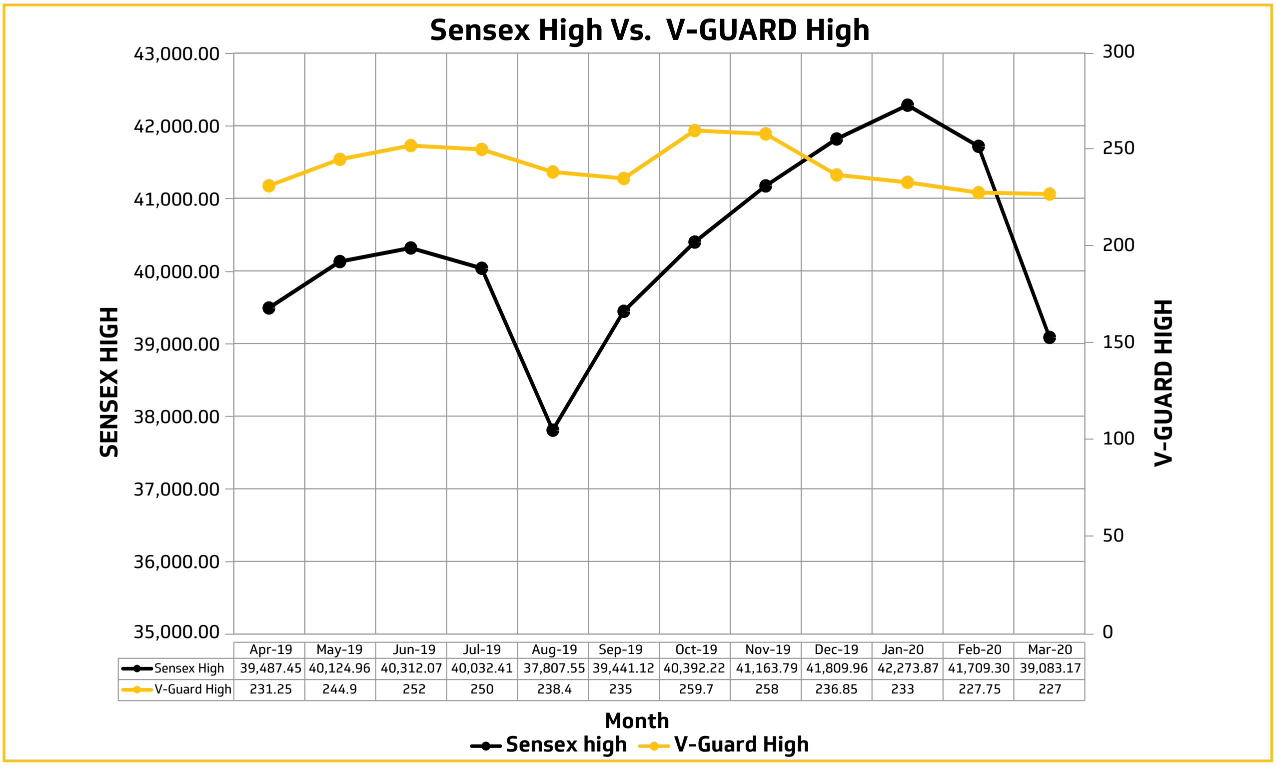
Company's ISIN : INE951I01027

i) Market price data-high, low during each month in the Financial Year 2019-20

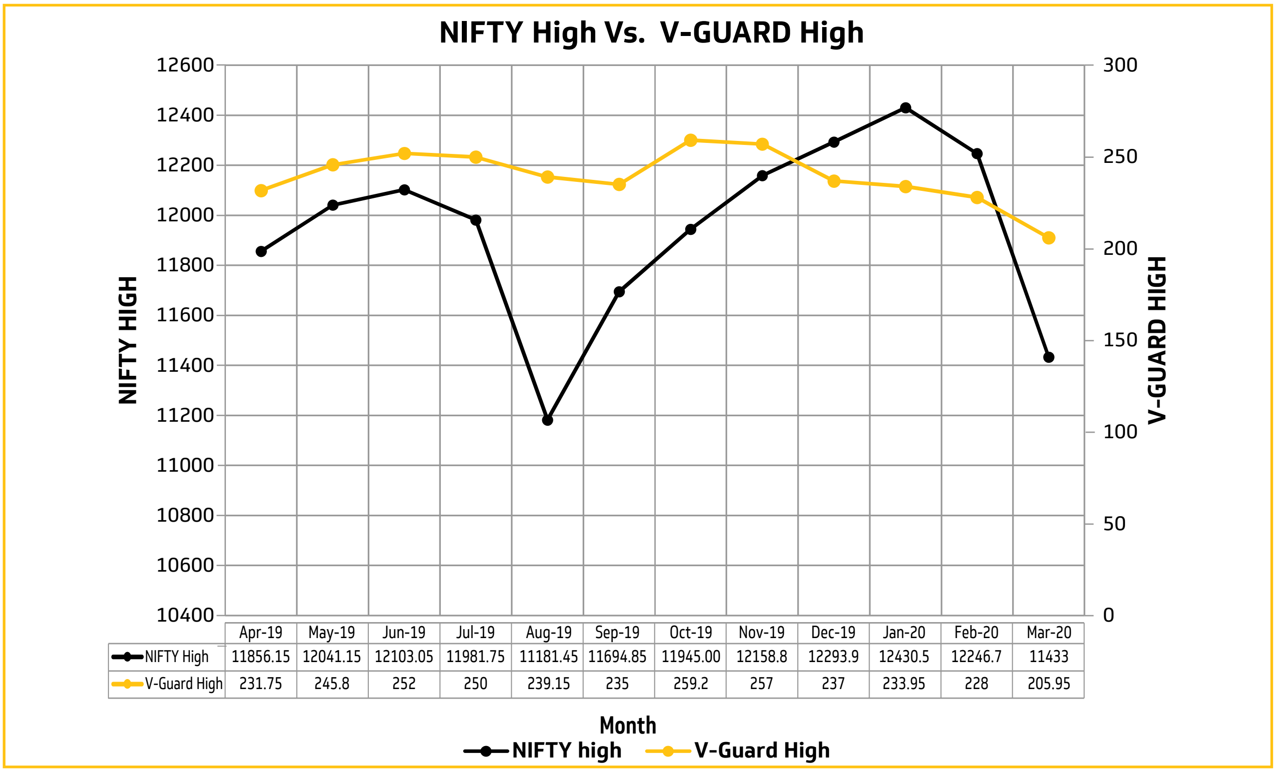
Monthly high and low quotations during each month during the Financial Year 2019-20 as well as the volume of shares traded at the National Stock Exchange of India Limited and BSE Limited are as follows :

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (in Numbers)	High (₹)	Low (₹)	Volume (in Numbers)
April '19	231.75	215.00	1,14,04,511	231.25	215.40	8,91,750
May '19	245.80	198.10	2,33,72,923	244.90	198.30	12,38,376
June '19	252.00	222.00	2,10,85,653	252.00	222.10	17,71,942
July '19	250.00	215.60	1,28,16,468	250.00	216.15	16,15,031
August '19	239.15	217.35	56,74,073	238.40	217.35	5,77,555
September '19	235.00	215.20	49,80,106	235.00	215.60	2,28,521
October '19	259.20	215.65	49,06,709	259.70	216.45	3,68,253
November '19	257.00	226.30	61,02,577	258.00	226.15	3,71,501
December '19	237.00	206.30	98,77,336	236.85	206.20	7,28,083
January '20	233.95	207.00	63,70,463	233.00	207.35	10,30,972
February '20	228.00	198.00	68,72,750	227.75	198.05	2,40,818
March '20	205.95	149.00	72,47,596	227.00	149.00	3,20,504

j) Performance in comparison to broad based indices such as BSE- Sensex and NSE – Nifty 50.



	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Sensex High	39,487.45	40,124.96	40,312.07	40,032.41	37,807.55	39,441.12	40,392.22	41,163.79	41,809.96	42,273.87	41,709.30	39,083.17
V-Guard High	231.25	244.9	252	250	238.4	235	259.7	258	236.85	233	227.75	227



	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
NIFTY High	11856.15	12041.15	12103.05	11981.75	11181.45	11694.85	11945.00	12158.8	12293.9	12430.5	12246.7	11433
V-Guard High	231.75	245.8	252	250	239.15	235	259.2	257	237	233.95	228	205.95

k) Trading of the Company's shares were not suspended during the Financial Year under review.

l) Registrar and Transfer Agent

Link Intime India Private Limited
Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028
Phone: 0422-2314792, E-mail: coimbatore@linkintime.co.in

m) Share transfer

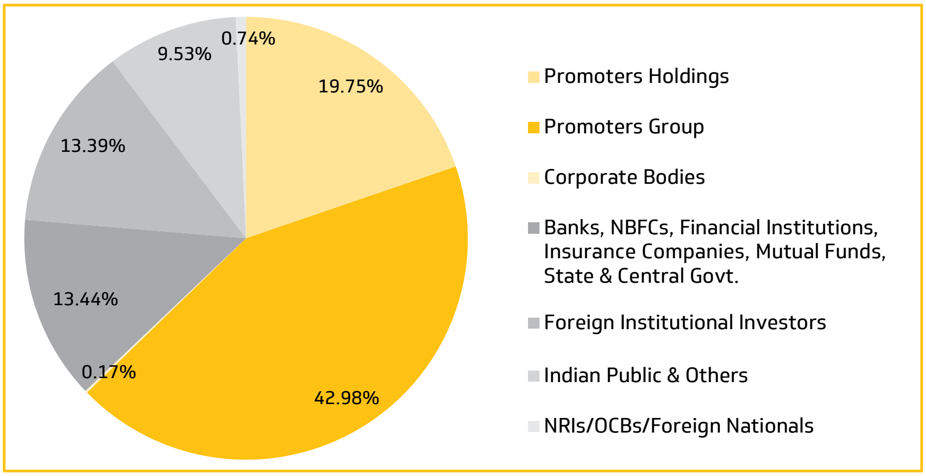
SEBI vide Press Release No. 12/2019 dated March 27, 2019, effective from April 1, 2019, has discontinued transfer of shares in physical mode and hence, the Company is not required to process any transfer request on or after April 1, 2019. The Company holds Stakeholders' Relationship Committee Meetings for approving dematerialization, requests for transmission and rematerialization of equity shares and for issue of duplicate share certificate.

n) Distribution of shareholding as on March 31, 2020

Shareholding of Nominal shares		Number of shareholders	% of Shareholders	Number of Shares	% of Shares
From	To				
1	5000	81,228	98.7887	2,26,66,789	5.2924
5001	10000	441	0.5363	31,27,156	0.7302
10001	20000	242	0.2943	33,85,276	0.7904
20001	30000	73	0.0888	17,83,053	0.4163
30001	40000	37	0.0450	12,94,562	0.3023
40001	50000	31	0.0377	13,67,499	0.3193
50001	100000	71	0.0864	48,66,307	1.1362
100001	Above	101	0.1228	38,97,96,893	91.0129
Total		**82,224**	**100.00**	**42,82,87,535**	**100.00**

Category of shareholders as on March 31, 2020

Category	No. of shares	% of the total no. of shares
Promoters Holdings	8,45,89,166	19.75
Promoters Group	18,40,70,036	42.98
Corporate Bodies	7,23,695	0.17
Banks, NBFCs, Financial Institutions, Insurance Companies, Mutual Funds, State & Central Govt.	5,75,82,728	13.44
Foreign Institutional Investors	5,73,47,604	13.39
Indian Public & Others	4,07,95,607	9.53
NRIs/OCBs/Foreign Nationals	31,78,699	0.74
Total	**42,82,87,535**	**100.00**



o) Dematerialization of shares and liquidity

The shares of the Company are in compulsory dematerialization segment and are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's shares are liquid and actively traded in National Stock Exchange of India Ltd., and BSE Ltd. The status of shares held in dematerialised and physical forms as on March 31, 2020 are given below:

Particulars	No. of shares	Percentage
Shares held in Dematerialised form	42,74,62,681	99.8
Shares held in Physical form	8,24,854	0.2
Total	**42,82,87,535**	**100.00**

p) There were no outstanding GDR/ADR/warrants or any convertible instruments as at and for the year ended March 31, 2020.

q) Commodity price risk or foreign exchange risk and hedging activities

During the year ended March 31, 2020, the Company has managed its foreign exchange risk by entering into hedging arrangements as and when considered necessary. The details of foreign currency risk and commodity price risk are disclosed in notes to the financial statements, which forms part of this Annual Report.

r) Plant Locations

The details of manufacturing/plant locations and registered office are given in Page no. 31 of the Annual Report.

s) Address for investor correspondence:

The Company Secretary

V-Guard Industries Limited
42/962, Vennala High School Road, Vennala,
Ernakulam – 682028
Phone: 0484-433 5000; 200 5000
e-mail: jayasree@vguard.in; secretarial@vguard.in; cscompliance@vguard.in

t) List of credit rating obtained by the Company with revision during the Financial year

The Company's bank facilities are rated by Investment Information and Credit Rating Agency of India Limited (ICRA Ltd.). The Company continues to have long-term rating of [ICRA]AA (pronounced ICRA double A) and short-term rating of [ICRA]A1+ (pronounced ICRA A one plus). The outlook on the long-term rating remains stable.

X. OTHER DISCLOSURES

a) Disclosure of material related party transactions that may have potential conflict with the interest of entity at large & web link for policy on dealing with related party transactions

During the year under review, no material related party transactions which had any potential conflict with the interest of entity at large was entered.

The Board of Directors of the Company, as per the provisions of Regulation 23 of the Listing Regulations, has formulated a Policy on Material Related Party Transactions. The said policy is available on the website of the Company www.vguard.in in the page 'Investor Relations'. The related party transactions entered during the year under review are in the ordinary course of business and on arms' length basis. Further, a statement on all related party transactions is presented before the Audit Committee of the Company on quarterly basis for its review.

Also, refer note 44 of the Standalone financial statements as at March 31, 2020 which forms part of this Annual Report for details of related party transactions.

b) Details of Non-Compliance by the Company, Penalties, Strictures imposed on the Company by Stock Exchange or the Board or any statutory authority, on any matter related to capital markets during the last three years

The Company has not been penalized, nor have the Stock Exchanges, SEBI or any statutory authority imposed penalties or strictures on the Company, during the last three years, on any matter relating to capital markets.

c) Details of establishment of Vigil Mechanism and Whistle Blower Policy

The Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism provides for adequate safeguard against victimization of Directors/employees who blows the whistle and to provide direct access to the Chairman of the Audit Committee in exceptional cases. No employee is denied the opportunity to meet the Chairman of the Audit Committee.

Vigil Mechanism adopted by the Company is posted on the website of the Company www.vguard.in in the page 'Investor Relations'.

d) Details of policy for determining 'material' subsidiaries

The Board of Directors have formulated a policy for determining material subsidiary and the same is posted on the website of the Company www.vguard.in.

e) Governance of Subsidiary Company – GUTS Electro-Mech Limited

The minutes of the Board Meetings of the Subsidiary Company, along with the details of the significant transactions and the arrangement entered by the Company are shared with the Board of Directors on a quarterly basis. The Company does not have a material subsidiary as on the date of this report.

f) Details of funds raised through preferential allotment or qualified institutional placement as specified under reg 32(7A)

During the year, the Company has not raised any funds through preferential allotment or qualified institutional placement as specified under regulation 32(7A) of the Listing Regulations.

g) Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant Financial Year, the same to be disclosed along with reasons

During the year under review, the Board has accepted all the recommendation of all the Committees of the Board.

h) Total fees paid to Statutory Auditors

M/s. S R Batliboi & Associates LLP, Chartered Accountants, Kochi, with Firm Registration No. 101049W/E300004, were appointed as Statutory Auditors of the Company from the conclusion of 21st Annual General Meeting until the conclusion of 26th Annual General Meeting of the Company to be held in the Financial Year 2022. The Company has paid or provided a consolidated amount of ₹ 64.50 lakhs to the Auditors for carrying out the audit of the Financial Year 2019-20 and for other certificates issued or to be issued for the said year. The above amount is exclusive of Goods and Services Tax and reimbursement of out of pocket expenses.

i) Redressal of Grievances under Sexual Harassment Policy

The Company has in place, a policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace in accordance with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The details of complaints received and resolved during the year are as follows:

Sl. No.	Complaints received	Compliant Status
1	No. of grievances received during the Financial Year	0
2	No. of grievances disposed of during the Financial Year	0
3	No. of complaints pending at the end of the Financial Year	0

XI. CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE.

The Company has obtained a certificate from M/s. Keyul M Dedhia & Associates, Company Secretaries (Firm Registration Number: S2009MH120800), Mumbai, in compliance with the provisions of Regulation 34(3) of the Listing Regulations read with Schedule V Para C clause (10)(i) of the Listing Regulations, confirming that none of the Directors of the Company are debarred or disqualified from being appointed or continuing as a Director of any company, by SEBI, Reserve Bank of India or Ministry of Corporate Affairs or any other Statutory Authority as on March 31, 2020. Certificate obtained from the Practising Company Secretary, forms part of this Report.

XII. DETAILS OF ADOPTION OF DISCRETIONARY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II TO THE LISTING REGULATIONS

The Company has adopted the following non-mandatory requirements of Part E of Schedule II to the Listing Regulations.

a) The Chairperson of the Company is in Non-Executive Category.

b) With a view to further improve the Corporate Governance practices being followed by the Company, the role of Chairman and Managing Director is being held by different persons.

c) The Company has moved towards the regime of financial statements with unmodified audit opinion.

d) The Independent firms of the Internal Auditors of the Company are directly reporting to the Audit Committee of the Board.

XIII. DISCLOSURE ON COMPLIANCE WITH CORPORTE GOVERNANCE REQUIREMENTS

The Company has complied with all the requirements of Corporate Governance mentioned in the Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable.

XIV. DETAILS OF OTHER COMPLIANCES

Details of compliances of provisions relating to Corporate Governance in various Regulations of the Listing Regulations, other than those specified above are as under:

a) Code of conduct for Directors and Senior Management

The Board has put in place a Code of Conduct for Directors and Senior Management of the Company in line with the provisions of the Act and the Listing Regulations. The Code is available on the website of the Company www.vguard.in in the page 'Investor Relations'.

b) Notice of interest by Senior Management Personnel

The Senior Management team has confirmed to the Board of Directors that no material and commercial transactions have been entered into between the Company and Members of the Senior Management team, where they have personal interest.

c) Prevention of Insider Trading

The Company has in place a Code of Conduct – Insider Trading to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading (Regulations), 2015. The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of the Company and cautioning them of the consequences of violations. The Company has placed the Code as per the Listing Regulations in the website of the Company www.vguard.in in the page 'Investor Relations'.

d) Risk management

The Board of the Company has adopted Risk Policy of the Company and has framed and implemented risk management plan for the Company and laid down the procedures to inform the members of Audit Committee and the Board about the risk assessment and minimization procedures.

The members of the Committee consists of two Executive Directors, an Independent Director and Chief Financial Officer of the Company.

A brief note on Risk Mitigation is included in the Management Discussion and Analysis Report, which forms part of this Annual Report.

e) Review of compliance reports pertaining to all laws applicable to the Company

A comprehensive report on the status of compliance, with all the applicable laws to the Company is placed before the Board on a quarterly basis for their review and knowledge.

f) Submission of quarterly compliance report on Corporate Governance

The Company has submitted quarterly compliance report on Corporate Governance, duly signed by the Company Secretary of the Company, with all the Stock Exchanges wherein the shares of the Company are listed.

g) Management Discussion and Analysis Report

Management Discussion and Analysis Report detailing the industry developments, segment wise/ product wise performance and other matters forms part of this Annual Report.

h) Non-compliance of any requirement of Corporate Governance Report with thereof shall be disclosed

The Company has complied with all the requirements of Corporate Governance Report as specified in sub-paras (2) to (10) of Schedule V (c) of the Listing Regulations.

XV. CEO/CFO CERTIFICATION

Pursuant to Regulation 17(8) of the Listing Regulations, Mr. Mithun K Chittilappilly, Managing Director and Mr. Sudarshan Kasturi, Chief Financial Officer has given CEO/CFO Certificate as per the format specified in part B to the Schedule II of the Listing Regulations, and said certificate was placed before the meeting of Board of Directors in their meeting held on June 1, 2020.

XVI. DECLARATION OF CODE OF CONDUCT

In compliance with the provisions of Schedule V(D) of the Listing Regulations, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

For and on behalf of Board of Directors

Sd/ -
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date: June 1, 2020
Place : Ernakulam

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,
V-Guard Industries Limited
Corporate Identity Number: L31200KL1996PLC010010
42/962, Vennala High School Road, Vennala, Ernakulam, Kochi, Kerala- 682 028.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of V-Guard Industries Limited having Corporate Identity Number: L31200KL1996PLC010010 and having registered office at 42/962, Vennala High School Road, Vennala, Ernakulam, Kochi, Kerala- 682 028. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our test check basis 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 **Keyul M. Dedhia & Associates**
Company Secretaries
Unique ICSI Code Number: S2009MH120800

Sd/-
Keyul M. Dedhia
Proprietor
FCS No: 7756 COP No: 8618
UDIN: F007756B000308661

June 01, 2020, Mumbai

CEO/CFO CERTIFICATION TO THE BOARD

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Mithun K Chittilappilly, Managing Director and Sudarshan Kasturi, Chief Financial Officer of V-Guard Industries Limited, hereby certify that:

A. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2020 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 Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered by the Company during the period under review which are fraudulent, illegal and violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that 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 , deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

(1) That there are no significant changes in internal control over financial reporting during the year;

(2) That there are no significant changes in accounting policies during the year; and

(3) That we are not aware of any instances of significant fraud with involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting

For **V-Guard Industries Limited**

	Sd/-	Sd/-
Date: June 1, 2020	**Mithun K Chittilappilly**	**Sudarshan Kasturi**
Place: Ernakulam	Managing Director	Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

The Members of V-Guard Industries Limited
42/962, Vennala High School Road,
Vennala P.O., Kochi, Kerala – 682 028

1. The Corporate Governance Report prepared by V-Guard Industries Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations")('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

    i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;

    ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;

iv. Obtained and read the minutes of the Annual General Meeting, meetings of Board of Directors and the following committee meetings / other meetings held during April 01, 2019 to March 31, 2020:

(a) Audit Committee;

(b) Nomination and Remuneration Committee;

(c) Stakeholders Relationship Committee;

(d) Risk Management Committee

v. Obtained necessary declarations from the directors of the Company.

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report 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.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAACS3419

Bengaluru
July 14, 2020

Business Responsibility Report

INTRODUCTION:

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") has mandated inclusion of a "Business Responsibility Report" ("BRR") as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Ltd., ("BSE") and the National Stock Exchange of India Ltd., ("NSE"). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ("NVGs")' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains nine Principles and Core Elements for each of those nine Principles. The report outlines the organization's performance from the environmental, social and governance perspective and has been prepared as prescribed and in accordance with the Regulation 34 (2) (f) of the Listing Regulations and provides the information as required by SEBI.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identification Number	L31200KL1996PLC010010
2.	Name of the Company	V-Guard Industries Limited
3.	Registered Office Address	42/962, Vennala High School Road, Vennala, Ernakulam, Kerala – 682028
4.	Website	www.vguard.in
5.	Email ID	mail@vguard.in
6.	Financial Year Reported	2019-20
7.	Sector that the Company is engaged in	Consumer Electricals
8	Key products that the Company manufactures/ provides	(see table below)

Product	NIC Code 2008
House wiring cable	2732
Stabilizers	2710
Water Heaters (Electric & Solar)	2750, 2815
UPS (Digital & Standalone)	2710
Pump	2812
Fan	2750

9.	Total no. of locations where business activity is undertaken by the Company	a. Registered and Corporate Office at Kochi, Kerala. b. Own Manufacturing Locations – 8 facilities, spread across Coimbatore, Perundurai, Kashipur, Kala Amb and Sikkim. c. Branch Offices – 31
10.	Markets served by the Company	The Company predominantly serves the Indian Markets with share of exports being negligible.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹ 42.82 crores
2.	Total Turnover	₹ 2,481.96 crores
3.	Total Profit After Tax	₹ 185.16 crores
4.	Total Spending on Corporate Social Responsibility	a. Average net profit of the Company for last three financial years: ₹ 19,812 Lakhs. b. Total amount spent for the financial year 2019-20: ₹ 400.57 Lakhs
5.	List of activities, in which expenditure in 4 above, has been incurred	a. Edu-care and Skill development programs b. Health care programs c. Build India & Relief Activities d. Promotion of sports, arts and cultural programs

SECTION C: OTHER DETAILS

Subsidiary Information & Details of subsidiary participation or any other entities participation in company's BR Initiatives	Guts Electro-Mech Ltd., in which the Company is holding 74% equity investment, is a subsidiary and it is engaged in the business of manufacture and supply of MCB & RCCB. Regd. Office address: 163/C, 164/E, Phase II, IDA, Cherlapally, Hyderabad, Telangana – 500051. V-Guard Foundation, a Non-Profit Company, limited by guarantee, registered under Section 8 of the Companies Act, 2013 established in 2017 is the principal arm for implementing the Company's CSR programs. It takes forward the Company's CSR Vision and implement social upliftment programmes in a more collaborative and participative manner.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/ Directors responsible for BR:

a. Details of the Director/ Directors Responsible for implementation of the BR policy/policies

DIN	00027610
Name	Mr. Mithun K Chittilappilly
Designation	Managing Director

b. Details of the BR Head

DIN	06576300
Name	Mr. Ramachandran V
Designation	Director & Chief Operating Officer
Tele No.	0484-4335000
Email ID	mail@vguard.in

2. Principle-wise (as per NVGs) BR Policy / Policies:

The National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect and make efforts to restore the environment principle.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of Compliances (Reply in Y/N):

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	The relevant policies have evolved over a period of time by taking inputs from relevant internal stakeholders. However, the Company engages with key external stakeholders on a regular basis and their concerns are noted and discussed internally which help in shaping our policies.								
3.	Does the policy conform to any national/international standards? If yes, specify	Yes. Policies have been developed considering relevant national and international standards and meet national regulatory requirements such as Companies Act, 2013, the Listing Regulations and various other Statutes.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Yes. The policies are approved by the Board/ Competent Authority to which delegation has been made by the Board.								
5.	Does the company have a specified committee of the Board/Directors / official to oversee the implementation of the policy?	Yes. The Internal Audit Division of the Company oversee the functioning of the policies.								
6.	Indicate the link for the policy to be viewed online?	Policies are uploaded in the website of the Company at www.vguard.in and in the Company's intranet portal.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies are communicated to internal stakeholders and are available on the Company's internal network. If required, the policies are also shared with our external stakeholders and are published on the Company's website.								
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. The policies are evaluated periodically by various divisions of the Company.								

b. If answer to the question at serial number 1 against any principle is 'No', please explain why:

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	Not Applicable as the Company has formulated policies based on all the nine Principles.								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have any financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR:

a.	Frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 Year	The Board / Committee of the Company generally meets on a quarterly basis. Further, the frequency of meetings is determined by the Chairman on need basis.
b.	Does the company publish a BRR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BRR forms part of Annual Report of the Company and the same is made available on the website of the Company at www.vguard.in

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs/Others?	The Company has adopted a Code of conduct applicable to the Board of Directors, Senior Management Personnel and employees of the Company as well. The Code requires the Directors, Senior Management Personnel and other employees of the Company to act honestly, ethically and with integrity.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by management? If so, provide details thereof	The Vigil Mechanism Policy serves as a mechanism for its Directors and Employees to report any genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct. No complaints were received during the FY 2019-20. No Complaint was outstanding as on March 31, 2020. In addition to this there are no complaints received during the year relating to ethics, bribery or corruption from any stakeholders.

