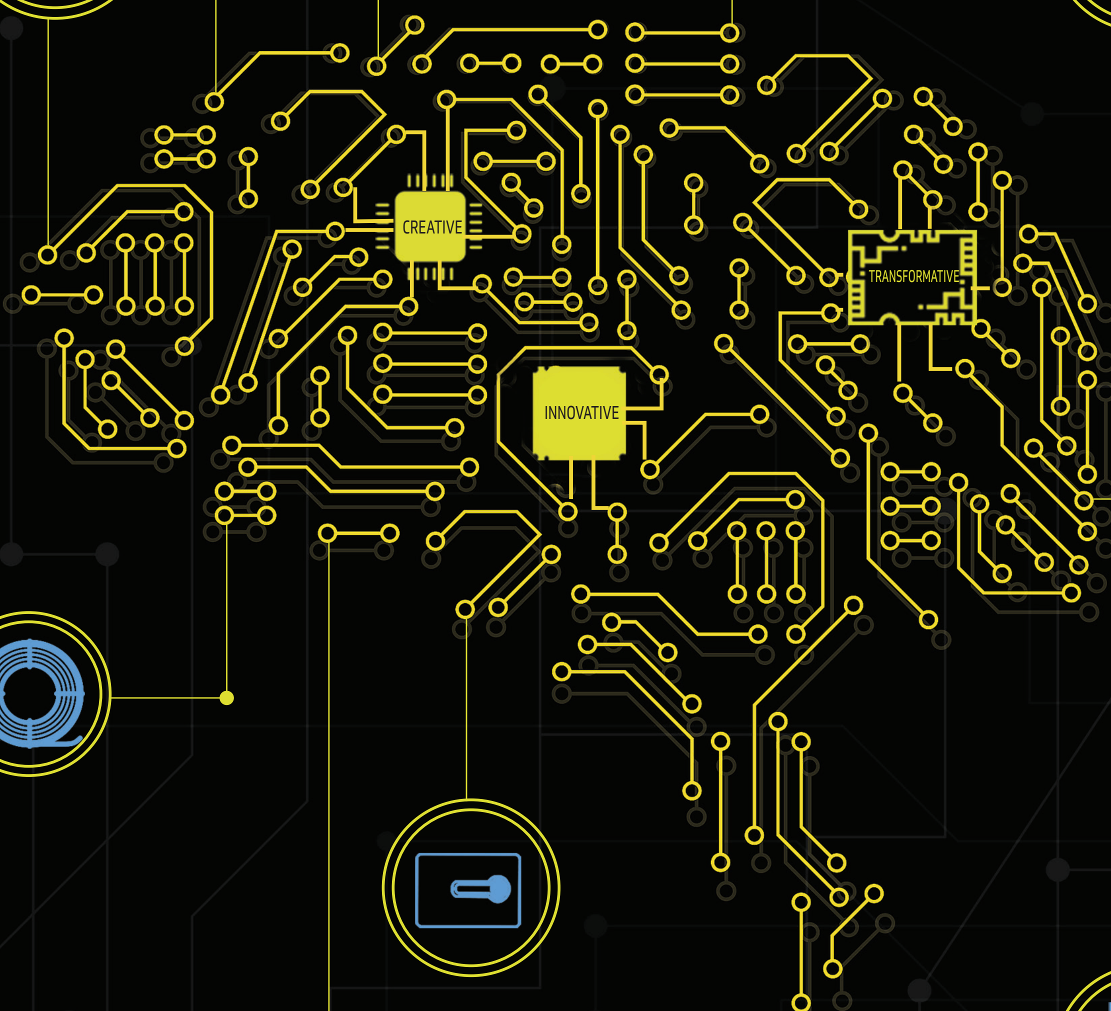
V-GUARD

REIMAGINING TODAY.
INSPIRING TOMORROW.



ANNUAL REPORT
2018-19

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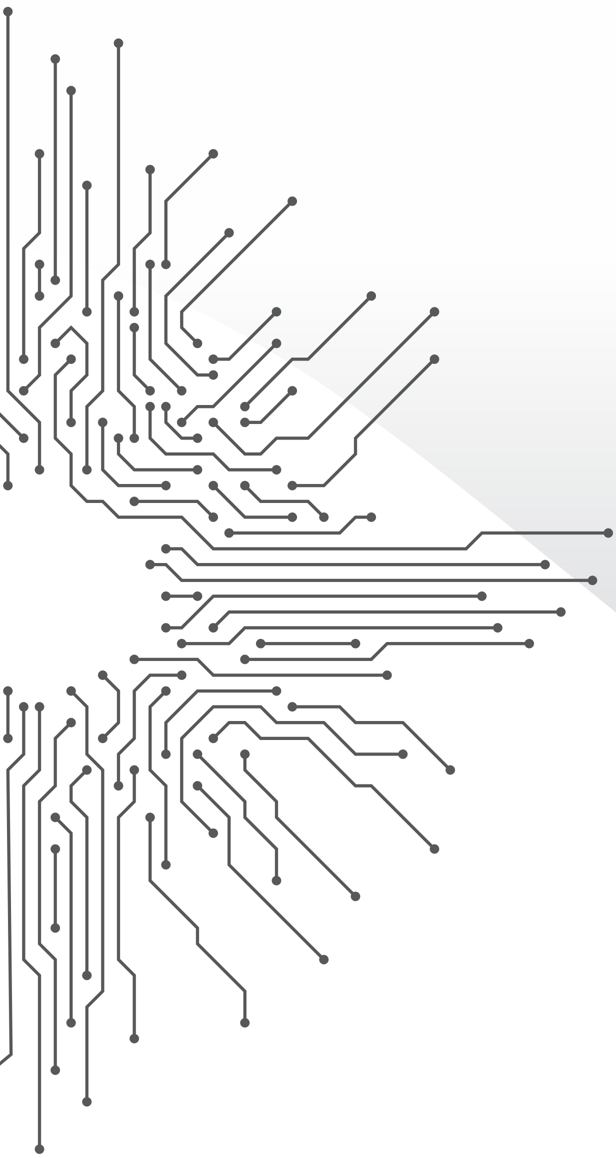
Forward looking statements

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.



IN A SPAN OF FOUR DECADES V-GUARD HAS EARNED ITSELF A REPUTATION FOR SOLIDITY. FOR DESIGNING AND MANUFACTURING PRODUCTS THAT ARE BUILT TO LAST. FOR US THAT'S ONLY THE BEGINNING, AS WE EMBRACE A WORLD IN WHICH THE MEANING OF A BETTER QUALITY OF LIFE IS BEING REDEFINED EVERY DAY.

At V-Guard, we are not just thinking of the next innovation. We are constantly seeking to understand human life and its relationship with the tools and appliances that consumers use. And then, to evolve a seamless experience with thoughtfully engineered products in our quest to enriching consumer lives.

So, join us in this journey as we reimagine our today, in our endeavour to bring home a better tomorrow.

Board of Directors

KOCHOUSEPH CHITTILAPPILLY
Chairman

CHERIAN N PUNNOOSE
Vice-Chairman

MITHUN K CHITTILAPPILLY
Managing Director

ULLAS K KAMATH
Director

JOSHNA JOHNSON THOMAS
Director

RADHA UNNI
Director

RAMACHANDRAN V
Director & Chief Operating Officer

C J GEORGE
Director

A K NAIR
Director

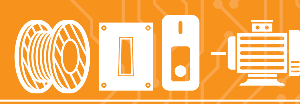
V-Guard - Built to Inspire

DESIGNED TO INSPIRE A NEW TOMORROW FOR TODAY'S ASPIRATIONAL AND DISCERNING CONSUMER, V-GUARD INDUSTRIES LTD. ("V-GUARD") IS IN THE BUSINESS OF DELIVERING AN INNOVATIVE AND EXPERIENTIAL PRODUCT RANGE OF ELECTRONICS, ELECTRICALS AND CONSUMER DURABLES.

A DIVERSIFIED PRODUCT PORTFOLIO ENABLES THE COMPANY TO CONTINUOUSLY ENHANCE ITS ENGAGEMENT WITH THE CONSUMERS, WHILE CATERING TO THE FAST-CHANGING NEEDS OF ITS GROWING CONSUMER BASE.

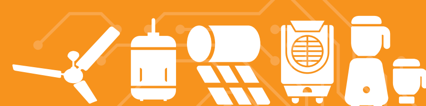
Electronics

- Stabilisers
- Digital UPS & Batteries
- Solar inverters



Electrical

- House wiring cables
- Switchgears
- Modular switches
- Pumps



Consumer Durables

- Solar & Electric water heaters
- Fans
- Air coolers
- Kitchen appliances

GROWTH ENGINEERED BY TECHNOLOGY

Led by its technological prowess, talented workforce, innovation and design capabilities coupled with streamlined systems and processes, V-Guard has emerged as a brand to reckon with in the fast-moving electrical goods segment. Our diversified product portfolio, state-of-the-art manufacturing facilities, extensive sales and marketing network and robust customer service are helping us to move aggressively to deepen our pan India presence.

MANUFACTURING POWERED BY QUALITY

Our manufacturing facilities, which are driven by stringent quality and design control norms, are strategically spread out across India – Coimbatore, Perundurai (Tamil Nadu), Kashipur (Uttarakhand), Kala Amb (Himachal Pradesh) and Sikkim. These plants are built to deliver products which will continue to delight consumers with their superior performance as well as enhance our brand equity.

1 **Tamil Nadu**
- Coimbatore
- Perundurai

2 **Uttarakhand**
- Kashipur

3 **Himachal Pradesh**
- Kala Amb

4 **Sikkim**

House wiring cables
Coimbatore, Kashipur

Fans
Kala Amb

Solar water heaters
Perundurai

Pumps & Motors
Coimbatore

Electric water heaters
Kala Amb, Sikkim

Stabilisers
Sikkim

Map not to scale. For illustrative purposes only.

GROWING FOOTPRINT

The V-Guard value proposition continues to impact lives meaningfully across regions and markets. Even as we are consolidating our presence in the South markets, our non-South markets continue to grow at a rapid pace. A robust network of branches, distributors, channel partners and retailers is making it possible for us to make big strides into new high-potential markets of future growth.

31

Branches

40,000+

Retailer Network

(As of March 31, 2019)

The 'Reimagination' Journey and its Key Milestones

OUR ORGANISATION-WIDE EXERCISE TO REIMAGINE OUR SYSTEMS AND PROCESSES TO STEER OUR JOURNEY TOWARDS AN EXCITING NEW FUTURE WAS MARKED BY MANY MILESTONES DURING FY 2018-19.

OPERATIONAL MILESTONES

- Adopted the Manufacturing Excellence Model to bring in increased quality assurance and efficiencies in our production processes
- Strengthened New Product Development capabilities to increase speed to market and to reach out more effectively to consumers
- As part of our Digital Strategy & Initiatives, we have also strengthened our e-commerce channel
- Institutionalised Strategic Planning process at V-Guard to identify and activate strategic themes for growth and profitability
- Expanded the range of Kitchen Appliances and extended to more South markets
- Launched modular switches in select markets across India

FINANCIAL MILESTONES

12% full-year growth for FY19 (adjusted for GST)

24% increase in PAT at ₹ 166 crores

₹ 157 crores net cash on balance sheet as on March 31, 2019

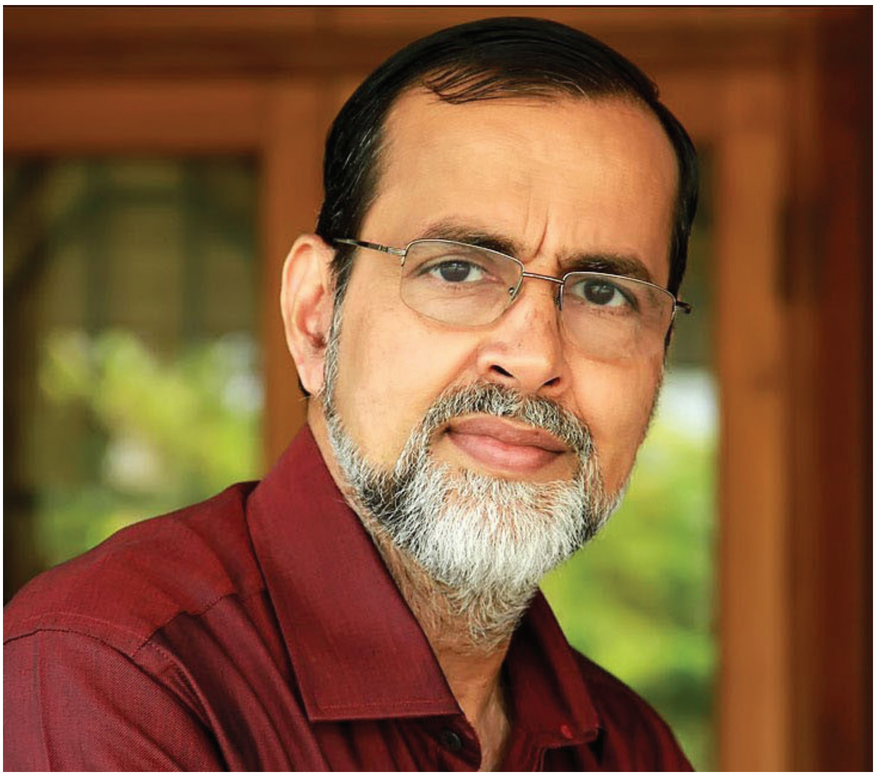
Cash flow from Operations at ₹ 154 crores in FY19 as compared to ₹ 54 crores in FY18, underlining strong cash generation

₹ 0.80 per equity share final dividend recommended by Board of Directors for FY19

Chairman's Message

DEAR SHAREHOLDERS,

THE TRANSFORMATIONAL JOURNEY WE HAD EMBARKED ON A COUPLE OF YEARS AGO IS TAKING US ACROSS NEW HORIZONS. IT HAS OPENED FOR US NEW VISTAS OF POSSIBILITIES AND OPPORTUNITIES. AND IT HAS UNLEASHED WITHIN US THE IMAGINATIVE POWERS NEEDED TO RIDE THOSE OPPORTUNITIES IN OUR QUEST TO INSPIRE A BETTER TOMORROW FOR OUR CONSUMERS AND OTHER STAKEHOLDERS.



FY19 was a year of redefining our strategic agenda to propel us along the growth trajectory more effectively and impactfully. It was a year of identifying new priorities as we surged forward towards reimagining the systems and processes of today, to build our capabilities for inspiring a better and brighter future.

ASPIRATIONAL SHIFTS

Sensing new opportunities in the present-day challenges, we prepared our roadmap for the future to give a further fillip to our future-readiness, taking a major leap forward on our growth trajectory. It was a year of digging deeper into the consumer mind, seeking out their evolving aspirations and needs, and restructuring our business approach to fulfil those needs.

As we embraced the new aspirational trend of increased premiumisation in the market, we made a strategic shift towards thoughtful, high-margin products with strong emotional attributes to challenge the traditional and more rational consumption patterns. Moving judiciously towards a more elaborate and efficient in-house manufacturing platform, we made manufacturing excellence a key mantra to lead us towards exponential growth in product capability. At the same time, we scaled our back-end transformation efforts to accelerate the pace of our futuristic journey.

Led by the goal of becoming the brand of relevance and first choice for consumers within our established Southern markets as well as the newly forayed non-South markets, we activated a three-tier digital strategy - across channels, products and enterprise, to guide us towards a more inspirational future. A smarter, contemporary and digitally connected product portfolio will, in our opinion, be a critical engine to enhance our value proposition for the future.

With our strong consumer insights to lead us, we saw the potential of the new channels emerging from the transforming industry trends and decided to adopt a unique 'Different Models Different Channels' approach to channelise our growth plans. Strong partnerships and collaborations, which have always been a key pillar of our strategic charter, will play an even more crucial role in the reimagined strategic framework of our market-oriented and consumer-centric business approach.

STRATEGIC REALIGNMENTS

Our strategic reorientation has become extremely relevant in the changing industry environment, which is witnessing a new and more intense wave of competition. I am happy to say that we, at V-Guard, have equipped ourselves well to sustain our growth momentum on this competitive landscape, while augmenting our brand equity to connect more deeply with the consumer of tomorrow.

The strategic planning exercise we have undertaken will continue to bring in more efficiencies, more inspirational moments of accomplishment, and more profitable growth as we move forward. What is important for us is to remain flexible in approach, and ready to make timely strategic realignments in our business model to keep pace with the evolving consumer aspirations and needs. Such flexibility shall lend us the necessary agility and adaptability to continuously reimagine the present and inspire the future, while constantly augmenting our consumer-led value proposition.

In this endeavour, we shall continue to focus dedicatedly on our sustained efforts to boost innovation, R&D and new product development, and roll out differentiated products with distinctive features in markets across the country. Creating more meaningful consumer engagement through more thoughtful products is at the heart of this inspiring future strategy, with which we shall also strive to strengthen and expand our consumer touchpoints.

INSPIRING A BETTER FUTURE

At V-Guard, we believe that the future which we have mapped with our new strategic framework will inspire a better life for every stakeholder of the Company. Our roadmap for tomorrow is designed to deliver profitable growth to our various stakeholders, while being structured to drive sustainable progress for the communities in which we operate.

As we move along our clearly defined growth trajectory, we remain strategically focussed on minimising our carbon footprint and creating positive interventions in the lives of those we touch. Going forward, we shall continue to make important investments in improving the lives of the underprivileged sections of the society, particularly in the communities around our manufacturing facilities. The connect we have built with all our stakeholders will be strengthened further, year on year, as we strive harder to inspire a better future for all of them.

Our roadmap for tomorrow is designed to deliver profitable growth to our various stakeholders, while being structured to drive sustainable progress for the communities in which we operate.

IN CONCLUSION

With this promise, I would like to thank all the stakeholders of the Company for their unwavering support and cooperation. They have partnered us at every step of our journey, and are indispensable, individually and collectively, to our efforts to create a more dynamic, vibrant and prosperous tomorrow. Together, let us continue to reimagine the contours of the present so that the future becomes a happier place for all of us to share.

Warm Regards,

Sd/-
Kochouseph Chittilappilly
Chairman

Managing Director's Overview

DEAR MEMBERS,

A DYNAMIC TOMORROW CAN ONLY BE ROOTED IN A VIBRANT TODAY, WHICH IS THE PHILOSOPHY THAT GUIDES US AS WE TRANSITION FROM A SATISFYING PRESENT INTO A MORE REWARDING AND EXHILARATING FUTURE.

The strong performance we have posted during the year was inspired, to a notable extent, by our innovation-led transformational agenda, encompassing our strategic focus on the new, aspirational matrices of the shifting consumer patterns.

The past one year has seen V-Guard getting more energised and inspired to lead a visionary and game-changing transformation of the consumer industry into such a future.

What we see ahead is a new tomorrow – bigger in scale, smarter in its consumption patterns, more digitally connected in its lifestyle, and extremely creative in approach. And what we have embarked on is a focussed strategic journey to make ourselves even more relevant in this tomorrow, engaging more deeply with consumers with smarter products and solutions that are crafted to meet their aspirational needs and enhance their experience with V-Guard. It is a journey which weaves excellence into every facet of our business value chain, and draws from our expertise and experience to make a meaningful difference to the lives of the consumers.

REIMAGINING OUR BUSINESS STRATEGY

At the core of this trajectory is the continuous realignment of our business strategy to the evolving futuristic needs of the consumers, which have emerged as an inspirational force to pilot our future agenda. As we moved proactively, during the year, to reimagine the systems and processes of today, and to restructure them towards tomorrow's aspirations, we realised the need for a strategic shift from our conventional business approach to a more vigorous future-centric model. Moving with agility and speed, we thus decided to reprioritise our business goals to further strengthen our customer proposition.

Our new strategic business model is centred on creating a more digitally integrated enterprise, with focus on consumer centric and high-margin product categories. We have strategically shifted towards increased premiumisation, backed by in-house manufacturing for better quality control and standardisation of systems and processes to make them more optimal and efficient. With product development and manufacturing capabilities being key priorities in our reimagined business approach, we have adopted a Manufacturing Excellence Model to ensure stringent adherence to the best global manufacturing practices. We have also reoriented our marketing strategy to make it more inclusive and expansive at the same time, focussing on high-potential markets across the country, with increased focus on the non-South region.

Our reimagined business model is designed to inspire our onward journey more efficaciously, equipping us with the necessary capacities and capabilities to promote relevance and steer transformation in line with the evolving consumer aspirations. It has been crafted to address the needs of tomorrow's consumer, who wants a more engaging product experience and a more enriching lifestyle.

PERFORMANCE-LED GROWTH

The success of our strategic reorientation is manifested in our continued growth momentum during FY19, notwithstanding the challenges of unfavourable weather conditions, floods in Kerala during Onam, and volatility in commodity and currency. Driven by the Water Heaters, Fans and Wires categories, we delivered a growth of 12% (GST-adjusted).

EBITDA grew 20% while PAT went up 24% for the year, supported by strong traction in our emerging product categories of Switchgears, Modular Switches, Kitchen Appliances and Air Coolers. During the year, we extended Kitchen Appliances to other Southern markets, launched switchgears in select non-South markets and introduced new models in Air Coolers.

I am happy to share that we continue to make good progress in the non-South markets. In FY 19, the non-South markets recorded a growth of 15% and contributed 39% of the total revenue as compared to 37% a year ago. This performance has come despite the adverse weather conditions, underlining the overall resilience of our future-driven business strategy, as well as the strong consumer insights secured through extensive research in the previous years. Inspired by this performance, we shall continue to invest in growing our presence in the non-South markets, which we see contributing 50% to our revenues over the next 4-5 years. The South markets also posted a strong recovery in second half of the year, recording a robust growth of over 16% in the last quarter.

With our focus on profitable and sustainable growth, our cash flows continue to be strong. I am happy to announce that the Company's Board has recommended a final dividend of ₹ 0.80 per equity share for FY19.

INSPIRING INNOVATION TO GROW

The strong performance we have posted during the year was inspired, to a notable extent, by our innovation-led transformational agenda, encompassing our strategic focus on the new, aspirational matrices of the shifting consumer patterns. Harnessing our understanding of the new trends, we continued to enhance our brand rejuvenation efforts as we surged forward to transform ourselves into a leading multiproduct and pan Indian brand in the consumer electrical space.

With the aim of future-proofing the organisation, we also continued to invest in our brand strengthening initiatives, besides building best-in-class systems and processes, and enhancing our New Product Development capabilities. Besides these, we are also focussing on increasing in-house manufacturing, enhancing Quality Assurance and improving salesforce productivity, as these will be critical elements of our future strategy.

We, at V-Guard are fully cognizant of the criticality of our People to the strategy for tomorrow. Our people policies are designed to attract and retain good quality talent. We have made several strategic hires in senior and mid-level positions to drive our growth agenda. We continue to invest significantly in skill development programmes and learning infrastructure. Our workplaces are also transforming into a vibrant atmosphere which augments employee engagement, productivity and work-life balance.

OUTLOOK

The future-readiness we have developed across the organisation has equipped us to seize the opportunities of tomorrow, and realise our goals, at the back of our growing distribution and retail networks. Our enhanced manufacturing strength and brand visibility will also help further scale up our business proposition and consumer connect. Sustained and focussed expansion into the non-South markets, backed by continued investment in enhancing our organisational capabilities, will further improve our competitive edge. We are also on the lookout for favourable inorganic growth opportunities, for which we have a strong leverage in the form of a healthy balance sheet.

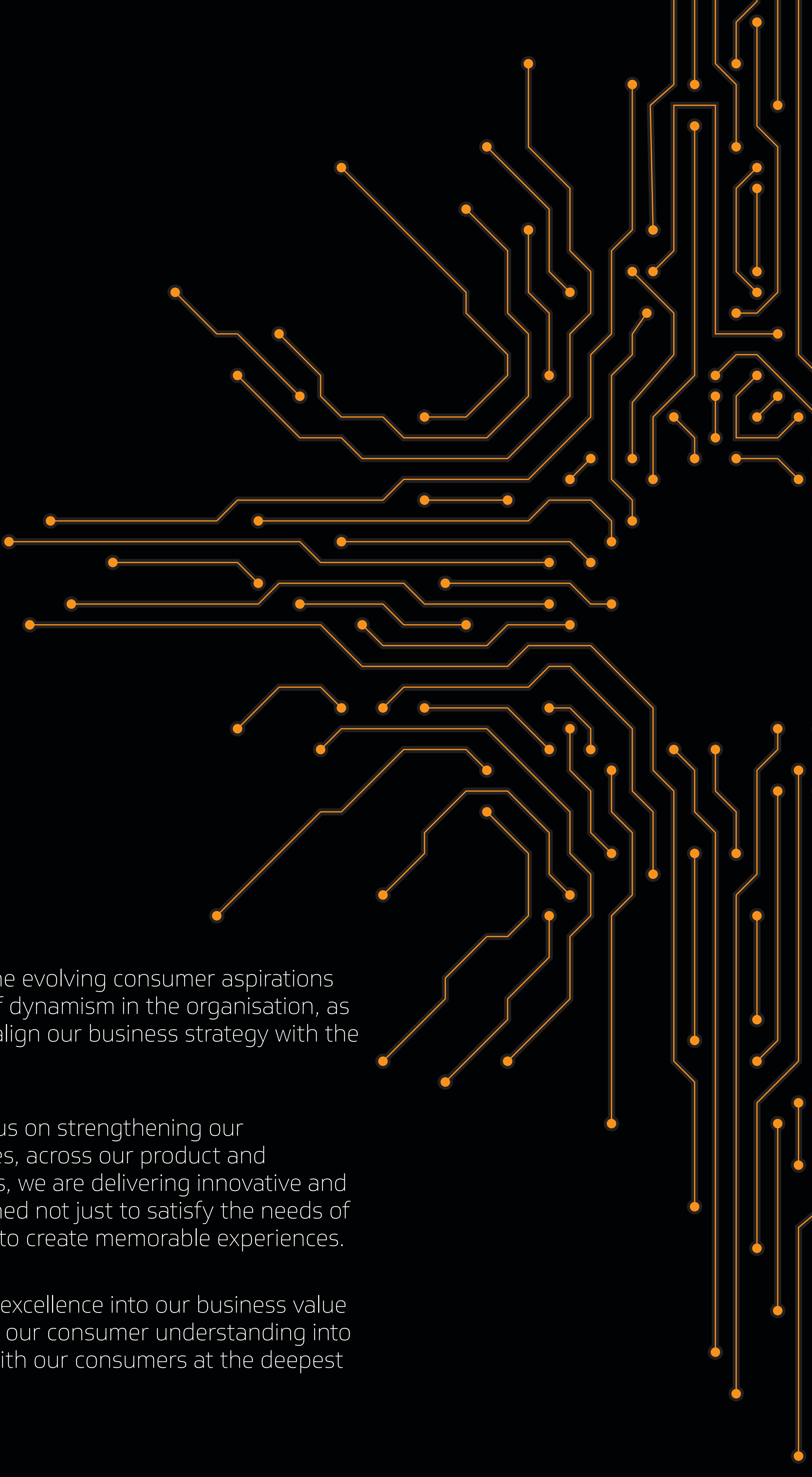
As a consumer-centric organisation with an eye on tomorrow's needs, we remain committed to continuously driving our strategic choices in our endeavour to create meaningful value for all our stakeholders. Steering this approach is our thrust on innovation and new product development, which will continue to help us roll out differentiated offerings, and drive profitable and sustainable growth.

The growth environment is positive, and we shall continue, with our visionary focus and determination, not just to pre-empt and meet the future needs of the discerning consumers but also to stimulate consumer demand across product categories and markets. Going forward, we see our efforts to continuously reimagine our strategy helping us align our business more powerfully with the transforming demand scenario, to inspire a better tomorrow for all of us.

With Regards,

Sd/-
Mithun K Chittilappilly
Managing Director

AT V-GUARD, OUR FUTURISTIC VISION IS STEERING THE TRANSFORMATIONAL JOURNEY OF REIMAGINING TODAY TO INSPIRE AN EXCITING AND VIBRANT TOMORROW.



Our deep insights into the evolving consumer aspirations are driving a new level of dynamism in the organisation, as we move proactively to align our business strategy with the needs of tomorrow.

Led by an enhanced focus on strengthening our organisational capabilities, across our product and manufacturing platforms, we are delivering innovative and intuitive products designed not just to satisfy the needs of our consumers but also to create memorable experiences.

Weaving manufacturing excellence into our business value chain, we are translating our consumer understanding into offerings that connect with our consumers at the deepest level of their aspirations.

Reconstructing Today for a Better Tomorrow

WE, AT V-GUARD, ARE CONTINUALLY CHANGING TO BE COMPETITIVE IN AN EVOLVING BUSINESS LANDSCAPE WHICH IS BECOMING MORE COMPLEX AND TOUGHER. WITH THE CHANGING CONSUMER PREFERENCES AND OTHER MARKET TRENDS, IT IS IMPERATIVE THAT WE DEFINE OUR STRATEGY TODAY, WHICH WILL INSPIRE OUR CONSUMERS AND OTHER STAKEHOLDERS TOMORROW.

While we have always focussed on, and succeeded in achieving performance milestones and creating substantial value for our shareholders, we realise the need now to further sharpen our business approach. With the business environment becoming more diverse, dynamic, interconnected and unpredictable than ever before, it is imperative for V-Guard to reimagine the current and move with agility to implement the strategic priorities for a sustainable and profitable growth in the future.

ELEMENTS OF OUR STRATEGIC REALIGNMENT

In realigning our growth strategy to make it more relevant and connected to the consumers, we have identified various elements to reimagine today. Among these are:

Sources of growth

- Focus on emerging and newer categories with higher gross margins
- Geographical expansion and penetration
- Premiumisation

Supply capability

Shifting from largely outsourced supply to in-house manufacturing in order to derive cost competitiveness and enable innovation

Talent pool

Building the employer brand in order to attract, develop and retain good quality talent

Capability development

Developing various organisational capabilities working with top-of-the-line experts and consultants to implement transformation programmes in various areas

Processes & workflows

Implementing best-in-class processes which will facilitate V-Guard's transition to a large organisation

Strengthening the organisation

Building newer capabilities and functions keeping in mind the future requirements and growth

As part of our transformational future-led journey, we are also moving towards becoming a deeper product capability driven organisation, with innovation, quality and cost efficiency as key levers of competitiveness. In addition to Supply Chain interventions like 'Udaan', we are undertaking transformation initiatives in several other functions and areas to augment capabilities in our organisation and inspire a better tomorrow.

INTEGRATED APPROACH TO REALIGNMENT

We believe that while building capabilities across the board at the right time is important, it is equally vital to have organisation-wide synchronised plan and actions on integrating such capabilities seamlessly. This would enable a greater focus and competitive advantage for the organisation, along with integrated processes, workflows and interfaces, supported by appropriate structural changes.

Given the significant challenges of change management involved in such synchronsation and integration, a clear and well-defined process of Strategic Planning is required, which will eventually determine the impact of the capability inductions and its outcomes in terms of organisational performance. The Strategic Planning process, therefore, is a critical component of our future – it provides a long-term perspective, brings focus and momentum on actions relating to multi-year initiatives and enables optimal long-term resource allocation, ensuring consistent visibility and strong leadership support.

The Reimagined V-Guard Strategic Framework

V-Guard is powering its journey towards a more impactful and energising future for the new-age consumers. Our reimagined strategic framework is driven using deep consumer insights, wider market knowledge and enhanced internal capabilities for driving our future-readiness and acceptance.