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

1.	List three products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities	None of the products have any potential impact on the environment as the materials used and the process followed strictly comply with prescribed standards. The Company's product folder consists of Solar Water Heater and Solar enabled UPS which promotes usage of renewable source of energy. Through the efforts of continuous Research and Development activities, the Company was able to reduce the lead content in Batteries. Further, the Company was able to produce and roll out products which consume less energy and confirming to various energy standards.
2.	Procedures in place for sustainable sourcing (including transportation) and percentage of inputs sourced sustainably	The Company's procurement of materials and goods are done by the Centralised Procurement Team. The procedures laid down in this regard endeavours to protect the environment and various stakeholders.
4.	Steps taken to procure goods and services from local and small producers, including communities and capability building initiatives, undertaken for local and small vendors	The Company procures goods and services from various local & small producers.
5.	Mechanism to recycle products and waste and the percentage of recycling of products and waste (separately as 10%)	There are no such products/waste manufactured which can be recycled and hence the Company does not have any mechanism for that.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1.	Total No. of employees	2302 (as on March 31, 2020)
2.	Total number of employees hired on temporary/ contractual/casual basis	Net Additions as on March 2020 is 208. Total Head Count as on March 31, 2020 is 2023.
3.	Number of permanent women employees	153
4.	Number of permanent employees with disabilities	Nil
5.	Employee associations recognised by the management	Nil
6.	Percentage of permanent employees that are members of recognised employee associations	NA
7.	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8.	Percentage of employees that were given safety and skill upgradation training in the previous year.	All employees, both permanent and temporary are given training in the areas of safety measures and skill upgradation.

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

1.	Has the Company mapped its internal and external stakeholders? Yes/No	Yes. The Company has mapped its key internal and external stakeholders.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	The Company identifies underprivileged communities around its business locations who are disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders in identifying their needs and priorities to serve their needs.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?	The Company is carrying out various welfare activities for the disadvantaged, vulnerable and marginalised stakeholders through its CSR programmes.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors / NGOs/ Others?	The Company remains committed to respect and protect human rights. The Company's Code of Conduct & Ethics and the HR policies and processes adequately addresses these aspects. The Company does not hire child /forced or involuntary labour. All the employees are treated in a just, fair and equal manner.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received pertaining to human rights violation during the reporting period.

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

1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors /NGOs/other	The Company has well-defined policies/principles in place relating to Health, Safety and Environment. These policies foster utmost employee safety and wellbeing which not only takes care of the wellness of employees but also the environment. The policy and principles are communicated to the relevant external stakeholders. At present, these policies are applicable to the permanent and contract employees of the Company.
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	The Company's policy requires conduct of operations in such a manner, as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources. In line with the Company's commitment towards conservation of energy, all its manufacturing units continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption, using solar energy, rain water harvesting etc.
3.	Does the company identify and assess potential environmental risks? Y/N	Yes
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?	No, the Company has not undertaken any specific project related to the Clean Development Mechanism as per the Kyoto Protocol. The requirement and standards on environmental concerns are assessed at product development stage.
5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company utilises its resources in an optimal and responsible manner. Continuous efforts are on to improve energy efficiency in every sphere of Company's operations. Appropriate measures to check and prevent pollution are undertaken.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	The emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year.	The Company has not received any show cause/ legal notices from CPCB/SPCB during the financial year under review.

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

1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Indian Electrical & Electronics Manufacturers' Association (IEEMA) The Confederation of Indian Industry (CII) Kerala Management Association (KMA), Kerala State Productivity Council (KSPC), The Cochin Chamber of Commerce & Industry.
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas	Presently, the Company is carrying out activities on advancement or improvement of public good both directly and through various associations.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1.	Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company strongly believes in the true spirit of giving back to the society a certain percentage of the profits. To achieve the above objective, it has established V-Guard Foundation, a Non-Profit organization and is carrying out various CSR activities through this Foundation. The Company has a well-defined CSR policy which is in line with the provisions of the Companies Act, 2013. The report on the CSR projects carried by the Company is annexed to the Director's Report which forms part of the Annual Report.
2.	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO / government structures/any other organization?	Activities are carried out both directly and through various agencies.
3.	Have you done any impact assessment of your initiative?	The Company is in the process of conducting an impact assessment of the CSR initiatives.
4.	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken	The Company has spent ₹ 400.57 lakhs on the CSR Activities during the financial year 2019-20. Please refer the Annual Report on CSR activities forming part of the Annual Report, containing the details on CSR Spent.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Initiatives are identified based on the requirement of the community in such a way that the benefits out of them are of an enduring nature. Please refer to the Annual Report on CSR activities for the financial year ended March 31, 2020.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	A well-established system is in place for dealing with customer feedback and complaints. All complaints are appropriately addressed and resolved, in most of the cases at the earliest. As at the end of the financial year, there was negligible percentage of unresolved complaints, compared to the size of the Company.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A. / Remarks	Yes. Product information is displayed on all products of the Company in accordance with the Legal Metrology Act, 2011 and the applicable Rules thereunder/other laws. In addition, wherever it is considered relevant and appropriate for it to facilitate better usage of the products by the consumer, additional information about the products, the use and the mode of handling thereof are also provided.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof	There have been no cases relating to unfair trade practices, irresponsible advertising and/or anticompetitive behavior against the Company.
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. Conduct of periodical consumer surveys and mapping of customer satisfaction trends are considered and utilized by the Company on a regular basis as effective tools of business strategy to understand the consumers and their needs better.

Independent Auditor's Report

To the Members of V-Guard Industries Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of V-Guard Industries Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the Key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue from sale of products (as described in note 2.2(d) and 47 of the standalone Ind AS financial statements)	
Revenue is measured at the fair value of consideration received/receivable from its customers and in determining the transaction price for the sale of products, the Company considers the effects of various factors such as volume based discounts, rebates and other promotion incentives schemes ('trade schemes') provided to the customers. At year end, amounts for trade schemes that have been incurred and not yet provided to the customers are estimated and accrued. We have considered this as a key audit matter on account of significant judgement and estimate involved in calculation of provision for such trade schemes as at the Balance Sheet date.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • Assessed the Company's accounting policy for revenue recognition including the policy for recording trade schemes in accordance with Ind AS 115. • Obtained understanding of the revenue process, the assumptions used by the management in calculation of accrual of trade schemes and design and implementation of controls. • Evaluated management's methodology and assumptions used in the calculations of such accruals for trade schemes. • Tested on sample basis management's calculation of the provisions for trade schemes at year end with approved trade schemes and underlying sales data, including testing of completeness and arithmetical accuracy of the data used. • Tested, on sample basis, credit notes issued to customer/ payments for incentives as per the approved trade schemes. • Performed analytical procedures to identify any unusual trends and items.

Other Information

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

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39(B)(i) to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABQ4616

Bengaluru
June 01, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF V-GUARD INDUSTRIES LIMITED

We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us by the management of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them to the management as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us by the management of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us by the management of the Company, the Company has complied with the provisions of Section 186 of the Act in respect of loans granted, investments made and guarantee given to which section 186 of the Act is applicable. In our opinion and according to the information and explanations given to us by the management of the Company, the Company has not granted any loan to which section 185 of the Act is applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the products manufactured by the Company and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, cess and other statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us by the management of the Company, undisputed dues in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues as applicable to the Company which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs in lakhs)	Period to which the amount relates	Due Date	Date of Payment
The Jharkhand Tax on Professions, Trades, Callings and Employments Act, 2011	Professional Tax	0.22	October 2018 to June 2019	December 2018 to July 2019	Not paid

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, goods and services tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount claimed (₹ in lakhs)	Period to which the amount relates	Amount paid under protest (₹ in lakhs)	Forum where dispute is pending
Andhra Pradesh Value Added Tax	Value added tax	0.75	2005-06	-	Additional Deputy Commissioner (Commercial Taxes)
Central Sales Tax Act	Central Sales tax	8.38	2011-12 & 2012-13	0.56	Sales Tax Tribunal
Orissa Entry Tax Act	Entry Tax	155.37	2011-12 & 2012-13	10.36	Sales Tax Tribunal
Orissa Value Added Tax Act	Value added tax	520.13	2007-08 to 2012-13	57.38	Sales Tax Tribunal
Orissa Value Added Tax Act	Value added tax	16.65	2014-15 & 2015-16	0.70	Deputy Sales Tax Commissioner
Bihar Entry Tax Act	Entry Tax	39.08	2013-14 & 2015-16	6.04	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Value Added Tax Act	Value added tax	85.50	2015-16 & 2017-18	-	Joint Commissioner of Commercial Taxes (Appeals)
Andhra Pradesh Value Added Tax Act	Value added tax	12.82	April 2006 to June 2010	3.20	Appellate Tribunal (Commercial Taxes), Telangana
Central Sales Tax Act	Central Sales tax	5.51	2015-16	-	Deputy Commissioner (Appeals)
Uttarakhand Value Added Tax Act	Value added tax	3.78	2014-15	0.76	Joint Commissioner Commercial Taxes (Appeals)
Income Tax Act, 1961	Income tax	2,544.87	AY 2008-09; AY 2010-11 to AY 2014-15 and AY 2016-17	717.11	Commissioner of Income Tax (Appeals)

(viii) In our opinion and according to the information and explanations given to us by the management of the Company, the Company has not defaulted in repayment of loans or borrowing dues to banks. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given to us by the management of the Company, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the

Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given to us by the management of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us by the management of the Company and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us by the management of the Company, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABQ4616

Bengaluru
June 01, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF V-GUARD INDUSTRIES LIMTED

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 V-Guard Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

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

Opinion

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABQ4616

Bengaluru
June 01, 2020

Standalone Balance Sheet as at March 31, 2020

(₹ in lakhs)

Particulars		Notes	As at March 31, 2020	As at March 31, 2019
A.	**ASSETS**			
1.	**Non-current assets**			
	Property, plant & equipment	3	26,290.02	21,004.11
	Capital work-in-progress	3	6,686.51	770.71
	Investment property	4	27.90	27.90
	Other intangible assets	5	458.27	347.30
	Financial assets			
	(a) Investment in subsidiary	6	884.95	884.95
	(b) Loans	7	373.89	605.58
	(c) Other financial assets	8	1,146.34	981.87
	Income tax assets (net)	9	1,702.92	743.61
	Deferred tax assets (net)	22	223.63	-
	Other non-current assets	10	851.31	2,377.83
			38,645.74	**27,743.86**
2.	**Current assets**			
	Inventories	11	47,640.18	37,088.30
	Financial assets			
	(a) Investments	12	3,600.14	8,312.78
	(b) Trade receivables	13	32,177.23	45,431.82
	(c) Cash and cash equivalents	14A	2,341.08	8,427.28
	(d) Other bank balances	14B	8,812.14	38.15
	(e) Loans	15	487.96	333.01
	(f) Other financial assets	16	156.93	155.67
	Other current assets	17	10,168.27	8,090.86
			1,05,383.93	**1,07,877.87**
	TOTAL ASSETS		**1,44,029.67**	**1,35,621.73**
B.	**EQUITY AND LIABILITIES**			
1.	**Equity**			
	Equity Share capital	18	4,282.88	4,269.34
	Other Equity *		95,094.62	85,696.79
	TOTAL EQUITY		**99,377.50**	**89,966.13**
2.	**Non-current liabilities**			
	Financial liabilities	20	3,718.50	363.85
	Provisions	21	931.68	1,120.51
	Deferred tax liabilities (net)	22	-	223.67
			4,650.18	**1,708.03**
3.	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	23	1,000.00	1,002.23
	(b) Trade payables	24		
	(i) Total outstanding dues of micro enterprises and small enterprises		2,769.03	3,533.60
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		27,298.52	31,773.46
	(c) Other financial liabilities	25	3,108.49	2,607.73
	Other current liabilities	26	2,152.79	1,644.58
	Provisions	27	3,673.16	3,121.63
	Current tax liabilities (net)	28	-	264.34
			40,001.99	**43,947.57**
	TOTAL EQUITY AND LIABILITIES		**1,44,029.67**	**1,35,621.73**
* Refer Statement of changes in equity				
Summary of significant accounting policies		2		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

(₹ in lakhs)

Particulars		Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
(a)	Revenue from operations	29	2,48,196.29	2,56,643.57
(b)	Other income	30	1,000.72	1,054.92
(c)	Finance Income	31	1,398.00	770.56
	Total Income		**2,50,595.01**	**2,58,469.05**
2	**Expenses**			
(a)	Cost of raw materials consumed	32.a	74,881.44	78,083.12
(b)	Purchase of stock-in-trade		1,02,229.60	1,06,324.88
(c)	(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32.b	(11,291.36)	(4,490.00)
(d)	Employee benefits expenses	33	20,682.50	20,202.81
(e)	Depreciation and amortisation expenses	34.a	2,808.56	2,181.82
(f)	Finance costs	34.b	373.28	126.93
(g)	Other expenses	35	36,367.09	34,580.40
	Total expenses		**2,26,051.11**	**2,37,009.96**
3	**Profit before tax (1 - 2)**		**24,543.90**	**21,459.09**
4	**Tax expenses**	37		
(a)	Current tax expenses		6,345.72	4,896.54
(b)	Deferred tax expense/ (credit)		(447.30)	(71.32)
(c)	Current tax relating to earlier years		129.14	81.25
	Total Income Tax		**6,027.56**	**4,906.47**
5	**Profit for the year (3 - 4)**		**18,516.34**	**16,552.62**
6	**Other Comprehensive income/ (loss)**			
	Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
(a)	Re-measurement gains/ (losses) on defined benefit plans		(306.13)	(89.85)
(b)	Income tax effect		80.15	20.20
	Other comprehensive income/(loss) for the year, net of tax		**(225.98)**	**(69.65)**
	Total comprehensive income for the year, net of tax		**18,290.36**	**16,482.97**
7	**Earnings per equity share (basic and diluted) (₹)** (Nominal value of equity share - ₹ 1 each) :	45		
	Basic earnings per share		4.33	3.88
	Diluted earnings per share		4.28	3.82
Summary of significant accounting policies		2		

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Standalone Statement of changes in equity

for the year ended March 31, 2020

A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
As at April 1, 2018	**42,56,75,631**	**4,256.76**
Add Equity shares issued under Employee Stock Option Scheme 2013 ('ESOS 2013')	12,58,463	12.58
As at March 31, 2019	**42,69,34,094**	**4,269.34**
Add Equity shares issued under Employee Stock Option Scheme 2013 ('ESOS 2013')	13,53,441	13.54
As at March 31, 2020	**42,82,87,535**	**4,282.88**

B) Other Equity

(₹ in lakhs)

Particulars	Attributable to the equity holders					
	Securities Premium	Share Application money	General Reserve	Retained Earnings	Share based payment reserve	Total
As at April 1, 2018	**8,407.51**	**-**	**6,489.01**	**52,679.12**	**3,329.01**	**70,904.65**
Net profit for the year	-	-	-	16,552.62	-	16,552.62
Other comprehensive income for the year*						
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(69.65)	-	(69.65)
Total Comprehensive Income	**-**	**-**	**-**	**16,482.97**	**-**	**16,482.97**
Dividends (cash) (Refer Note 19):						
Final	-	-	-	(2,980.72)	-	(2,980.72)
Dividend Distribution Tax	-	-	-	(612.70)	-	(612.70)
Equity shares issued under ESOS 2013	447.03	-	-	-	-	447.03
Transfer from Share based payments reserve on exercise of options under ESOS 2013	556.41	-	-	-	(556.41)	-
Compensation cost on stock options granted	-	-	-	-	1,454.51	1,454.51
Share application money pending allotment	-	1.05	-	-	-	1.05
As at March 31, 2019	**9,410.95**	**1.05**	**6,489.01**	**65,568.67**	**4,227.11**	**85,696.79**
Net profit for the year	-	-	-	18,516.34	-	18,516.34
Other comprehensive income for the year*						
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(225.98)	-	(225.98)
Total Comprehensive Income	**-**	**-**	**-**	**18,290.36**	**-**	**18,290.36**

Standalone Statement of changes in equity

for the year ended March 31, 2020

B) Other Equity

(₹ in lakhs)

Particulars	Attributable to the equity holders					
	Securities Premium	Share Application money	General Reserve	Retained Earnings	Share based payment reserve	Total
Dividends (cash) (Refer Note 19):						
Final	-	-	-	(3,416.65)	-	(3,416.65)
Dividend Distribution Tax on above	-	-	-	(702.29)	-	(702.29)
Interim	-	-		(3,853.03)	-	(3,853.03)
Dividend Distribution Tax on above	-	-	-	(792.18)	-	(792.18)
Equity shares issued under ESOS 2013	211.98	(1.05)	-	-	-	210.93
Transfer from Share based payments reserve on exercise of options under ESOS 2013	1,012.53	-	-	-	(1,012.53)	-
Compensation cost on stock options granted (net) (Refer Note 33)	-	-	-	-	(339.31)	(339.31)
As at March 31, 2020	**10,635.46**	**-**	**6,489.01**	**75,094.88**	**2,875.27**	**95,094.62**

* As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Nature and purpose of reserves:

Securities Premium : The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share application money : Represents the amounts received from employees in respect of options exercised under ESOS 2013 but not yet allotted.

General Reserve: Represents the amounts transferred from the Retained Earnings in accordance with the Companies (Transfer of Profits to Reserves) Rules 1975, as per the requirements of the erstwhile Companies Act, 1956.

Retained earnings: Represents the profits / losses of the Company earned till date, net of appropriations.

Share based payments reserve: The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Share based payments reserve. The outstanding balance represents the cumulative compensation cost of stock options granted but not yet vested/ exercised.

Refer Note 2 for Summary of significant accounting policies

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Standalone Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash flow from operating activities**		
	Profit before income tax	24,543.90	21,459.09
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	2,808.56	2,181.82
	(Profit) / Loss on disposal of property, plant and equipment (net)	74.72	26.79
	Interest expenses	282.85	41.49
	Interest income	(830.52)	(255.49)
	Carrying value adjustment of put option liability	32.75	30.04
	Dividend income on current investments	(588.02)	(622.05)
	Liabilities / provisions no longer required written back	(31.53)	(179.32)
	Impairment allowance for receivables, loans and advances considered doubtful	649.87	260.80
	Share based payments expense / (reversals)	(339.31)	1,454.51
		2,059.37	**2,938.59**
	Operating profit before working capital changes	**26,603.27**	**24,397.68**
	Movement in working capital		
	(Increase)/Decrease in inventories	(10,551.88)	(6,037.19)
	(Increase)/Decrease in trade receivables	12,634.71	(1,244.03)
	(Increase)/Decrease in other financial and non financial assets	(2,195.66)	(1,484.53)
	Increase/(Decrease) in trade payables	(5,295.44)	2,627.56
	Increase/(Decrease) in provisions	56.57	633.86
	Increase/(Decrease) in other financial and non financial liabilities	305.55	1,655.17
		(5,046.15)	**(3,849.16)**
	Cash generated from operations	**21,557.12**	**20,548.52**
	Income tax paid (net of refunds)	(7,618.36)	(5,206.54)
	Net cash flow from Operating Activities (A)	**13,938.76**	**15,341.98**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment including capital work in progress and capital advances	(8,431.40)	(5,295.60)
	Proceeds from sale of property, plant and equipment	36.81	161.95
	(Purchase)/ sale of current investments (net)	4,712.64	(796.74)
	Investment in fixed deposits with maturity more than 3 months (net)	(8,764.00)	-
	Refund of inter corporate loan	82.10	125.00
	Interest income	731.04	204.72
	Dividend income on current investments	588.02	622.05
	Net cash flow used in investing activities (B)	**(11,044.79)**	**(4,978.62)**

Standalone Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
C.	**Cash flow from financing activities**		
	Proceeds from exercise of share options (including share application money)	224.47	460.66
	Payment of lease liabilities	(429.61)	-
	Proceeds/ (repayment) of short term borrowings (net)	(2.23)	1,002.23
	Repayment of long term borrowings	-	(240.00)
	Interest paid	(18.64)	(41.49)
	Dividends paid on equity shares (including dividend distribution tax)	(8,754.16)	(3,588.32)
	Net cash flow used in financing activities (C)	**(8,980.17)**	**(2,406.92)**
	Net increase in cash and cash equivalents (A+B+C)	**(6,086.20)**	**7,956.44**
Cash and cash equivalents at the beginning of the year		**8,427.28**	**470.84**
Cash and cash equivalents at the end of the year		**2,341.08**	**8,427.28**
Components of cash and cash equivalents: (Refer Note 14A)			
(a)	Cash on hand	16.64	2.81
(b)	Balances with bank:		
	In current accounts	228.44	624.47
	In fixed deposits	2,096.00	7,800.00
		2,341.08	**8,427.28**

Refer Note 2 for Summary of significant accounting policies

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

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Notes Forming Part of the Financial Statements

1. CORPORATE INFORMATION

V-Guard Industries Limited ('V-Guard' or 'the Company') is a public company domiciled in India with its registered office at Vennala High School Road, Kochi, Kerala. The Company is engaged in the manufacturing, trading and selling of a wide range of products as given below:

Segment	Products
Electronics	Stabilizers, Digital UPS, UPS and Solar Inverters
Electricals	PVC Insulated Cables, Switch Gears, Single Phase Pumps, Three Phase Pumps and Modular Switches
Consumer Durables	Electric Water Heaters, Solar Water Heaters, Fans, Induction Cooktops, Mixer Grinders, Glass top Gas Stoves, Rice Cookers, Air Coolers and Breakfast Appliances

The Company's manufacturing facilities are located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur, Uttarakhand; at Kala Amb, Himachal Pradesh; at SIPCOT Industrial growth center, Perundurai, Tamil Nadu and at Majitar, Rangpo and Mamring in Sikkim. The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on June 01, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Indian Accounting Standards (Ind-AS) financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

(i) Derivative financial instruments

(ii) Certain financial assets and liabilities that are measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest lakhs upto two decimal places (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their

Notes Forming Part of the Financial Statements

realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currencies

The Company's financial statements are presented in INR which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

c) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers

Notes Forming Part of the Financial Statements

have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

The Company has a team comprising of members of senior management that determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The team decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

d) *Revenue*

Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations. The normal credit term is 15 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide customers with a right of return, cash discounts and volume rebates/trade incentives. The rights of return, cash discounts and volume rebates /trade incentives give rise to variable consideration.

➢ ***Rights of return***

As a practice, the Company provides a customer with a right to return in case of any defects or on grounds of quality. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also

Notes Forming Part of the Financial Statements

applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

➢ ***Volume rebates***

The Company provides retrospective volume rebates/trade incentives to customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Company estimates the variable consideration for the expected future rebates/trade incentives based on its experience of the expected value. The Company then applies the requirements on constraining estimates of variable consideration.

(ii) Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (n) Provisions.

(iii) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(iv) Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Notes Forming Part of the Financial Statements

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Investments in mutual funds are mandatorily classified as fair value through statement of profit and loss. Fair value of mutual funds is determined based on the net asset value of the funds.

e) Government Grants

Government Grants are recognised where there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and

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it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Sales/ value added/ goods and services taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added/ goods and services taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g) *Property, plant and equipment*

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital

Notes Forming Part of the Financial Statements

work in progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The Company has used the following useful lives to provide depreciation on its property, plant and equipment:

Asset Category	Useful life estimated by the management (in years)
Factory buildings	30
Other buildings	60
Plant and equipment*	5 to 20
Computers	3 to 6
Office equipment*	6
Furniture & fixtures	10
Vehicles	8 to 10

* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II of the Companies Act 2013, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

h) *Investment Properties*

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable, borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred. Investment property as at March 31, 2020 and March 31, 2019 comprise of land.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and

Notes Forming Part of the Financial Statements

no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of de-recognition.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

Intangible assets with finite useful life are amortised on a straight line basis over their estimated useful life as follows:

Asset Category	Useful life (in years)
Software	5 years
Trademark	10 years

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j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets in the nature of buildings are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying asset (i.e. 30 and 60 years). The right-of-use assets comprising of land is depreciated based on the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (m) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease

Notes Forming Part of the Financial Statements

payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in financial liabilities (refer Note 20 and 25).

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Inventories

Inventories are valued at lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, packing materials, consumables and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. The materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset

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may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

n) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provision for assurance type warranty -related costs are recognised when the product is sold or service is provided to customer. Initial recognition is based on historical experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to four years.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

o) *Retirement and other employee benefits*

Defined contribution schemes

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company has no obligation, other than the contribution payable to the fund towards such schemes. The Company recognizes contribution payable as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit scheme

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund maintained with Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

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Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

  Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, as the Company believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

p) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in Share based payments reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q) *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

1. Financial assets at amortised cost (debt instruments)
2. Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
4. Financial assets at fair value through profit or loss

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Financial Assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance income in statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to loans, deposits, trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e, removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit losses (ECL) model for measurement and recognition of impairment loss.

The Company follows "simplified approach" for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on the portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

Particulars	Current	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due
Default rate	0.02%	2%	2.5%	5%	25%	30%	70%	100%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. For financial assets measured as at amortised cost, contractual revenue receivables and lease receivables ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Notes Forming Part of the Financial Statements

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Put Option on the Non-Controlling Interest ("NCI") of subsidiary is initially measured at the present value of the amount payable on exercise of the option.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, put option liability and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Put option liability

The subsequent changes in carrying amount of the Put Option on NCI of subsidiary is recognised in the statement of profit and loss. If the put option is exercised, the entity derecognises the financial liability by discharging the put obligation. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to investment.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Notes Forming Part of the Financial Statements

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

Offsetting of financial instruments

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

r) Investment in Subsidiaries, associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in subsidiary, associate and Joint venture are carried at cost as per IND AS 27. Investment accounted for at cost is accounted for in accordance with IND AS 105 when they are

Notes Forming Part of the Financial Statements

classified as held for sale and Investment carried at cost is tested for impairment as per IND AS 36 . An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee and
- the ability to use its power over the investee to affect the amount of the investor's returns.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

s) *Derivative financial instruments*

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

t) *Segment accounting*

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The Management monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products. Further:

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under un-allocable expenditure.
- Income which relates to the Company as a whole and not allocable to segments is included in un-allocable income.
- Segment results includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Company.
- Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.
- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

u) *Cash and Cash Equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

v) *Cash dividend and non-cash distribution*

The Company recognizes a liability to make cash or non-cash distributions to equity holders of

Notes Forming Part of the Financial Statements

the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders in case of final dividend and by the board of directors in case of interim dividend. A corresponding amount is recognised directly in equity.

w) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.3 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the standalone financial statements of the Company.

(a) Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application being April 01, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability.

Refer note 41 for detailed impact on adoption of Ind AS 116 "Leases" on the standalone financial statements of the Company.

Notes Forming Part of the Financial Statements

(b) **Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

In determining the approach that better predicts the resolution of the uncertainty, the Company has considered, for example; (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the standalone financial statements of the Company.

(c) **Amendments to Ind AS 109: Prepayment Features with Negative Compensation**

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the standalone financial statements of the Company.

(d) **Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

(i) determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

(ii) determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the standalone financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

(e) **Amendments to Ind AS 28: Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate

Notes Forming Part of the Financial Statements

or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the standalone financial statements as the Company does not have long-term interests in associates and joint ventures.

Annual Improvements to Ind AS (2018)

(a) Ind AS 103 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

These amendments had no impact on the standalone financial statements of the Company as there is no transaction where joint control is obtained.

(b) Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 01, 2019.

These amendments had no impact on the standalone financial statements of the company as there is no transaction where a joint control is obtained.

(c) Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

(d) Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

2.4 Standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2020.

Notes Forming Part of the Financial Statements

Note 3 : Property, plant & equipment

(₹ in lakhs)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Right of use assets		Total	Capital Work in progress
									Leasehold Land	Leasehold Building		
Gross block (Cost/Deemed Cost)												
As at April 1, 2018	**1,916.14**	**463.96**	**8,954.54**	**8,876.70**	**580.74**	**114.25**	**842.54**	**993.08**	**-**	**-**	**22,741.95**	**746.42**
Additions	-	-	43.41	1,356.39	104.65	-	98.06	266.26	-	-	1,868.77	1,695.89
Disposals	-	-	(3.91)	(677.34)	(123.42)	(13.28)	(16.55)	(1.01)	-	-	(835.51)	-
Transfers	-	-	958.98	425.71	237.73	-	49.18	-	-	-	1,671.60	(1,671.60)
As at March 31, 2019	**1,916.14**	**463.96**	**9,953.02**	**9,981.46**	**799.70**	**100.97**	**973.23**	**1,258.33**	**-**	**-**	**25,446.81**	**770.71**
Reclassified on adoption of Ind AS 116 "Leases" (refer Note 4 below and Note 41)	-	(463.96)	-	-	-	-	-	-	420.43	-	(43.53)	-
Transition impact on adoption of Ind AS 116 (Refer Note 41)	-	-	-	-	-	-	-	-	911.62	2,968.16	3,879.78	-
Additions	-	-	4.03	1,875.20	104.59	0.48	166.61	358.32	-	-	2,509.23	7,491.12
Disposals	-	-	-	(69.78)	(1.76)	(46.74)	(11.47)	(70.92)	-	-	(200.67)	-
Transfers	-	-	1,108.90	350.73	31.50	-	7.19	77.00	-	-	1,575.32	(1,575.32)
As at March 31, 2020	**1,916.14**	**-**	**11,065.95**	**12,137.61**	**934.03**	**54.71**	**1,135.56**	**1,622.73**	**1,332.05**	**2,968.16**	**33,166.94**	**6,686.51**
Accumulated depreciation												
As at April 1, 2018	-	38.84	461.65	1,805.56	177.48	35.71	237.98	340.52	-	-	3,097.74	-
Charge for the year	-	4.69	280.29	1,178.90	89.77	22.74	162.56	252.78	-	-	1,991.73	-
Disposals	**-**	**-**	**(1.17)**	**(531.46)**	**(88.37)**	**(10.39)**	**(14.37)**	**(1.01)**	**-**	**-**	**(646.77)**	**-**
As at March 31, 2019	-	43.53	740.77	2,453.00	178.88	48.06	386.17	592.29	-	-	4,442.70	-
Reclassified on adoption of Ind AS 116 "Leases" (refer Note 4 below and Note 41)	-	(43.53)	-	-	-	-	-	-	-	-	(43.53)	-
Charge for the year	-	-	314.33	1,431.02	117.26	11.85	159.05	287.76	77.53	255.55	2,654.35	-
Disposals	-	-	-	(53.18)	(1.73)	(39.74)	(11.03)	(70.92)	-	-	(176.60)	-
As at March 31, 2020	**-**	**-**	**1,055.10**	**3,830.84**	**294.41**	**20.17**	**534.19**	**809.13**	**77.53**	**255.55**	**6,876.92**	**-**
Net Block												
As at March 31, 2019	**1,916.14**	**420.43**	**9,212.25**	**7,528.46**	**620.82**	**52.91**	**587.06**	**666.04**	**-**	**-**	**1,004.11**	**770.71**
As at March 31, 2020	**1,916.14**	**-**	**10,010.85**	**8,306.77**	**639.62**	**34.54**	**601.37**	**813.60**	**1,254.52**	**2,712.61**	**26,290.02**	**6,686.51**

Notes Forming Part of the Financial Statements

Note 3 : Property, plant & equipment (Contd...)

Notes:

1. **Buildings include those constructed on leasehold land as follows:**

(₹ in lakhs)

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at April 1, 2018	**1,708.03**	**105.21**	**1,602.82**
Additions/ Depreciation	721.15	51.85	
As at March 31, 2019	**2,429.18**	**157.06**	**2,272.12**
Additions/ Depreciation	59.52	112.19	
As at March 31, 2020	**2,488.70**	**269.25**	**2,219.45**

2. Capital work in progress as at March 31, 2020 includes ₹ 706.99 lakhs (March 31, 2019: ₹ 569.97 lakhs) which represents assets under constructions at various plants, warehouses and office buildings of which ₹ 460.46 lakhs (March 31, 2019: ₹ 24.40 lakhs) represents buildings on leasehold land.
3. The Company has not capitalised any borrowing cost in the current and previous year.
4. Right of Use asset includes:-
   (a) Leasehold Land which represents land obtained on long term lease from Government authorities and others.
   (b) Leasehold Building which represents properties taken on lease for its factories, offices and warehouses, accounted for in accordance with principle of Ind AS 116 'Leases'. Refer Note 41.

   The net block of Leasehold land of ₹ 420.43 lakhs (Gross block - ₹ 463.96 lakhs and accumulated depreciation ₹ 43.53 lakhs) has been reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".
5. During the year, the Company has capitalized the following expenses to the cost of property, plant and equipment/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in lakhs)

Particulars	FY 2019-20	FY 2018-19
Employee benefits expenses	166.92	-
Materials	101.36	-
Travelling expenses	35.81	-
Power and fuel	25.67	10.75
Others	81.43	14.47
Total	**411.19**	**25.22**

6. The Company, during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work in progress has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Notes Forming Part of the Financial Statements

Note 4 : Investment Property

(At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	27.90	27.90
Additions (subsequent expenditure)	-	-
Balance as at the end of the year	**27.90**	**27.90**

(i) Investment Property represents land at Coimbatore acquired by the Company at fair market value. The carrying amount of the investment property is a reasonable approximation of fair value and hence fair value disclosure has not been made.

(ii) The Company, during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of investment property has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Note 5 : Other intangible assets

(₹ in lakhs)

Particulars	Computer software	Trademark	Total
Gross block (Cost/Deemed Cost)			
As at April 1, 2018	**848.68**	**4.60**	**853.28**
Purchase / additions	123.00	-	123.00
Disposals	-	-	-
As at March 31, 2019	**971.68**	**4.60**	**976.28**
Purchase / additions	265.18	-	265.18
Disposals	-	-	-
As at March 31, 2020	**1,236.86**	**4.60**	**1,241.46**
Accumulated Amortisation			
As at April 1, 2018	**434.29**	**4.60**	**438.89**
Charge for the year	190.09	-	190.09
Disposals	-	-	-
As at March 31, 2019	**624.38**	**4.60**	**628.98**
Charge for the year	154.21	-	154.21
Disposals	-	-	-
As at March 31, 2020	**778.59**	**4.60**	**783.19**
Net block			
As at March 31, 2019	**347.30**	**-**	**347.30**
As at March 31, 2020	**458.27**	**-**	**458.27**

Note:

The Company, during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of other intangible assets has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Notes Forming Part of the Financial Statements

Note 6: Investment in Subsidiary

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in Subsidiary (unquoted) (carried at cost):		
Guts Electro-Mech Limited		
1,454,722 (March 31, 2019 : 1,454,722) equity shares of ₹ 10 each fully paid up (Refer Note 40)	884.95	884.95
Total	**884.95**	**884.95**

Note 7: Loans

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 15 and Note (i) below)	-	150.00
(b) Loans to employees	84.56	84.15
(c) Other loans (Refer Note (ii) below)	289.33	371.43
Total	**373.89**	**605.58**

Note (i): Inter corporate loan represents unsecured loan given to M/s Sakthi Accumulators Private Limited ('the vendor') for enhancing its manufacturing infrastructure. The loan is to be repaid over a period of three years starting from March 30, 2018 and ending on March 30, 2021. One of the promoter director of the vendor has provided personal guarantee for the repayment of loan. Interest rate of the loan is 10% p.a. The loan installment of ₹ 150.00 lakhs due on March 30, 2020, classified as current was settled subsequently against purchase invoices payable by the Company to the vendor.

Note (ii): Others represents unsecured loan given to Mr. Gopal Singh, the landlord, for construction of building to be occupied by the Company, at an interest rate of 9% p.a. The loan is repayable by adjustment of monthly rent payable to the landlord pursuant to lease agreement entered for a period of five years. The landlord's son has provided personal guarantee for the repayment of loan.

Note (iii): There are no loans as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Note (iv): Loans are non-derivative financial instruments which generate a fixed or variable interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counter parties.

Note 8: Other financial assets

(₹ in lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Security deposits (unsecured, considered good) (carried at amortised cost)	989.97	831.37
(b)	Non-current bank balance (carried at amortised cost) (Refer Note 14B)	97.80	91.93
(c)	Derivative Instrument - Call option (valued at fair value through profit or loss) (Refer Note 40)	58.57	58.57
Total		**1,146.34**	**981.87**

There are no financial assets as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Notes Forming Part of the Financial Statements

Note 9: Income tax assets
(net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax (net of provisions)	1,702.92	743.61
Total	**1,702.92**	**743.61**

Note 10: Other non-current assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
(a) Capital advances	610.34	2,143.51
(b) Deposits with statutory/government authorities	231.77	228.57
(c) Prepaid Expenses	9.20	5.75
Total	**851.31**	**2,377.83**

Note 11: Inventories

(Valued at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw Materials	4,778.42	5,545.71
(b) Work-in-Progress	1,430.73	1,124.34
(c) Finished Goods	13,087.83	8,469.57
(d) Stock-in-Trade	26,501.41	20,137.13
(e) Stores and Spares	1,233.22	1,230.79
(f) Packing Materials and Consumables	608.57	580.76
Total	**47,640.18**	**37,088.30**

Notes:

(a) The above includes goods in transit as under:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	-	1,114.14
Stock in Trade	2,351.54	2,123.74
Stores and Spares	-	30.03
Packing Materials and Consumables	-	28.71
Total	**2,351.54**	**3,296.62**

(b) During the year ended March 31, 2020 ₹ 242.74 lakhs (March 31, 2019: ₹ Nil) was recognised as an expense for inventories carried at net realisable value.

(c) Inventories are hypothecated with the banks against working capital limits. Refer note 23.

Notes Forming Part of the Financial Statements

Note 12: Investments

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments at fair value through profit or loss		
Investments in Mutual Funds (unquoted)		
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment	-	2,604.97
Nil [March 31, 2019 : 25.99 lakhs] units of ₹ 100 each fully paid-up		
(b) HDFC Liquid Fund Daily Dividend Reinvestment	-	1,601.71
Nil [March 31, 2019 : 1.57 lakhs] units of ₹1000 each fully paid-up		
(c) HDFC Overnight Fund- Direct Plan Growth Option	2,000.09	-
0.67 lakhs [March 31, 2019 :NIL] units of ₹1000 each fully paid-up		
(d) SBI Liquid Fund Daily Dividend Reinvestment	-	1,501.66
Nil [March 31, 2019 : 1.50 lakhs] units of ₹ 1000 each fully paid-up		
(e) SBI Overnight Fund Direct Daily Dividend	1,500.05	-
1.49 lakhs [March 31, 2019 : NIL] units of ₹ 1000 each fully paid-up		
(f) ICICI Liquid Fund Daily Dividend Reinvestment	-	2,504.44
Nil [March 31, 2019: 25.01 lakhs] units of ₹ 100 each fully paid-up		
(g) HDFC Charity Debt Fund	100.00	100.00
10.00 lakhs [March 31, 2019 : 10.00 lakhs] units of ₹ 10 each fully paid-up		
Total	**3,600.14**	**8,312.78**

Note:

The aggregate book value and market value of unquoted investments as on March 31, 2020 amounted to ₹ 3,600.14 lakhs (March 31, 2019: ₹ 8,312.78 lakhs).

Note 13: Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Secured, considered good	1,168.88	1,734.79
Unsecured, considered good	30,254.75	43,392.27
Trade receivables which have significant increase in credit risk	1,510.83	1,016.00
Trade receivables - credit impaired	2,595.68	2,031.07
	35,530.14	**48,174.13**
Less: Impairment allowance (allowance for bad and doubtful debts) (Refer Note 50)		
Trade receivables which have significant increase in credit risk	757.23	711.24
Trade receivables - credit impaired	2,595.68	2,031.07
	3,352.91	**2,742.31**
Total	**32,177.23**	**45,431.82**

Notes:

(a) Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.

Notes Forming Part of the Financial Statements

Note 13: Trade receivables (Contd...)

(b) Trade receivables are net of ₹ 5,510.23 lakhs (March 31, 2019: ₹ 6,764.72 lakhs) which represents discounts and rebates/trade incentives due to customers.

(c) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(d) Bankers have first charge on trade receivables in respect of the working capital limits availed by the Company. Refer note 23.

Note 14: Cash and cash equivalents and Other bank balances

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
14A. Cash and cash equivalents		
(a) Cash on hand	16.64	2.81
(b) Balances with Banks:		
In Current accounts	228.44	624.47
In Fixed deposits with original maturity of less than 3 months	2,096.00	7,800.00
Total	**2,341.08**	**8,427.28**
14B. Other bank balances		
(a) Unpaid dividend accounts	48.14	38.15
(b) Fixed deposits (Refer note (i) below)	8,861.80	91.93
Total	**8,909.94**	**130.08**
Less: Amount disclosed under other non-current financial assets (Refer Note 8)	(97.80)	(91.93)
Total	**8,812.14**	**38.15**

Notes:

(i) Includes deposits of ₹ 87.40 lakhs (March 31, 2019: ₹ 82.59 lakhs) provided as security against bank guarantees.

(ii) As at March 31, 2020, the Company had available ₹ 30,699.00 lakhs (March 31, 2019: ₹ 27,484.00 lakhs) of undrawn committed borrowing / credit facilities.

(iii) Changes in liabilities arising from financing activities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Lease Liabilities		Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at beginning of the year	-	-	-	240.00	1,002.23	-
Transition impact on adoption of Ind AS 116 (Refer Note 41)	3,879.78	-	-	-	-	-
Cash outflows	(429.61)	-	-	(240.00)	(2.23)	1,002.23
Finance cost	264.20	-	-	-	-	-
Balance outstanding as at end of the year	**3,714.37**	**-**	**-**	**-**	**1,000.00**	**1,002.23**
Disclosed as:						
Short term borrowings	-	-	-	-	1,000.00	1,002.23
Current portion of lease liabilities (Refer Note 25)	392.46	-	-	-	-	-
Non-current lease liabilities (Refer Note 20)	**3,321.91**	**-**	**-**	**-**	**-**	**-**

Notes Forming Part of the Financial Statements

Note 15: Loans (Current)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 7(i))	300.00	150.00
(b) Loans to employees	101.97	97.02
(c) Other loans (Refer Note 7(ii))	85.99	85.99
Total	**487.96**	**333.01**

Note: There are no loans as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired. Also refer Note 7(iv)

Note 16: Other current financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Security deposits	-	98.22
(b) Other receivables	156.93	57.45
Total	**156.93**	**155.67**

Note: There are no other current financial assets as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Note 17: Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless other wise stated		
(a) Advance to suppliers (Refer Note (i) & (ii) below)		
Considered good	2,495.10	3,410.17
Considered doubtful	74.35	44.35
	2,569.45	**3,454.52**
Less: Provision for doubtful advances	(74.35)	(44.35)
	2,495.10	**3,410.17**
(b) Balances with government authorities	6,538.11	3,555.00
(c) Prepaid expenses	680.60	568.76
(d) Right to return asset (Refer Note 29 (iv))	361.25	498.59
(e) Others	93.21	58.34
Total	**10,168.27**	**8,090.86**

Notes:

(i) Advance to suppliers outstanding is Nil (March 31, 2019: Rs 517.22 lakhs) from a related party as at March 31, 2020. For terms and conditions relating to related party advances, refer Note 44.

(ii) There are no advances as at March 31, 2020 and March 31, 2019 which are considered doubtful, except as disclosed above.

Notes Forming Part of the Financial Statements

Note 18: Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised:				
Equity shares of Re 1/- (March 31, 2019: Re 1/-) each with voting rights	50,00,00,000	5,000.00	50,00,00,000	5,000.00
(b) Issued, subscribed and fully paid-up:				
Equity shares of Re 1/- (March 31, 2019: Re 1/-) each with voting rights	42,82,87,535	4,282.88	42,69,34,094	4,269.34

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	42,69,34,094	4,269.34	42,56,75,631	4,256.76
Issued during the period	13,53,441	13.54	12,58,463	12.58
Outstanding at the end of the period	**42,82,87,535**	**4,282.88**	**42,69,34,094**	**4,269.34**

(b) Terms/rights attached to equity shares:

The Company has issued only one class of equity shares having a face value of ₹1 per share (March 31, 2019: ₹1 per share). Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company:

Class of shares / name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Mr. Kochouseph Chittilappilly	73,657,964	17.20%	7,90,08,252	18.51%
Ms. Sheela Kochouseph	10,931,202	2.55%	4,64,84,578	10.89%
Mr. Arun K Chittilappilly	37,050,508	8.65%	3,70,50,508	8.68%
Mr. Mithun K Chittilappilly	107,686,278	25.14%	7,18,86,452	16.84%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Notes Forming Part of the Financial Statements

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2020 No. of shares	As at March 31, 2019 No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	12,13,29,846	12,13,29,846

In addition, the Company has issued 7,226,279 shares of face value of ₹ 1 each (March 31, 2019: 7,129,048 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 46.

Note 19: Distribution made and proposed

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2019 - ₹ 0.80 per share of face value of ₹ 1 each (March 31, 2018 - ₹ 0.70 per share of face value of ₹ 1 each)	3,416.65	2,980.72
Dividend distribution tax on final dividend	702.29	612.70
Interim dividend for the year ended March 31, 2020 - ₹ 0.90 per share of face value of ₹ 1 each (March 31, 2019 - Nil per share of face value of ₹ 1 each)	3,853.03	-
Dividend distribution tax on interim dividend	792.18	-
Total	**8,764.15**	**3,593.42**
Proposed dividends on equity shares:		
Final dividend for the year ended March 31, 2020 - Nil per share of face value of ₹ 1 each (March 31, 2019 - ₹ 0.80 per share of face value of ₹ 1 each)	-	3,415.47
Dividend distribution tax on proposed dividend	-	702.05
Total	**-**	**4,117.52**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend distribution tax thereon) as at the balance sheet date.

Note 20: Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(carried at amortised cost)		
(a) Put Option liability (Refer Note 40)	396.59	363.85
(b) Lease Liability (Refer Note 41)	3,321.91	-
Total	**3,718.50**	**363.85**

Notes Forming Part of the Financial Statements

Note 21: Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for warranty (Refer Note 27)	931.68	1,120.51
Total	**931.68**	**1,120.51**

Note 22: Deferred tax (asset)/liability (net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of plant, property and equipments	1,819.34	1,702.52
	1,819.34	**1,702.52**
Tax effect of items constituting deferred tax assets		
Impairment allowance for trade receivables	(1,080.40)	(852.15)
Disallowances under Section 43B of the Income Tax Act, 1961	(451.05)	(381.16)
Others	(511.52)	(245.54)
	(2,042.97)	**(1,478.85)**
Net deferred tax (asset)/liability [Refer Note 37(d) and 37(e)]	**(223.63)**	**223.67**

Note 23: Borrowings

(carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Cash credit from banks-Secured (Refer Note (a) below)	-	2.23
(b) Other working capital facilities from banks - Unsecured (Refer Note (b) below)	1,000.00	1,000.00
Total	**1,000.00**	**1,002.23**

Notes:

(a) Cash credits from banks have been secured by hypothecation by way of pari passu first charge on all current assets of the Company, both present and future, including stock of goods and book debts. The short term fund carries interest varying from 8.35% to 10.15% p.a (March 31, 2019: 8.35% to 10.15% p.a).

(b) The Company has arranged Channel Finance Facilities for its customers from various banks. As per the terms of these facilities, should the customers default in making payment, after exhausting other modes of recovery the bankers have recourse on the Company up to ₹ 1,000.00 lakhs. The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2020 is ₹ 1,000.00 lakhs (March 31, 2019: ₹ 1,000.00 lakhs) and is included under Borrowings.

Notes Forming Part of the Financial Statements

Note 24: Trade payables

(carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises	2,769.03	3,533.60
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	27,298.52	31,773.46
Total	**30,067.55**	**35,307.06**

(i) Trade payables are non interest bearing and are normally settled in 7 days to 120 days. For explanations on the Company's risk management process, refer Note 50.

(ii) Trade payables are unsecured and for amounts due to related parties refer Note 44.

(iii) Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Principal amount and interest due there on remaining unpaid to any supplier as at the end of the year:		
Principal amount due to micro and small enterprises	2,769.03	3,533.60
Interest due on above	-	
	2,769.03	**3,533.60**
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but with out adding interest specified under the MSMED Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note 25: Other current financial liabilities

(Carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Unpaid dividends (Refer Note below)	48.14	38.15
(b) Trade / Security Deposits received	1,402.12	1,410.75
(c) Capital creditors	633.11	332.14
(d) Refund liabilities arising from right to return assets (Refer Note 29 (iv))	494.86	683.22
(e) Current portion of lease liabilities (Refer Note 41)	392.46	-
(f) Other Payables	137.80	143.47
Total	**3,108.49**	**2,607.73**

Note: Unpaid dividend represents unpresented dividend warrants and does not include amount due and outstanding, to be credited to Investor Education and Protection Fund.

Notes Forming Part of the Financial Statements

Note 26: Other current liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Statutory dues*	535.65	509.29
(b) Contract liability (Refer note 29 (iii))	1,602.12	1,023.70
(c) Others	15.02	111.59
Total	**2,152.79**	**1,644.58**

*Represents contributions to Provident Fund, Employee State Insurance, withholding taxes etc.

Note 27: Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
(i) Provision for leave benefits	1,296.60	989.54
(ii) Provision for gratuity (Refer note 42)	223.75	101.37
(b) Other provisions		
(i) Provision for warranty (Refer note below)	2,152.81	2,030.72
Total	**3,673.16**	**3,121.63**

Provision for warranty:

A provision is recognized for expected warranty claims and after sales services on products sold during the year, based on past experience of the level of repairs and defective returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will be incurred within five years after the reporting date. Assumptions used to calculate the provisions for warranties are based on current sales growth rate and current information available about defective returns based on the warranty period for the respective products sold.

The table below gives information about movement in Provision for warranty : (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	3,151.23	2,606.18
Additions	2,003.42	2,281.91
Utilisation/ Reversal/ Payments	(2,070.16)	(1,736.86)
Balance as at the end of the year	**3,084.49**	**3,151.23**
Disclosed as:		
Non-current (Refer Note 21)	931.68	1,120.51
Current	**2,152.81**	**2,030.72**

Note 28: Current tax liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax	-	264.34
Total	**-**	**264.34**

Notes Forming Part of the Financial Statements

Note 29: Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from contracts with customers		
Sale of products	2,46,226.65	2,53,747.37
Services of products*	12.88	17.44
Sale of scrap*	1,265.58	1,466.24
	2,47,505.11	**2,55,231.05**
(b) Government budgetary support (Refer note (i) below)*	691.18	1,412.52
Total	**2,48,196.29**	**2,56,643.57**

* Represents other operating revenues.

Notes:

(i) Government budgetary support represents benefits provided by the Government to the Company in respect of its manufacturing units in the state of Sikkim, Himachal Pradesh and Uttarakhand in accordance with the 'Scheme of budgetary support under Goods and Service Tax Regime' as notified on October 5, 2017 which were earlier eligible for excise duty exemption. The exemption in respect of its manufacturing unit at Himachal Pradesh and Uttarakhand has expired on January 7, 2020 and April 12, 2019 respectively.

(ii) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			
	Electronics	Electricals	Consumer Durables	Total
Sale of products	74,651.37	1,04,408.28	67,167.00	2,46,226.65
Services of products	2.72	6.88	3.28	12.88
Sale of scrap	290.21	825.54	149.83	1,265.58
Total revenue from contracts with customers	**74,944.30**	**1,05,240.70**	**67,320.11**	**2,47,505.11**
India	74,279.86	1,05,239.21	67,281.00	2,46,800.07
Outside India	664.44	1.49	39.11	705.04
Total revenue from contracts with customers	**74,944.30**	**1,05,240.70**	**67,320.11**	**2,47,505.11**
Timing of Revenue recognition				
Goods transferred at a point in time	74,941.58	1,05,233.82	67,316.83	2,47,492.23
Services transferred over time	2.72	6.88	3.28	12.88
Total revenue from contracts with customers	**74,944.30**	**1,05,240.70**	**67,320.11**	**2,47,505.11**

Notes Forming Part of the Financial Statements

(₹ in lakhs)

Particulars	For the year ended March 31, 2019			
	Electronics	Electricals	Consumer Durables	Total
Sale of products	75,474.97	1,10,921.96	67,350.44	2,53,747.37
Services of products	1.66	12.95	2.83	17.44
Sale of scrap	90.60	1,292.08	83.56	1,466.24
Total revenue from contracts with customers	**75,567.23**	**1,12,226.99**	**67,436.83**	**2,55,231.05**
India	75,287.90	1,12,214.24	67,261.44	2,54,763.58
Outside India	279.33	12.75	175.39	467.47
Total revenue from contracts with customers	**75,567.23**	**1,12,226.99**	**67,436.83**	**2,55,231.05**
Timing of Revenue recognition				
Goods transferred at a point in time	75,565.57	1,12,214.04	67,434.00	2,55,213.61
Services transferred over time	1.66	12.95	2.83	17.44
Total revenue from contracts with customers	**75,567.23**	**1,12,226.99**	**67,436.83**	**2,55,231.05**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 43):

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Electronics	Electricals	Consumer Durables	Electronics	Electricals	Consumer Durables
External customers	75,451.51	1,05,297.86	67,446.92	75,988.55	1,12,862.17	67,792.85
Government budgetary support	(507.21)	(57.16)	(126.81)	(421.32)	(635.18)	(356.02)
Total revenue from contracts with customers	**74,944.30**	**1,05,240.70**	**67,320.11**	**75,567.23**	**1,12,226.99**	**67,436.83**

(iii) Contract balances

The following are the contract balances:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (Current)	32,177.23	45,431.82
Contract liabilities (Current)	1,602.12	1,023.70

Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments. During the year ended March 31, 2020, ₹ 610.60 lakhs (March 31, 2019: ₹ 252.74 Lakhs) was recognised as impairment allowance on doubtful trade receivables. Contract liabilities represents advance received from customers for sale of products.

(iv) Right of return assets and refund liabilities arising from right of return assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Right of return assets (Current)	361.25	498.59
Refund liabilities arising from rights of return assets (Current)	494.86	683.22

Notes Forming Part of the Financial Statements

(v) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue as per contract price	2,65,229.67	2,74,519.06
Adjustments:		
Discounts, Rebates and Trade incentives	(17,229.70)	(18,604.79)
Sales return	(494.86)	(683.22)
Total revenue from contracts with customers	**2,47,505.11**	**2,55,231.05**

(vi) Performance obligation

The performance obligation for sale of products and scrap are satisfied upon delivery/despatch of goods depending upon terms with customers and payment is generally due within 15 to 90 days from delivery. Some contracts provide customers with a right of return, volume based discounts, rebates and other promotion incentive schemes, which give rise to variable consideration subject to constraint. The performance obligation for product repair services is satisfied over-time and payment is generally due upon completion of service and acceptance of the customer. There are no unsatisfied or partially satisfied performance obligations as at March 31, 2020 and March 31, 2019.

During the year ended March 31, 2020, revenue recognised from the amount included in contract liability at the beginning of the year is ₹ 1023.70 lakhs (March 31, 2019: Nil).

Note 30: Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income on current investments	588.02	622.05
Mould hire charges	10.90	2.20
Liabilities / provisions no longer required written back	31.53	179.32
Miscellaneous income	370.27	251.35
Total	**1,000.72**	**1,054.92**

Note 31: Finance income

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on overdue trade receivables	567.48	515.07
Interest income from banks on deposits	741.51	144.07
Interest income on loans and advances	89.01	111.42
Total	**1,398.00**	**770.56**

Notes Forming Part of the Financial Statements

Note 32.a: Cost of raw materials consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	5,545.71	4,092.17
Add: Purchases	74,114.15	79,536.66
	79,659.86	**83,628.83**
Less: Inventory at the end of the year	4,778.42	5,545.71
Total	**74,881.44**	**78,083.12**

Note 32.b (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	13,087.83	8,469.57
Work-in-progress	1,430.73	1,124.34
Traded goods (including stores and spares)	27,734.63	21,367.92
Total (A)	**42,253.19**	**30,961.83**
Inventories at the beginning of the year:		
Finished goods	8,469.57	7,663.24
Work-in-progress	1,124.34	1,475.66
Traded goods (including stores and spares)	21,367.92	17,332.93
Total (B)	**30,961.83**	**26,471.83**
(Increase)/decrease in inventories		
Finished goods	(4,618.26)	(806.33)
Work-in-progress	(306.39)	351.32
Traded goods (including stores and spares)	(6,366.71)	(4,034.99)
Net (increase) / decrease (B - A)	**(11,291.36)**	**(4,490.00)**

Notes Forming Part of the Financial Statements

Note 33: Employee benefits expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries, wages and bonus (Refer Note 38)	18,967.50	16,938.48
(b) Contributions to provident and other funds	939.32	810.56
(c) Share based payment expense (Refer Note below and Note 46)	(339.31)	1,454.51
(d) Gratuity expense (Refer Note 42)	279.68	236.78
(e) Staff welfare expenses	835.31	762.48
Total	**20,682.50**	**20,202.81**

Note: The company had granted stock options under the Employees Stock Option Scheme, 2013 (ESOS 2013) to eligible employees of the Company. According to the scheme, the eligible employees were to be granted stock options subject to satisfaction of prescribed vesting conditions. The Company has been accruing the cost of these options over the vesting period. During the course of the year, the management evaluated that the vesting condition for few of its options linked to the achievement of a certain threshold of profit before tax for the year ended March 31, 2020 will not be satisfied. Accordingly, the Company reversed the cost accrued over the years for such options amounting to ₹ 1,012.89 lakhs to the statement of profit and loss during the year, resulting in net reversal of Share based payment expense for the year ended March 31, 2020.