In sync with the transforming needs and desires of the consumers, we are moving proactively towards increased focus on building capabilities to create new touchpoints of consumer experience, which goes beyond products and solutions. Our mission to deliver inspiration is centred around a diversified and meaningful product portfolio, brand, innovation, distribution and manufacturing capabilities.

- Product Portfolio to be oriented towards '**consumer centric categories**'
- To connect with the consumers of today and their aspirational needs, we will focus on **premiumisation** of our product portfolio
- Investment in **brand awareness,** especially in our new markets, to enhance brand visibility and salience
- Leveraging **consumer insights for innovation**, strengthening the internal **innovation infrastructure** and **external co-creation**
- In line with our ambition to become a truly **pan-India** player catering to a large and diverse set of consumers, we will continue to invest for growth in non-South markets
- Foraying into wider **non-traditional channel** network
- Enhancing **digital agenda and capabilities** across **enterprise, smart and connected products** and **digital channel and commerce**
- Moving towards more **in-house manufacturing** strategically to boost product capability and scale efficiencies
- Improving **centralised sourcing**, **value engineering**, and powering our journey towards **manufacturing excellence**

Building Capabilities for Thoughtful Products

THE DYNAMICALLY EVOLVING CONSUMER LANDSCAPE IN INDIA IS BEING DRIVEN BY CHANGING CONSUMER ASPIRATIONS AND PREFERENCES. THE CONSUMER OF TOMORROW WANTS PRODUCTS THAT DELIVER MORE THAN JUST CONVENIENCE. THE EVOLVING CONSUMER ASPIRES FOR PRODUCTS THAT ENGAGE WITH HER SENSES TO DELIVER THE ULTIMATE EXPERIENCE. WHAT SHE WANTS IS PRODUCTS THAT HELP HER LIVE BETTER AND SMARTER AND MAKE HER MORE INTRICATELY CONNECTED WITH HER HOME.

THE CUSTOMER HYPER-SEGMENTATION RESULTING FROM THIS FAST-PACED CONSUMER TRANSFORMATION NECESSITATES A DIFFERENTIATED PRODUCT PORTFOLIO FOR THE TRANSLATION OF OUR NEW STRATEGIC FRAMEWORK INTO REALISABLE LONG-TERM GOALS.

INSIGHT DRIVEN PRODUCT PROPOSITION

As a consumer-centric organisation, we are aligning more closely to consumer needs, delivering product leadership to delight consumers with thoughtful offerings created to make their life better. Our investments in consumer research have equipped us with the ability to identify and act on their pain points, through an innovative and carefully engineered product play designed to act on consumer insights efficaciously and with agility.

With innovation as a mainstay of our futuristic journey, we are constantly endeavouring to push our design and development capabilities to the next level. Investment in world-class capabilities such as PLM (Product Lifecycle Management) and best-in-class processes is lending a new edge to our capabilities in innovation, which we are continually reimagining to steer future growth.

Our insights-driven Product Planning and New Product Development (NPD) processes are structured to cater to the diversified customer needs for smart and futuristic solutions across categories and price points, with swifter time-to-market to help us stay ahead in the competitive and dynamic market environment.

Product Planning and New Product Development equipped with best-in-class PLM solution will provide the impetus for our Product Play to power profitable growth.

COLLABORATING TO DELIVER PRODUCT LEADERSHIP

To bring alive a more thoughtful proposition across our product bouquet, we are associating with external partners on product development as part of our reimagined business strategy. These partners will drive design leadership, integrated with thoughtful features, in line with the philosophy of the V-Guard brand to build a strong consumer connect, in tandem with the changing market landscape. By leveraging technical associations, we aim to integrate newer, more advanced technologies into our products to further strengthen our consumer engagement and relevance.

TOWARDS A SMARTER TOMORROW

Our future-forward play is modelled on the growing aspirational culture among consumers who seek a blend of premiumness, modernity and progressiveness in their homes. Smart, thoughtful, digital and connected products are emerging as the game changers for us in this dynamically transforming environment, as we strive to make a more significant impact in the lives of our consumers. We will continue to explore inorganic opportunities also for building such long-term product capability.

Our recent forays into Air Coolers and Kitchen Appliances were aligned to this change, and consumer response has encouraged us to come out with new models of Air Coolers, and also to launch Rice Cookers to complement our differentiated kitchen product range of Induction Cooktops, Gas Cooktops and Mixer Grinders.

Guided by our insights into the pain points of consumers of Air Coolers, we have designed the Aikido model with enhanced features enabling better cooling.

Strengthening Capabilities for Manufacturing Excellence

THE FOUNDATION OF A FUTURE-READY V-GUARD IS BUILT ON MANUFACTURING EXCELLENCE AND WE HAVE STRATEGICALLY EMBARKED ON THIS JOURNEY WITH INCREASED THRUST ON BUILDING A ROBUST PLATFORM OF IN-HOUSE MANUFACTURING.

OUR MANUFACTURING EXCELLENCE PROGRAMME IS AIMED AT ENABLING COST LEADERSHIP, TO HELP US BUILD STRONG PRODUCT CAPABILITY IN AN EVOLVING MARKET. IN THIS QUEST, WE ARE STEERED AND INSPIRED BY OUR CONSUMER INSIGHTS, WHICH WE ARE CONTINUOUSLY TRANSLATING INTO BETTER UNDERSTANDING OF THEIR NEEDS, AND THEN DELIVERING TO THOSE NEEDS THROUGH IMPROVED PRODUCT DESIGNS AND MANUFACTURING EXCELLENCE.

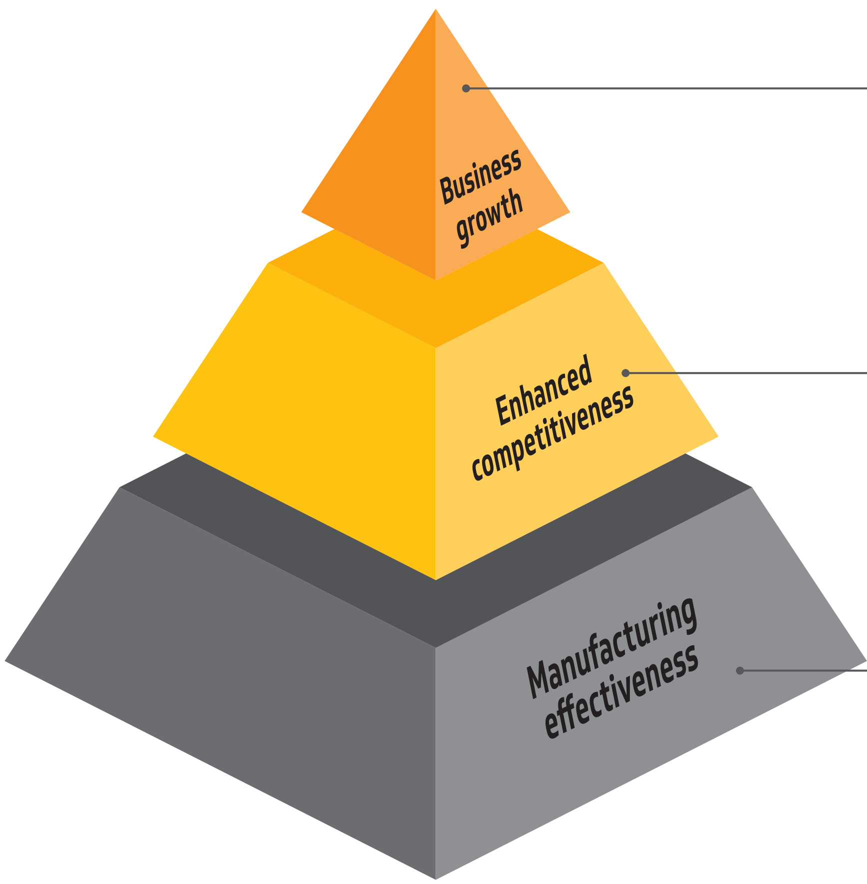
Guided by the IMEA (Indian Manufacturing Excellence Award) criteria, we adopted a 3-tier Global Manufacturing Excellence Model which is built on the global manufacturing best-in-class practices and objective measurement of the manufacturing facility's health across 12 operational parameters as well as its business results (for both financial and non-financial goals).

STRENGTHENING OUR MANUFACTURING PLATFORM

Giving shape to product innovations, crafted to enrich the lives of consumers, requires strong manufacturing capabilities, backed by world-class systems and processes. The growing expectations of discerning consumers is finding resonance in the increasing demand for our products, which we have decided to meet by strengthening our in-house manufacturing capacity and capability. We are focussing on Six Sigma, TPM, lean manufacturing and other Manufacturing Excellence initiatives across our plants to drive efficiency across the value chain.

OUR MANUFACTURING EXCELLENCE JOURNEY

Led by our strategic shift to in-house manufacturing as a tool to strengthen our competency and competitiveness, we adopted a leading Global Manufacturing Excellence Model during FY19. We have mapped the Manufacturing Excellence journey for the Company to move progressively from Organisational Commitment to System Development and Lean Manufacturing, culminating in the final phase of Continuous Improvement & Collaboration. We believe this journey will take us more expeditiously towards higher profitable growth in the future.



Addressing Stakeholder Needs

- Returns
- Margins
- Y-o-Y Growth

Building a Competent Supply Chain

- Meeting Customer Expectations
- Identifying Competitive Differentiators
- Achieving Customer Preference
- Gaining Competitive Advantage

Building a Capable Supply Chain

- Standardised Operations
- Robust Processes
- Learning Organisation
- Efficient Plant

The Manufacturing Excellence Programme aims to

- Create a platform and a structured programme to drive operational excellence across all sites of V-Guard
- Institute internal awards programme to create a competitive environment and accelerate the excellence journey
- Create a support structure to train, guide and mentor teams to adopt and walk the manufacturing excellence journey

ENDORSING OUR MANUFACTURING EXCELLENCE

Our excellence proposition is endorsed by the various awards and recognitions we have received across segments. Our Wires & Cables have the following quality certifications & awards, underlining our manufacturing excellence.

Manufacturing and Quality Awards

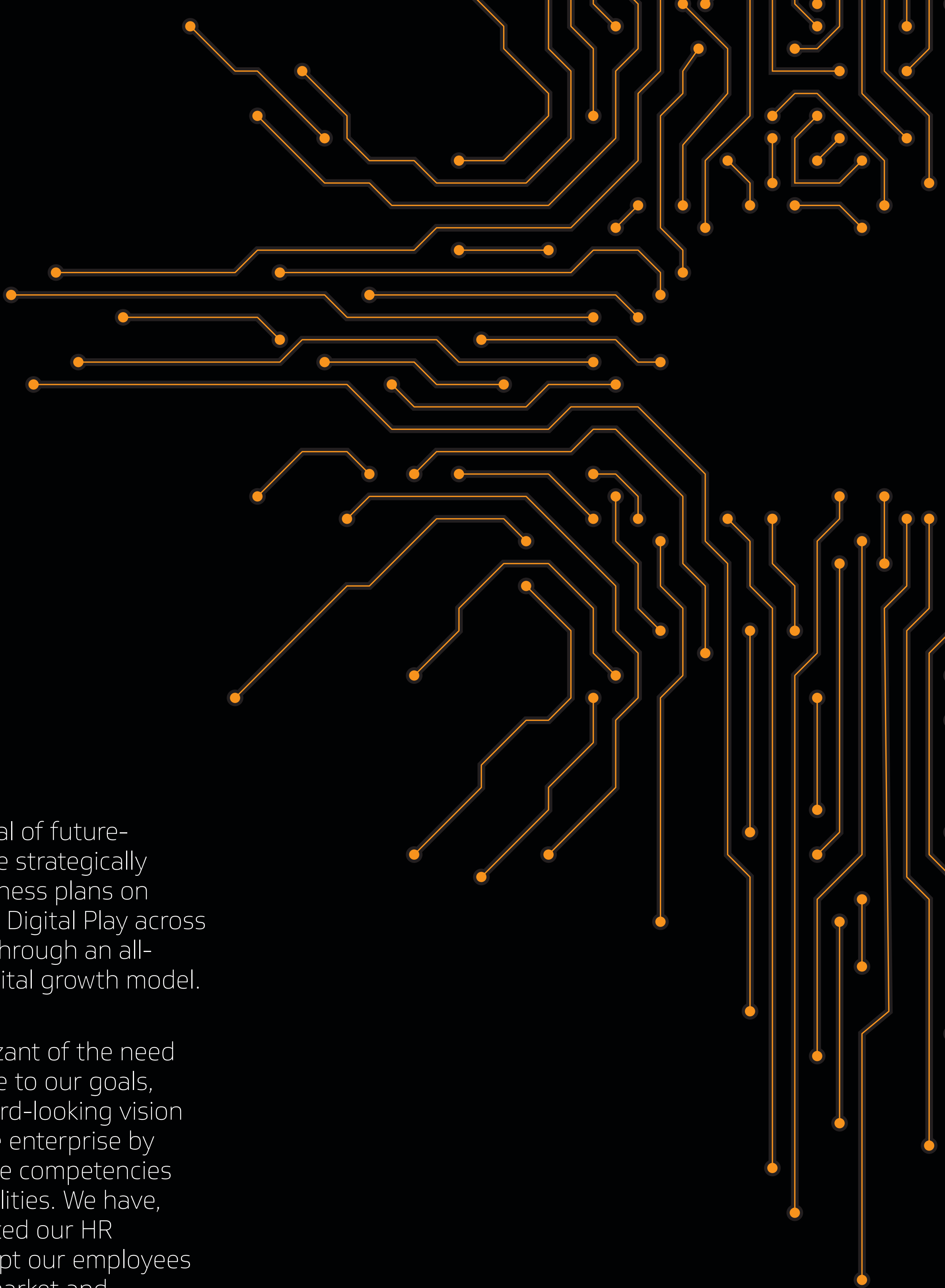
Perundurai Solar Water Heater Plant bagged **2nd Runner up position** in 2nd CII National Competition on SPC – Towards Zero Defect

Perundurai Solar Water Heater Plant bagged '**Par Excellence Award**' in 32nd National Convention on Quality Concepts (NCQC-2018) at ABV – Institute of Information Technology & Management, Gwalior

Chavadi WCD Unit was conferred with '**First 5S Certified Cable Plant**' from JUSE 5S Certification

Chavadi & Kashipur WCD Unit bagged **'Par Excellence' in highest category Award** at National Level QC Contest Quality Circle Forum of India Awards. The plant also got qualified for ICQCC 2019 at Japan.

IN OUR ENDEAVOUR TO BUILD ORGANISATIONAL CAPABILITY FOR THE REALISATION OF OUR STRATEGIC OBJECTIVES, WE ARE SUPPORTED BY SOME KEY ENABLERS. AS WE CONTINUE TO POWER OUR EFFORTS TOWARDS INCREASED CAPABILITY-BUILDING, WE ARE DEDICATEDLY CONCENTRATING ON NURTURING AND ENHANCING THESE ENABLERS.



To achieve our goal of future-readiness, we have strategically focussed our business plans on strengthening the Digital Play across the organisation through an all-encompassing digital growth model.

We are also cognizant of the need to align our People to our goals, to steer our forward-looking vision of reimagining the enterprise by leveraging our core competencies and strong capabilities. We have, accordingly, revisited our HR philosophy to adapt our employees to the changing market and consumption patterns.

Digitalisation. for a Better Tomorrow

IN THE CHANGING MILIEU OF TRANSFORMING ASPIRATIONS AND NEEDS, DIGITALISATION HAS EMERGED AS AN INCISIVE DRIVER OF OUR STRATEGIC FRAMEWORK OF FUTURE GROWTH. THE DIGITAL SAVVY NEW-AGE CONSUMER SEEKS A MORE SEAMLESS AND INTEGRATED PRODUCT AND SERVICE EXPERIENCE TO FULFIL HER DESIRES, WHICH WE, AT V-GUARD ARE CONTINUOUSLY STRIVING TO ENHANCE THROUGH DIGITAL PLAY ACROSS PRODUCTS, CHANNELS AND THE ENTERPRISE AT LARGE.