Note 34.a: Depreciation and amortisation expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Depreciation of property, plant and equipment (Refer Note 3)	2,321.27	1,991.73
(ii) Depreciation of right of use assets (Refer Note 3)	333.08	-
(iii) Amortisation of intangible assets (Refer Note 5)	154.21	190.09
Total	**2,808.56**	**2,181.82**

Note 34.b: Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Interest on borrowings	18.64	41.49
(ii) Interest on deposits from distributors	90.44	85.44
(iii) Interest on lease liability (Refer Note 41)	264.20	-
Total	**373.28**	**126.93**

Notes Forming Part of the Financial Statements

Note 35: Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores, spare parts and packing materials	2,867.25	2,730.02
Power and fuel	1,453.62	1,359.31
Rent	1,592.16	1,647.31
Repairs and maintenance	1,893.85	1,989.50
Rates and taxes	322.29	345.19
Travelling and conveyance	2,857.26	2,863.20
Freight and forwarding charges	3,195.50	3,157.80
Advertisement and business promotion expenses	5,681.90	6,495.39
Donations and contributions	9.70	9.87
CSR expenditure (Refer Note 36)	399.60	364.95
Legal and professional fees	2,720.74	1,360.84
Directors' sitting fees	24.60	19.20
Payments to statutory auditors (Refer Note (i) below)	72.45	67.32
Trade and other receivables, loans and advances written off	9.28	8.06
Loss on foreign currency transactions and translation (net)	425.31	224.09
Loss on property, plant and equipment sold / scrapped / written off (net)	74.72	26.79
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	640.59	252.74
Outsourced manpower cost	3,519.33	3,135.85
Warranty expenses	4,264.75	4,568.84
Contributions to political parties (Refer Note (ii) below)	5.86	0.31
Miscellaneous expenses	4,336.33	3,953.82
Total	**36,367.09**	**34,580.40**

Notes Forming Part of the Financial Statements

Notes:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Payments to Statutory Auditors comprises:		
Statutory audit fees	39.00	36.00
Tax audit fees	3.50	3.50
Limited review fees	18.00	15.00
Fees for other services (certifications)	4.00	4.00
Reimbursement of expenses	7.95	8.82
Total	**72.45**	**67.32**
(ii) Contribution to political parties		
National Democratic Alliance	3.08	-
United Democratic Front	2.67	0.14
Left Democratic Front	0.11	0.17
Total	**5.86**	**0.31**

Note 36: Details of CSR expenditure

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spend during the year	396.23	364.62
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	399.60	364.95
(iii) Unpaid amount out of (i) and (ii) above	-	-

Note 37: Income Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

(a) Statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax		
Current income tax charge	6,345.72	4,896.54
Adjustment of tax relating to earlier years	129.14	81.25
Deferred Tax		
Relating to origination and reversal of temporary differences	(447.30)	(71.32)
Income tax expense reported in the statement of profit and loss	6,027.56	4,906.47

Notes Forming Part of the Financial Statements

(b) OCI section

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Re-measurement gains/(losses) on defined benefit plans	(306.13)	(89.85)
Income tax related to items recognised in OCI during the year	80.15	20.20

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before income tax	24,543.90	21,459.09
Applicable tax rate	34.944%	34.944%
Computed tax expense at statutory rate	8,576.62	7,498.66
Adjustments in respect of current income tax of previous years	129.14	81.25
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(2,175.18)	(2,405.37)
Tax benefits under section 35(2AB)	(305.87)	(246.07)
Income exempt from tax	(205.48)	(217.37)
Temporary differences reversing during tax holiday period	25.11	138.64
Other adjustments	(16.78)	56.73
Income tax charged to the Statement of Profit and loss at the effective income tax rate of 25% (March 31, 2019: 23%)	6,027.56	4,906.47

(d) Deferred tax (credit)/charge comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accelerated Depreciation for tax purposes	116.82	96.00
Impairment allowance for trade receivables	(228.25)	143.67
Disallowances under Section 43B of the Income Tax Act, 1961	(69.89)	(65.45)
Others	(265.98)	(245.54)
Total	**(447.30)**	**(71.32)**

(e) Reconciliation of deferred tax (asset)/ liabilities (net):

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance as at beginning of the year	223.67	294.99
Tax (income)/expense during the year recognised in statement of profit and loss (refer note 37 (d) above)	(447.30)	(71.32)
Closing balance as at end of the year	**(223.63)**	**223.67**

Notes Forming Part of the Financial Statements

Note 38: Details of research and development expenditure

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Materials	206.27	155.22
Employee benefits expenses	1,218.75	1,065.25
Travelling expenses	94.08	105.72
Property, Plant & Equipment	45.17	26.30
Others	22.17	22.36
Total	**1,586.44**	**1,374.85**

Note 39: Commitments and contingencies

A) Capital Commitments (Net of advances)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	880.76	3,242.45

B) Contingent Liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Litigations (see note below)		
(a) Claims against the Company not acknowledged as debt	276.83	264.26
(b) Direct tax matters under dispute / pending before Income Tax Authorities	2,144.31	2,598.77
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	852.03	1,080.71
(d) Others	6.82	6.82
Total	**3,279.99**	**3,950.56**
(ii) Others		
(a) Bank Guarantees	13,110.68	7,418.86
(b) Corporate Guarantee given on behalf of subsidiary for bank loans (Refer Note 44 & 53)	800.00	800.00
Total	**13,910.68**	**8,218.86**

Notes:

(i) There are numerous interpretative issues relating to the Supreme Court ("SC") judgement on Provident Fund ("PF") dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

Notes Forming Part of the Financial Statements

(ii) The Company is involved in taxation and other disputes, lawsuits, proceedings etc. including commercial matters and claims relating to Company's products that arise from time to time in the ordinary course of business. Management is of the view that such claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

(iii) The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

Note 40: Investment in Subsidiary

a) These financial statements are separate financial statements prepared in accordance with Ind AS-27 "Separate Financial Statements".

b) The Company's investment in subsidiary is as follows:

Name of the Subsidiary	Country of incorporation	Portion of ownership interest as at March 31, 2020	Portion of ownership interest as at March 31, 2019	Method used to account for the investment
Guts Electro-Mech Limited	India	74%	74%	At cost

With effect from August 31, 2017, the Company acquired 74% equity stake in Guts Electro-Mech Limited ("Guts") for a total purchase consideration of ₹ 618.26 lakhs which represents amount paid to promoters of Guts and subscription to fresh issue of equity shares of Guts. Guts is a public limited company engaged in the business of Switch Gear. The Company has a Call Option to acquire the balance 26% stake in Guts, which option can be exercised by the Company any time. Similarly, the original promoter of Guts, holding 26% stake has a Put Option to sell his stake to the Company, which Put Option can be exercised by him after the end of three years from the aforesaid date. The Call Option/ Put Option is exercisable by the parties at the price specified in the purchase agreement linked to the time of exercise. The Put Option liability is initially measured at the present value of the amount payable on exercise of the option, as a financial liability amounting to Rs 317.15 lakhs, with corresponding increase in Investment cost of subsidiary. The subsequent changes in carrying amount of the Put Option liability is recognised in the standalone statement of profit and loss. The Call Option is initially measured at fair value as a financial asset amounting to Rs 50.46 lakhs with corresponding reduction in Investment cost of subsidiary and subsequent changes in fair value through profit or loss.

Note 41: Leases

(i) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company's lease asset primarily consist of leases for land and buildings for factories, branch offices and warehouses having the various lease terms.

The Company has adopted Ind AS 116 effective annual reporting period beginning April 1, 2019 using modified retrospective approach. Accordingly, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability and the comparative information continues to be reported under Ind AS 17.

(ii) The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Notes Forming Part of the Financial Statements

(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

(e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

(iii) Following is carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020

(₹ in lakhs)

Particulars	Right to use assets		Total
	Leasehold Land	Leasehold Buildings	
Balance as at April 1, 2019	**-**	**-**	**-**
Transition impact on adoption of Ind AS 116 "Leases" (refer Note 3)	911.62	2,968.16	3,879.78
Reclassified from property, plant and equipment on adoption of Ind AS 116 "Leases (refer Note 3)	420.43	-	420.43
Total Right of use assets on the date of transition	**1,332.05**	**2,968.16**	**4,300.21**
Additions during the year	-	-	-
Deletions during the year	-	-	-
Depreciation of Right of use assets (refer Note 3)	(77.53)	(255.55)	(333.08)
Balance as at March 31, 2020	**1,254.52**	**2,712.61**	**3,967.13**

(iv) The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020:

(₹ in lakhs)

Particulars	Amount
Balance as at April 1, 2019	**-**
Transition impact on account of adoption of Ind AS 116 "Leases"	3,879.78
Additions during the year	-
Finance cost accrued during the year	264.20
Payment of lease liabilities	(429.61)
Balance as at March 31, 2020	**3,714.37**
Disclosed as:	
Current portion of lease liability (refer Note 25)	392.46
Non-current lease liability (refer Note 20)	3,321.91
TOTAL	**3,714.37**

(v) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 167.67 lakhs (Increase in Depreciation expense and finance cost by ₹ 333.08 lakhs and ₹ 264.20 lakhs respectively with corresponding decrease in other expense by ₹ 429.61 lakhs). The effect of this adoption is insignificant on earnings per share. Ind AS 116 has also resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments by ₹ 429.61 lakhs each. Total Deferred tax expense and deferred tax liabilities are decreased by ₹ 52.8 lakhs.

(vi) The maturity analysis of lease liabilities are disclosed in Note 50A.

(vii) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%

(viii) Rental expense recorded for short-term leases was ₹ 1,592.16 lakhs for the year ended March 31,2020. (Refer Note 35)

(ix) The difference between the lease obligation recorded, as of March 31, 2019, under Ind AS 17 (disclosed under Note 39(A) of annual standalone financial statements forming part of 2019 Annual Report) and the value of the lease liability as of April 1, 2019, is on account of use of practical hindsight in determining the lease term, where the contract contained options to extend or terminate the lease in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

(x) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes Forming Part of the Financial Statements

Note 42: Employee Benefit Plans

Defined Contribution Plan

The Company mainly makes Provident Fund (PF) and Employee's state insurance (ESI) contributions to a defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 889.16 lakhs (year ended March 31, 2019: ₹ 759.20 lakhs) towards PF contributions (included in note 33(b)) and ₹24.60 lakhs (year ended March 31, 2019: ₹ 37.71 lakhs) towards ESI contributions (included in note 33(b)) in the statement of profit and loss. The contributions payable to this plan by the Company is at the rate specified in the rules of the scheme.

Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the standalone balance sheet for gratuity benefit:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Components of employer expense:		
Current service cost	294.75	241.73
Net interest expense / (income) on net defined benefit obligations	(15.07)	(4.95)
Total expense recognised in the Statement of Profit and Loss	**279.68**	**236.78**
Actual contribution and benefit payments for year:		
Actual benefit payments	96.73	81.09
Actual contributions	463.43	318.89
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	(2,721.31)	(2,086.05)
Fair value of plan assets	2,497.56	1,984.68
Net asset / (liability) recognised in the Balance Sheet	**(223.75)**	**(101.37)**
Change in defined benefit obligations (DBO) during the year:		
Present value of DBO at beginning of the year	2,086.05	1,711.73
Current service cost	294.75	241.73
Interest cost on DBO	142.98	125.33
Actuarial (gains) / losses	294.26	88.35
Benefits paid	(96.73)	(81.09)
Present value of DBO at the end of the year	**2,721.31**	**2,086.05**
Change in fair value of assets during the year:		
Plan assets at beginning of the year	1,984.68	1,618.10
Return on plan assets greater/ (lesser) than discount rate	(11.87)	(1.50)
Actual company contributions	463.43	318.89
Interest income on plan assets	158.05	130.28
Benefits paid	(96.73)	(81.09)
Plan assets at the end of the year	**2,497.56**	**1,984.68**
Composition of the plan assets is as follows:		
Insurer Managed Assets	100%	100%
Remeasurement gains/(losses) in other comprehensive income		
Return on plan assets	(11.87)	(1.50)
Actuarial gain / (loss) on obligations arising from changes in experience adjustments	(130.69)	(56.46)
Actuarial gain / (loss) on obligations arising from changes in financial assumptions	(163.57)	(31.89)
Total amount recognised in OCI	**(306.13)**	**(89.85)**

Notes Forming Part of the Financial Statements

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The below sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Defined Benefit Obligation	2,721.31	2,086.05

(₹ in lakhs)

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Impact on defined benefit obligation (increase/(decrease)) due to change in Discount rate	231.87	(201.78)	173.44	(151.16)
Impact on defined benefit obligation (increase/(decrease)) due to change in Salary Escalation Rate	(199.52)	224.43	(150.53)	169.24

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in an increase in liability without corresponding increase in the asset).

Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Maturity profile of Defined Benefit Obligation

Expected Cash Flows (value on undiscounted basis)	Amount (₹ in lakhs)
March 31, 2021	248.84
March 31, 2022	285.65
March 31, 2023	315.93
March 31, 2024	335.56
March 31, 2025	402.72
March 31, 2026 to March 31, 2030	2,234.25

Notes Forming Part of the Financial Statements

Weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2019: 8 years).

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial assumptions:		
Discount rate	6.50%	7.30%
Salary Escalation	9.00%	9.00%
Attrition	Marketing - 16% & Non-Marketing - 8%	Marketing - 16% & Non-Marketing - 8%
Mortality Table	Indian Assured Lives Mortality (2006-08) modified Ultimate	Indian Assured Lives Mortality (2006-08) modified Ultimate
Performance percentage considered	NA	NA
Estimate of amount of contribution in the immediate next year (₹ in lakhs)	223.75	101.37

Notes:

i) Plan assets are fully represented by balance with the Life Insurance Corporation of India.

ii) The long term estimate of the expected rate of return on fund assets has been arrived at based on the prevailing yields on these assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

iii) The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

iv) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. **Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. If bond yields fall, the defined benefit obligation will tend to increase.

b. **Salary Inflation risk :** The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors. Higher than expected increases in salary will increase the defined benefit obligation.

c. **Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Notes Forming Part of the Financial Statements

Note 43: Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment". Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and segment information is presented accordingly. Accordingly, the management has identified, based on its products, three reportable segments namely, Electronics, Electricals and Consumer Durables as follows:

Electronics Segment includes Stabilizers, Digital UPS, UPS and Solar Inverters;

Electricals Segment includes PVC Insulated Cables, Switch Gears, Single Phase Pumps, Three Phase Pumps and Modular Switches; and

Consumer Durables Segment includes Electric Water Heaters, Solar Water Heaters, Fans, Induction Cooktops, Mixer Grinders, Rice cookers, Glass-top Gas Stoves, Breakfast Appliances and Air Coolers.

The Management Committee of the Company monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product and have been identified as per the quantitative criteria specified in the Ind AS. The management has complied with the aggregation criteria as specified in Ind-AS 108 and the same has been applied based on the nature of products, considering their end users and as considered relevant and appropriate for the industry the Company operates in.

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and property, plant and equipments. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on Company basis.

Capital expenditure consists of addition of property, plant and equipment, capital work in progress, intangible assets and capital advances.

Transfer pricing between operating segments are on an arm length basis in a manner similar to transaction with third parties.

Year ended March 31, 2020 (₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,451.51	1,05,297.86	67,446.92	-	2,48,196.29
Inter-segment	-	-	-	-	-
Total revenue	**75,451.51**	**1,05,297.86**	**67,446.92**	**-**	**2,48,196.29**
Income/(Expenses)					
Depreciation and amortisation	(276.53)	(660.86)	(401.22)	-	(1,338.61)
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	(194.74)	(271.77)	(174.08)	-	(640.59)
Segment profit	12,367.82	8,131.81	3,993.52	-	24,493.15
Total assets	**31,535.67**	**41,031.15**	**39,224.08**	**-**	**1,11,790.90**
Total liabilities	**8,940.30**	**12,998.63**	**13,693.74**	**-**	**35,632.67**
Other disclosure: Capital expenditure	**978.96**	**1081.24**	**8,820.70**	**-**	**10,880.90**

Notes Forming Part of the Financial Statements

Year ended March 31, 2019

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,988.55	1,12,862.17	67,792.85	-	2,56,643.57
Inter-segment	-	-	-	-	-
Total revenue	**75,988.55**	**1,12,862.17**	**67,792.85**	**-**	**2,56,643.57**
Income/(Expenses)					
Depreciation and amortisation	(123.77)	(766.54)	(289.67)	-	(1,179.98)
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	(74.83)	(111.15)	(66.76)	-	(252.74)
Segment profit	9,519.24	8,404.66	3,192.92	-	21,116.82
Total assets	**31,334.29**	**42,186.65**	**30,939.48**	**-**	**1,04,460.42**
Total liabilities	**7,575.56**	**16,395.19**	**13,292.99**	**-**	**37,263.74**
Other disclosure: Capital Expenditure	**383.76**	**762.18**	**807.01**	**-**	**1,952.95**

Reconciliation of amount reflected in the financial statements

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Reconciliation of profit		
Segment Profit	24,493.15	21,116.82
Other Unallocable income	2,334.14	1,470.91
Other Unallocable expenses	(1,910.11)	(1,001.71)
Finance cost	(373.28)	(126.93)
Profit before tax	**24,543.90**	**21,459.09**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(b) Reconciliation of assets		
Segment operating assets	1,11,790.90	1,04,460.42
Investment in Subsidiary	884.95	884.95
Investment property	27.90	27.90
Investments - Current	3,600.14	8,312.78
Deferred tax asset	223.63	-
Cash and cash equivalents	2,341.08	8,427.28
Other bank balances	8,812.14	38.15
Income tax assets (net)	1,702.92	743.61
Tangible & Other intangible assets	11,065.40	9,866.03
Other unallocable assets	3,580.61	2,860.61
Total assets	**1,44,029.67**	**1,35,621.73**

Notes Forming Part of the Financial Statements

Particulars	As at March 31, 2020	As at March 31, 2019
(c) Reconciliation of liabilities		
Segment operating liabilities	35,632.67	37,263.74
Deferred tax liabilities	-	223.67
Borrowings	1,000.00	1,002.23
Current tax liabilities	-	264.34
Lease liability	355.10	-
Provision for leave benefits	1,296.60	989.54
Provision for gratuity	223.75	101.37
Other unallocable liabilities	6,144.05	5,810.71
Total liabilities	**44,652.17**	**45,655.60**

Revenue from external customer

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	2,47,491.25	2,56,176.10
Outside India	705.04	467.47

The revenue information above is based on the location of the customers. All non current operating assets of the Company are located in India and for this purpose consists of property, plant and equipment, investment property and intangible assets.

Note 44: Related Party Transactions

(a) Details of Related Parties:

Description of Relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman and Non Executive Director (till March 31, 2020)
	Mr. Mithun K. Chittilappilly - Managing Director and Son of Mr. Kochouseph Chittilappilly
	Mr. Ramachandran Venkataraman - Director and Chief Operating Officer
	Mr. Sudarshan Kasturi - Chief Financial Officer (Refer note 2 below)
	Ms. Jayasree K - Company Secretary (Refer note 2 below)
Relatives of KMP with whom transactions have taken place during the year	Ms. Sheela Kochouseph - Wife of Mr. Kochouseph Chittilappilly
	Mr. Arun K. Chittilappilly - Son of Mr. Kochouseph Chittilappilly
	Ms. Priya Sarah Cheeran Joseph - Daughter in law of Mr. Kochouseph Chittilappilly
	Ms. Vidyavathi Vaidyanathan - Wife of Mr. Ramachandran Venkataraman
	Ms. Radhika Ramachandran - Daughter of Mr. Ramachandran Venkataraman

Notes Forming Part of the Financial Statements

Description of Relationship	Names of Related Parties
Non - Executive Directors	Mr. Cherian N Punnoose
	Mr. A K Nair (Till July 28, 2019)
	Mr. Ullas K Kamath
	Mr. C J George
	Ms. Joshna Johnson Thomas - Wife of Mr. Mithun K. Chittilappilly
	Ms. Radha Unni (w.e.f September 27, 2018)
Subsidiary	Guts Electro-Mech Limited (refer note 40)
Entities in which KMP/ relatives of KMP can exercise significant influence	K Chittilappilly Trust
	Arav Chittilappilly Trust
	V-Guard Foundation (Refer note 3 below)

The Company has not entered in to any transactions with companies in which KMP/ relatives of KMP can exercise significant influence.

(b) Transactions with related parties during the year

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Kochouseph Chittilappilly	Dividends Paid	1,294.99	555.40
	Commission	151.18	133.33
	Sitting Fees	3.75	2.60
Mr. Mithun K Chittilappilly	Dividends Paid	1,544.12	500.86
	Salaries and allowances	151.59	133.29
	Company contribution to provident fund	13.82	11.52
	Commission	314.96	277.79
Mr. Ramachandran Venkataraman	Dividends Paid	13.79	5.21
	Salaries and allowances	215.43	197.72
	Company contribution to provident fund	24.65	22.48
	Employee stock compensation expense *	(548.37)	474.91
	Issue of Equity shares including premium	96.71	89.86
Mr. Sudarshan Kasturi	Dividends Paid	0.29	0.11
	Salaries and allowances	178.29	167.26
	Company contribution to provident fund	9.69	9.02
	Employee stock compensation expense	96.80	152.04
	Issue of Equity shares including premium	0.69	0.38
Ms. Jayasree K	Dividends Paid	1.19	0.49
	Salaries and allowances	25.70	25.44
	Company contribution to provident fund	0.88	0.93
	Employee stock compensation expense *	(4.53)	9.85
	Share application money pending allotment	-	0.08
	Issue of Equity shares including premium	0.15	-
Relatives of KMP	Dividends Paid	1,173.86	746.38
Enterprises in which KMP/ relatives of KMP can exercise significant influence	Dividends Paid	668.67	166.46
Non - Executive Directors	Sitting Fees	20.85	16.60
	Commission	72.42	64.08
Guts Electro-Mech Limited	Purchase of goods	3,178.08	3,265.21
	Reimbursement of expenses by subsidiary	47.16	-

*Employee stock compensation expense for the year ended March 31, 2020 is net of reversals (Refer Note 33).

Notes Forming Part of the Financial Statements

(c) Related party balances

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	As at March 31, 2020	As at March 31, 2019
Mr. Kochouseph Chittilappilly	Commission payable	151.18	133.33
Mr. Mithun K Chittilappilly	Commission payable	314.96	277.79
Non-Executive Directors	Commission payable	72.42	64.08
Guts Electro-Mech Limited	Investment in Equity Shares (including premium)	342.49	342.49
	Corporate Guarantee given on behalf of related party	800.00	800.00
	Advance/(payable) for purchase of goods	(90.18)	517.22

Notes:

1. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
2. Represents additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year.
3. The Company has formed V-Guard Foundation, a Company incorporated under Section 8 of the Companies Act, 2013, as its principal arm for implementing the Company's CSR programs/projects in compliance with Section 135 of the Companies Act, 2013. Two directors of the Company are the directors of V-Guard Foundation. During the year ended March 31, 2020, the Company has contributed ₹ 388.87 lakhs (Year ended March 31, 2019: ₹ 304.00 lakhs) towards expenditure for CSR activities.
4. The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Note 45: Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for the year (₹in lakhs)	18,516.34	16,552.62
Weighted average number of equity shares outstanding	42,75,39,565	42,64,04,300
Basic earnings per share (₹)	4.33	3.88
Net Profit for the year (₹in lakhs)	18,516.34	16,552.62
Weighted average number of equity shares outstanding	43,21,23,388	43,34,96,576
Diluted earnings per share (₹)	4.28	3.82
Weighted average number of equity shares in calculating basic EPS	42,75,39,565	42,64,04,300
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	45,83,823	70,92,276
Weighted average number of equity shares in calculating diluted EPS	43,21,23,388	43,34,96,576

Notes Forming Part of the Financial Statements

Note 46: Share based payments

The members of the Company by way of a special resolution under Section 81(1)(A) of the Companies Act, 1956, passed on May 14, 2013 through postal ballot procedure, approved Employees Stock Option Scheme, 2013 (ESOS 2013) for grant of stock options to eligible employees of the Company. According to the Scheme, the eligible employees will be entitled to options as given below subject to satisfaction of prescribed vesting conditions. All options granted under ESOS 2013 can be exercised within 6 years from the date of vesting. The number of shares allocated for allotment under the ESOS 2013 is 19,538,118 equity shares of Rs 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

Grant	Financial Year	Date of Grant	No. of Options Granted	Exercise Price per share (₹)	Vesting Period	Vesting Conditions
Grant I	2013-14	11-Jun-13	21,87,216	1.00	Over 3 years	Two third of total entitlements are time based grants and the remaining one third are based on the performance of the Company and the Individual employee.
			79,51,888	34.64		
Grant II	2015-16	04-May-15	2,81,266	1.00	Over 3 years	
			9,20,564	71.36		
Grant III	2016-17	04-May-16	4,20,000	1.00	Over 4 years	60% of the total entitlements are time based grants which will vest over 4 years and the balance 40% will vest at the end of fourth year based on the performance of the Company.
			37,80,000	68.75		
Grant IV	2016-17	16-Jun-16	2,59,504	1.00	Over 4 years	75% of the total entitlements are time based grants which will vest over 4 years and the balance 25% will vest at the end of fourth year based on the performance of the Company.
Grant V	2016-17	08-Aug-16	12,61,246	1.00	Over 4 years	
			49,280	1.00		100% of the entitlements are time based grants which will vest over 4 years
			2,80,000	1.00		60% of the total entitlements are time based grants which will vest over 4 years and the balance 40% will vest at the end of fourth year based on the performance of the Company
			11,20,000	121.79		
Grant VI	2016-17	21-Oct-16	1,15,976	1.00	Over 4 years	100% of the entitlements are time based grants which will vest over 4 years
Grant VII	2016-17	30-Jan-17	82,460	1.00	Over 4 years	75% of the total entitlements are time based grants which will vest over 4 years and the balance 25% will vest at the end of fourth year based on the performance of the Company.
Grant VIII	2017-18	19-May-17	2,01,100	1.00	Over 4 years	
Grant IX	2017-18	31-Jul-17	1,54,854	1.00	Over 4 years	
Grant X	2017-18	22-Jan-18	2,50,768	1.00	Over 4 years	
Grant XI	2018-19	30-May-18	46,354	1.00	Over 4 years	
Grant XII	2018-19	31-Jul-18	99,452	1.00	Over 4 years	
Grant XIII	2018-19	31-Jan-19	76,190	1.00	Over 4 years	
Grant XIV	2019-20	06-Nov-19	31,444	1.00	Over 4 years	

Notes Forming Part of the Financial Statements

The details of the activity under the Scheme are summarized below:

Grant	Weighted average Exercise Price per share (₹)	Outstanding at the beginning of the year	Granted during the year	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year	Weighted average remaining contractual life(in years)
Grant I	1.00	83,784	-	-	15,289	68,495	68,495	2.20
		(84,784)	-	-	(1,000)	(83,784)	(83,784)	(3.20)
	34.64	23,70,171	-	-	5,17,132	18,53,039	18,53,039	2.20
		(28,54,424)	-	-	(4,84,253)	(23,70,171)	(23,70,171)	(3.17)
Grant II	1.00	4,612	-	-	4,612	-	-	-
		(1,46,336)	-	(25,894)	(1,15,830)	(4,612)	(4,612)	(4.81)
	71.36	1,71,408	-	-	54,033	1,17,375	1,17,375	3.89
		(6,55,085)	-	(79,903)	(4,03,774)	(1,71,408)	(1,71,408)	(4.68)
Grant III	1.00	3,57,000	-	1,68,000	1,26,000	-	63,000	4.60
		(3,57,000)	-	-	-	(63,000)	(3,57,000)	(6.57)
	68.75	37,80,000	-	15,12,000	-	17,01,000	22,68,000	6.10
		(37,80,000)	-	-	-	(11,34,000)	(37,80,000)	(6.20)
Grant IV	1.00	1,64,499	-	64,890	35,816	15,141	63,793	6.01
		(2,10,853)	-	-	(46,354)	(2,300)	(1,64,499)	(6.81)
Grant V	1.00	8,95,602	-	3,34,040	2,12,058	1,20,446	3,49,505	5.72
		(10,72,128)	-	-	(1,76,526)	(1,15,774)	(8,95,602)	(6.62)
	1.00	24,640	-	-	-	24,640	24,640	5.77
		(36,960)	-	-	(12,320)	(12,320)	(24,640)	(6.62)
	1.00	1,96,000	-	1,12,000	42,000	-	42,000	6.27
		(2,38,000)	-	-	(42,000)	-	(1,96,000)	(6.62)
	121.79	11,20,000	-	4,48,000	-	5,04,000	6,72,000	4.79
		(11,20,000)	-	-	-	(3,36,000)	(11,20,000)	(6.39)
Grant VI	1.00	69,827	-	6,958	28,176	12,657	34,693	5.94
		(1,06,817)	-	-	(36,990)	(11,839)	(69,827)	(6.68)
Grant VII	1.00	67,000	-	-	30,924	-	36,076	6.84
		(67,000)	-	-	-	(15,462)	(67,000)	(8.07)
Grant VIII	1.00	1,63,393	-	-	37,706	-	1,25,687	6.84
		(2,01,100)	-	-	(37,707)	-	(1,63,393)	(7.45)
Grant IX	1.00	1,33,169	-	48,731	25,479	-	58,959	6.94
		(1,54,854)	-	-	(21,685)	(1,895)	(1,33,169)	(7.24)
Grant X	1.00	2,23,521	-	-	39,563	27,216	1,83,958	7.06
		(2,50,768)	-	-	(27,247)	(19,760)	(2,23,521)	(7.59)
Grant XI	1.00	46,354	-	-	4,500	4,191	41,854	7.24
		-	(46,354)	-	-	-	(46,354)	(8.04)
Grant XII	1.00	99,452	-	-	18,644	3	80,808	7.64
		-	(99,452)	-	-	-	(99,452)	(8.21)
Grant XIII	1.00	76,190	-	-	14,286	-	61,904	8.15
		-	(76,190)	-	-	-	(76,190)	(8.72)
Grant XIV	1.00	-	31,444	-	-	-	31,444	8.22
		-	-	-	-	-	-	-

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2019.

Weighted average fair value of the options granted during the year was ₹ 241.66 (2018-19: ₹ 209.33).

Weighted average equity share price at the date of exercise of options during the year was ₹ 222.84 (2018-19: ₹ 205.90).

Notes Forming Part of the Financial Statements

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Binomial model:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Risk-free interest rate (%)	6.01% to 6.55%	7.31% to 7.93%
Expected life of options (years)	4.01 to 7.01	4.01 to 7.01
Expected volatility (%)	31.68% to 31.95%	32.33% to 33.00%
Dividend yield	0.32%	0.33% to 0.34%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome . The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date, indicative of future trends, which may not necessarily be the actual outcome.

Note 47: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revenue from sale of products

Revenue is measured at the fair value of consideration received/receivable from its customers and in determining the transaction price for the sale of products, the Company considers the effects of various factors such as volume based discounts, rebates and other promotion incentives schemes ('trade schemes') provided to the customers. At year end, amounts for trade schemes that have been incurred and not yet provided to the customers are estimated and accrued. The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return also.

In estimating the variable considerations, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with trade schemes, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold. Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration

Notes Forming Part of the Financial Statements

are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk , volatility etc. Changes in assumptions/ judgements about these factors could effect the reported fair value of financial instruments.

Put option liability

The Put Option liability granted on the non controlling interests of subsidiary is accounted for at the present value of the amount payable on exercise of the option, as a financial liability. The subsequent changes in carrying amount at each reporting date is recognised in the statement of profit and loss. The determination of the carrying value is based on discounted cash flows. The key assumption taken into consideration is the discount factor. As part of the accounting for the investment in subsidiary, put option liability with an estimated value of ₹ 317.15 lakhs was recognised at the acquisition date and remeasured to ₹ 396.59 lakhs as at the reporting date.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These mainly include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligation are given in Note 42.

Share-based payments

Estimating fair value for share-based payment transactions requires evaluation of vesting conditions and determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, forfeitures and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 46.

Notes Forming Part of the Financial Statements

Warranty provision

Warranty provision is determined based on the historical trend of warranty expense for the same types of goods for which the warranty is currently being determined, after adjusting for unusual factors related to the goods that were sold. It is very unlikely that actual warranty claims will exactly match the historical trend of warranty expenses and hence such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. In respect of financial guarantees provided by the Company to third parties, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 39(B) for further disclosures.

Taxes

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Impairment allowance for trade receivables

The Company uses a provision matrix to calculate Expected Credit Losses ('ECL') for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 2.2(q) and Note 50(C).

Notes Forming Part of the Financial Statements

Note 48: Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(₹ in lakhs)

Particulars	Carrying value		Fair value	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets at FVTPL				
Investments in mutual funds	3,600.14	8,312.78	3,600.14	8,312.78
Derivative Instrument - Call Option	58.57	58.57	58.57	58.57
Financial assets at amortised cost				
Loans	861.85	938.59	861.85	938.59
Cash and bank balances	11,153.22	8,465.43	11,153.22	8,465.43
Other financial assets	1,244.70	1,078.97	1,244.70	1,078.97
Trade Receivables	32,177.23	45,431.82	32,177.23	45,431.82
Total	**49,095.71**	**64,286.16**	**49,095.71**	**64,286.16**
Financial liabilities at amortised cost				
Short Term Borrowings	1,000.00	1,002.23	1,000.00	1,002.23
Put Option Liability	396.59	363.85	396.59	363.85
Lease liability	3,714.37	-	3,714.37	-
Other financial liabilities	2,716.03	2,607.73	2,716.03	2,607.73
Trade Payables	30,067.55	35,307.06	30,067.55	35,307.06
Total	**37,894.54**	**39,280.87**	**37,894.54**	**39,280.87**

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

Investments in mutual funds are mandatorily classified as fair value through statement of profit and loss. The fair value of investments in mutual funds units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at balance sheet date. NAV represents the price at which the issuer will issue further units of mutual funds and the price at which issuers will redeem such units from the investors.

The fair value of the derivative instrument- call option has been determined using valuation techniques with market observable inputs. The valuation techniques incorporate various inputs including risk free interest rates and volatility. As regards the carrying value and fair value of investments in subsidiary, refer Note 6.

The fair value of loans, lease liabilities and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. The fair value of Put Option Liability is determined based on the present value of the amount payable on exercise of the option. There are no unobservable inputs that impact fair value.

Notes Forming Part of the Financial Statements

Note 49: Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities, measured at fair value on the balance sheet date:

(₹ in lakhs)

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at cost for which fair value are disclosed					
Investment property	31-Mar-20	27.90	-	-	27.90
	31-Mar-19	27.90	-	-	27.90
Fair value of financial assets disclosed					
Investments in mutual funds	31-Mar-20	3,600.14	3,600.14	-	-
	31-Mar-19	8,312.78	8,312.78	-	-
FVTPL Financial Instrument - Call Option	31-Mar-20	58.57	-	58.57	-
	31-Mar-19	58.57	-	58.57	-
Assets carried at amortised cost for which fair value are disclosed					
Cash and bank balances	31-Mar-20	11,153.22	-	-	11,153.22
	31-Mar-19	8,465.43	-	-	8,465.43
Other financial assets	31-Mar-20	1,244.70	-	-	1,244.70
	31-Mar-19	1,078.97	-	-	1,078.97
Loans	31-Mar-20	861.85	-	-	861.85
	31-Mar-19	938.59	-	-	938.59
Trade receivables	31-Mar-20	32,177.23	-	-	32,177.23
	31-Mar-19	45,431.82	-	-	45,431.82
Liabilities carried at amortised cost for which fair value are disclosed					
Trade payables	31-Mar-20	30,067.55	-	-	30,067.55
	31-Mar-19	35,307.06	-	-	35,307.06
Borrowings	31-Mar-20	1,000.00	-	-	1,000.00
	31-Mar-19	1,002.23	-	-	1,002.23
Put Option Liability	31-Mar-20	396.59	-	396.59	-
	31-Mar-19	363.85	-	363.85	-
Lease liability	31-Mar-20	3,714.37	-	-	3,714.37
	31-Mar-19	-	-	-	-
Other financial liabilities	31-Mar-20	2,716.03	-	-	2,716.03
	31-Mar-19	2,607.73	-	-	2,607.73

(i) There have been no transfers between Level 1 and Level 2 during the year. Also refer Note 48.

(ii) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

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

(iv) Fair value of mutual funds is determined based on the net asset value of the funds.

Notes Forming Part of the Financial Statements

Note 50: Financial risk management objectives and policies

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities.

The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2020 and March 31, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable investments, such as mutual funds, with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of Company's financial liabilities.

(₹ in lakhs)

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
As at March 31, 2020				
a) Borrowings	1,000.00	-	-	1,000.00
b) Trade Payables	30,067.55	-	-	30,067.55
c) Put option liability	-	409.72		409.72
d) Lease liability	713.99	1,991.47	3,426.56	6,132.02
e) Other Financial Liabilities	2,716.03	-	-	2,716.03
Total	**34,497.57**	**2,401.19**	**3,426.56**	**40,325.32**
As at March 31, 2019				
a) Borrowings	1,002.23		-	1,002.23
b) Trade Payables	35,307.06	-	-	35,307.06
c) Put option liability	-	409.72	-	409.72
d) Other Financial Liabilities	2,607.73	-	-	2,607.73
Total	**38,917.02**	**409.72**	**-**	**39,326.74**

B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of following: interest rate risk, foreign currency risk and commodity price risk. Financial instruments affected by market risk include loans, borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings which are at floating interest rates.

Notes Forming Part of the Financial Statements

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risks arising from exposures to US Dollars and Chinese Yuan from the Company's import of goods. The Company manages this foreign currency risk by using foreign currency forward contracts to hedge its import liabilities. The Company has hedged 12.38% of foreign currency exposure as on March 31, 2020. The Company's exposure to foreign currency changes for all other currencies is not material.

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities net of amounts hedged is as follows:

(₹ In lakhs)

Particulars	Effect on profit before tax	
	1% increase	**1% decrease**
March 31, 2020	(33.71)	33.71
March 31, 2019	(14.81)	14.81

Commodity Price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of domestic cable and other electronic items and therefore require a continuous supply of copper, being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper, the Company has entered into various purchase contracts for this material for which there is an active market. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price for each month.

C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and other financial assets.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and certain customers are covered under credit insurance. An impairment analysis is performed at each reporting date by grouping a large number of minor receivables into homogenous groups and assess them for impairment collectively. The Company creates allowance based on lifetime expected credit loss based on a provision matrix after considering adjustment under credit insurance. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Company does not hold any collateral as security except for the deposits and bank guarantees received from the customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several locations and operate in largely independent markets.

The movement for change in allowance for expected credit loss and credit impairment is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	2,742.31	2,489.57
Change in allowance for expected credit loss and credit impairment during the year	610.60	252.74
Balance as at the end of the year	**3,352.91**	**2,742.31**

Notes Forming Part of the Financial Statements

Other financial assets

Credit risk from balances with banks and financial institutions and in respect of loans is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only in highly marketable liquid fund instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

D. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

E. Other Risk - Impact of COVID-19

Financial assets carried at fair value as at March 31, 2020 is ₹ 3,658.71 lakhs and financial assets are carried at amortised cost as at March 31, 2020 is ₹ 45,437.00 lakhs. A part of the financial assets are classified as Level 1 having fair value of ₹ 3,600.14 lakhs as at March 31, 2020. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected. Financial assets of ₹ 11,153.22 lakhs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 32,177.33 lakhs as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Company is covered under trade credit insurance in respect of major customers to mitigate any potential losses. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables of ₹ 3,352.91 lakhs as at March 31, 2020 is considered adequate.

Note 51: Capital management

For the purpose of the Company capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company monitors Capital using Gearing ratio, which is net debt divided by total capital plus net debt.

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Borrowings	1,000.00	1,002.23
Less: Cash and cash equivalents, other bank balances and mutual fund investments	14,753.36	16,778.21
Net debt (A)	**(13,753.36)**	**(15,775.98)**
Equity	99,377.50	89,966.13
Capital and Net Debt (B)	**85,624.14**	**74,190.15**
Gearing ratio (A/B)	**-**	**-**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Notes Forming Part of the Financial Statements

Note 52: Impact assessment of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Company. The spread of COVID-19 has severely impacted business operations around the globe including India. As a result of the lockdown and consequent supply chain disruption, the sales volumes of the Company for the month of March 2020 have been impacted. The Company has made a detailed assessment of its liquidity position as at the date of approval of these standalone financial statements for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment (including assets under construction), Intangible assets, Trade receivables, Inventory and Investments as at the balance sheet date and has concluded that there are no material adjustments required in the standalone financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the standalone financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely and is resuming operations in a phased manner taking into account directives from the Government and will continue to closely monitor any material changes to future economic conditions and take actions as are appropriate based on future economic conditions.

Note 53: Disclosures pursuant to Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013

As at March 31, 2020 and March 31, 2019, the Company has provided guarantee amounting to ₹ 800.00 lakhs (Maximum amount outstanding: ₹ 800.00 lakhs) to a bank for the borrowings availed by the subsidiary of the Company - Guts Electro-Mech Limited ("Guts"). The borrowing is availed by Guts for working capital requirements and purchase of machineries. Guts does not have any investment in the shares of the Company. The Company has not given any loans and advances in the nature of loans to subsidiaries, associates or companies / firms in which directors are interested.

Note 54:

Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the standalone financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

Note 55:

Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Independent Auditor's Report

To the Members of V-Guard Industries Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of V-Guard Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary (together referred to as "the Group") comprising of the Consolidated Balance sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the Key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to the matter below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue from sale of products (as described in note 2.3(e) and 47 of the Consolidated Ind AS financial statements)	
Revenue is measured at the fair value of consideration received/receivable from its customers and in determining the transaction price for the sale of products, the Holding Company considers the effects of various factors such as volume based discounts, rebates and other promotion incentives schemes ('trade schemes') provided to the customers. At year end, amounts for trade schemes that have been incurred and not yet provided to the customers are estimated and accrued. We have considered this as a key audit matter on account of significant judgement and estimate involved in calculation of provision for such trade schemes as at the Balance Sheet date.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • Assessed the Holding Company's accounting policy for revenue recognition including the policy for recording trade schemes in accordance with Ind AS 115. • Obtained understanding of the revenue process, the assumptions used by the management in calculation of accrual of trade schemes and design and implementation of controls. • Evaluated management's methodology and assumptions used in the calculations of such accruals for trade schemes. • Tested on sample basis management's calculation of the provisions for trade schemes at year end with approved trade schemes and underlying sales data, including testing of completeness and arithmetical accuracy of the data used. • Tested, on sample basis, credit notes issued to customer/payments for incentives as per the approved trade schemes. • Performed analytical procedures to identify any unusual trends and items.

Other Information

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

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group 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.

Those 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS 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 Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS 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 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 Ind AS financial statements for the financial year ended March 31, 2020 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 Matter

We did not audit the financial statements and other financial information, in respect of the subsidiary, whose Ind AS financial statements include total assets of ₹ 2,019.23 lakhs as at March 31, 2020, and total revenues (including other income) of ₹ 5,472.45 lakhs and net cash inflows of ₹ 30.13 lakhs (before adjustments on consolidation) for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report have been furnished to us by the management.

Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary company, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiary to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 39(B)(i) to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary during the year ended March 31, 2020.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABR3954

Bengaluru
June 01, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF V-GUARD INDUSTRIES LIMITED

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

In conjunction with our audit of the Consolidated Ind AS financial statements of V-Guard Industries Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of V-Guard Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to the subsidiary, is based on the corresponding report of the auditors of such subsidiary.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 20061207AAAABR3954

Bengaluru
June 01, 2020

Consolidated Balance Sheet as at March 31, 2020

(₹ in lakhs)

Particulars		Notes	As at March 31, 2020	As at March 31, 2019
A.	**ASSETS**			
1.	**Non-current assets**			
	Property, plant & equipment	3	27,455.41	22,140.02
	Capital work-in-progress	3	6,686.51	784.78
	Investment property	4	27.90	27.90
	Goodwill	5	366.40	366.40
	Other intangible assets	5	595.69	530.35
	Financial assets			
	(a) Loans	6	373.89	605.58
	(b) Other financial assets	7	1,090.44	925.78
	Income tax assets (net)	8	1,702.92	743.61
	Deferred tax asset (net)	9	248.22	-
	Other non-current assets	10	897.22	2,429.99
			39,444.60	**28,554.41**
2.	**Current assets**			
	Inventories	11	47,895.35	37,639.44
	Financial assets			
	(a) Investments	12	3,600.14	8,312.78
	(b) Trade receivables	13	32,430.14	45,909.32
	(c) Cash and cash equivalents	14A	2,343.21	8,531.46
	(d) Other bank balances	14B	8,812.14	38.15
	(e) Loans	15	488.80	333.06
	(f) Other financial assets	16	248.86	177.22
	Other current assets	17	10,226.57	7,671.86
			1,06,045.21	**1,08,613.29**
	TOTAL ASSETS		**1,45,489.81**	**1,37,167.70**
B.	**EQUITY AND LIABILITIES**			
1.	**Equity**			
	Equity Share capital	18	4,282.88	4,269.34
	Other Equity *		95,262.33	85,671.56
	Equity attributable to equity holders of the parent		**99,545.21**	**89,940.90**
	Non Controlling interest *		363.43	249.96
	TOTAL EQUITY		**99,908.64**	**90,190.86**
2.	**Non-current liabilities**			
	Financial liabilities	20	3,718.90	363.85
	Provisions	21	972.21	1,154.24
	Deferred tax liabilities (net)	9	-	258.81
			4,691.11	**1,776.90**
3.	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	22	1,277.25	1,411.69
	(b) Trade payables	23		
	(i) Total outstanding dues of micro enterprises and small enterprises		2,678.85	3,533.60
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		27,835.25	32,388.39
	(c) Other financial liabilities	24	3,128.16	2,622.17
	Other current liabilities	25	2,159.93	1,649.34
	Provisions	26	3,750.59	3,170.44
	Current tax liabilities (net)	27	60.03	424.31
			40,890.06	**45,199.94**
	TOTAL EQUITY AND LIABILITIES		**1,45,489.81**	**1,37,167.70**
* Refer Consolidated Statement of changes in equity				
Summary of significant accounting policies		2		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

(₹ in lakhs)

	Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
	(a) Revenue from operations	28	2,50,294.25	2,59,400.87
	(b) Other income	29	1,115.04	1,234.38
	(c) Finance Income	30	1,398.14	770.82
	Total Income		**2,52,807.43**	**2,61,406.07**
2	**Expenses**			
	(a) Cost of raw materials consumed	31	78,188.38	82,048.39
	(b) Purchase of stock-in-trade		99,051.52	1,03,059.67
	(c) (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32	(11,064.15)	(4,458.08)
	(d) Employee benefits expenses	33	20,882.60	20,539.88
	(e) Depreciation and amortisation expenses	34.a	2,938.14	2,300.89
	(f) Finance costs	34.b	416.12	176.04
	(g) Other expenses	35	37,436.63	35,780.08
	Total expenses		**2,27,849.24**	**2,39,446.87**
3	**Profit before tax (1 - 2)**		**24,958.19**	**21,959.20**
4	**Tax expenses**	37		
	(a) Current tax expenses		6,510.72	5,056.04
	(b) Deferred tax expense/(credit)		(507.03)	17.33
	(c) Current tax relating to earlier years		129.14	81.25
	Total Income Tax		**6,132.83**	**5,154.62**
5	**Profit for the year (3 - 4)**		**18,825.36**	**16,804.58**
6	**Other Comprehensive income/ (loss)**			
	Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
	(a) Re-measurement gains/ (losses) on defined benefit plans		(308.70)	(88.04)
	(b) Income tax effect		80.15	19.70
	Other comprehensive income/(loss) for the year, net of tax		**(228.55)**	**(68.34)**
	Total comprehensive income for the year, net of tax		**18,596.81**	**16,736.24**
7	**Profit for the year, net of tax attributable to:**			
	Equity holders of the parent company		18,711.21	16,723.68
	Non controlling interest		114.15	80.90
8	**Total comprehensive income for the year, net of tax attributable to:**			
	Equity holders of the parent company		18,483.33	16,655.00
	Non controlling interest		113.48	81.24
9	**Earnings per equity share (basic and diluted) (₹)** (Nominal value of equity share - ₹ 1 each) :	45		
	Basic earnings per share		4.38	3.92
	Diluted earnings per share		4.32	3.86
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Consolidated Statement of changes in equity

for the year ended March 31, 2020

A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
As at April 1, 2018	**42,56,75,631**	**4,256.76**
Add Equity shares issued under Employee Stock Option Scheme 2013 ('ESOS 2013')	12,58,463	12.58
As at March 31, 2019	**42,69,34,094**	**4,269.34**
Add Equity shares issued under Employee Stock Option Scheme 2013 ('ESOS 2013')	13,53,441	13.54
As at March 31, 2020	**42,82,87,535**	**4,282.88**

B) Other Equity

(₹ in lakhs)

Particulars	Attributable to the equity holders of the parent company							Non Controlling Interests	Total
	Securities Premium	Share Application money	General Reserve	Retained Earnings	Share based payment reserve	Put Option Liability	Total		
As at April 1, 2018	**8,407.51**	**-**	**6,489.01**	**52,799.01**	**3,329.01**	**(317.15)**	**70,707.39**	**168.72**	**70,876.11**
Net profit for the year	-	-	-	16,723.68	-	-	16,723.68	80.90	16,804.58
Other comprehensive income for the year*									
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(68.68)	-	-	(68.68)	0.34	(68.34)
Total Comprehensive Income	**-**	**-**	**-**	**16,655.00**	**-**	**-**	**16,655.00**	**81.24**	**16,736.24**
Dividends (cash): (refer note 19)									
Final	-	-	-	(2,980.72)	-	-	(2,980.72)	-	(2,980.72)
Dividend Distribution Tax	-	-	-	(612.70)	-	-	(612.70)	-	(612.70)
Equity shares issued under ESOS 2013	447.03	-	-	-	-	-	447.03	-	447.03
Transfer from Share based payments reserve on exercise of options under ESOS 2013	556.41	-	-	-	(556.41)	-	-	-	-
Compensation cost on stock options granted	-	-	-	-	1,454.51	-	1,454.51	-	1,454.51
Share application money pending allotment	-	1.05	-	-	-	-	1.05	-	1.05
As at March 31, 2019	**9,410.95**	**1.05**	**6,489.01**	**65,860.59**	**4,227.11**	**(317.15)**	**85,671.56**	**249.96**	**85,921.52**
Net profit for the year	-	-	-	18,711.21	-	-	18,711.21	114.15	18,825.36
Other comprehensive income for the year *									
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(227.88)	-	-	(227.88)	(0.67)	(228.55)
Total Comprehensive Income	**-**	**-**	**-**	**18,483.33**	**-**	**-**	**18,483.33**	**113.48**	**18,596.81**

Consolidated Statement of changes in equity

for the year ended March 31, 2020

B) Other Equity (contd...)

(₹ in lakhs)

Particulars	Attributable to the equity holders of the parent company							Non Controlling Interests	Total
	Securities Premium	Share Application money	General Reserve	Retained Earnings	Share based payment reserve	Put Option Liability	Total		
Dividends (cash):(refer note 19)									
Final	-	-	-	(3,416.65)	-	-	(3,416.65)	-	(3,416.65)
Dividend Distribution Tax on above	-	-	-	(702.29)	-	-	(702.29)	-	(702.29)
Interim				(3,853.03)			(3,853.03)		(3,853.03)
Dividend Distribution Tax on above	-	-	-	(792.18)	-	-	(792.18)	-	(792.18)
Equity shares issued under ESOS 2013	211.98	(1.05)	-	-	-	-	210.93	-	210.93
Transfer from Share based payments reserve on exercise of options under ESOS 2013	1,012.53	-	-	-	(1,012.53)	-	-	-	-
Compensation cost on stock options granted	-	-	-	-	(339.31)	-	(339.31)	-	(339.31)
As at March 31, 2020	**10,635.46**	**-**	**6,489.01**	**75,579.77**	**2,875.27**	**(317.15)**	**95,262.36**	**363.44**	**95,625.80**

* As required under Ind AS compliant Schedule III, the Group has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Nature and purpose of reserves:

Securities Premium : The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share application money : Represents the amounts received from employees in respect of options exercised under ESOS 2013 but not yet allotted.

General Reserve: Represents the amounts transferred from the Retained Earnings in accordance with the Companies (Transfer of Profits to Reserves) Rules 1975, as per the requirements of the erstwhile Companies Act, 1956.

Retained earnings: Represents the profits / losses of the Group earned till date, net of appropriations.

Share based payments reserve: The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Share based payments reserve. The outstanding balance represents the cumulative compensation cost of stock options granted but not yet vested/ exercised.