As we continue to live our core brand ethos of connecting more deeply with tomorrow's consumer, we are reimagining our products to make them more thoughtful by imbuing them with smart and digital features. At the same time, we are relooking at our marketing approach to make it more digitally evolved and engaging for today's digitally empowered consumer, in order to create a more enabling environment for her transition into the future.

TOWARDS DIGITAL READINESS

The increasing digital savviness of today's consumer has inspired us to embrace the digitalisation process with greater speed. Leading this journey is a 3-pronged strategy, which we are continuously strengthening to accelerate the pace of our transformation - from being today's enterprise to becoming tomorrow's inspiration.

Digital Channels

With the digital channel emerging as the engine for growing business in the fast-growing e-commerce segment, we are actively strengthening and developing our omni-channel presence. We are leveraging our presence in the existing e-commerce platforms to reach out to the digital-age consumer, and are looking at more such dynamic partnerships to propel our e-commerce growth. Our DMDC model is another powerful driver of our **Digital Channel** strategy.

Digital Products

Our strong consumer insights have become the propellers of our innovation thrust, with our new product developments focussed prudently on catering to the consumer need for smarter and more contemporary **Digital Products**, using IoT, and other technological advancements.

Digital Enterprise

To strengthen our interaction with the digital world, we have embarked on an enterprise-wide digitalisation trajectory. We are passionately engaged in connecting the organisation and its people through digitalised business processes that will catapult us to the next level of profitable growth while building a **Digital Enterprise.**

At V-Guard, we are laying the foundation of a data driven digital marketing approach which is focussed on creating engagement at every step of the consumer's online journey

DIGITALISATION OF STRATEGIC SOURCING

As part of our digitalisation drive, we have partnered with a leading global IT partner to digitalise our strategic sourcing/procurement function to bring in operational efficiency and productivity, and enabling better price discovery.

BRAND BUILDING IN A DIGITAL WORLD

The prolific growth of digital mediums, catalysed by the evolving consumer aspirations, has motivated us to leverage emerging digital platforms more aggressively and effectively in order to build a vibrant digital brand. V-Guard is focussed on staying relevant to its consumers and forming meaningful conversations with them. As part of its evolution, V-Guard has been quick to embrace newer mediums of brand building like social media, online, WhatsApp etc., to engage with its customers and consumers alike.

Digital mediums played a strategic role in all the major brand promotion campaigns undertaken in FY 19 with an intent of building a brand that is dynamic, vibrant and youthful.

V-Guard also strengthened content marketing initiatives creating custom made content for platforms like Facebook, Instagram, WhatsApp and YouTube making sure the brand plays a meaningful role in the consumer's life as well as engaging and staying connected with our audiences.

ENDEARING COMMUNICATION FOR LONG LASTING IMPACT

As a trendsetter brand V-Guard has been setting benchmarks not only with its products, but also with its communication.

Apart from a host of other communications, in FY 19, V-Guard unveiled the new category proposition for wires – 'Long lasting wires'. Breaking conventions, V-Guard launched the communication exclusively on Facebook & Instagram. A 360 degree communication that used the Digital, OOH (Out of Home) and retail communication platforms, was built on an innovative path breaking creative plank using wire art. In a low involvement category, the communication has enabled a differentiated positioning for V-Guard wires as the long lasting wire.

Realising Goals Through People Empowerment

WE BELIEVE THAT OUR PEOPLE ARE CATALYSTS FOR DRIVING CHANGE AND BRINGING HOME A BETTER TOMORROW. OUR TALENTED WORKFORCE IS AN INTEGRAL PART OF OUR LONG-TERM GOALS AND STRATEGIC GROWTH PLANS.

We are continuously investing today in processes and tools to equip our people with the skills of tomorrow, which will enable the organisation to achieve its future goals. We have reimagined our Human Resources (HR) philosophy to build a culture of collective progress to inspire our forward journey. Our people policies are centred around attracting and retaining best-in-class talent, planning for critical roles and ensuring continuous learning and development.

We are recalibrating our HR processes to enhance digitalised employee engagement through digitalised on-boarding, digitalised document management system and 'App' enabled people management systems.

We have undertaken a multitude of initiatives to create a conducive environment for enabling continuous Learning & Development for our employees including formation of a corporate club (Toastmasters Club) and launch of 'Vigyan' – a programme for continual learning and helping employees learn from achievers in different fields. Initiatives to inculcate the spirit and values of V-Guard were undertaken.

In our endeavour to create a safe working environment, we strengthened our EHS (Environment Health & Safety) function. Training sessions on policies such as Whistle Blowing, Prevention of Sexual Harassment and Guidelines on responsible social media usage were conducted.

In alignment with new brand identity, many regional offices across locations went through a makeover. The same has been extended to our factories too lending to one signature look and feel of the brand across locations. We also set up a best-in-class sports centre at our Corporate Office to ensure healthy work-life balance.

Inspiring a Better Tomorrow for Society

IN OUR JOURNEY TO REIMAGINE TODAY FOR INSPIRING A BETTER TOMORROW, WE HAVE CREATED A HOLISTIC VALUE PROPOSITION THAT ENCOMPASSES AND IMPACTS THE COMMUNITIES IN WHICH WE OPERATE. OUR CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES SEEK TO TRANSFORM THE LIVES OF THE BENEFICIARIES IN THE KEY AREAS OF: EDUCATION & SKILL DEVELOPMENT, HEALTHCARE, BUILD INDIA & RELIEF PROGRAMME, AND SPORTS, ARTS & CULTURE.

SOME OF THE IMPORTANT CSR INITIATIVES AND PROGRAMMES LAUNCHED/ TAKEN FORWARD DURING FY19 INCLUDE:

NAVDARSHAN PROJECT

This 3-year project aims to benefit 600 special needs children in 5 selected special schools in Kerala. It is focussed on Support for infrastructure development of special schools, Train the Teacher programmes, Support for different therapeutic (speech, occupational therapy, physiotherapy) needs of children, and Vocational training.

V-GUARD 'REBUILD KERALA' PROJECT

This was launched by V-Guard Foundation in the wake of the unprecedented Kerala floods to provide assistance to 154 houses for repair to flood affected houses of economically weaker sections of the society with special focus on women in the three Districts of Ernakulam, Thrissur and Alleppey.

RECYCLE FOR A BETTER TOMORROW

A plastic recycling machine has been installed at Hubballi Junction railway station, in association with Indian Railways, for commuters to deposit used plastic (PET) bottles. The machine crushes plastic bottles and converts them into granules, which can be used for making bags, sports clothes and other useful products.

TARANG

Targeted at youth in Kerala, Karnataka, Odisha and Uttar Pradesh, the programme, in partnership with Indraprastha Academy, seeks to empower under-privileged youth to lead sustainable livelihoods. This residential technical skill development provides classroom training and on-the-job training with a Government and industry recognised certificate, and is aligned to the Government of India's Skill Development Mission principles and goals.

IMPACT DURING FY19

- **100 youth** enrolled in Tarang Training Programme
- **96 youth** completed on-the-job training
- **72 youth** were placed in reputed companies

SCHOOL SUPPORT PROJECT

Aimed at providing a comfortable learning atmosphere for children in schools in rural and semi-urban areas, the project is operational in the states of Kerala, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh, Odisha, Uttarakhand, Himachal Pradesh, Haryana, West Bengal, Sikkim and Assam. As part of improving the infrastructure at schools, V-Guard provided desks and benches, along with water purifiers. We also provided stationery to students.

IMPACT DURING FY19

- Provided 25 projectors to 25 government schools in Kolkata
- Provided generators and inverters to special schools in Kochi, Mumbai and Kashipur
- Constructed 4 Classrooms at Farruk Nagar (Gurugram), Moginand (Himachal Pradesh) & Majhitar (Sikkim) and 7 hand wash stations at Khrudha (Odisha)
- Provided safe drinking water to 4,000 students through installation of RO Plant and water purifiers in 6 government schools
- Provided one smart classroom at Government Senior Secondary School, Rangpo, Sikkim
- Provided 415 desks and benches to government schools at Raipur, Rangpo, Bhopal, Khrudha, and Tezpur
- Provided incinerator to Government High School, Coimbatore

Corporate Information

BOARD OF DIRECTORS

Mr. Kochouseph Chittilappilly
Chairman

Mr. Cherian N Punnoose
Vice-Chairman

Mr. Mithun K Chittilappilly
Managing Director

Mr. Ramachandran V
Director & Chief Operating Officer

Mr. C J George
Director

Mr. A K Nair
Director

Mr. Ullas K Kamath
Director

Ms. Joshna Johnson Thomas
Director

Ms. Radha Unni
Director

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Cherian N Punnoose
Chairman

Mr. Mithun K Chittilappilly
Member

Mr. C J George
Member

Mr. A K Nair
Member

Mr. Ullas K Kamath
Member

Ms. Radha Unni
Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Cherian N Punnoose
Chairman

Mr. C J George
Member

Mr. Mithun K Chittilappilly
Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. C J George
Chairman

Mr. Cherian N Punnoose
Member

Mr. A K Nair
Member

Ms. Joshna Johnson Thomas
Member

Ms. Radha Unni
Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Kochouseph Chittilappilly
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

The National Stock Exchange of India Limited

BSE Limited

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
Surya, 35, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641 028
Phone: 0422-2314792
Email: coimbatore@linkintime.co.in

PLANT LOCATIONS

Wires & Cable Division
KG Chavadi, Palakkad Main Road,
Coimbatore - 641 105

Solar Inverter
KG Chavadi, Palakkad Main Road,
Coimbatore - 641 105

Wires & Cable Division
6th KM Stone, Moradabad Road,
Khasra No. 86, Village Basai,
Udhamsingh Nagar Dist.,
Kashipur - 244 713

Pump Division
22/113 E, Karayampalam Road,
Mylampatti Post
Coimbatore - 641 062

Solar Water Heater Division
KK 12,13,14,15, Sipcot Industrial
Growth Centre, Perundurai,
Erode (Dt), Coimbatore - 638 052

Water Heater & Fan Division
Village Bankebada, Near
Moginand High School,
Nahan Kala Amb Road, Moginand
PO, Tehsil Nahan, Sirmaur (Dt)
Himachal Pradesh - 173 030

Stabiliser Divisions
Unit 1. Plot No. 2230/5424,
Majhitar, Rangpo, East Sikkim,
Sikkim - 737 136

Unit 2. Plot No.2200, SMIT
Road, West Pandam, Duga Ilaka
(Majhitar), East Sikkim - 737 136,
Sikkim

Water Heater Division
Rangpo Namchi Road,
Mamring, South Sikkim - 737 132,
Sikkim

BANKERS

HDFC Bank Limited

ICICI Bank Limited

Federal Bank Limited

YES Bank Limited

State Bank of India

CITI Bank

Management Discussion & Analysis

1. ECONOMIC REVIEW & OUTLOOK

Uncertainty in the global trade policy and subdued performance in some of the major European and Asian economies led the International Monetary Fund (IMF) lower its global growth forecast to 3.3 percent in 2019, down from 3.6 percent in 2018. In 2020, growth is expected to revert to 3.6 percent. Trade tensions, rising interest rates, dollar appreciation, capital outflows and volatile oil prices were some of the challenges faced by emerging market and developing economies in the second half of 2018, some of which are expected to carry over in 2019. Improved momentum in emerging market and developing economies is projected to continue into 2020. However, activity in advanced economies is projected to continue to slow down as the impact of US fiscal stimulus fades.

The resilience of the Indian economy continued through 2018 with a GDP growth of 7.1 percent growth as compared to 6.7 percent recorded in 2017. The performance is commendable amidst the backdrop of the initial slowdown due to the implementation of the Goods and Services Tax (GST) in the previous year as well as the overall uncertainty and weakness in the global economy. Several path breaking reforms have been implemented over the past few years including GST, the Insolvency and Bankruptcy Code, liberalisation of FDI norms, labour reforms and improvement in Ease of Doing Business. These economic reforms have improved the investment and business climate and supported the overall pace of economic growth.

According to the IMF, India's economic growth is poised to accelerate further to 7.3% in 2019 and 7.5% in 2020, retaining its tag as the fastest growing large economy in the world. India will be a beneficiary of a revival in investment and robust consumption demand, coupled with a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

Important steps have been taken to strengthen financial sector balance sheets, including accelerated resolution of non-performing assets under a simplified bankruptcy framework. Further, the Interim Budget 2019-20 proposed direct cash transfer programme for farmers and the middle-class tax relief measures which will provide a significant fiscal stimulus. The government's thrust on rural spending, infrastructure creation and irrigation spending are expected to provide support to rural incomes over the short to medium term. India's favorable demographics should continue to assist strong growth rates in the coming years and the roadmap has been laid to propel India to become a US$ 5 trillion economy over the next few years.

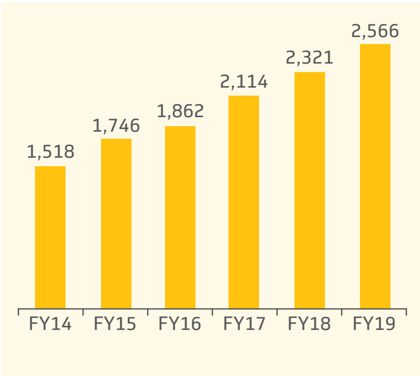
2. SECTOR OVERVIEW

The Indian consumer electricals sector is on a sustained growth path arising from a confluence of enduring macro and demographic factors. Rising income levels, growing aspirations of the middle class, rapid urbanization, better outlook of housing, electrification and improving affordability are likely to drive better penetration and product premiumization. Further, government reforms like GST are likely to drive a shift from unorganized to organised players. V-Guard with its pan-India presence, strong brand equity and visibility, diversified product portfolio, and well-entrenched distribution reach is well poised to capture the enormous opportunity.

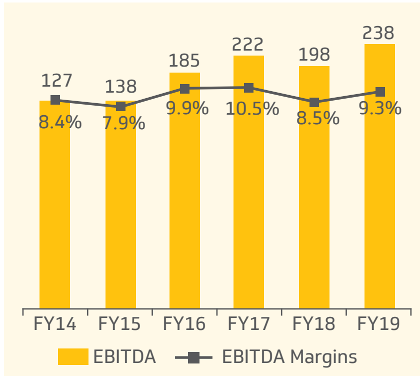
3. REVIEW OF OPERATIONS

Financial Performance (FY14-19), (₹ in crores)

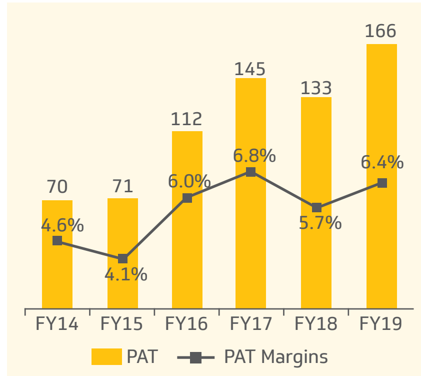
Revenue



EBITDA and Margins



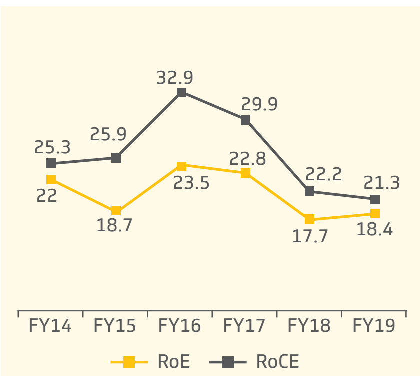
PAT and Margins



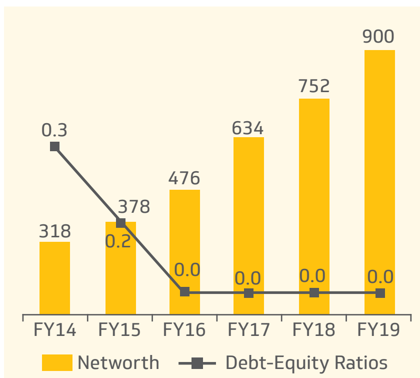
Note 1: Please note that that consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT, etc., are not part of Revenue. Hence, the revenue and growth calculations for FY 19 and FY 18, are not strictly comparable with FY 17 and prior periods.

Note 2: V-Guard underwent brand rejuvenation in Q4 FY18 where significant investments (₹ 45 crore ATL spends) were made resulting in lower EBITDA and PAT for FY18. Some part of the activities were also covered in Q1 FY19.

RoE & RoCE

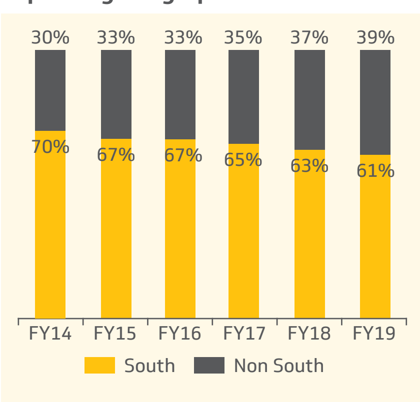


Networth & Debt-Equity Ratios

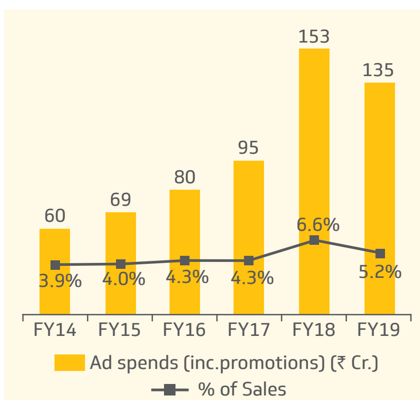


Operational Performance (FY14-19)

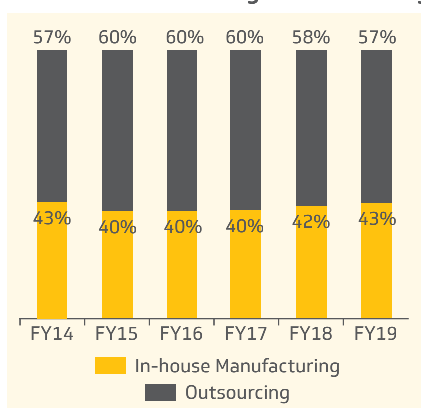
Expanding Geographic Presence



Ad Spends and as a % of Sales



In-house Manufacturing vs. Outsourcing



Key ratios (%)	FY19	FY18
Gross Margin	29.9%	30.0%
EBITDA Margin	9.3%	8.5%
Net Margin	6.4%	5.7%
Ad Expenditure (incl. promotions)/Total Revenues	5.2%	6.6%
Employee Cost/ Total Operating Income	7.9%	7.3%
Other Expenditure/ Total Operating Income	13.5%	14.6%
Tax rate	22.9%	24.9%
Diluted EPS (₹)	3.82	3.08

Balance Sheet Snapshot (₹ cr)	31 Mar 2019	31 Mar 2018
Net worth	899.7	751.6
Gross debt	10.0	2.4
Current Investments	83.1	75.2
Cash and cash equivalents	84.3	4.7
Net Cash Position (₹ crore)	157.4	77.5
Fixed Assets	221.2	208.1

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

4. DIVIDEND

The Board has recommended final dividend of ₹ 0.80 per equity share for the financial year ended on March 31, 2019 payable subject to approval at the ensuing annual general meeting.

The Company believes in maintaining a judicious balance between dividend distribution and cash retention. Cash retention is required for future growth, synergistic acquisitions and to meet any unforeseen contingency.

5. SEGMENT-WISE REVIEW

Products	FY19 (₹ Cr)	Contribution (%)	FY18 (₹ Cr)	Contribution (%)	YoY growth (%)
Electronics	759.9	30%	729.2	31%	4.2%
Electricals	1,128.6	44%	1,017.1	44%	11.0%
Consumer Durables	677.9	26%	575.0	25%	17.9%
Grand Total	2,566.4	100%	2,321.3	100%	10.6%

a. Electronics

The Company's electronics segment comprises voltage stabilizers and UPS systems. Sales in this segment are largely dependent on the sale of Consumer Durables and on the power situation in the country.

The Company is the market leader in the voltage stabilizer category. Sales of stabilizer are largely dependent on the demand for consumer electronics such as air conditioners, refrigerators and televisions. Stabilizer sales during the year was adversely affected due to unfavourable weather conditions which impacted sales of air conditioners and refrigerators. With evolving consumer homes and changing consumer preferences, the Company has designed its new range of aesthetically superior Stabilizers to seamlessly blend into the home décor.

With an accent on premiumization and connected devices, the electronics segment presents an attractive growth opportunity.

With a focus to premiumise the UPS category, Smart and Next Gen variants were launched during the year. The Company has undertaken various value engineering initiatives as part of optimizing the existing designs of batteries. This category will be one of the key growth drivers for the Company, especially in the non-South market.

b. 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 house wiring cables market in India is primarily driven by growth of real estate including residential and commercial, industries, utilities, and infrastructure. The Company undertakes extensive branding initiatives, frequent product improvements to deliver better performance and safety related enhancements. The Company has a well-entrenched distribution network which ensures timely supply of the product and acts as a key differentiator in this commoditized product category. While the offtake for Wires was adversely impacted by the floods in Kerala in Q2 of FY19, it made a strong comeback during the last quarter of the financial year. Going forward, The Company expect that e-way bill and invoice matching will help organized players gain shares in this category.

Sale of pumps is linked to monsoon season and changes in the water table. The Company sells both residential/single phase pumps as well as agricultural pumps, though majority of the sales currently are from residential segment. The pumps category on an overall basis remained flat in FY19 on account of higher water table across South India, even though non-South markets delivered high volume growth.

Switchgears delivered good growth during the year. The company acquired 74% equity in GUTS Electro-mech Ltd in August 2017. This acquisition has yielded good results as it has helped to strengthen supply security and product development capability. The market response to the launch of modular switches has been very positive and we will be looking to expand our product range in the coming year. Switchgears and modular switches have strong adjacencies to wires and fans in the electrical segment. Synergies from the distribution network allow positive leverage for growth.

c. Consumer Durables

The consumer durables segment includes fans, water heaters, kitchen appliances and air cooler categories.

The Company is an established player in the water heater category, marketing both electric as well as solar water heaters. The Company is enhancing its manufacturing capabilities to provide flexibility to produce a wider range of SKUs. This will help derive supply chain efficiencies, enable launching more models, further improve the quality of products and make the products more energy efficient. The Company will continue its sustained efforts to drive design leadership & technological advancements in alignment with changing consumer landscape.

The solar water heater business is performing well. The Company is focused on the market for rooftop residential solar water heaters which are sold to individual consumers and institutional buyers. Improving technology is cutting down payback period for customers in this segment.

Growing environmental concerns will also drive demand growth. Over the longer term, demand drivers could remain strong with customers' preference potentially shifting from electric water heaters.

In fans, the Company's product range includes ceiling fans as well as table, pedestal and wall fans. The Company has been constantly innovating to launch variants with better aesthetics and to improve its product mix with decorative and premium models. Gross margins have continuously improved over the past few years. Currently, the Company is a small player in this category, and ongoing growth will come through expansion into new markets and premiumisation.

The kitchen appliances business comprises induction cooktops, mixer grinders, gas cooktops and rice cookers. Kitchen appliances represent a large market and our strategy is to progressively expand our presence in this market. Gas cooktops initially launched in Kerala were extended to Tamil Nadu during the year and were well received. The Company will continue to expand the product offering and geographical footprint of kitchen appliances over the coming years.

The air coolers category which was introduced towards the end of FY18 has been tracking well. Air Coolers were rolled out to more South and non-South markets during the year. Air coolers offer affordable comfort and the unorganized segment has a large share of the market. These factors make Air coolers an exciting growth opportunity.

6. FINANCIAL PERFORMANCE

The Company delivered a topline growth of 12% (GST-adjusted), EBITDA growth of 20% and PAT growth of 24% for full year FY19, despite the challenges faced during the year in terms of unfavourable weather conditions, floods in Kerala during Onam, and currency & commodity volatility. Growth was driven by Water Heater, Fans and Wires. Non-south markets contributed to 39% of total revenue, as compared to 37% in the previous year. The Company continues to invest in growing non-South business further and envisages 50% contribution from non-South over the next 4-5 years.

A&P spends were at 5.2% of sales for FY19. The Company unveiled its new identity and mass media communication in Q4 FY18 leading up to the first quarter in FY19. Being a 360 degree communication the activity entailed significant investments. The brand repositioning exercise has helped position V-Guard as an agile, contemporary brand cueing premium and aspirational values and becoming increasingly relevant to its growing consumer base. The campaign was received well by both consumers and channel partners alike.

Gross profit grew 10.1% YoY to ₹ 767 crore. Gross margins at 29.9% were same as the previous year. EBITDA grew 20% YoY to ₹ 237.67 crores. Margins were impacted by currency and commodity volatility, a lag in landing pricing actions and unfavourable weather conditions. The Company expects the margin trajectory to improve in the coming year, with the passing of temporary effects and landing of pricing actions.

The Company's prudent approach and focus on profitable and sustainable growth has resulted in strong cash flow from operations to the tune of ₹ 152 crore in FY19 as compared to ₹ 55 crore in FY18. Return ratios continue to be strong with ROE and ROCE of 18.4% and 21.3% respectively. Further, the Company has net cash of ₹ 157 crores on balance sheet as on March 31, 2019 and it maintains a healthy balance between investing in the business and regularly rewarding shareholders. The Board has recommended a final dividend of ₹ 0.80 per equity share for FY19.

7. OUTLOOK

Going forward, the Company will continue to expand its product offerings and enhance its competitiveness in the consumer electricals, electronics and durables segments. The Company has repositioned its brand from a single dimensional stabilizer brand to a strong consumer brand franchise catering to evolving consumer needs and aspirations.

In the last few years, the Company has undertaken several initiatives to build organizational capabilities. The Company continues to invest towards putting in place best-in-class processes and systems in areas like New Product Development, Innovation Management and Manufacturing Excellence in order to make it ready for the future. The Manufacturing Excellence initiative will enable to achieve superior quality levels and speed to market, besides delivering margin improvement. Over the years, the Company has been increasing its in-house manufacture which is currently at 43%. As more of the categories attain the requisite scale, the Company envisages in-house manufacture to go up to 60% in the next few years.

The Company has made sustained progress in non-South markets over the past few years. Currently about two-thirds of the distribution network is in non-South markets which contribute 39% of total turnover. The Company envisages adding 4000-5000 retail points with the majority of additions in the non-South regions.

The Company has pan-India presence offering great long term, sustainable growth opportunities, a well-entrenched distribution reach, diversified product portfolio, resilient business model 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 and young demographics with increasing awareness and aspirations.

8. STRENGTHS AND OPPORTUNITIES

Strengths

- The Company has invested significantly in building its brand equity, which has led to high brand recall and has enabled entry into new product categories
- Consumer centric organisation with emphasis on quality, innovation, R&D, new product development and after-sales service
- Strong pan-India footprint with investments in a well-entrenched distribution network spread across 40,000+ retail outlets
- Comprehensive and diversified product portfolio across fast growing categories in the consumer electricals, electronics and durables space
- Strong execution track record and demonstrated ability to grow competitively and profitability
- Experienced management team with strong understanding of the business complexities

Opportunities

- The industry will continue to see a strong uptrend in the mid to long-term driven by macroeconomic and industry factors like increasing disposable incomes, increased ease of availability of finance, increasing penetration levels and growing middle class
- Rising affordability and increasing premiumization of products in metros and urban towns
- The government's push for housing for all, increasing availability of electricity and GST rate reduction augur well for long term growth prospects of the sector
- Non-South markets account for only 39% of the Company's current revenues providing significant scope to expand and gain market share
- Product categories have significant unorganized shares, which presents an opportunity for branded players
- Shortening replacement cycles due to rising disposable incomes and rising aspirations of middle class

9. RISK MITIGATION

The Company has developed and implemented risk management framework detailing the process of identifying risks, defining the mitigating actions and monitoring their progress. The Risk Management Committee constituted by the Board addresses strategic risks at the Corporate level, while product/ functional risk groups identify and risks specific to product categories and functions. Quarterly updates on risks and their mitigation plans are presented to the Board.

10. HUMAN RESOURCES

The Company firmly believes that the human capital built up by it over the years is its most valuable asset and is the key resource for the continuing growth and development of the Company. All efforts are made to empower them continuously. The Company has steadily built up human resources and trained them well to take on enlarged operations so as to take advantage of the opportunities offered by the market.

The Company has reinforced the capabilities of its workforce through the launch of numerous in-house training programs and job-specific training drills throughout the year. With several new categories recently launched and the rapid expansion into the non-South markets, the Company has hired several senior and mid-level resources to support the next level of growth. To motivate the employees and enable them to participate in the long-term growth and financial success of the organization, with a common objective of maximizing the shareholder value, the Company has an Employee Stock Option Scheme (ESOS 2013) that would not only enable the Company to attract and motivate employees by rewarding performance but also to retain best talent and enable the employees to develop a sense of ownership within the organization.

As of March 31, 2019, V-Guard had 2217 employees on its payroll as compared to 2096 a year earlier, an increase of 6% year on year.

11. AUDIT & INTERNAL CONTROL SYSTEM

The Company has Internal Control Systems commensurate with the nature of its business, size and complexities. Every quarter the Audit Committee reviews the adequacy and effectiveness of internal control systems and monitors the implementation of improvement actions. The Internal Audit division of the Company regularly reviews key processes to identify improvement opportunities and automation possibilities. During the year, 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 or 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, 2019 and issued their report which forms part of the Independent Auditor's report.

Directors' Report

Your Directors have great pleasure in presenting Twenty Third Annual Report on the business and operations of the Company, together with the Audited Financial Statements for the year ended March 31, 2019.

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	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Revenue from operations (Gross)	2,566.44	2,321.27	2,594.01	2,335.26
Other Income	10.55	7.45	12.34	7.38
Finance Income	7.71	3.66	7.71	3.66
Total Income	2,584.69	2,332.38	2,614.06	2,346.30
Operating expenditure	2,347.01	2,134.34	2,369.70	2,144.90
Operating profit before Depreciation, Interest, Tax & Exceptional Item	237.68	198.04	244.36	201.40
Finance Cost	1.27	1.66	1.76	2.04
Depreciation and amortization expense	21.82	19.11	23.01	19.68
Profit Before Tax and Exceptional Item	214.59	177.27	219.59	179.68
Profit Before Tax	214.59	177.27	219.59	179.68
Tax Expense:				
a) Current Tax	49.78	45.23	51.37	45.55
b) Deferred Tax	(0.71)	(1.04)	0.17	(0.92)
Profit After Tax	165.52	133.08	168.05	135.06
Basic EPS (₹)	3.88	3.13	3.92	3.16
Diluted EPS (₹)	3.82	3.08	3.86	3.10

2. COMPANY PERFORMANCE

The Standalone Gross Revenue from operations for the financial year ended March 31, 2019 was ₹ 2,566.44 crores, as against ₹ 2,321.27 crores for the previous financial year, an increase of 12% (GST adjusted). Profit Before Tax for the year under review was ₹ 214.59 crores, a growth of 21% compared to ₹ 177.27 crores in the previous financial year. The Profit After Tax for the year grew by 24% to ₹ 165.62 crores from ₹ 133.08 crores in the previous financial year. The Company was able to achieve the growth in turnover and profit despite some challenges such as unfavourable weather conditions, floods in Kerala during Onam and volatility in commodity and currency. Growth was driven by Water Heaters, Fans and Wires categories. The segment wise performance of the Company is detailed under the Section Management Discussion and Analysis which forms part of this Annual Report.