Put option liability: Refer Note 40

Refer Note 2 for Summary of significant accounting policies

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars		Year ended March 31, 2020		Year ended March 31, 2019	
A.	**Cash flow from operating activities**				
	Profit before tax		24,958.19		21,959.20
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	2,938.14		2,300.89	
	(Profit) / Loss on disposal of property, plant and equipment (net)	74.72		26.79	
	Interest expenses	316.60		82.24	
	Interest income	(830.66)		(255.75)	
	Carrying value adjustment of put option liability	32.75		30.04	
	Dividend income on current investments	(588.02)		(622.05)	
	Liabilities / provisions no longer required written back	(62.78)		(351.85)	
	Impairment allowance for receivables, loans and advances considered doubtful	667.41		399.70	
	Share based payments expense /(reversals)	(339.31)		1,454.51	
			2,208.85		**3,064.52**
	Operating profit before working capital changes		**27,167.04**		**25,023.72**
	Movement in working capital				
	(Increase)/Decrease in inventories	(10,255.91)		(5,990.26)	
	(Increase)/Decrease in trade receivables	12,841.77		(1,381.18)	
	(Increase)/Decrease in other financial and non financial assets	(2,701.00)		(1,417.34)	
	Increase/(Decrease) in trade payables	(5,432.57)		2,669.00	
	Increase/(Decrease) in provisions	89.42		341.59	
	Increase/(Decrease) in other financial and non financial liabilities	313.11		1,614.01	
			(5,145.18)		**(4,164.18)**
	Cash generated from operations		**22,021.86**		**20,859.54**
	Income tax paid (net of refunds)		(7,883.30)		(5,238.96)
	Net cash flow from Operating Activities (A)		**14,138.56**		**15,620.58**
B.	**Cash flow from investing activities**				
	Purchase of property, plant and equipment including capital work in progress and capital advances	(8,497.05)		(5,452.16)	
	Proceeds from sale of property, plant and equipment	36.81		162.19	
	(Purchase)/ sale of current investments (net)	4,712.64		(796.74)	
	Investment in fixed deposits with maturity more than 3 months (net)	(8,764.00)		-	
	Refund of inter corporate loan	82.10		125.00	
	Interest income	660.80		262.43	
	Dividend income on current investments	588.02		622.05	
	Net cash flow used in investing activities (B)		**(11,180.68)**		**(5,077.23)**

Consolidated Cash Flow Statement for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
C. Cash flow from financing activities				
Proceeds from exercise of share options (including share application money)	224.47		460.66	
Proceeds/ (repayment) of short term borrowings (net)	(134.44)		942.82	
Repayment of long term borrowings	-		(250.03)	
Payment of lease liabilities	(429.65)		-	
Interest paid	(52.35)		(82.38)	
Dividends paid on equity shares (including dividend distribution tax)	(8,754.16)		(3,588.32)	
Net cash flow used in financing activities (C)		**(9,146.13)**		**(2,517.25)**
Net increase in cash and cash equivalents (A+B+C)		**(6,188.25)**		**8,026.10**
Cash and cash equivalents at the beginning of the year		**8,531.46**		**505.36**
Cash and cash equivalents at the end of the year		**2,343.21**		**8,531.46**
Components of cash and cash equivalents: (Refer Note 14A)				
(a) Cash on hand		17.27		4.04
(b) Balances with bank:				
In current accounts		229.94		727.42
In fixed deposits		2,096.00		7,800.00
		2,343.21		**8,531.46**

Refer Note 2 for Summary of significant accounting policies

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Notes Forming Part of the Financial Statements

1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of V-Guard Industries Limited ('V-Guard' or 'the Company') and its subsidiary, Guts Electro-Mech Limited ('Guts') (collectively, the 'Group') for the year ended March 31, 2020. The Company is a public company domiciled in India with its registered office at Vennala High School Road, Kochi, Kerala. The Group is engaged in the manufacturing, trading and selling of a wide range of products as given below:

Segment	Products
Electronics	Stabilizers, Digital UPS, UPS and Solar Inverters
Electricals	PVC Insulated Cables, Switch Gears, Single Phase Pumps, Three Phase Pumps and Modular Switches
Consumer Durables	Electric Water Heaters, Solar Water Heaters, Fans, Induction Cooktops, Mixer Grinders, Glasstop Gas Stoves, Rice Cookers, Air Coolers and Breakfast Appliances

The Group's manufacturing facilities are located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur and Haridwar, Uttarakhand; at Kala Amb, Himachal Pradesh; at SIPCOT Industrial growth center, Perundurai, Tamil Nadu, Hyderabad, Telangana and at Majitar, Rangpo and Mamring in Sikkim. The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The Consolidated Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on June 01, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Indian Accounting Standards (Ind-AS) financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

(i) Derivative financial instruments

(ii) Certain financial assets and liabilities that are measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest lakhs upto two decimal places (INR 00,000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements

Notes Forming Part of the Financial Statements

- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained

Notes Forming Part of the Financial Statements

- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b) *Current versus non-current classification*

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Notes Forming Part of the Financial Statements

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c) *Foreign currencies*

The Group's financial statements are presented in INR which is also the Group's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or statement of profit and loss, respectively).

d) *Fair value measurement*

The Group measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Notes Forming Part of the Financial Statements

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

The Group has a team comprising of members of senior management that determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The team decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e) Revenue

Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations. The normal credit term is 15 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide customers with a right of return, cash discounts and volume rebates/trade incentives. The rights of return, cash discounts and volume rebates/ trade incentives give rise to variable consideration.

➢ **Rights of return**

As a practice, the Group provides a customer with a right to return in case of any defects

Notes Forming Part of the Financial Statements

or on grounds of quality. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

➢ **Volume rebates**

The Group provides retrospective volume rebates/trade incentives to customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Group estimates the variable consideration for the expected future rebates/trade incentives based on its experience of the expected value. The Group then applies the requirements on constraining estimates of variable consideration.

(ii) Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in section (o) Provisions.

(iii) Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (r) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(iv) Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received

Notes Forming Part of the Financial Statements

(or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the Effective Interest Rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Investments in mutual funds are mandatorily classified as fair value through statement of profit and loss. Fair value of mutual funds is determined based on the net asset value of the funds.

f) *Government Grants*

Government Grants are recognised where there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

g) *Taxes*

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the consolidated statement of profit and loss is recognised outside the consolidated statement of profit and loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an

Notes Forming Part of the Financial Statements

asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Notes Forming Part of the Financial Statements

Sales/ value added/ goods and services taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added/ goods and services taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

h) Property, plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Group has used the following useful lives to provide depreciation on its property, plant and equipment:

Asset Category	Useful life estimated by the management (in years)
Factory buildings	30
Other buildings	60
Plant and equipment*	5 to 20
Computers	3 to 6
Office equipment*	6
Furniture & fixtures	10
Vehicles	8 to 10

* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II of the Companies Act 2013, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

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i) Investment Properties

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable, borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred. Investment property as at March 31, 2020 and March 31, 2019 comprise of land.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of de-recognition.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the assets are disposed.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability to use or sell the asset;

Notes Forming Part of the Financial Statements

- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

Intangible assets with finite useful life are amortised on a straight line basis over their estimated useful life as follows:

Asset Category	Useful life (in years)
Software	5 years
Trademark	10 years
Customer relationships	5 years
Non Compete	5 years

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Groups lease asset classes primarily comprise of lease for land and building. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets in the nature of buildings are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying asset (i.e. 30 and 60 years). The right-of-use assets comprising of land is depreciated based on the lease term.

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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) *Lease Liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in financial liabilities (refer Note 20 and 24).

iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) *Inventories*

Inventories are valued at lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, packing materials, consumables and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. The materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the consolidated statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

o) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an

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outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provision for assurance type warranty-related costs are recognised when the product is sold or service is provided to customer. Initial recognition is based on historical experience. The Group periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to four years.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

p) Retirement and other employee benefits

Defined contribution schemes

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Group has no obligation, other than the contribution payable to the fund towards such schemes. The Group recognizes contribution payable as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit scheme

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund maintained with Life Insurance Corporation of

India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the consolidated balance sheet, as the Group believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

q) *Share-based payments*

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in Share based payments reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are

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considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

1. Financial assets at amortised cost (debt instruments)
2. Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
4. Financial assets at fair value through profit or loss

Financial Assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance income in statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to loans, deposits, trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e, removed from the Group's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- 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 either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained

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substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit losses (ECL) model for measurement and recognition of impairment loss.

The Group follows "simplified approach" for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on the portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed

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default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates the following provision matrix at the reporting date:

Particulars	Current	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	181-270 days past due	271-360 days past due	More than 360 days past due
Default rate	0.02%	2%	2.5%	5%	25%	30%	70%	100%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss. For financial assets measured as at amortised cost, contractual revenue receivables and lease receivables, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the consolidated balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Put Option on the Non-Controlling Interest ("NCI") of subsidiary is initially measured at the present value of the amount payable on exercise of the option.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, put option liability and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit and loss.

Put option Liability

The subsequent changes in carrying amount of the Put Option on NCI of subsidiary is recognised in the statement of profit and loss. If the put option is exercised, the entity derecognises the financial liability by discharging the put obligation. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to Other Equity.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in

Notes Forming Part of the Financial Statements

accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Notes Forming Part of the Financial Statements

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in consolidated statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to consolidated statement of profit and loss at the reclassification date.

Offsetting of financial instruments

Financials assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

s) *Derivative financial instruments*

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

t) *Segment accounting*

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The Management monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products. Further:

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under un-allocable expenditure.
- Income which relates to the Group as a whole and not allocable to segments is included in un-allocable income.
- Segment results includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

Notes Forming Part of the Financial Statements

- Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.
- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated business.

u) *Cash and Cash Equivalents*

Cash and cash equivalents in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

v) *Cash dividend and non-cash distribution*

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders in case of final dividend and by the board of directors in case of interim dividend. A corresponding amount is recognised directly in equity.

w) *Earnings Per Share*

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity holder of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the consolidated financial statements of the Group.

(a) Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application being April 1, 2019. The Group elected to use the transition

Notes Forming Part of the Financial Statements

practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability.

Refer note 41 for detailed impact on adoption of Ind AS 116 "Leases" on the consolidated financial statements of the Group.

(b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

In determining the approach that better predicts the resolution of the uncertainty, the Group has considered, for example; (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the Consolidated financial statements of the Group.

(c) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the Consolidated financial statements of the Group.

(d) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

Notes Forming Part of the Financial Statements

The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

(i) determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

(ii) determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the Consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

(e) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the Consolidated financial statements as the Group does not have long-term interests in associates and joint ventures.

Annual Improvements to Ind AS (2018)

(a) Ind AS 103 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

These amendments had no impact on the Consolidated financial statements of the Group as there is no transaction where joint control is obtained.

(b) Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 1, 2019.

These amendments had no impact on the Consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

(c) Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

Notes Forming Part of the Financial Statements

An entity applies the amendments for annual reporting periods beginning on or after April 1, 2019. Since the Group's current practice is in line with these amendments, they had no impact on the Consolidated financial statements of the Group.

(d) Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019. Since the Group's current practice is in line with these amendments, they had no impact on the Consolidated financial statements of the Group.

2.5 Standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2020.

Notes Forming Part of the Financial Statements

Note 3 : Property, plant & equipment

(₹ in lakhs)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Right of use assets		Total	Capital Work in progress
									Leasehold Land	Leasehold Building		
Gross block (Cost/Deemed Cost)												
As at April 1, 2018	**2,225.98**	**463.96**	**9,187.58**	**9,430.25**	**584.23**	**126.57**	**850.95**	**1,001.05**	**-**	**-**	**23,870.57**	**746.42**
Additions	-	-	56.13	1,411.39	128.13	-	114.16	273.64	-	-	1,983.45	1,709.96
Disposals	-	-	(3.91)	(677.74)	(123.42)	(13.28)	(16.55)	(1.01)	-	-	(835.91)	-
Transfers	-	-	958.98	425.71	237.73	-	49.18	-	-	-	1,671.60	(1,671.60)
As at March 31, 2019	**2,225.98**	**463.96**	**10,198.78**	**10,589.61**	**826.67**	**113.29**	**997.74**	**1,273.68**	**-**	**-**	**26,689.71**	**784.78**
Additions	-	-	7.83	1,926.17	107.12	0.48	169.41	361.19	-	-	2,572.20	7,491.12
Reclassified on account of adoption of Ind AS 116 "Leases" (refer Note 41 and 4 below}	-	(463.96)	-	-	-	-	-	-	420.43	-	(43.53)	-
Transition impact of Ind AS 116 (Refer note 41)	-	-	-	-	-	-	-	-	943.89	2,968.16	3,912.05	-
Disposals	-	-	-	(69.78)	(1.76)	(46.74)	(11.47)	(70.92)	-	-	(200.67)	-
Transfers	-	-	1108.90	364.80	31.50	-	7.19	77.00	-	-	1,589.39	(1,589.39)
As at March 31, 2020	**2,225.98**		**11,315.51**	**12,810.80**	**963.53**	**67.03**	**1,162.87**	**1,640.95**	**1,364.32**	**2,968.16**	**34,519.15**	**6,686.51**
Accumulated depreciation												
As at April 1, 2018	**-**	**38.84**	**466.87**	**1,833.46**	**177.83**	**36.73**	**239.77**	**341.49**	**-**	**-**	**3,134.99**	**-**
Charge for the year	-	4.69	289.54	1,230.06	91.65	24.49	166.52	254.68	-	-	2,061.63	-
Disposals	-	-	(1.17)	(531.62)	(88.37)	(10.39)	(14.37)	(1.01)	-	-	(646.93)	-
As at March 31, 2019	**-**	**43.53**	**755.24**	**2,531.90**	**181.11**	**50.83**	**391.92**	**595.16**	**-**	**-**	**4,549.69**	**-**
Charge for the year	-	-	324.47	1,487.40	120.32	13.61	164.26	290.65	77.92	255.55	2,734.18	-
Reclassified on account of adoption of Ind AS 116 "Leases" (refer Note 41 and 4 below}	-	(43.53)	-	-	-	-	-	-	-	-	(43.53)	-
Disposals	-	-	-	(53.18)	(1.73)	(39.74)	(11.03)	(70.92)	-	-	(176.60)	-
As at March 31, 2020	**-**		**1,079.71**	**3,966.12**	**299.70**	**24.70**	**545.15**	**814.89**	**77.92**	**255.55**	**7,063.74**	**-**
Net Block												
As at March 31, 2019	**2,225.98**	**420.43**	**9,443.54**	**8,057.71**	**645.56**	**62.46**	**605.82**	**678.52**	**-**	**-**	**22,140.02**	**784.78**
At March 31, 2020	**2,225.98**	**-**	**10,235.80**	**8,844.68**	**663.83**	**42.33**	**617.72**	**826.06**	**1,286.40**	**2,712.61**	**27,455.41**	**6,686.51**

Notes Forming Part of the Financial Statements

Note 3 : Property, plant & equipment (Contd...)

Notes:

1. **Buildings include those constructed on leasehold land as follows:**

(₹ in lakhs)

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at April 1, 2018	**1,772.71**	**105.21**	**1,667.50**
Additions/ Depreciation	733.87	51.85	
As at March 31, 2019	**2,506.58**	**157.06**	**2,349.52**
Additions/ Depreciation	61.59	130.79	
As at March 31, 2020	**2,568.17**	**287.85**	**2,280.32**

2. Capital work in progress as at March 31, 2020 includes ₹ 706.99 lakhs (March 31, 2019: ₹ 569.97 lakhs) which represents assets under constructions at various plants, warehouses and office buildings of which ₹ 460.46 lakhs (March 31, 2019: ₹ 24.40 lakhs) represents buildings on leasehold land.
3. The Group has not capitalised any borrowing cost in the current and previous year.
4. Right of Use asset includes:-
   (a) Leasehold Land represents land obtained on long term lease from Government authorities and others.
   (b) Leasehold Building represents properties taken on lease for its factories, offices and warehouses accounted for in accordance with principle of Ind AS 116 'Leases'. Refer Note 41.

   The net block of Leasehold land of ₹ 420.43 lakhs (Gross block - ₹ 463.96 lakhs and accumulated depreciation - ₹ 43.53 lakhs) has been reclassified to "Right of Use" assets on account of adoption of Ind AS 116 "Leases".
5. Land, buildings and plant (including movables assets) with a carrying amount of ₹ 740.00 lakhs as at March 31, 2020 (March 31, 2019- ₹ 739.00 lakhs) are subject to a hypothecation to secure the Group's bank loans.
6. During the year, the Group has capitalized the following expenses to the cost of property, plant and equipment/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

(₹ in lakhs)

Particulars	FY 2019-20	FY 2018-19
Employee benefits expenses	166.92	-
Materials	101.36	-
Travelling expenses	35.81	-
Power and fuel	25.67	10.75
Others	81.43	14.47
Total	**411.19**	**25.22**

7. The Group during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work in progress has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Notes Forming Part of the Financial Statements

Note 4 : Investment Property

(At Cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	27.90	27.90
Additions (subsequent expenditure)	-	-
Balance as at the end of the year	**27.90**	**27.90**

(i) Investment Property represents land at Coimbatore acquired by the Group at fair market value. The carrying amount of the investment property is a reasonable approximation of fair value and hence fair value disclosure has not been made.

(ii) The Group, during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of investment property has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Note 5 : Goodwill and Other intangible assets

(₹ in lakhs)

Particulars	Computer software	Trademark	Customer relationship	Non Compete	Total	Goodwill
Gross block (Cost/deemed cost)						
As at April 1, 2018	**848.67**	**4.60**	**153.69**	**90.77**	**1,097.73**	**366.40**
Purchase / additions	130.13	-	-	-	130.13	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	**978.80**	**4.60**	**153.69**	**90.77**	**1,227.86**	**366.40**
Purchase / additions	269.30	-	-	-	269.30	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	**1,248.10**	**4.60**	**153.69**	**90.77**	**1,497.16**	**366.40**
Accumulated Amortisation						
As at April 1, 2018	**434.28**	**4.60**	**8.39**	**10.98**	**458.25**	**-**
Charge for the year	190.37	-	30.74	18.15	239.26	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	**624.65**	**4.60**	**39.13**	**29.13**	**697.51**	**-**
Charge for the year	155.07	-	30.74	18.15	203.96	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	**779.72**	**4.60**	**69.87**	**47.28**	**901.47**	**-**
Net block						
As at March 31, 2019	**354.15**	**-**	**114.56**	**61.64**	**530.35**	**366.40**
As at March 31, 2020	**468.38**	**-**	**83.82**	**43.49**	**595.69**	**366.40**

Note:

The Group during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of goodwill and other intangible assets has been carried forward at the amount as determined under the previous GAAP as at April 1, 2016.

Notes Forming Part of the Financial Statements

Note 6: Loans

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 15 Note (i) below)	-	150.00
(b) Loans to employees	84.56	84.15
(c) Other loans (Refer Note (ii) below)	289.33	371.43
Total	**373.89**	**605.58**

Note (i): Inter corporate loan represents unsecured loan given to M/s Sakthi Accumulators Private Limited ('the vendor') for enhancing its manufacturing infrastructure. The loan is to be repaid over a period of three years starting from March 30, 2018 and ending on March 30, 2021. One of the promoter director of the vendor has provided personal guarantee for the repayment of loan. Interest rate of the loan is 10% p.a. The loan installment of ₹ 150.00 lakhs due on March 30, 2020, classified as current, was settled subsequently against purchase invoices payable by the Group to the vendor.

Note (ii): Others represents unsecured loan given to Mr. Gopal Singh, the landlord, for construction of building to be occupied by the Group, at an interest rate of 9% p.a. The loan is to be repaid by adjustment of monthly rent payable to the landlord pursuant to lease agreement entered for a period of five years. The landlord's son has provided personal guarantee for the repayment of loan.

Note (iii): There are no loans as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Note (iv): Loans are non-derivative financial instruments which generate a fixed or variable interest income for the Group. The carrying value may be affected by the changes in the credit risk of the counter parties.

Note 7: Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Security deposits	992.64	833.85
(b) Non-current bank balance (Refer Note 14B)	97.80	91.93
Total	**1,090.44**	**925.78**

There are no other financial assets as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Note 8: Income tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax (net of provisions)	1,702.92	743.61
Total	**1,702.92**	**743.61**

Notes Forming Part of the Financial Statements

Note 9: Deferred tax (asset)/liability (net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of plant, property and equipments	1,999.77	1,888.83
	1,999.77	**1,888.83**
Tax effect of items constituting deferred tax assets		
Impairment allowance for trade receivables	(1,080.40)	(877.24)
Disallowances under Section 43B of the Income Tax Act, 1961	(451.05)	(434.02)
Others	(716.54)	(318.76)
	(2,247.99)	**(1,630.02)**
Net deferred tax (asset)/liability [Refer Note 37(d) and 37(e)]	(248.22)	258.81

Note 10: Other non-current assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless other wise stated		
(a) Capital advances	629.58	2,164.19
(b) Deposits with statutory/government authorities	231.77	228.57
(c) Prepaid Expenses	35.87	37.23
Total	**897.22**	**2,429.99**

Note 11: Inventories

(Valued at lower of cost and net realisable value) (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw Materials	5,150.56	5,986.60
(b) Work-in-Progress	1,609.56	1,373.93
(c) Finished Goods	13,155.64	8,534.82
(d) Stock-in-Trade	26,130.32	19,927.60
(e) Stores and Spares	1,240.70	1,235.72
(f) Packing Materials and Consumables	608.57	580.77
Total	**47,895.35**	**37,639.44**

Notes:

(a) The above includes goods in transit as under: (₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Materials	13.93	1,114.14
Stock in Trade	2,351.54	2,123.74
Stores and Spares	-	30.03
Packing Materials and Consumables	-	28.71
Total	**2,365.47**	**3,296.62**

(b) During the year ended March 31, 2020, ₹ 250.50 lakhs (March 31, 2019: ₹ Nil) was recognised as an expense for inventories carried at net realisable value.

(c) Inventories are hypothecated with the banks against working capital limits. Refer note 22.

Notes Forming Part of the Financial Statements

Note 12: Investments

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments at fair value through profit or loss		
Investments in Mutual Funds (unquoted)		
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment	-	2,604.97
Nil [March 31, 2019 : 25.99 lakhs] units of ₹ 100 each fully paid-up		
(b) HDFC Liquid Fund Daily Dividend Reinvestment	-	1,601.71
Nil [March 31, 2019 : 1.57 lakhs] units of ₹1000 each fully paid-up		
(c) HDFC Overnight Fund- Direct Plan Growth Option	2,000.09	-
0.67 lakhs [March 31, 2019 :NIL] units of ₹1000 each fully paid-up		
(d) SBI Liquid Fund Daily Dividend Reinvestment	-	1,501.66
Nil [March 31, 2019 : 1.50 lakhs] units of ₹ 1000 each fully paid-up		
(e) SBI Overnight Fund Direct Daily Dividend	1,500.05	
1.49 lakhs [March 31, 2019 : NIL] units of ₹ 1000 each fully paid-up		
(f) ICICI Liquid Fund Daily Dividend Reinvestment	-	2,504.44
Nil [March 31, 2019: 25.01 lakhs] units of ₹ 100 each fully paid-up		
(g) HDFC Charity Debt Fund	100.00	100.00
10.00 lakhs [March 31, 2019 : 10.00 lakhs] units of ₹ 10 each fully paid-up		
Total	**3,600.14**	**8,312.78**

Note:

The aggregate book value and market value of unquoted investments as on March 31, 2020 amounted to ₹ 3,600.14 lakhs (March 31, 2019: ₹ 8,312.78 lakhs).

Note 13: Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables		
Secured, considered good	1,168.88	1,734.79
Unsecured, considered good	30,502.74	43,862.11
Trade receivables which have significant increase in credit risk	1,528.87	1,042.57
Trade receivables - credit impaired	2,637.83	2,102.36
	35,838.32	**48,741.83**
Less: Impairment allowance (allowance for bad and doubtful debts) (Refer Note 50)		
Trade receivables which have significant increase in credit risk	770.35	730.15
Trade receivables - credit impaired	2,637.83	2,102.36
	3,408.18	**2,832.51**
Total	**32,430.14**	**45,909.32**

Notes:

(a) Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.

Notes Forming Part of the Financial Statements

Note 13: Trade receivables (Contd...)

(b) Trade receivables are net of ₹ 5,510.23 lakhs (March 31, 2019: ₹ 6,764.72 lakhs) which represents discounts and rebates/trade incentives due to customers.

(c) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director of the Company is a partner, a director or a member.

(d) Bankers have first charge on trade receivables in respect of the working capital limits availed by the Group. Refer note 22.

Note 14: Cash and cash equivalents and Other bank balances

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
14A. Cash and cash equivalents		
(a) Cash on hand	17.27	4.04
(b) Balances with Banks		
In Current accounts	229.94	727.42
In Fixed deposits with original maturity of less than 3 months	2,096.00	7,800.00
Total	**2,343.21**	**8,531.46**
14B. Other bank balances		
(a) Unpaid dividend accounts	48.14	38.15
(b) Fixed deposits (Refer note (i) below)	8,861.80	91.93
Total	**8,909.94**	**130.08**
Less: Amount disclosed under other non-current financial assets (Refer Note 7)	(97.80)	(91.93)
Total	**8,812.14**	**38.15**

Notes:

(i) Includes deposits of ₹ 87.40 lakhs (March 31, 2019: ₹ 82.59 lakhs) provided as security against bank guarantees.

(ii) As at March 31, 2020 the Group had available ₹ 31,222.00 lakhs (March 31, 2019: ₹ 27,877.00 lakhs) of undrawn committed borrowing/ credit facilities.

Notes Forming Part of the Financial Statements

(iii) Changes in liabilities arising from financing activities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Lease Liabilities		Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at beginning of the year	-	-	-	250.03	1,411.69	468.87
Transition impact on adoption of Ind AS 116 (Refer Note 41)	3,912.05	-	-	-	-	-
Finance costs	264.25	-	-	-	-	-
Adjustment of prepaid lease rentals	(31.83)	-	-	-	-	-
Cash outflows	(429.65)	-	-	(250.03)	(134.44)	942.82
Balance outstanding as at end of the year	3,714.82	-	-	-	1,277.25	1,411.69
Disclosed as:						
Short term borrowings	-	-	-	-	1,277.25	1,411.69
Current portion of lease liabilities (Refer Note 24)	392.51	-	-	-	-	-
Non-current lease liabilities (Refer Note 20)	**3,322.31**	**-**	**-**	**-**	**-**	**-**

Note 15: Loans (Current)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 6(i))	300.00	150.00
(b) Loans to employees	102.81	97.07
(c) Other loans (Refer Note 6(ii))	85.99	85.99
Total	**488.80**	**333.06**

Note: There are no loans as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired. Also refer Note 6(iv).

Note 16: Other current financial assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (carried at amortised cost)		
(a) Security deposits	0.01	98.23
(b) Other receivables	248.85	78.99
Total	**248.86**	**177.22**

Note: There are no other current financial assets as at March 31, 2020 and March 31, 2019 which have significant increase in credit risk or which are credit impaired.

Notes Forming Part of the Financial Statements

Note 17: Other current assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless other wise stated		
(a) Advance to suppliers (Refer note (i) below)		
Considered good	2,490.49	2,901.64
Considered doubtful	153.70	123.70
	2,644.19	**3,025.34**
Less: Provision for doubtful advances	(153.70)	(123.70)
	2,490.49	**2,901.64**
(b) Balances with government authorities	6,600.20	3,614.47
(c) Prepaid expenses	681.42	598.44
(d) Right to return asset (Refer note 28 (iv))	361.25	498.59
(e) Others	93.21	58.72
Total	**10,226.57**	**7,671.86**

Note: There are no advances as at March 31, 2020 and March 31, 2019 which are considered doubtful, except as disclosed above.

Note 18: Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised:				
Equity shares of ₹ 1/- (March 31, 2019: ₹ 1/-) each with voting rights	50,00,00,000	5,000.00	50,00,00,000	5,000.00
(b) Issued, subscribed and fully paid-up:				
Equity shares of ₹ 1/- (March 31, 2019: ₹ 1/-) each with voting rights	42,82,87,535	4,282.88	42,69,34,094	4,269.34

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	42,69,34,094	4,269.34	42,56,75,631	4,256.76
Issued during the period	13,53,441	13.54	12,58,463	12.58
Outstanding at the end of the period	**42,82,87,535**	**4,282.88**	**42,69,34,094**	**4,269.34**

(b) Terms/rights attached to equity shares:

The Company has issued only one class of equity shares having a face value of ₹1 per share (March 31, 2019: ₹1 per share). Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes Forming Part of the Financial Statements

(c) Details of shareholders holding more than 5% shares in the Company:

Class of shares / name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Mr. Kochouseph Chittilappilly	7,36,57,964	17.20%	7,90,08,252	18.51%
Ms. Sheela Kochouseph	1,09,31,202	2.55%	4,64,84,578	10.89%
Mr. Arun K Chittilappilly	3,70,50,508	8.65%	3,70,50,508	8.68%
Mr. Mithun K Chittilappilly	10,76,86,278	25.14%	7,18,86,452	16.84%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2020	As at March 31, 2019
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	12,13,29,846	12,13,29,846

In addition, the Company has issued 7,226,279 shares of face value of ₹ 1 each (March 31, 2019: 7,129,048 shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 46.

Note 19: Distribution made and proposed

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2019 - ₹ 0.80 per share of face value of ₹ 1 each (March 31, 2018 - ₹ 0.70 per share of face value of ₹ 1 each)	3,416.65	2,980.72
Dividend distribution tax on final dividend	702.29	612.70
Interim dividend for the year ended March 31, 2020 - ₹ 0.90 per share of face value of ₹ 1 each (March 31, 2019 - Nil per share of face value of ₹ 1 each)	3,853.03	-
Dividend distribution tax on interim dividend	792.18	-
	8,764.15	**3,593.42**
Proposed dividends on equity shares:		
Final dividend for the year ended March 31, 2020 - Nil per share of face value of ₹ 1 each (March 31, 2019 - ₹ 0.80 per share of face value of ₹ 1 each)	-	3,415.47
Dividend distribution tax on proposed dividend	-	702.05
	-	**4,117.52**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend distribution tax thereon) as at the balance sheet date.

Notes Forming Part of the Financial Statements

Note 20: Other Financial Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(carried at amortised cost)		
Put Option liability (Refer Note 40)	396.59	363.85
Lease Liability (Refer Note 41)	3,322.31	-
Total	**3,718.90**	**363.85**

Note 21: Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
(i) Provision for Gratuity (Refer Note 42)	28.92	23.17
(b) Other provisions		
(i) Provision for warranty (Refer Note 26)	931.68	1,120.51
(ii) De-commissioning liability (Refer Note 26)	11.61	10.56
Total	**972.21**	**1,154.24**

Note 22: Borrowings

(carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Cash credit from banks-Secured (Refer Note (a) below)	277.25	411.69
(b) Other working capital facilities from banks - Unsecured (Refer Note (b) below)	1,000.00	1,000.00
Total	**1,277.25**	**1,411.69**

Notes:

(a) Cash credits from banks have been secured by hypothecation by way of pari passu first charge on all current assets and certain movable plant and equipment of the borrowing company, both present and future, including stock of goods and book debts. The short term fund carries interest varying from 8.35% to 10.15% p.a. (March 31, 2019: 8.35% to 10.15% p.a.)

(b) The Company has arranged Channel Finance Facilities for its customers from various banks. As per the terms of these facilities, should the customers default in making payment, after exhausting other modes of recovery the bankers have recourse on the Company upto ₹ 1,000.00 lakhs. The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2020 is ₹ 1,000.00 lakhs (March 31, 2019: ₹ 1,000.00 lakhs) and is included under Borrowings.

Notes Forming Part of the Financial Statements

Note 23: Trade payables

(carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises	2,678.85	3,533.60
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	27,835.25	32,388.39
Total	**30,514.10**	**35,921.99**

(i) Trade payables are non interest bearing and are normally settled in 7 days to 120 days. For explanations on the Group's risk management process, refer Note 50.

(ii) Trade payables are unsecured and for amounts due to related parties refer note 44.

(iii) Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Principal amount and interest due there on remaining unpaid to any supplier as at the end of the year:		
Principal amount due to micro and small enterprises	2,678.85	5,214.85
Interest due on above	-	0.02
	2,678.85	**5,214.87**
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but with out adding interest specified under the MSMED Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Notes Forming Part of the Financial Statements

Note 24: Other current financial liabilities

(Carried at amortised cost)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Unpaid dividends (Refer note below)	48.14	38.15
(b) Trade / Security Deposits received	1,402.12	1,410.75
(c) Capital creditors	633.11	332.14
(d) Refund liabilities arising from right to return assets (Refer note 28 (iv))	494.86	683.22
(e) Current portion of lease liabilities (Refer Note 41)	392.51	-
(f) Other Payables	157.42	157.91
Total	**3,128.16**	**2,622.17**

Note: Unpaid dividend represents unpresented dividend warrants and does not include amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 25: Other current liabilities

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Statutory dues*	542.79	516.71
(b) Contract liability (Refer Note 28(iii))	1,602.12	1,023.70
(c) Others	15.02	108.93
Total	**2,159.93**	**1,649.34**

*Represents contributions to Provident Fund, Employee State Insurance, withholding taxes etc.

Note 26: Provisions

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
(i) Provision for leave benefits	1,307.79	993.80
(ii) Provision for gratuity (Refer note 42)	226.16	103.38
(b) Other provisions		
(i) Provision for warranty (Refer note below)	2,216.64	2,073.26
Total	**3,750.59**	**3,170.44**

Provision for warranty:

A provision is recognized for expected warranty claims and after sales services on products sold during the year, based on past experience of the level of repairs and defective returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will be incurred within five years after the reporting date. Assumptions used to calculate the provisions for warranties are based on current sales growth rate and current information available about defective returns based on the warranty period for the respective products sold.

Provision for de-commissioning liability:

A provision has been recognised for decommissioning costs associated with a factory of Guts. The Group is committed to decommissioning the site as a result of the construction of the manufacturing facility.

Notes Forming Part of the Financial Statements

The table below gives information about movement in Provisions for warranty and de-commissioning liability:

(₹ in lakhs)

Particulars	Warranty		De-commissioning liability	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year	3,193.77	2,624.53	10.56	9.59
Additions	2,024.71	2,306.10	1.05	0.97
Utilisation/ Reversal/ Payments	(2,070.16)	(1,736.86)	-	-
Balance as at the end of the year	3,148.32	3,193.77	11.61	10.56
Disclosed as:				
Non-current (Refer Note 20)	931.68	1,120.51	11.61	10.56
Current	2,216.64	2,073.26	-	-

Note 27: Current tax liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax	60.03	424.31
Total	**60.03**	**424.31**

Note 28: Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) **Revenue from contracts with customers**		
Sale of products	2,48,103.46	2,56,212.29
Services of products*	12.88	20.49
Sale of scrap*	1,455.53	1,755.57
	2,49,571.87	**2,57,988.35**
(b) **Government budgetary support (Refer note (i) below)***	722.38	1,412.52
Total	**2,50,294.25**	**2,59,400.87**

* Represents other operating revenues.

Notes:

(i) Government budgetary support represents benefits provided by the Government to the Group in respect of its manufacturing units in the state of Sikkim, Himachal Pradesh and Uttarakhand in accordance with the 'Scheme of budgetary support under Goods and Service Tax Regime' as notified on October 5, 2017 which were earlier eligible for excise duty exemption. The exemption in respect of its manufacturing unit at Himachal Pradesh and Uttarakhand has expired on January 7, 2020 and April 12, 2019 respectively.

Notes Forming Part of the Financial Statements

(ii) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			
	Electronics	Electricals	Consumer Durables	Total
Sale of products	74,651.37	1,06,285.08	67,167.01	2,48,103.46
Services of products	2.72	6.88	3.28	12.88
Sale of scrap	290.21	1,015.49	149.83	1,455.53
Total revenue from contracts with customers	**74,944.30**	**1,07,307.45**	**67,320.12**	**2,49,571.87**
India	74,279.86	1,06,510.60	67,281.01	2,48,071.47
Outside India	664.44	796.85	39.11	1,500.40
Total revenue from contracts with customers	**74,944.30**	**1,07,307.45**	**67,320.12**	**2,49,571.87**
Timing of Revenue recognition				
Goods transferred at a point in time	74,941.58	1,07,300.57	67,316.84	2,49,558.99
Services transferred over time	2.72	6.88	3.28	12.88
Total revenue from contracts with customers	**74,944.30**	**1,07,307.45**	**67,320.12**	**2,49,571.87**

(₹ in lakhs)

Particulars	For the year ended March 31, 2019			
	Electronics	Electricals	Consumer Durables	Total
Sale of products	75,474.97	1,13,386.89	67,350.43	2,56,212.29
Services of products	1.66	16.00	2.83	20.49
Sale of scrap	90.60	1,581.41	83.56	1,755.57
Total revenue from contracts with customers	**75,567.23**	**1,14,984.30**	**67,436.82**	**2,57,988.35**
India	75,287.90	1,14,030.55	67,261.43	2,56,579.88
Outside India	279.33	953.75	175.39	1,408.47
Total revenue from contracts with customers	**75,567.23**	**1,14,984.30**	**67,436.82**	**2,57,988.35**
Timing of Revenue recognition				
Goods transferred at a point in time	75,565.57	1,14,968.30	67,433.99	2,57,967.86
Services transferred over time	1.66	16.00	2.83	20.49
Total revenue from contracts with customers	**75,567.23**	**1,14,984.30**	**67,436.82**	**2,57,988.35**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 43):

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Electronics	Electricals	Consumer Durables	Electronics	Electricals	Consumer Durables
External customers	75,451.51	1,07,395.81	67,446.93	75,988.55	1,15,619.47	67,792.85
Government budgetary support	(507.21)	(88.36)	(126.81)	(421.32)	(635.17)	(356.03)
Total revenue from contracts with customers	**74,944.30**	**1,07,307.45**	**67,320.12**	**75,567.23**	**1,14,984.30**	**67,436.82**

Notes Forming Part of the Financial Statements

(iii) Contract balances

The following are the contract balances:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (Current)	32,430.14	45,909.32
Contract liabilities (Current)	1,602.12	1,023.70

Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments. During the year ended March 31, 2020, ₹ 575.67 lakhs (March 31, 2019: ₹ 206.40 Lakhs) was recognised as impairment allowance on doubtful trade receivables. Contract liabilities represents advance received from customers for sale of products.

(iv) Right of return assets and refund liabilities arising from right of return assets

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Right of return assets (Current)	361.25	498.59
Refund liabilities arising from rights of return assets (Current)	494.86	683.22

(v) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue as per contract price	2,67,296.43	2,77,276.35
Adjustments:		
Discounts, Rebates and Trade incentives	(17,229.70)	(18,604.78)
Sales return	(494.86)	(683.22)
Total revenue from contracts with customers	**2,49,571.87**	**2,57,988.35**

(vi) Performance obligation

The performance obligation for sale of products and scrap are satisfied upon delivery/despatch of goods depending upon terms with customers and payment is generally due within 15 to 90 days from delivery. Some contracts provide customers with a right of return, volume based discounts, rebates and other promotion incentive schemes, which give rise to variable consideration subject to constraint. The performance obligation for product repair services is satisfied over-time and payment is generally due upon completion of service and acceptance of the customer. There are no unsatisfied or partially satisfied performance obligations as at March 31, 2020 and March 31, 2019.

During the year ended March 31, 2020, revenue recognised from the amount included in contract liability at the beginning of the year is ₹ 1,023.70 lakhs (March 31, 2019: Nil).

Notes Forming Part of the Financial Statements

Note 29: Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend income on current investments	588.02	622.05
Mould hire charges	13.00	3.76
Liabilities / provisions no longer required written back	62.78	351.85
Miscellaneous income	451.24	256.72
Total	**1,115.04**	**1,234.38**

Note 30: Finance income

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on overdue trade receivables	567.48	515.07
Interest income from banks on deposits	741.51	144.07
Interest income on loans and advances	89.15	111.68
Total	**1,398.14**	**770.82**

Note 31: Cost of raw materials consumed

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	5,986.60	4,548.08
Add: Purchases	77,352.34	83,486.91
	83,338.94	**88,034.99**
Less: Inventory at the end of the year	5,150.56	5,986.60
Total	**78,188.38**	**82,048.39**

Notes Forming Part of the Financial Statements

Note 32: (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	13,155.64	8,534.82
Work-in-progress	1,609.56	1,373.93
Traded goods (including stores and spares)	27,371.02	21,163.32
Total (A)	**42,136.22**	**31,072.07**
Inventories at the beginning of the year:		
Finished goods	8,534.82	7,714.61
Work-in-progress	1,373.93	1,719.91
Traded goods (including stores and spares)	21,163.32	17,179.47
Total (B)	**31,072.07**	**26,613.99**
(Increase)/decrease in inventories		
Finished goods	(4,620.82)	(820.21)
Work-in-progress	(235.63)	345.98
Traded goods (including stores and spares)	(6,207.70)	(3,983.85)
Net (increase) / decrease (B-A)	**(11,064.15)**	**(4,458.08)**

Note 33: Employee benefits expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries, wages and bonus (Refer Note 38)	19,138.24	17,246.05
(b) Contributions to provident and other funds	953.29	825.51
(c) Share based payment expense (Refer Note below and Note 46)	(339.31)	1,454.51
(d) Gratuity expense (Refer Note 42)	286.19	242.68
(e) Staff welfare expenses	844.19	771.13
Total	**20,882.60**	**20,539.88**

Note: The Company had granted stock options under the Employees Stock Option Scheme, 2013 (ESOS 2013) to eligible employees of the Company. According to the scheme, the eligible employees were to be granted stock options subject to satisfaction of prescribed vesting conditions. The Company has been accruing the cost of these options over the vesting period. During the course of the year, the management evaluated that the vesting condition for few of its options linked to the achievement of a certain threshold of profit before tax for the year ended March 31, 2020 will not be satisfied. Accordingly, the Company reversed the cost accrued over the years for such options amounting to ₹ 1,012.89 lakhs to the statement of profit and loss during the year, resulting in net reversal of Share based payment expense for the year ended March 31, 2020.

Notes Forming Part of the Financial Statements

Note 34.a : Depreciation and amortisation expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Depreciation of property, plant and equipment (Refer Note 3)	2,400.71	2,061.63
(ii) Depreciation of right of use assets (Refer Note 3)	333.47	-
(iii) Amortisation of intangible assets (Refer Note 5)	203.96	239.26
Total	**2,938.14**	**2,300.89**

Note 34.b : Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Interest on borrowings	52.35	82.24
(ii) Interest on deposits from distributors	90.43	85.44
(iii) Interest on lease liability (Refer Note 41)	264.25	-
(iv) Other interest	9.09	8.36
Total	**416.12**	**176.04**

Note 35: Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores, spare parts and packing materials	2,892.91	2,743.62
Power and fuel	1,474.47	1,379.02
Rent	1,592.16	1,647.77
Repairs and maintenance	1,934.69	2,016.55
Rates and taxes	366.48	457.54
Travelling and conveyance	2,861.98	2,869.44
Freight and forwarding charges	3,217.31	3,182.66
Advertisement and business promotion expenses	5,681.90	6,495.39
Donations and contributions	9.70	9.87
CSR expenditure (refer note 36)	404.60	364.95
Legal and professional fees	2,743.59	1,407.59
Directors' sitting fees	24.60	19.20
Payments to statutory auditors (refer note (i) below)	72.45	67.32
Trade and other receivables, loans and advances written off	61.75	67.61
Loss on foreign currency transactions and translation (net)	462.62	258.60
Loss on property, plant and equipment sold / scrapped / written off (net)	74.72	26.79
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	605.66	332.09
Outsourced manpower cost	4,288.02	3,135.86
Warranty expenses	4,286.04	4,593.03
Contributions to political parties (Refer note (ii) below)	5.86	0.31
Miscellaneous expenses	4,375.12	4,704.87
Total	**37,436.63**	**35,780.08**

Notes Forming Part of the Financial Statements

Notes:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Payments to Statutory Auditors comprises:		
Statutory Audit Fees	39.00	36.00
Tax Audit Fees	3.50	3.50
Limited Review Fees	18.00	15.00
Fees for Other Services (certifications)	4.00	4.00
Reimbursement of Expenses	7.95	8.82
Total	**72.45**	**67.32**
(ii) Contribution to political parties		
National Democratic Alliance	3.08	-
United Democratic Front	2.67	0.14
Left Democratic Front	0.11	0.17
Total	**5.86**	**0.31**

Note 36: Details of CSR expenditure

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spend during the year	401.23	364.62
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	404.60	364.95
(iii) Unpaid amount out of (i) and (ii) above	-	-

Note 37: Income Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

(a) Statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax		
Current income tax charge	6,510.72	5,056.04
Adjustment of tax relating to earlier years	129.14	81.25
Deferred Tax		
Relating to origination and reversal of temporary differences	(507.03)	17.33
Income tax expense reported in the statement of profit and loss	6,132.83	5,154.62

Notes Forming Part of the Financial Statements

(b) OCI section

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Re-measurement gains/(losses) on defined benefit plans	(308.70)	(88.04)
Income tax related to items recognised in OCI during the year	80.15	19.70

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before income tax	24,958.19	21,959.20
Applicable tax rate	34.944%	34.944%
Computed tax expense at statutory rate	8,721.39	7,673.42
Adjustments in respect of current income tax of previous years	129.14	81.25
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(2,175.18)	(2,405.37)
Tax benefits under section 35(2AB)	(305.87)	(246.07)
Income exempt from tax	(205.48)	(217.37)
Temporary differences reversing during tax holiday period	25.11	138.64
Other adjustments	(56.28)	130.12
Income tax charged to the Statement of Profit and loss at the effective income tax rate of 25% (March 31, 2019: 23%)	**6,132.83**	**5,154.62**

(d) Deferred tax (credit)/charge comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accelerated Depreciation for tax purposes	110.94	96.59
Impairment allowance for trade receivables	(203.16)	153.54
Disallowances under Section 43B of the Income Tax Act, 1961	(17.03)	(4.57)
Others	(397.78)	(228.23)
Total	**(507.03)**	**17.33**

Notes Forming Part of the Financial Statements

(e) Reconciliation of deferred tax (assets)/ liabilities (net):

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance as at beginning of the year	258.81	241.48
Tax (income)/expense during the year recognised in statement of profit and loss (refer note 37 (d) above)	(507.03)	17.33
Closing balance as at end of the year	**(248.22)**	**258.81**

Note 38: Details of research and development expenditure

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Materials	206.27	155.22
Employee benefits expenses	1,218.75	1,065.25
Travelling expenses	94.08	105.72
Property, Plant & Equipment	45.17	26.30
Others	22.17	22.36
Total	**1,586.44**	**1,374.85**

Note 39: Commitments and contingencies

A) Capital Commitments (Net of advances)

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	885.10	3,246.47

B) Contingent Liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

Notes Forming Part of the Financial Statements

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Litigations (see note below)		
(a) Claims against the Group not acknowledged as debt	276.83	264.26
(b) Direct tax matters under dispute / pending before Income Tax Authorities	2,144.31	2,598.77
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	852.03	1,080.71
(d) Others	6.82	6.82
Total	**3,279.99**	**3,950.56**
(ii) Others		
(a) Bank Guarantees	13,110.68	7,418.86
(b) Export obligation against imports	-	164.79
Total	**13,110.68**	**7,583.65**

Notes:

(i) There are numerous interpretative issues relating to the Supreme Court ("SC") judgement on Provident Fund ("PF") dated 28th February, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

(ii) The Group is involved in taxation and other disputes, lawsuits, proceedings etc. including commercial matters and claims relating to Group's products that arise from time to time in the ordinary course of business. Management is of the view that such claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.

(iii) The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

Note 40: Business Combination

With effect from August 31, 2017, the Company acquired 74% equity stake in Guts Electro-Mech Limited ("Guts") for a total purchase consideration of ₹ 618.26 lakhs which represents amount paid to promoters of Guts and subscription to fresh issue of equity shares of Guts. Guts is a public limited company engaged in the business of Switch Gear and the investment was made mainly to secure supply for switch gear business of the Company. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

Intangibles acquired as part of the business combination includes Customer Relationships and Non Compete. Customer relationships amounting to ₹ 153.69 lakhs have been identified separately in the Purchase price allocation of Guts basis contractual relationships and is amortised over an estimated useful life of 5 years. The share purchase agreements entered into with the promotors of Guts for the acquisition of 74% stake includes a non-compete clause. The same has been valued at ₹ 90.77 lakhs and is amortised over a useful life of 5 years.

The goodwill of ₹ 366.40 lakhs comprises the value of expected synergies arising from the acquisition. The goodwill recognised is not expected to be deductible for income tax purposes. Goodwill acquired through business combinations has been allocated to the Electrical CGU which is also the operating and reportable segment, for impairment testing. No impairment indicators were noted in the Goodwill acquired through business combinations as on March 31, 2020 and March 31, 2019.

Notes Forming Part of the Financial Statements

Call and Put Option on the Non Controlling Interest

The Holding Company has a Call Option to acquire the balance 26% stake in Guts, which option can be exercised by the Holding Company any time. Similarly, the original promoter of Guts, holding 26% stake has a Put Option to sell his stake to the Company, which Put Option can be exercised by him after the end of three years from August 31, 2017. The Call Option/ Put Option is exercisable by the parties at the price specified in the purchase agreement linked to the time of exercise. The Put Option liability is initially measured at the present value of the amount payable on exercise of the option, as a financial liability amounting to ₹ 317.15 lakhs, with corresponding increase in other equity attributable to the equity holders of the parent. The subsequent changes in carrying amount of the Put Option liability is recognised in the statement of profit and loss. The Call Option is gross settled instrument in own equity hence no adjustment is made in the consolidated financial statements in respect of the same until the actual settlement of the transaction.

Note 41: Leases

(i) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Group's lease asset primarily consist of leases for land and buildings for factories, branch offices and warehouses having the various lease terms.

The Group has adopted Ind AS 116 effective annual reporting period beginning April 1, 2019 using modified retrospective approach. Accordingly, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability and the comparative information continues to be reported under Ind AS 17.

(ii) The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

(e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Notes Forming Part of the Financial Statements

(iii) Following is carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020

(₹ in lakhs)

Particulars	Right to use assets		Total
	Leasehold Land	Leasehold Buildings	
Balance as at April 1, 2019			
Transition impact on adoption of Ind AS 116 "Leases" (Refer Note 3)	943.89	2,968.16	3,912.05
Reclassified from property, plant and equipment on adoption of Ind AS 116 "Leases" (Refer Note 3)	420.43	-	420.43
Total Right of use assets on the date of transition	**1,364.32**	**2,968.16**	**4,332.48**
Additions during the year	-	-	-
Deletions during the year	-	-	-
Depreciation of Right of use assets (Refer Note 3)	(77.92)	(255.55)	(333.47)
Balance as at March 31, 2020	**1,286.40**	**2,712.61**	**3,999.01**

(iv) The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020:

(₹ in lakhs)

Particulars	Amount
Balance as at April 1, 2019	**-**
Transition impact on account of adoption of Ind AS 116 "Leases"	3,912.05
Additions during the year	-
Finance cost accrued during the year	264.25
Payment/ adjustment of lease liabilities	(461.48)
Balance as at March 31, 2020	**3,714.82**
Disclosed as:	
Current portion of Lease liability (Refer Note 24)	392.51
Non-Current Lease Liability (Refer Note 20)	3,322.31
TOTAL	**3,714.82**

(v) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 136.24 lakhs (Increase in Depreciation expense and finance cost by ₹ 333.47 lakhs and ₹ 264.25 lakhs respectively with corresponding decrease in other expense by ₹ 461.48 lakhs). The effect of this adoption is insignificant on earnings per share. Ind AS 116 has also resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments by ₹ 429.65 lakhs each. Total Deferred tax expense and deferred tax liabilities are decreased by ₹ 52.80 lakhs.

(vi) The maturity analysis of lease liabilities are disclosed in Note 50A.

(vii) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%.

(viii) Rental expense recorded for short-term leases was ₹ 1,592.16 lakhs for the year ended March 31, 2020. (Refer Note 35)

(ix) The difference between the lease obligation recorded, as of March 31, 2019, under Ind AS 17 (disclosed under Note 39(A) of annual consolidated financial statements forming part of 2019 Annual Report) and the value of the lease liability as of April 1, 2019, is on account of use of practical hindsight in determining the lease term, where the contract contained options to extend or terminate the lease in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

(x) The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes Forming Part of the Financial Statements

Note 42: Employee Benefit Plans

Defined Contribution Plan

The Group mainly makes Provident Fund (PF) and Employee's state insurance (ESI) contributions to a defined contribution plan for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group has recognised ₹ 900.08 lakhs (year ended March 31, 2019: ₹ 770.07 lakhs) towards PF contributions (included in note 33(b)) and ₹ 27.20 lakhs (year ended March 31, 2019: ₹ 41.33 lakhs) towards ESI contributions (included in note 33(b)) in the consolidated statement of profit and loss. The contributions payable to this plan by the Group is at the rate specified in the rules of the scheme.

Defined Benefit Plan - Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic) for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the consolidated balance sheet for gratuity benefit:

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Components of employer expense:		
Current service cost	299.43	245.78
Net interest expense / (income) on net defined benefit obligation	(13.24)	(3.10)
Total expense recognised in the Statement of Profit and Loss	**286.19**	**242.68**
Actual contribution and benefit payments for year:		
Actual benefit payments	99.66	84.76
Actual contributions	463.43	318.88
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	(2,752.63)	(2,111.22)
Fair value of plan assets	2,497.55	1,984.67
Net asset / (liability) recognised in the Balance Sheet	**(255.08)**	**(126.55)**
Change in defined benefit obligations (DBO) during the year:		
Present value of DBO at beginning of the year	2,111.22	1,736.50
Current service cost	299.43	245.78
Interest cost on DBO	144.81	127.16
Actuarial (gains) / losses	296.83	86.54
Benefits paid	(99.66)	(84.76)
Present value of DBO at the end of the year	**2,752.63**	**2,111.22**
Change in fair value of assets during the year:		
Plan assets at beginning of the year	1,984.67	1,618.10
Return on plan assets greater/ (lesser) than discount rate	(11.87)	(1.50)
Actual company contributions	463.43	318.88
Interest income on plan assets	158.05	130.26
Benefits paid	(96.73)	(81.07)
Plan assets at the end of the year	**2,497.55**	**1,984.67**
Composition of the plan assets is as follows:		
Insurer Managed Assets	100%	100%
Remeasurement gains/(losses) in other comprehensive income		
Return on plan assets	(11.87)	(1.50)
Actuarial gain / (loss) on obligations arising from changes in experience adjustments	(130.88)	(53.95)
Actuarial gain / (loss) on obligations arising from changes in financial assumptions	(165.95)	(32.59)
Total amount recognised in OCI	**(308.70)**	**(88.04)**

Notes Forming Part of the Financial Statements

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The below sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Defined Benefit Obligation	2,752.63	2,111.22

Particulars	March 31, 2020		March 31, 2019	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Impact on defined benefit obligation (increase/(decrease)) due to change in Discount rate	234.21	(204.50)	175.66	(153.07)
Impact on defined benefit obligation (increase/(decrease)) due to change in Salary Escalation Rate	(202.36)	226.87	(152.55)	171.54

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in an increase in liability without corresponding increase in the asset).

Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Maturity profile of Defined Benefit Obligation

Expected Cash Flows (value on undiscounted basis)	Amount (₹ in lakhs)
March 31, 2021	251.25
March 31, 2022	289.87
March 31, 2023	318.32
March 31, 2024	337.96
March 31, 2025	405.08
March 31, 2026 to March 31, 2030	2,248.50

Notes Forming Part of the Financial Statements

Weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2019: 8 years).

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial assumptions:		
Discount rate	6.50%	7.30%
Salary Escalation	9.00%	9.00%
Attrition	Marketing - 16% & Non-Marketing - 8%	Marketing - 16% & Non-Marketing - 8%
Mortality Table	Indian Assured Lives Mortality (2006-08) modified Ultimate	Indian Assured Lives Mortality (2006-08) modified Ultimate
Performance percentage considered	NA	NA
Estimate of amount of contribution in the immediate next year (₹ in lakhs)	255.08	101.37

Notes

i) Plan assets are fully represented by balance with the Life Insurance Corporation of India.

ii) The long term estimate of the expected rate of return on fund assets has been arrived at based on the prevailing yields on these assets. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

iii) The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

iv) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. **Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. If bond yields fall, the defined benefit obligation will tend to increase.

b. **Salary Inflation risk :** The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors. Higher than expected increases in salary will increase the defined benefit obligation

c. **Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Notes Forming Part of the Financial Statements

Note 43: Segment Reporting

The segment reporting of the Group has been prepared in accordance with Ind AS-108, "Operating Segment". Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and segment information is presented accordingly. Accordingly, the management has identified, based on its products, three reportable segments namely, Electronics, Electricals and Consumer Durables as follows:

Electronics Segment includes Stabilizers, Digital UPS, UPS and Solar Inverters;

Electricals Segment includes PVC Insulated Cables, Switch Gears, Single Phase Pumps, Three Phase Pumps and Modular Switches; and

Consumer Durables Segment includes Electric Water Heaters, Solar Water Heaters, Fans, Induction Cooktops, Mixer Grinders, Rice cookers, Glass-top Gas Stoves, Breakfast Appliances and Air Coolers.

The Management Committee of the Group monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product and have been identified as per the quantitative criteria specified in the Ind AS. The management has complied with the aggregation criteria as specified in Ind-AS 108 and the same has been applied based on the nature of products, considering their end users and as considered relevant and appropriate for the industry the Group operates in.

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and property, plant and equipments. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to segments as they are also managed on Group basis.

Capital expenditure consists of addition of property, plant and equipment, capital work in progress, intangible assets and capital advances.

Transfer pricing between operating segments are on an arm length basis in a manner similar to transaction with third parties.