The consolidated net revenue from operations for the Financial Year under review was ₹ 2,594.01 crores, with a growth of 11% over ₹ 2,335.26 crores for the previous financial year. Consolidated Profit Before Tax for the year was ₹ 219.59 crores over ₹ 179.68 crores for the previous financial year. On consolidated basis, the Company earned a Profit After Tax of ₹ 168.05 crores for the Financial Year 2018-19, against ₹ 135.06 crores for the previous financial year. These consolidated figures include the financial performance of GUTS Electro-mech Limited, subsidiary Company. The consolidated figures for Financial Year 2017-18 include seven months of the subsidiary's results.

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, 2019. 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 ("the 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 3,70,436, 4,84,253 and 4,03,774 number of equity shares of ₹ 1/-, ₹ 34.64 and ₹ 71.36 respectively under ESOS2013. The Paid-up Capital of the Company, as on March 31, 2019, has increased to ₹ 42,69,34,094/-, due to allotment of shares under ESOS2013.

5. DIVIDEND

The Board of Directors is pleased to recommend a final Dividend of ₹ 0.80 (80 paise) per equity share of ₹ 1/- per share (80% per equity share of ₹ 1/- each). The final Dividend, if declared as recommended, would involve an outflow of ₹ 41.17 crores including Dividend Distribution Tax, if approved by the Shareholders at the ensuing Annual General Meeting. Dividend would be payable to all the Shareholders/Beneficial Owners whose names appear in the Register of Members as on July 17, 2019.

The Register of Members will remain closed from July 18, 2019 to July 24, 2019 (both days inclusive).

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 ₹ 4,41,340/- which was lying in the Unpaid Dividend Account for the financial year 2010-11 was transferred, during the year under review, to IEPF.

Further, unpaid dividend of ₹ 6,075/- for the financial year 2008-09 lying in the Unpaid Dividend IPO Drop Account, which ought to have been transferred to IEPF in the year 2016-17, was transferred during the year under review, along with interest @ 12% per annum amounting to ₹ 1,887/- for the period of delay.

As per the provisions of Section 125 of the Act, the share application money lying as unclaimed for seven years need to be transferred to IEPF established by the Central Government. An amount of ₹ 2,78,600/- was lying as unclaimed in the refund account for a period of seven years and the amount ought to have been transferred on March 04, 2015. During the year under review, the Company transferred the said amount along with interest @ 12% per annum amounting to ₹ 1,22,120/- for the period of delay to the 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.

Pursuant to the provisions of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has filed the necessary form and uploaded the details of unclaimed amounts lying in unpaid dividend accounts, as on July 31, 2018, with the Ministry of Corporate Affairs.

Unclaimed dividend in respect of the Financial year 2011-12 will be due for transfer to IEPF on August 24, 2019.

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.

During the year under review, the Company has transferred 19,018 equity shares to IEPFA as dividend had not been encashed or claimed on the above shares during the seven consecutive years from the financial Year 2010-11 to 2017-18.

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 viz., www.vguard.in.

Name of the Company Secretary 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.

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 2018-19.

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, in respect of the Ordinary Resolution set out in the Postal Ballot Notice dated August 28, 2018. The voting results are given below;

Date of Postal Ballot Notice: August 28, 2018

Declaration of Results: Friday, September 28, 2018 at 5.00 p.m.

Voting Period: August 29, 2018 to September 27, 2018

Sl No.	Particulars of Resolution	Type of Resolution	No. of votes polled	Votes cast in favor		Votes cast against	
				No. of votes	%	No. of votes	%
1	To appoint Ms. Radha Unni, as an Independent Director	Ordinary Resolution	364,134,814	364,133,267	99.99	1,547	0.01

11. SIGNIFICANT OR 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 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.

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 forming part of this Annual Report.

14. BOARD OF DIRECTORS AND ITS COMMITTEES

A. Composition of the Board of Directors

As on March 31, 2019, the Board of Directors of the Company comprises of nine Directors, of which two are Executive and seven are Non-Executive Directors, which includes, five 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 23rd Annual General Meeting

The members of the Company in their 22nd Annual General Meeting held on July 31, 2018, re-appointed Mr. Ramachandran V, Whole-time Director, as a Director, liable to retire by rotation and Mr. Mithun K Chittilappilly as the Managing Director for a term of three years with effect from April 01, 2018. Pursuant to Regulation 17(1A) of the Listing Regulations, approval of the members was sought in the AGM, for continuation of directorship of Mr. A K Nair, Independent Director, who had attained 75 years of age, till the expiry of current term of office.

During the year under review, the members of the Company, appointed Ms. Radha Unni, as an Independent Director, for a period of three years effective from September 27, 2018, through Postal Ballot process. The Company has received declaration from her confirming that she meets the criteria of Independence laid down in Section 149(6) of the Act and Regulation 16 of the Listing Regulations.

In accordance with the provisions of Section 152 of the Act and the Company's Articles of Association, Ms. Joshna Johnson Thomas, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Board recommends the re-appointment for consideration of the Members of the Company at the ensuing Annual General Meeting.

The present term of office of Mr. Cherian N Punnose, Mr. C J George and Mr. Ullas K Kamath, Independent Directors, who were appointed for a consecutive period of five years effective from July 29, 2014, expires on July 28, 2019. Pursuant to the provisions of the Act and based on the recommendation of the Nomination and Remuneration Committee, the Board proposes re-appointment of retiring Directors, as Independent Directors, for second term of five consecutive years from July 29, 2019 upto July 28, 2024.

The Notice dated June 25, 2019, of the ensuing Annual General Meeting includes the proposal for 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 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, Mr. A K Nair 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 have 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 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, five Board meetings were held and meetings of Sub-Committees of the Board 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.

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 22, 2019, 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, except Mr. Ullas K Kamath, attended the meeting.

G. Statutory Committees of the Board

Pursuant to the requirement 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 and Corporate Social Responsibility ("CSR") 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 comprises of three members, Mr. Kochouseph Chittilappilly, Mr. Cherian N Punnoose and Mr. Mithun K Chittilappilly. Mr. Kochouseph Chittilappilly, is the Chairman of the Committee and the members of the Committee met three times during the year under review, on May 30, 2018, October 25, 2018 and January 31, 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.

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 on the basis of 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.

A separate meeting of Independent Directors of the Company was held during the year under review, in which 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 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 / re-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.

The Auditors' Report for the financial year 2018-19 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in the Annual Report.

B. Cost Auditors

As per Section 148 of the Act read with Rules framed thereunder, M/s. RA & Co., Cost Accountants, Mumbai (Firm Reg. No. 000242) has been re-appointed as Cost Auditors for the financial year 2019-20 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 members of the Company is set out in the Notice of 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 2017-18, issued by M/s. RA & Co., Cost Auditors, in respect of the various products prescribed under Cost Audit Rules was filed with the Ministry of Corporate Affairs on August 21, 2018. The Cost Audit Report does not contain any qualifications, reservations or adverse remarks.

The Cost Audit Report for the financial year 2018-19 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 2018-19 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 in transfer of share application money of ₹ 2,78,600/- pertaining to Initial Public Offer (IPO) and unclaimed dividend of ₹ 6,075/- on drop shares which was lying in escrow account for the Financial Year 2008-09 to Investor Education and Protection Fund. The amounts were transferred to IEPF after the due date for transfer. The Company had transferred the amount with interest to IEPF before March 31, 2019.

Board's clarification for the observation:

There was an inadvertent omission to transfer the said amounts on the due date and the amounts were transferred to IEPF with interest @ 12% per annum for the period of delay from the due date of transfer till the date of transfer.

There are no other qualifications or adverse remarks or disclaimer of the Secretarial Auditors in the Report issued by them for the financial year 2018-19 which call for any explanation from the Board of Directors.

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 person has been denied access to 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 amended 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 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 Company's website viz., 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 at the beginning of 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 groups also identifies and monitors product specific risks and key product risks are included in Corporate Risks. Quarterly updates on Corporate risks and its mitigation plans are presented to Risk Management Committee and Board.

E. Dividend Policy

Pursuant to the Regulation 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 website 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 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 and no significant weaknesses/deviations were noted in operation of 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, 2019 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 ₹ 60.23 crores for the FY 2019 (Previous Year: ₹ 47.11 crores). The financial summary of subsidiary company is as under:

(Amt in lakhs)

Particulars	2018-19	2017-18
Revenue from Operations	6,022.50	4,710.57
Profit Before Tax	593.01	70.74
Profit/(Loss) After Tax	311.14	(28.55)

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 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 2018-19 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, audited financial statements in respect of the subsidiary company shall also be kept open for inspection at the Registered Office of the Company from 11.00 A.M. to 1.00 P.M. for a period of 21 days upto the date of the ensuing AGM. The aforesaid documents relating to subsidiary Company can be made available to any member interested in obtaining the same upon a request made to the Company.

D. Any Revision Made in Financial Statements/ 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 Financial Year 2015-16, the Company had granted 9,06,280 options to the eligible employees to be vested over a period of three years in accordance with the Employee Stock Option Scheme (ESOS) 2013. Vesting of options for the first & second year had been completed and during the year under review, considering the parameters for vesting of options, 86,567 no. of options of ₹ 1/- each and 2,67,014 no. of options of ₹ 71.36 each were vested to eligible employees, being the vesting for the third year of the grant. During the year under review, 1,05,797 no. of options were cancelled due to non-achievement of parameters for performance vesting.

Further, 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 Second year, were vested for the grant made on May 04, 2016. Options to the extent of 48,654 of ₹ 1/- each were vested on time basis, for the Second year in respect of grant made on June 16, 2016. In respect of grant made on August 08, 2016, options to the extent of 2,42,578 of ₹ 1/- each were vested on time basis for the second year of vesting.

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, towards the Second year, in respect of the grant made on August 08, 2016. In respect of grant made on October 21, 2016, options to the extent of 28,994 of ₹ 1/- each were vested on time basis towards the second year.

Further, options to the extent of 37,707 and 23,580 of ₹ 1/- each were vested on time basis towards the first year in respect of grants made in May 2017 and July 2017 respectively. In respect of grant made on January 2017, options to the extent of 15,462 of ₹ 1/- each were vested on time basis for the second year.

Options to the extent of 47,007 of ₹ 1/- each were vested on time basis for the first year in respect of grant made on January 22, 2018.

The Nomination and Remuneration Committee made several grants under ESOS2013, during the year under review to various eligible employees and the options granted will be vested over a period of four years from the date of grant. 46,354 nos. of options were granted on May 30, 2018 at face value of ₹ 1/- each. Further, 99,452 nos. of options were granted on July 31, 2018 and 76,190 nos. of options were granted on January 31, 2019 at a face value of ₹ 1/- each respectively.

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. The Code provides guidance on ethical conduct of business and compliance of law. The Code is available on the Company's website www.vguard.in.

All Members of the Board and Senior Management personnel have affirmed the compliance with the Code as on March 31, 2019. 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.

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

As per the terms of Regulations 34(2)(e) of the Listing Regulations, the Management Discussion and Analysis 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 that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business, no details are required to be provided in Form AOC-2 prescribed under clause (h) of sub-section (3) of section 134 of 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 the 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. The Company does not have a material unlisted subsidiary as defined under Regulation 16(1)(c) of the Listing Regulations.

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. The Auditors' Certificate on compliance with Corporate Governance norms is also attached to this Report. Further as required under Regulation 17(8) of the Listing Regulations, a certificate from the Managing Director and CFO is being 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 employees are available with the Company. In terms of provisions of Section 136(1) of the Act, this report is being sent to the members without this annexure and the details are open for inspection at the Registered Office of the Company from 11.00 A.M. to 1.00 P.M. for a period of 21 days upto the date of ensuing AGM. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

The Company has in place a robust 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 in the notice Board of all the business locations/divisions of the Company. During the year under review, no complaint was received.

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 2019-20 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 was instrumental in sustained performance of the Company. Your Directors also sincerely thank all the stakeholders, business partners, government & other statutory bodies, banks, financial institutions, analysts and shareholders for their continued assistance, cooperation and support.

For and on behalf of the Board of Directors

	S/d	S/d
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date: May 29, 2019	Chairman	Managing Director
Place: Ernakulam	(DIN: 00020512)	(DIN: 00027610)

Annexure I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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, 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.

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 March 31, 2019 ("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, 2019, 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, 2009/ 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 Act and dealing with client;

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

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998/ 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 Standard 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 any material observation or instance of non compliance in respect of the same, subject to the following observation:

1. ***There was a delay in transfer of share application money pertaining to initial public offer of the Company lying as unclaimed for seven years to Investor Education and Protection Fund. Subsequently, the Company has transferred such amount along with interest to Investor Education and Protection Fund.***

2. ***There was a delay in transfer of unclaimed dividend on Equity Shares which were lying in the escrow account pertaining to initial public offer for the financial year 2008-09 to Investor Education and Protection Fund. Subsequently, the Company has transferred such amount along with interest to Investor Education and Protection Fund.***

We further report that, during the Audit period, one of the connected persons 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 representations made by the Company and its Officers, the Company has proper system in place which facilitates/ ensures capturing and recording of any dissenting views of Board Members.

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 financial year under audit period, the Company has not undertaken any corporate action having a major bearing on the Company's affairs in pursuance of aforesaid laws, rules and regulations, guidelines, standards etc., as mentioned above.

For Keyul M. Dedhia & Associates
Company Secretaries

Sd/-
Keyul M. Dedhia
Proprietor
FCS No: 7756, COP No: 8618

May 29, 2019, 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, 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

Sd/-
Keyul M. Dedhia
Proprietor
FCS No: 7756, COP No: 8618

May 29, 2019, 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 and 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(s) 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 three Independent Directors and one Non-Executive Director 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, KMP 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 in case 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 thereunder 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 1% of the net profits of the Company calculated in accordance with the provisions of the Company.

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 KMP 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 & Share Holder 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

	S/d	S/d
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date: May 29, 2019	Chairman	Managing Director
Place: Ernakulam	(DIN: 00020512)	(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 the 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, 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. Kochouseph Chittilappilly

b. Mr. Cherian N Punnoose

c. Mr. Mithun K Chittilappilly

III. Average net profit of the Company for last three financial years for the purpose of computation of CSR:

₹ 18168 Lakhs (as per Section 198 of the Act).

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

₹ 363.36 Lakhs

During the period 2018-19, the Company earned an income from CSR project/ activity to the tune of ₹ 1.26 Lakhs and a Bank interest of ₹ 0.42 Lakhs. The total earnings of ₹ 1.68 lakhs were added to the total CSR budget for the year as per the provisions of Companies Act, 2013 and 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 2018-19: ₹ 365.44 Lakhs

b. Amount unspent: Nil

(c) Manner in which 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 was 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 focused at improving infrastructure in Government schools & colleges Contribution for educational sponsorship programs. Improved 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 and livelihood enhancement projects	Kochi, Palakkad, Thrissur (Kerala), Coimbatore (Tamil Nadu) Shimoga, Bangalore (Karnataka), Haldwani (Uttarakand), Raipur (Chattisgarh), Moginand (Himachal Pradesh), Gurugram (Haryana), Majhitar , Rangpo (Sikkim), Thane, Mumbai (Maharashtra), Khurda (Odissa) Kolkata (West Bengal) Bhopal (Madhya Pradesh), Guwahati (Assam), Noida (NCR), Hyderabad (Telangana), Vijaywada (Andhra Pradesh)	1,80,43,374.00	1,80,43,374.00	1,80,43,374.00	Direct: 59,22,714.00 Agency: 1,21,20,660.00
2	**V-Guard Health Care Programs** Activities focused at 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.	Promoting health care including preventive health care, sanitation programs and organizing medical camps	Alappuzha, Thrissur, Kochi, Trivandrum (Kerala), Coimbatore, Perundurai, Chennai (Tamil Nadu), Delhi, Kashipur (Uttarakhand)	54,63,718.00	54,63,718.00	54,63,718.00	Direct: 23,35,718.00 Agency: 31,28,000.00

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 was 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 for construction of old age homes. Plantation of tree saplings in the vicinity of highway sides as a part of highway beautification project.	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 reducing inequalities faced by socially and economically backward groups. 3) Disaster Relief	Thrissur, Alappuzha, Kochi (Kerala), Erode (Tamil Nadu), Hubli, Madikeri (Karnataka), Mamaring (Sikkim), Kanpur, Varanasi (UP)	1,13,61,486	1,13,61,486	1,13,61,486	Direct: 1,01,11,486.00 Agency: 12,50,000.00
4	**V-Guard Sports, Arts & Cultural Programs** Promotion of sports	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports	Kottayam, Kerala	11,00,000.00	11,00,000.00	11,00,000.00	Agency: 11,00,000.00
	Subtotal					3,59,68,578	
	Administrative Expenses					5,76,093	
	Total CSR spend					3,65,44,671	

Details of Agency

1. Cultural Academy for Peace, Ernakulam
2. SOS Children's Village, Hyderabad
3. Kamlabai Educational & Charitable Trust, Mumbai
4. Bharat Scouts and Guides, West Bengal
5. Rotary club ,Borivli
6. Social Service Centre, Vijayawada
7. Indraprastha Academy, New Delhi

8. Goonj, New Delhi
9. St. Joseph's Special School, Thrissur
10. Rotary Cochin International, Kochi
11. Welfare Service, Ernakulam
12. Citizen India Foundation, Trivandurm
13. Indian Cancer Society, Mumbai
14. Perpetual Succour Charitable Trust, Ernakulam
15. Damien Institute of leprosy center, Thrissur
16. Salaam Baalak Trust, New Delhi
17. Mar.Joseph Kandathil Memorial Cancer Research Center, Cherthala
18. Cochin Bypass Beautification Society, Cochin
19. Home for the aged destitute and infirm, Thrissur
20. Basic Charitable Trust, Kottayam

(d) 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.

(e) 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/-
	Kochouseph Chittilappilly	**Cherian N Punnoose**	**Mithun K Chittilappilly**
Date : May 29, 2019	Chairman	Member	Member
Place : Ernakulam	(DIN: 00020512)	(DIN: 00061030)	(DIN: 00027610)

For and on behalf of Board of Directors

	S/d	S/d
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date : May 29, 2019	Chairman	Managing Director
Place : Ernakulam	(DIN: 00020512)	(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 Board of Directors

	Sd/-	Sd/-
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date : May 29, 2019	Chairman	Managing Director
Place : Ernakulam	(DIN: 00020512)	(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 45 of Standalone Financial Statements 2018-19, 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: ₹ 3.82

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	Options will vest over a period of three years and four years for Grant 1 to Grant 2 and Grants 3 to 10 respectively. In respect of the following Grants which were made during the financial year 2018-19, options will vest as follows, subject to fulfilment of terms and conditions attached to each grant. Grant - 11, 12 and 13- Vesting over a period of four years
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** 11,196,310 — At Market Price 4,975,098 — At Face Value
5	Maximum Term of Options granted	The total term of the options for the grants 1 & 2 will be 9 years, for the grants 3 to 8 and 10 to 13 will be 10 years and for Grant 9 it will be 9 years and 10 years as per the terms attached to the grant. (Exercise period will be for a period of 6 years from each year of vesting)

Sr. No.	Particulars	ESOS 2013
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.	
	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	209.33

4 (ii) Employee-wise details of options granted during the financial year 2018-19 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. Nimesh Chandrakant Shah	2,21,996 number of options of ₹ 1/- each
b. Sumit Jha	
c. Biju M V	
d. Nirbhai Kumar Yadvendu	
e. Pradip Kumar Medhi	
f. Mehul Mohta	

(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	Total number of Options
Ramachandran V	5,600,000

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 (₹)	219.98
Expected Volatility %	32.33% - 33%
Riskfree Rate %	7.31% - 7.93%
Exercise Price (₹)	1
Expected Life (In Years)	4.01 - 7.01
Expected Dividend %	0.33% - 0.34%

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
1	Number of options outstanding at the beginning of the period	28,54,424 number of options of ₹34.64 each and 84,784 number of options of ₹1/- each	6,55,085 number of options of ₹71.36 each and 1,46,336 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	2,10,853 number of options of ₹1/- each	11,09,088 number of options of ₹1/- each	11,20,000 number of options of ₹121.8 each and 2,38,000 number of options of ₹1/- each	1,06,817 number of options of ₹1/- each	67,000 number of options of ₹1/- each	2,01,100 number of options of ₹1/- each	1,54,854 number of options of ₹1/- each	2,50,768 number of options of ₹1/- each	-	-	-
2	Options exercisable at the beginning of the year	28,54,424 number of options of ₹34.64 each and 84,784 number of options of ₹1/- each	3,08,154 number of options @ ₹71.36 and 33,875 number of options @ ₹1/- each	5,67,000 number of options @ ₹68.75 each	Nil	74,362 number of options @ ₹1/- each	1,68,000 number of options @ ₹121.8 each	19,835 number of options @ ₹1/- each	Nil	Nil	Nil	Nil	-	-	-
3	Number of options Granted during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	46,354 number of options of ₹1/- each	99,452 number of options of ₹1/- each	76,190 number of options of ₹1/- each
4	Number of options vested during the year	Nil	2,67,014 number of options @ ₹71.36 and 86,567 number of options @ ₹1/- each	5,67,000 number of options @ ₹68.75 and 63,000 number of options @ ₹1/- each	48,654 number of options @ ₹1/- each	2,42,578 number of options @ ₹1/- each	1,68,000 number of options @ ₹121.8 and 42,000 number of options @ ₹1/- each	28,994 number of options @ ₹1/- each	15,462 number of options @ ₹1/- each	37,707 number of options @ ₹1/- each	23,580 number of options @ ₹1/- each	47,007 number of options @ ₹1/- each	Nil	Nil	Nil
5	Number of options exercised during the year	4,84,253 number of options were exercised @ ₹34.64 and 1,000 number of options were exercised @ ₹1/-each	4,03,774 number of options were exercised @ ₹71.36 and 1,15,830 number of options were exercised @ ₹1/-each	Nil	46,354 number of options were exercised @ ₹1/- each	1,88,846 number of options were exercised @ ₹1/-each	42,000 number of options were exercised @ ₹1/-each	36,990 number of options were exercised @ ₹1/-each	Nil	37,707 number of options @ ₹1/- each	21,685 number of options @ ₹1/- each	27,247 number of options @ ₹1/- each	Nil	Nil	Nil
6	Number of shares arising as a result of exercise of options	485,253	519,604	Nil	46,354	188,846	42,000	36,990	Nil	37,707	21,685	27,247	Nil	Nil	Nil

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
7	Number of options lapsed during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	Number of options cancelled during the year	Nil	79,903 number of options granted @ ₹71.36 and 25,894 number of options granted @ ₹1/- each were cancelled	Nil	Nil	Nil	Nil	NIl	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9	Money realised by exercise of options (₹)	16,775,523.92	28,929,142.64	Nil	46,354	188,846	0*	36,990	Nil	37,707	21,685	27,247	Nil	Nil	Nil
10	Number of options outstanding at the end of the year	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 4612 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
11	Number of options exercisable at the end 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 @ ₹71.36 and 4,612 number of options @ ₹1/- each	11,34,000 number of options @ ₹68.75 and 63,000 number of options @ ₹1/- each	2,300 number of options of ₹1/- each	1,28,094 number of options @ ₹1/- each	3,36,000 number of options @ ₹121.8	11,839 number of options @ ₹1/- each	15,462 number of options @ ₹1/- each	Nil	1,895 number of options @ ₹1/- each	19,760 number of options @ ₹1/- each	Nil	Nil	Nil
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

*During the period February to March 2019, 1,47,223 nos. of options of ₹ 1/- each were exercised by the employees under ESOS2013. Out of the above, the Company has realised the exercise amount payable in respect of 42,000 nos. of options of ₹ 1/- each after March 31, 2019. Allotment of 1,47,223 no. of equity shares were made on April 13, 2019.

Note: 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/-
Kochouseph Chittilappilly
Chairman
(DIN: 00020512)

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

Date : May 29, 2019
Place : Ernakulam

Annexure - VI

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019

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	28%
2	Electricals	2710, 2732, 2733, 2750, 2812	48%
3	Consumer Durables	2750, 2790, 2815	24%

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

Catogory 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	125827830	0.00	125827830	29.56	125492830	0.00	125492830	29.39	-0.17
(b)	Central Government / State Government(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Financial Institutions / Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Any Other-Promoter Group									
	Individuals	127127210	0.00	127127210	29.86	108936960	0.00	108936960	25.52	-4.34
	Trust	20808000	0.00	20808000	4.89	39333250	0.00	39333250	9.21	4.32
	Sub Total (A)(1)	**273763040**	**0.00**	**273763040**	**64.31**	**273763040**	**0.00**	**273763040**	**64.12**	**-0.19**
[2]	**Foreign**									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b)	Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d)	Foreign Portfolio Investor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	**273763040**	**0.00**	**273763040**	**64.31**	**273763040**	**0.00**	**273763040**	**64.12**	**-0.19**
(B)	**Public Shareholding**									
[1]	Institutions									
(a)	Mutual Funds / UTI	52663612	0.00	52663612	12.37	49350869	0.00	49350869	11.56	-0.81
(b)	Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Alternate Investment Funds	452342	0.00	452342	0.11	1194669	0.00	1194669	0.28	0.17
(d)	Foreign Venture Capital Investors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Foreign Portfolio Investor	49737816	0.00	49737816	11.68	52848867	0.00	52848867	12.38	0.70
(f)	Financial Institutions / Banks	115398	0.00	115398	0.03	92148	0.00	92148	0.02	-0.01
(g)	Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h)	Provident Funds/ Pension Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)	Any Other (Specify)									
	Sub Total (B)(1)	**102969168**	**0.00**	**102969168**	**24.19**	**103486553**	**0.00**	**103486553**	**24.24**	**0.05**

Catogory 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
[2]	**Central Government/ State Government(s)/ President of India**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Total (B)(2)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
[3]	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	33627198	1090128	34717326	8.16	32680564	859534	33540098	7.86	-0.30
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8113537	124600	8238137	1.94	8451271	0	8451271	1.98	0.04
(b)	NBFCs registered with RBI	0.00	0.00	0.00	0.00	4589.00	0.00	4589.00	0.00	0.00
(c)	Employee Trusts	0.00	0.00	0.00	0.00	394.00	0.00	394.00	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e)	Any Other (Specify)									
	IEPF	71602	0.00	71602	0.02	90620	0.00	90620	0.02	0.00
	Trusts	700	0.00	700	0.00	0	0.00	0	0.00	0.00
	Hindu Undivided Family	432036	0.00	432036	0.10	388697	0.00	388697	0.09	-0.01
	Non Resident Indians (Non Repat)	484753	0.00	484753	0.11	583610	0.00	583610	0.14	0.03
	Non Resident Indians (Repat)	2795419	0.00	2795419	0.66	2904418	0.00	2904418	0.68	0.02
	Unclaimed Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Foreign Portfolio Investor (Individual)	2646	0.00	2646	0.00	2646	0.00	2646	0.00	0.00
	Clearing Member	559823	0.00	559823	0.13	683660	0.00	683660	0.16	0.03
	Bodies Corporate	1628381	12600	1640981	0.39	3021898	12600	3034498	0.71	0.32
	Sub Total (B)(3)	**47716095**	**1227328**	**48943423**	**11.50**	**48812367**	**872134**	**49684501**	**11.64**	**0.14**
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	**150685263**	**1227328**	**151912591**	**35.69**	**152298920**	**872134**	**153171054**	**35.88**	**0.19**
	Total (A)+(B)	**424448303**	**1227328**	**425675631**	**100.00**	**426061960**	**872134**	**426934094**	**100.00**	
(C)	**Non Promoter - Non Public**									
[1]	Custodian/DR Holder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share Based Employee Benefit) Regulations, 2014)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)+(B)+(C)	**424448303**	**1227328**	**425675631**	**100.00**	**426061960**	**872134**	**426934094**	**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	79343252	18.64	0.00	79008252	18.51	0.00	-0.13
2	Sheela Kochouseph	46484578	10.92	0.00	46484578	10.89	0.00	-0.03
3	Mithun Kochouseph Chittilappilly*	71551452	16.81	0.00	71886452	16.84	0.00	0.03
4	Arun K Chittilappilly*	55575758	13.06	0.00	37050508	8.68	0.00	-4.38
5	Kochouseph Chittilappilly, Managing Trustee of K Chittilappilly Trust*	20808000	4.89	0.00	20808000	4.87	0.00	-0.01
6	Kochouseph Chittilappilly, Managing Trustee of Arav Chittilappilly Trust*	0	0.00	0.00	18525250	4.34	0.00	4.34
	Total	**273763040**	**64.31**	**0.00**	**273763040**	**64.12**	**0.00**	**-0.19**

* 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	79343252	18.64	79343252	18.64
	Decrease on 05.12.2018/ Market Sale	335000	0.08	79008252	18.51
	At the end of the year			79008252	18.51
2	**Sheela Kochouseph**				
	At the beginning of the year	46484578	10.92	46484578	10.92
	At the end of the year			46484578	10.89
3	**Mithun Kochouseph Chittilappilly**				
	At the beginning of the year	71551452	16.81	71551452	16.81
	Increase on 05.12.2018/Market Purchase	335000	0.08	71886452	16.85
	At the end of the year			71886452	16.84
4	**Arun K Chittilappilly**				
	At the beginning of the year	55575758	13.06	55575758	13.06
	Disposition by way of gift to Arav Chittilappilly Trust on 24.12.2018 (Off market transfer)	18525250	4.34	37050508	8.68
	At the end of the year			37050508	8.68
5	**Kochouseph Chittilappilly, Managing Trustee of K Chittilappilly Trust**				
	At the beginning of the year	20808000	4.89	20808000	4.89
	At the end of the year			20808000	4.87
6	**Kochouseph Chittilappilly, Managing Trustee of Arav Chittilappilly Trust**				
	At the beginning of the year	0	0.00	0	0.00
	Acquisition by way of gift from Mr. Arun K Chittilappilly on 24.12.2018 (off market transfer)	18525250	4.34	18525250	4.34
	At the end of the year			18525250	4.34

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	**DSP MIDCAP Fund**				
	At the beginning of the year	16960001	3.98	16960001	3.98
	Decrease on 06.04.2018/Sale	40115	0.01	16919886	3.96
	Decrease on 13.04.2018/Sale	208313	0.05	16711573	3.91
	Decrease on 27.04.2018/Sale	759483	0.18	15952090	3.75
	Decrease on 11.05.2018/Sale	3995	0.00	15948095	3.75
	Decrease on 25.05.2018/Sale	4072	0.00	15944023	3.74
	Decrease on 22.06.2018/Sale	5813	0.00	15938210	3.74
	Decrease on 20.07.2018/Sale	5281	0.00	15932929	3.74
	Increase on 27.07.2018/Purchase	129616	0.03	16062545	3.77
	Increase on 03.08.2018/Purchase	48364	0.01	16110909	3.78
	Increase on 10.08.2018/Purchase	441432	0.10	16552341	3.88
	Increase on 24.08.2018/Purchase	302025	0.07	16854366	3.95
	Increase on 31.08.2018/Purchase	346126	0.08	17200492	4.03
	Increase on 14.09.2018/Purchase	350959	0.08	17551451	4.12
	Increase on 29.09.2018/Purchase	125130	0.03	17676581	4.15
	Increase on 12.10.2018/Purchase	191187	0.04	17867768	4.19
	Increase on 19.10.2018/Purchase	201592	0.05	18069360	4.23
	Increase on 26.10.2018/Purchase	576428	0.14	18645788	4.37
	Increase on 02.11.2018/Purchase	352953	0.08	18998741	4.45
	Increase on 09.11.2018/Purchase	61968	0.01	19060709	4.47
	Increase on 16.11.2018/Purchase	179692	0.04	19240401	4.51
	Increase on 23.11.2018/Purchase	90403	0.02	19330804	4.53
	Decrease on 21.12.2018/Sale	32558	0.01	19298246	4.52
	Decrease on 28.12.2018/Sale	36874	0.01	19261372	4.51
	Increase on 18.01.2019/Purchase	13477	0.00	19274849	4.51
	Increase on 01.02.2019/Purchase	238581	0.06	19513430	4.57
	Increase on 08.02.2019/Purchase	51810	0.01	19565240	4.58
	Decrease on 15.02.2019/Sale	3684	0.00	19561556	4.58
	Increase on 01.03.2019/Purchase	483876	0.11	20045432	4.70
	Decrease on 08.03.2019/Sale	227456	0.05	19817976	4.64
	Decrease on 15.03.2019/Sale	366150	0.09	19451826	4.56
	Decrease on 29.03.2019/Sale	81708	0.02	19370118	4.54
	At the end of the year			19370118	4.54
2	**Nalanda India Equity Fund Limited**				
	At the beginning of the year	18262790	4.28	18262790	4.28
	At the end of the year			18262790	4.28