Year ended March31, 2020 (₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,451.51	1,07,395.81	67,446.93	-	2,50,294.25
Inter-segment	-	-	-	-	-
Total revenue	**75,451.51**	**1,07,395.81**	**67,446.93**	**-**	**2,50,294.25**
Income/(Expenses)					
Depreciation and amortisation	(276.53)	(790.44)	(401.22)	-	(1,468.19)
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	(194.74)	(236.84)	(174.08)	-	(605.66)
Segment profit	12,367.82	8,588.94	3,993.52	-	24,950.28
Total assets	**31,535.67**	**43,376.24**	**39,224.08**	**-**	**1,14,135.99**
Total liabilities	**8,940.30**	**13,927.63**	**13,693.74**	**-**	**36,561.67**
Other disclosure: Capital Expenditure	**978.96**	**1,181.13**	**8,820.70**	**-**	**10,980.79**

Notes Forming Part of the Financial Statements

Year ended March 31, 2019

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,988.55	1,15,619.47	67,792.85	-	2,59,400.87
Inter-segment	-	-	-	-	-
Total revenue	**75,988.55**	**1,15,619.47**	**67,792.85**	**-**	**2,59,400.87**
Income/(Expenses)					
Depreciation and amortisation	(123.77)	(836.44)	(289.67)	-	(1,249.88)
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	(97.28)	(148.02)	(86.79)	-	(332.09)
Segment profit	9,519.24	8,953.89	3,192.92	-	21,666.05
Total assets	**31,334.29**	**44,617.56**	**30,939.48**	**-**	**1,06,891.33**
Total liabilities	**7,575.56**	**17,716.42**	**13,292.99**	**-**	**38,584.97**
Other disclosure: Capital Expenditure	**383.76**	**876.86**	**807.01**	**-**	**2,067.63**

Reconciliation of amount reflected in the financial statements

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Reconciliation of profit		
Segment Profit	24,950.28	21,666.05
Other Unallocable income	2,334.14	1,470.90
Other Unallocable expenses	(1,910.11)	(1,001.71)
Finance cost	(416.12)	(176.04)
Profit before tax	**24,958.19**	**21,959.20**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(b) Reconciliation of assets		
Segment operating assets	1,14,135.99	1,06,891.33
Investment property	27.90	27.90
Investments - Current	3,600.14	8,312.78
Deferred tax asset	248.22	-
Cash and cash equivalents	2,343.21	8,531.46
Other bank balances	8,812.14	38.15
Income Tax assets (net)	1,702.92	743.61
Tangible & Other intangible assets	11,065.40	9,866.02
Other unallocable assets	3,553.89	2,756.45
Total assets	**1,45,489.81**	**1,37,167.70**

Notes Forming Part of the Financial Statements

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(c) Reconciliation of liabilities		
Segment operating liabilities	36,561.67	38,584.97
Deferred tax liabilities	-	258.81
Borrowings	1,277.25	1,411.69
Current tax liabilities	60.03	424.31
Lease liability	355.10	-
Provision for leave benefits	1,296.60	989.54
Provision for gratuity	223.75	101.37
Other unallocable liabilities	5,806.77	5,206.15
Total liabilities	**45,581.17**	**46,976.84**

Revenue from external customer

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	2,48,793.85	2,57,992.40
Outside India	1,500.40	1,408.47

The revenue information above is based on the location of the customers. All non current operating assets of the Group are located in India and for this purpose consists of property, plant and equipment, investment property and intangible assets.

Note 44: Related Party Transactions

(a) Details of Related Parties:

Description of Relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman and Non Executive Director (till March 31, 2020)
	Mr. Mithun K. Chittilappilly - Managing Director and Son of Mr. Kochouseph Chittilappilly
	Mr. Ramachandran Venkataraman - Director and Chief Operating Officer
	Mr. Sudarshan Kasturi - Chief Financial Officer (Refer note 2 below)
	Ms. Jayasree K - Company Secretary (Refer note 2 below)
Relatives of KMP with whom transactions have taken place during the year	Ms. Sheela Kochouseph - Wife of Mr. Kochouseph Chittilappilly
	Mr. Arun K. Chittilappilly - Son of Mr. Kochouseph Chittilappilly
	Ms. Priya Sarah Cheeran Joseph - Daughter in law of Mr. Kochouseph Chittilappilly
	Ms. Vidyavathi Vaidyanathan - Wife of Mr. Ramachandran Venkataraman
	Ms. Radhika Ramachandran - Daughter of Mr. Ramachandran Venkataraman

Notes Forming Part of the Financial Statements

Description of Relationship	Names of Related Parties
Non - Executive Directors	Mr. Cherian N Punnoose
	Mr. A K Nair (till July 28, 2019)
	Mr. Ullas K Kamath
	Mr. C J George
	Ms. Joshna Johnson Thomas - Wife of Mr. Mithun K. Chittilappilly
	Ms. Radha Unni (w.e.f September 27, 2018)
Entities in which KMP/ relatives of KMP can exercise significant influence	K Chittilappilly Trust
	Arav Chittilappilly Trust
	V-Guard Foundation (Refer note 3 below)

The Company has not entered in to any transactions with companies in which KMP/ relatives of KMP can exercise significant influence.

(b) Transactions with related parties during the year

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Mr. Kochouseph Chittilappilly	Dividends Paid	1,294.99	555.40
	Commission	151.18	133.33
	Sitting Fees	3.75	2.60
Mr. Mithun K Chittilappilly	Dividends Paid	1,544.12	500.86
	Salaries and allowances	151.59	133.29
	Company contribution to provident fund	13.82	11.52
	Commission	314.96	277.79
Mr. Ramachandran Venkataraman	Dividends Paid	13.79	5.21
	Salaries and allowances	215.43	197.72
	Company contribution to provident fund	24.65	22.48
	Employee stock compensation expense *	(548.37)	474.91
	Issue of Equity shares including premium	96.71	89.86
Mr. Sudarshan Kasturi	Dividends Paid	0.29	0.11
	Salaries and allowances	178.29	167.26
	Company contribution to provident fund	9.69	9.02
	Employee stock compensation expense	96.80	152.04
	Issue of Equity shares including premium	0.69	0.38
Ms. Jayasree K	Dividends Paid	1.19	0.49
	Salaries and allowances	25.70	25.44
	Company contribution to provident fund	0.88	0.93
	Employee stock compensation expense *	(4.53)	9.85
	Share application money pending allotment	-	0.08
	Issue of Equity shares including premium	0.15	-
Relatives of KMP	Dividends Paid	1,173.86	746.38
Enterprises in which KMP/ relatives of KMP can exercise significant influence	Dividends Paid	668.67	166.46
Non - Executive Directors	Sitting Fees	20.85	16.60
	Commission	72.42	64.08

*Employee stock compensation expense for the year ended March 31, 2020 is net of reversals (Refer Note 33).

Notes Forming Part of the Financial Statements

(c) Related party balances

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	As at March 31, 2020	As at March 31, 2019
Mr. Kochouseph Chittilappilly	Commission payable	151.18	133.33
Mr. Mithun K Chittilappilly	Commission payable	314.96	277.79
Non- Executive Directors	Commission payable	72.42	64.08

Notes:

1. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
2. Represents additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year.
3. The Company has formed V-Guard Foundation, a Company incorporated under Section 8 of the Companies Act, 2013, as its principal arm for implementing the Company's CSR programs/projects in compliance with Section 135 of the Companies Act, 2013. Two directors of the Company are the directors of V-Guard Foundation. During the year ended March 31, 2020, the Company has contributed ₹ 388.87 lakhs (Year ended March 31, 2019: ₹ 304.00 lakhs) towards expenditure for CSR activities.
4. The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Note 45: Earnings Per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for the year attributable to equity holders of the parent (₹in lakhs)	18,711.21	16,723.68
Weighted average number of equity shares outstanding	42,75,39,565	42,64,04,300
Basic earnings per share (₹)	**4.38**	**3.92**
Net Profit for the year attributable to equity holders of the parent (₹in lakhs)	18,711.21	16,723.68
Weighted average number of equity shares outstanding	432,123,388	43,34,96,576
Diluted earnings per share (₹)	**4.32**	**3.86**
Weighted average number of equity shares in calculating basic EPS	42,75,39,565	42,64,04,300
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	4,583,823	70,92,276
Weighted average number of equity shares in calculating diluted EPS	**432,123,388**	**43,34,96,576**

Note 46: Share based payments

The members of the Company by way of a special resolution under Section 81(1)(A) of the Companies Act, 1956, passed on May 14, 2013 through postal ballot procedure, approved Employees Stock Option Scheme, 2013 (ESOS 2013) for grant of stock options to eligible employees of the Company. According to the Scheme, the eligible employees will be entitled to options as given below subject to satisfaction of prescribed vesting conditions. All options granted under ESOS 2013 can be exercised within 6 years from the date of vesting. The number of shares allocated for allotment under the ESOS 2013 is 19,538,118 equity shares of Re 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

Notes Forming Part of the Financial Statements

Grant	Financial Year	Date of Grant	No. of Options Granted	Exercise Price per share (₹)	Vesting Period	Vesting Conditions
Grant I	2013-14	11-Jun-13	2,187,216 7,951,888	1.00 34.64	Over 3 years	Two third of total entitlements are time based grants and the remaining one third are based on the performance of the Company and the Individual employee.
Grant II	2015-16	04-May-15	281,266 920,564	1.00 71.36	Over 3 years	
Grant III	2016-17	04-May-16	420,000	1.00	Over 4 years	60% of the total entitlements are time based grants which will vest over 4 years and the balance 40% will vest at the end of fourth year based on the performance of the Company.
			3,780,000	68.75		
Grant IV	2016-17	16-Jun-16	259,504	1.00	Over 4 years	75% of the total entitlements are time based grants which will vest over 4 years and the balance 25% will vest at the end of fourth year based on the performance of the Company.
Grant V	2016-17	08-Aug-16	1,261,246	1.00	Over 4 years	75% of the total entitlements are time based grants which will vest over 4 years and the balance 25% will vest at the end of fourth year based on the performance of the Company.
			49,280	1.00		100% of the entitlements are time based grants which will vest over 4 years
			280,000	1.00		60% of the total entitlements are time based grants which will vest over 4 years and the balance 40% will vest at the end of fourth year based on the performance of the Company
			1,120,000	121.79		
Grant VI	2016-17	21-Oct-16	115,976	1.00	Over 4 years	100% of the entitlements are time based grants which will vest over 4 years
Grant VII	2016-17	30-Jan-17	82,460	1.00	Over 4 years	75% of the total entitlements are time based grants which will vest over 4 years and the balance 25% will vest at the end of fourth year based on the performance of the Company.
Grant VIII	2017-18	19-May-17	201,100	1.00	Over 4 years	
Grant IX	2017-18	31-Jul-17	154,854	1.00	Over 4 years	
Grant X	2017-18	22-Jan-18	250,768	1.00	Over 4 years	
Grant XI	2018-19	30-May-18	46,354	1.00	Over 4 years	
Grant XII	2018-19	31-Jul-18	99,452	1.00	Over 4 years	
Grant XIII	2018-19	31-Jan-19	76,190	1.00	Over 4 years	
Grant XIV	2019-20	06-Nov-19	31,444	1.00	Over 4 years	

Notes Forming Part of the Financial Statements

The details of the activity under the Scheme are summarized below:

Grant	Weighted average Exercise Price per share (₹)	Outstanding at the beginning of the year	Granted during the year	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year	Weighted average remaining contractual life(in years)
Grant I	1.00	83,784	-	-	15,289	68,495	68,495	2.20
		(84,784)	-	-	(1,000)	(83,784)	(83,784)	(3.20)
	34.64	2,370,171	-	-	517,132	1,853,039	1,853,039	2.20
		(2,854,424)	-	-	(484,253)	(2,370,171)	(2,370,171)	(3.17)
Grant II	1.00	4,612	-	-	4,612	-	-	-
		(146,336)	-	(25,894)	(115,830)	(4,612)	(4,612)	(4.81)
	71.36	171,408	-	-	54,033	117,375	117,375	3.89
		(655,085)	-	(79,903)	(403,774)	(171,408)	(171,408)	(4.68)
Grant III	1.00	357,000	-	168,000	126,000	-	63,000	4.60
		(357,000)	-	-	-	(63,000)	(357,000)	(6.57)
	68.75	3,780,000	-	1,512,000	-	1,701,000	2,268,000	6.10
		(3,780,000)	-	-	-	(1,134,000)	(3,780,000)	(6.20)
Grant IV	1.00	164,499	-	64,890	35,816	15,141	63,793	6.01
		(210,853)	-	-	(46,354)	(2,300)	(164,499)	(6.81)
Grant V	1.00	895,602	-	334,040	212,058	120,446	349,505	5.72
		(1,072,128)	-	-	(176,526)	(115,774)	(895,602)	(6.62)
	1.00	24,640	-	-	-	24,640	24,640	5.77
		(36,960)	-	-	(12,320)	(12,320)	(24,640)	(6.62)
	1.00	196,000	-	112,000	42,000	-	42,000	6.27
		(238,000)	-	-	(42,000)	-	(196,000)	(6.62)
	121.79	1,120,000	-	448,000	-	504,000	672,000	4.79
		(1,120,000)	-	-	-	(336,000)	(1,120,000)	(6.39)
Grant VI	1.00	69,827	-	6,958	28,176	12,657	34,693	5.94
		(106,817)	-	-	(36,990)	(11,839)	(69,827)	(6.68)
Grant VII	1.00	67,000	-	-	30,924	-	36,076	6.84
		(67,000)	-	-	-	(15,462)	(67,000)	(8.07)
Grant VIII	1.00	163,393	-	-	37,706	-	125,687	6.84
		(201,100)	-	-	(37,707)	-	(163,393)	(7.45)
Grant IX	1.00	133,169	-	48,731	25,479	-	58,959	6.94
		(154,854)	-	-	(21,685)	(1,895)	(133,169)	(7.24)
Grant X	1.00	223,521	-	-	39,563	27,216	183,958	7.06
		(250,768)	-	-	(27,247)	(19,760)	(223,521)	(7.59)
Grant XI	1.00	46,354	-	-	4,500	4,191	41,854	7.24
		-	(46,354)	-	-	-	(46,354)	(8.04)
Grant XII	1.00	99,452	-	-	18,644	3	80,808	7.64
		-	(99,452)	-	-	-	(99,452)	(8.21)
Grant XIII	1.00	76,190	-	-	14,286	-	61,904	8.15
		-	(76,190)	-	-	-	(76,190)	(8.72)
Grant XIV	1.00	-	31,444	-	-	-	31,444	8.22
		-	-	-	-	-	-	-

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2019.

Weighted average fair value of the options granted during the year was ₹ 241.66 (2018-19: ₹ 209.33).

Weighted average equity share price at the date of exercise of options during the year was ₹ 222.84 (2018-19: ₹ 205.90).

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The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Binomial model:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Risk-free interest rate (%)	6.01% to 6.55%	7.31% to 7.93%
Expected life of options (years)	4.01 to 7.01	4.01 to 7.01
Expected volatility (%)	31.68% to 31.95%	32.33% to 33.00%
Dividend yield	0.32%	0.33% to 0.34%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome . The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date, indicative of future trends, which may not necessarily be the actual outcome.

Note 47: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue from sale of products

Revenue is measured at the fair value of consideration received/receivable from its customers and in determining the transaction price for the sale of products, the Group considers the effects of various factors such as volume based discounts, rebates and other promotion incentives schemes ('trade schemes') provided to the customers. At year end, amounts for trade schemes that have been incurred and not yet provided to the customers are estimated and accrued. The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return also.

In estimating the variable considerations, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with trade schemes, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Notes Forming Part of the Financial Statements

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk , volatility etc. Changes in assumptions/ judgements about these factors could effect the reported fair value of financial instruments.

Put option liability

The Put Option liability granted on the non controlling interests of subsidiary is accounted for at the present value of the amount payable on exercise of the option, as a financial liability. The subsequent changes in carrying amount at each reporting date is recognised in the statement of profit and loss. The determination of the carrying value is based on discounted cash flows. The key assumption taken into consideration is the discount factor. As part of the accounting for the investment in subsidiary, put option liability with an estimated value of ₹ 317.15 lakhs was recognised at the acquisition date and remeasured to ₹ 396.59 lakhs as at the reporting date.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These mainly include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligation are given in Note 42.

Share-based payments

Estimating fair value for share-based payment transactions requires evaluation of vesting conditions and determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, forfeitures and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 46.

Notes Forming Part of the Financial Statements

Warranty provision

Warranty provision is determined based on the historical trend of warranty expense for the same types of goods for which the warranty is currently being determined, after adjusting for unusual factors related to the goods that were sold. It is very unlikely that actual warranty claims will exactly match the historical trend of warranty expenses and hence such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. In respect of financial guarantees provided by the Group to third parties, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 39(B) for further disclosures.

Taxes

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Impairment allowance for trade receivables

The Group uses a provision matrix to calculate Expected Credit Losses ('ECL') for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 2.3(r) and Note 50(C).

Notes Forming Part of the Financial Statements

Note 48: Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

(₹ in lakhs)

Particulars	Carrying value		Fair value	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets at FVTPL				
Investments in mutual funds	3,600.14	8,312.78	3,600.14	8,312.78
Financial assets at amortised cost				
Loans	862.69	938.64	862.69	938.64
Cash and bank balances	11,155.35	8,569.61	11,155.35	8,569.61
Other financial assets	1,339.30	1,103.00	1,339.30	1,103.00
Trade receivables	32,430.14	45,909.32	32,430.14	45,909.32
Total	**49,387.62**	**64,833.35**	**49,387.62**	**64,833.35**
Financial liabilities at amortised cost				
Short term borrowings	1,277.25	1,411.69	1,277.25	1,411.69
Put option liability	396.59	363.85	396.59	363.85
Lease liability	3,714.82	-	3,714.82	-
Other financial liabilities	2,735.65	2,622.17	2,735.65	2,622.17
Trade payables	30,514.10	35,921.99	30,514.10	35,921.99
Total	**38,638.41**	**40,319.70**	**38,638.41**	**40,319.70**

The management assessed that fair value of cash and cash equivalents, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/advances given are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

Investments in mutual funds are mandatorily classified as fair value through statement of profit and loss.

The fair value of investments in mutual funds units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at balance sheet date. NAV represents the price at which the issuer will issue further units of mutual funds and the price at which issuers will redeem such units from the investors. The fair value of the derivative instrument- call option has been determined using valuation techniques with market observable inputs. The valuation techniques incorporate various inputs including risk free interest rates and volatility.

The fair value of loans, lease liabilities and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The same would be sensitive to a reasonably possible change in the forecast cash flows or the discount rate. The fair value of Put Option Liability is determined based on the present value of the amount payable on exercise of the option. There are no unobservable inputs that impact fair value.

Notes Forming Part of the Financial Statements

Note 49: Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities, measured at fair value on the balance sheet date:

(₹ in lakhs)

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at cost for which fair value are disclosed					
Investment property	31-Mar-20	27.90	-	-	27.90
	31-Mar-19	27.90	-	-	27.90
Fair value of financial assets disclosed					
Investments in mutual funds	31-Mar-20	3,600.14	3,600.14	-	-
	31-Mar-19	8,312.78	8,312.78	-	-
Assets carried at amortised cost for which fair value are disclosed					
Cash and bank balances	31-Mar-20	11,155.35	-	-	11,155.35
	31-Mar-19	8,569.61	-	-	8,569.61
Other financial assets	31-Mar-20	1,339.30	-	-	1,339.30
	31-Mar-19	1,103.00	-	-	1,103.00
Loans	31-Mar-20	862.69	-	-	862.69
	31-Mar-19	938.64	-	-	938.64
Trade receivables	31-Mar-20	32,430.14	-	-	32,430.14
	31-Mar-19	45,909.32	-	-	45,909.32
Liabilities carried at amortised cost for which fair value are disclosed					
Trade payables	31-Mar-20	30,514.10	-	-	30,514.10
	31-Mar-19	35,921.99	-	-	35,921.99
Borrowings	31-Mar-20	1,277.25	-	-	1,277.25
	31-Mar-19	1,411.69	-	-	1,411.69
Put option liability	31-Mar-20	396.59	-	396.59	-
	31-Mar-19	363.85	-	363.85	-
Lease liability	31-Mar-20	3,714.82	-	-	3,714.82
	31-Mar-19	-	-	-	-
Other financial liabilities	31-Mar-20	2,735.65	-	-	2,735.65
	31-Mar-19	2,622.17	-	-	2,622.17

(i) There have been no transfers between Level 1 and Level 2 during the year. Also refer Note 48.

(ii) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

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

(iv) Fair value of mutual funds is determined based on the net asset value of the funds.

Notes Forming Part of the Financial Statements

Note 50: Financial risk management objectives and policies

The Group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for establishing and governing the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Group.

A. Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities.

The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2020 and March 31, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable investments, such as mutual funds, with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below summarises the maturity profile of Group's financial liabilities.

(₹ in lakhs)

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
As at March 31, 2020				
a) Borrowings	1,277.25	-	-	1,277.25
b) Trade Payables	30,514.10	-	-	30,514.10
c) Put option liability	-	409.72	-	409.72
d) Lease liability	713.99	1,991.47	3,426.56	6,132.02
e) Other Financial Liabilities	2,735.65	-	-	2,735.65
Total	**35,240.99**	**2,401.19**	**3,426.56**	**41,068.74**
As at March 31, 2019				
a) Borrowings	1,411.69	-	-	1,411.69
b) Trade Payables	35,921.99	-	-	35,921.99
c) Put option liability	-	409.72	-	409.72
d) Other Financial Liabilities	2,622.17	-	-	2,622.17
Total	**39,955.85**	**409.72**	**-**	**40,365.57**

B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of following: interest rate risk, foreign currency risk and commodity price risk. Financial instruments affected by market risk include loans, borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term borrowings which are at floating interest rates.

Notes Forming Part of the Financial Statements

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risks arising from exposures to US Dollars and Chinese Yuan from the Group's import of goods. The Group manages this foreign currency risk by using foreign currency forward contracts to hedge its import liabilities. The Group has hedged 12.34% of foreign currency exposure as on March 31, 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

The following table demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities net of amounts hedged is as follows:

(₹ In lakhs)

Particulars	Effect on profit before tax	
	1% increase	1% decrease
March 31, 2020	(33.45)	33.45
March 31, 2019	(16.52)	16.52

Commodity Price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of domestic cable and other electronic items and therefore require a continuous supply of copper, being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper, the Group has entered into various purchase contracts for this material for which there is an active market. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Group partly mitigated the risk of price volatility by entering into the contract for the purchase of these material based on average price for each month.

C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and other financial assets.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and all major customers are covered under credit insurance. An impairment analysis is performed at each reporting date by grouping a large number of minor receivables into homogenous groups and assess them for impairment collectively. The Group creates allowance based on lifetime expected credit loss based on a provision matrix after considering adjustment under credit insurance. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information.The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Group does not hold any collateral as security except for the deposits and bank guarantees received from the customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several locations and operate in largely independent markets.

Notes Forming Part of the Financial Statements

The movement for change in allowance for expected credit loss and credit impairment is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	2,832.51	2,626.11
Change in allowance for expected credit loss and credit impairment during the year	575.67	206.40
Balance as at the end of the year	**3,408.18**	**2,832.51**

Other financial assets

Credit risk from balances with banks and financial institutions and in respect of loans is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only in highly marketable liquid fund instruments with appropriate maturities to optimise the cash return on instruments while ensuring sufficient liquidity to meet its liabilities.

D. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

E. Other Risk - Impact of COVID-19

Financial assets carried at fair value as at March 31, 2020 is ₹ 3,600.14 lakhs and financial assets are carried at amortised cost as at March 31, 2020 is ₹ 45,787.48 lakhs. The financial assets classified by the Group as Level 1, having fair value of ₹ 3,600.14 lakhs as at March 31, 2020 are investments in liquid debt securities and accordingly, any material volatility is not expected. Financial assets of ₹ 11,155.35 lakhs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk. Trade receivables of ₹ 32,430.14 lakhs as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Group is covered under trade credit insurance in respect of major customers to mitigate any potential losses. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables of ₹ 3,408.18 lakhs as at March 31, 2020 is considered adequate.

Note 51: Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

Notes Forming Part of the Financial Statements

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Group monitors Capital using Gearing ratio, which is net debt divided by total capital plus net debt.

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Borrowings	1,277.25	1,411.69
Less: Cash and cash equivalents, other bank balances and mutual fund investments	14,755.49	16,882.39
Net debt (A)	**(13,478.24)**	**(15,470.70)**
Equity	99,545.21	89,940.90
Capital and Net Debt (B)	**86,066.97**	**74,470.20**
Gearing ratio (A/B)	**-**	**-**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

Note 52: Impact assessment of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The spread of COVID-19 has severely impacted businesses operations around the globe including India. As a result of the lockdown and consequent supply chain disruption, the sales volumes of the Group for the month of March 2020 have been impacted. The Group has made a detailed assessment of its liquidity position as at the date of approval of these consolidated financial statements for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment (including assets under construction), Intangible assets, Trade receivables, Inventory and Investments as at the balance sheet date and has concluded that there are no material adjustments required in the consolidated financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the consolidated financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group is monitoring the situation closely and is resuming operations in a phased manner taking into account directives from the Government and will continue to closely monitor any material changes to future economic conditions and take actions as are appropriate based on future economic conditions.

Notes Forming Part of the Financial Statements

Note 53: Statutory Group Information

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	₹ In lakhs	As % of consolidated net profit	₹ In lakhs	As % of consolidated Other Comprehensive Income	₹ In lakhs	As % of consolidated total comprehensive income	₹ In lakhs
Parent Company								
V-Guard Industries Limited								
Balance as at March 31, 2020	**98.16%**	**98,062.90**	**97.56%**	**18,365.08**	**99.16%**	**(226.63)**	**97.53%**	**18,138.09**
Balance as at March 31, 2019	**97.98%**	**88,369.10**	**98.29%**	**16,516.67**	**101.93%**	**(69.66)**	**98.27%**	**16,447.01**
Subsidiary (refer Note 40)								
Guts Electro-Mech Limited								
Balance as at March 31, 2020	**1.48%**	**1,482.31**	**1.84%**	**346.13**	**0.55%**	**(1.25)**	**1.86%**	**345.24**
Balance as at March 31, 2019	**1.74%**	**1,571.80**	**1.23%**	**207.01**	**-1.43%**	**0.98**	**1.24%**	**207.99**
Non-controlling interest in subsidiary								
Balance as at March 31, 2020	**0.36%**	**363.43**	**0.61%**	**114.15**	**0.29%**	**(0.67)**	**0.61%**	**113.48**
Balance as at March 31, 2019	**0.28%**	**249.96**	**0.48%**	**80.90**	**-0.50%**	**0.34**	**0.49%**	**81.24**

Note 54:

Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the consolidated financial statements have been rounded off or truncated as deemed appropriate by the management of the Group.

Note 55:

Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Sandeep Karnani**
Partner
Membership No. : 061207

Place : Bengaluru
Date : June 1, 2020

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A" Subsidiary

Name of the subsidiary	Guts Electro-Mech Ltd
The date since when subsidiary was acquired	August 31, 2017
Reporting period for the subsidiary concerned	March 31, 2020
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹

Sl. No.	Particulars	₹ in lakhs
1	Share Capital	196.58
2	Reserves & Surplus	750.46
3	Total Assets	2,019.23
4	Total Liabilities	1,072.19
5	Investments	Nil
6	Turnover	5,265.05
7	Profit before taxation	612.41
8	Provision for taxation	174.02
9	Profit after taxation	438.39

Other Information	
Proposed Dividend	Nil
Extent of shareholding (in percentage)	74%
Names of subsidiaries which are yet to commence operations	Nil
Names of subsidiaries which have been liquidated or sold during the year	Nil

For and on behalf of the Board of Directors of
V-Guard Industries Limited
CIN: L31200KL1996PLC010010

Sd/-
Cherian N Punnoose
Chairman
DIN: 00061030

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : June 1, 2020

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Awards

IAA AWARD

V-Guard's AC Stabilizer Campaign was adjudged best campaign in 'Consumer Durable' category by the India chapter of International Advertising Association

PEPPER AWARD

V-Guard's Brand Identity and AC Stabilizer campaign awarded at Pepper Awards 2019 - one of India's largest advertising festivals

ELECRAMA 2020

V-Guard made a grand debut at Asia's largest electrical trade fair - Elecrama 2020, bagging award for 'Best Stall' in 61 sq. m. to 130 sq. m. category and winning the coveted prize amongst more than 1,370 exhibitors from more than 120 countries

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