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
3	**Axis Mutual Fund Trustee Ltd A/c Axis Mutual Fund A/c Axis Long Term Equity Fund**				
	At the beginning of the year	16758938	3.94	16758938	3.94
	Decrease on 25.05.2018/Sale	202000	0.05	16556938	3.89
	Decrease on 01.06.2018/Sale	13309	0.00	16543629	3.89
	Increase on 08.06.2018/Purchase	351719	0.08	16895348	3.97
	Decrease on 30.06.2018/Sale	551382	0.13	16343966	3.84
	Decrease on 06.07.2018/Sale	1074057	0.25	15269909	3.59
	Decrease on 13.07.2018/Sale	371419	0.09	14898490	3.50
	Decrease on 20.07.2018/Sale	424203	0.10	14474287	3.40
	Decrease on 10.08.2018/Sale	757482	0.18	13716805	3.22
	Decrease on 07.09.2018/Sale	362247	0.08	13354558	3.13
	Decrease on 14.09.2018/Sale	462863	0.11	12891695	3.02
	Decrease on 29.09.2018/Sale	100000	0.02	12791695	3.00
	Decrease on 12.10.2018/Sale	130000	0.03	12661695	2.97
	Decrease on 26.10.2018/Sale	400000	0.09	12261695	2.87
	Increase on 09.11.2018/Purchase	100000	0.02	12361695	2.90
	Increase on 30.11.2018/Purchase	169829	0.04	12531524	2.94
	Increase on 07.12.2018/Purchase	140000	0.03	12671524	2.97
	Decrease on 14.12.2018/Sale	10872	0.00	12660652	2.97
	Decrease on 21.12.2018/Sale	10328	0.00	12650324	2.96
	Increase on 28.12.2018/Purchase	606000	0.14	13256324	3.11
	Decrease on 04.01.2019/Sale	22025	0.01	13234299	3.10
	Decrease on 11.01.2019/Sale	256591	0.06	12977708	3.04
	Increase on 15.03.2019/Purchase	50267	0.01	13027975	3.05
	Increase on 29.03.2019/Purchase	466861	0.11	13494836	3.16
	At the end of the year			13494836	3.16
4	**Sundaram Mutual Fund A/c Sundaram Select Midcap**				
	At the beginning of the year	8746681	2.05	8746681	2.05
	Increase on 08.06.2018/Purchase	5000	0.00	8751681	2.06
	Decrease on 24.08.2018/Sale	79827	0.02	8671854	2.03
	Decrease on 02.11.2018/Sale	82044	0.02	8589810	2.01
	Decrease on 01.03.2019/Sale	19369	0.00	8570441	2.01
	At the end of the year			8570441	2.01
5	**Nalanda India Fund Limited**				
	At the beginning of the year	10182496	2.39	10182496	2.39
	Decrease on 04.01.2019/Sale	132700	0.03	10049796	2.36
	Decrease on 11.01.2019/Sale	1300000	0.30	8749796	2.05
	Decrease on 25.01.2019/Sale	400000	0.09	8349796	1.96
	At the end of the year			8349796	1.96

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
6	**Aditya Birla Sun Life Trustee Pvt Ltd A/C Aditya Birla Sun Life Advantage Fund**				
	At the beginning of the year	5933996	1.39	5933996	1.39
	Increase on 11.05.2018/Purchase	94000	0.02	6027996	1.42
	Increase on 25.05.2018/Purchase	50000	0.01	6077996	1.43
	Increase on 01.06.2018/Purchase	50000	0.01	6127996	1.44
	Increase on 22.06.2018/Purchase	100000	0.02	6227996	1.46
	Increase on 20.07.2018/Purchase	100000	0.02	6327996	1.49
	Increase on 27.07.2018/Purchase	100000	0.02	6427996	1.51
	Increase on 03.08.2018/Purchase	152000	0.04	6579996	1.54
	Decrease on 29.09.2018/Sale	427349	0.10	6152647	1.44
	Decrease on 05.10.2018/Sale	277676	0.07	5874971	1.38
	Decrease on 12.10.2018/Sale	131000	0.03	5743971	1.35
	Decrease on 19.10.2018/Sale	19000	0.00	5724971	1.34
	Decrease on 26.10.2018/Sale	3381	0.00	5721590	1.34
	Increase on 07.12.2018/Purchase	48000	0.01	5769590	1.35
	Decrease on 11.01.2019/Sale	91278	0.02	5678312	1.33
	Decrease on 22.03.2019/Sale	70000	0.02	5608312	1.31
	At the end of the year			5608312	1.31
7	**India Midcap (Mauritius) LTD.**				
	At the beginning of the year	5230000	1.23	5230000	1.23
	At the end of the year			5230000	1.23
8	**Priya Sarah Cheeran Joseph**				
	At the beginning of the year	4307338	1.01	4307338	1.01
	Increase on 30.11.2018/Purchase	4000	0.00	4311338	1.01
	At the end of the year			4311338	1.01
9	**Kotak Funds - India Midcap Fund**				
	At the beginning of the year	2837084	0.67	2837084	0.67
	Increase on 25.05.2018/Purchase	18396	0.00	2855480	0.67
	Increase on 08.06.2018/Purchase	510199	0.12	3365679	0.79
	Increase on 13.07.2018/Purchase	76823	0.02	3442502	0.81
	Increase on 02.11.2018/Purchase	88322	0.02	3530824	0.83
	Increase on 09.11.2018/Purchase	100	0.00	3530924	0.83
	Increase on 11.01.2019/Purchase	327990	0.08	3858914	0.90
	Decrease on 22.03.2019/Sale	39872	0.01	3819042	0.89
	At the end of the year			3819042	0.89

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
10	**First State Investments ICVC - Stewart Investors Indian Subcontinent Fund#**				
	At the beginning of the year	0	0.00	0	0.00
	Purchase on 11.05.2018	455554	0.11	455554	0.11
	Increase on 18.05.2018/Purchase	67252	0.02	522806	0.12
	Increase on 08.06.2018/Purchase	525959	0.12	1048765	0.25
	Increase on 20.07.2018/Purchase	141698	0.03	1190463	0.28
	Increase on 29.09.2018/Purchase	141977	0.03	1332440	0.31
	Increase on 12.10.2018/Purchase	66104	0.02	1398544	0.33
	Increase on 19.10.2018/Purchase	39034	0.01	1437578	0.34
	Increase on 02.11.2018/Purchase	137642	0.03	1575220	0.37
	At the end of the year			1575220	0.37
11	**Kuwait Investment Authority Fund 224***				
	At the beginning of the year	2149263	0.50	2149263	0.50
	Increase on 13.07.2018/Purchase	128583	0.03	2277846	0.53
	Decrease on 29.09.2018/Sale	334623	0.08	1943223	0.46
	Decrease on 01.02.2019/Sale	379740	0.09	1563483	0.37
	Decrease on 07.02.2019/Sale	457889	0.11	1105594	0.26
	Decrease on 15.02.2019/Sale	483104	0.11	622490	0.15
	Decrease on 22.02.2019/Sale	622490	0.15	0	0
	At the end of the year			0	0

Not in the list of Top 10 shareholders as on 01.04.2018. Details are shown above, since the shareholder is one of the Top 10 shareholder as on 31.03.2019.

* Ceased to be in the list of Top 10 shareholders as on 31.03.2019. Details are shown above, since the shareholders were in the list of Top 10 shareholders as on 01.04.2018

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	79343252	18.64	79343252	18.64
	Decrease on 05.12.2018/Market Sale	335000	0.08	79008252	18.51
	At the end of the year			79008252	18.51
2	**Mithun Kochouseph Chittilappilly (Managing Director)**				
	At the beginning of the year	71551452	16.81	71551452	16.81
	Increase on 05.12.2018/Market Purchase	335000	0.08	71886452	16.84
	At the end of the year			71886452	16.84
3	**Ramachandran V (Director & Chief Operating Officer)**				
	At the beginning of the year	944811	0.22	944811	0.22
	02.04.2018 - Market Sale	50000	0.01	894811	0.21
	03.04.2018 - Market Sale	50000	0.01	844811	0.20
	04.04.2018 - Market Sale	100000	0.02	744811	0.17
	31.07.2018 - Allotment (Stock Option)	259409	0.06	1004220	0.24
	29.11.2018 - Market Sale	5000	0.00	999220	0.23
	03.12.2018 - Market Sale	5000	0.00	994220	0.23
	27.03.2019 - Market Sale	10000	0.00	984220	0.23
	28.03.2019 - Market Sale	5000	0.00	979220	0.23
	29.03.2019 - Market Sale	10000	0.00	969220	0.23
	At the end of the year			969220	0.23
4	**Sudarshan Kasturi (Chief Financial Officer)**				
	At the beginning of the year	15460	0.00	15460	0.00
	29.11.2018 - Market Sale	12500	0.00	2960	0.00
	09.01.2019 - Allotment (Stock Option)	37707	0.01	40667	0.01
	At the end of the year			40667	0.01
5	**Jayasree K (Company Secretary)**				
	At the beginning of the year	69678	0.02	69678	0.02
	03.08.2018 - Market Sale	2000	0.00	67678	0.02
	09.08.2018 - Market Sale	500	0.00	67178	0.02
	23.08.2018 - Market Sale	1000	0.00	66178	0.02
	29.08.2018 - Market Sale	2500	0.00	63678	0.01
	21.12.2018 - Market Sale	3000	0.00	60678	0.01
	26.12.2018 - Market Sale	1000	0.00	59678	0.01
	At the end of the year			59678	0.01

Note: During the year under review, the paid up capital of the Company has increased to ₹ 42.69 crores due to allotment of shares to the eligible employees under ESOS2013.

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	244.91	0	0	244.91
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**244.91**	**0**	**0**	**244.91**
Change in Indebtedness during the financial year				
Additions	0	1500.00	0	1500.00
Reduction	242.68	500.00	0	742.68
Net Change	**-242.68**	**1000.00**	**0**	**757.32**
Indebtedness at the end of the financial year				
i) Principal Amount	2.23	1000.00	0	1002.23
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**2.23**	**1000.00**	**0**	**1002.23**

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 Venkataraman Director & Chief Operating Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,512,004	21,434,560	33,946,564
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,969,000	584,568	2,553,568
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	-
2	Stock option	0	52,024,473	52,024,473
3	Sweat Equity	0	0	-
4	Commission as % of profit	27,778,982	0	27,778,982
5	Others (Specify)	0	0	-
	Total (A)	42,259,986	74,043,601	116,303,587
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 22,84,63,304 /-		

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	475,000	250,000	395,000	260,000	165,000	1,545,000
	(b) Commission	851,840	-	-	-	-	851,840
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	1,326,840	250,000	395,000	260,000	165,000	2,396,840
2	Other Non Executive Directors	**Kochouseph Chittilappilly**	**Joshna Johnson Thomas**	-		-	
	(a) Fee for attending Board / Committee meetings	260,000	115,000	-	-		375,000
	(b) Commission	13,333,911	5,555,796	-	-		18,889,707
	(c) Others, please specify	-	-	-	-	-	-
	Total (2)	13,593,911.00	5,670,796	-	-		19,264,707
	Total (B)=(1+2)						21,661,547
	Total Managerial Remuneration (A+B)			-	-		137,965,134
	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., ₹ 25,13,09,634/- 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e., ₹ 2,28,46,330/- (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.	16,593,792	2,061,257	18,655,049
	(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	7,851,729	1,628,042	9,479,771
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, specify	-	-	-
	Total	24,485,121	3,718,099	28,203,220

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)	Appeall 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

S/d
Kochouseph Chittilappilly
Chairman
(DIN: 00020512)

S/d
Mithun K Chittilappilly
Managing Director
(DIN: 00027610)

Date : May 29, 2019
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; i.e., Energy Conservation Measures Taken	• Replacement of all conventional tube lightings with LED Lamps thereby saving energy to considerable extent. • Installation of electrical control circuit and auto controller setup for motor running during idling has resulted in energy savings. • Reduction in additional consumption of water due to reuse of waste water through recycling. • Installation of gravity based conveyor for product assembly resulted savings in energy consumption. • Optimum usage of various machines to reduce consumption of energy.
ii.	Steps taken for utilising alternative sources of energy	• Installation of Solar Power systems at Corporate Office.
iii.	Capital investment on energy conservation equipment; i.e., Additional Investments and proposals, if any, being implemented for reduction of consumption of energy	• Investments are made/ being made in various process to achieve the objective of reducing energy consumptions. • Systems are installed for monitoring the energy consumption. • Installation of automatic lightning in office premises.
iv.	Impact of the measures at (i), (ii) & (iii) above for reduction of energy by implementing the aforesaid measures, consumption and consequent impact on the cost of production of goods	By implementation of aforesaid measures, energy saving was achieved and the same has resulted reduction in cost of production.

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATIONS

Effort made towards Technology absorption in Research and Development:

i.	Specific areas in which R & D carried out by the Company	R&D was carried out in Pumps and Motors, Switchgear, Fans, Solar & Electric Water Heaters, Digital UPS and Stabilizers to introduce models with better design, applications, features, quality etc.
ii.	Benefits derived as a result of the above R&D	R&D activities carried under different product categories aided to offer products with smart features, application, quality etc., to end consumers and has resulted in improving market share.
iii.	Future plan of Action	R&D will be carried out on the aforesaid product categories to improve its design, features, durability, performance, quality etc.
iv.	Expenditure on R&D	a. Capital: ₹ 26.30 Lakhs b. Revenue: ₹ 1,348.55 Lakhs c. Total: ₹ 1,374.85 Lakhs d. % of R&D expenditure to total sales: 0.54%
v.	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
	(a) Details of technology imported;	Nil
	(b) Year of import;	NA
	(c) Whether technology been fully absorbed;	NA
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned in terms of actual inflows during the year 2018-19	₹ 285.53 Lakhs
Foreign Exchange outgo in terms of actual inflows during the year 2018-19	₹ 26,123.70 Lakhs

For and on behalf of the Board of Directors

	S/d	S/d
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date : May 29, 2019	Chairman	Managing Director
Place : Ernakulam	(DIN: 00020512)	(DIN: 00027610)

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	87.04
		Mr. Ramachandran Venkataraman	154.03
(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**	**Ratio to Median**
		Mr. Mithun K Chittilappilly	62.12
		Mr. Ramachandran Venkataraman	-19.58
		Mr. Sudarshan Kasturi*	53.45
		Ms. Jayasree K	1.95
(iii)	Percentage increase in the median remuneration of employees in the Financial Year	11.93%	
(iv)	Number of permanent employees on the rolls of the Company.	2217 (As on March 31, 2019).	
(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 10.22%. Average percentage increase in the salary of managerial personnel in the Financial Year : 7.46%.	
(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.	

** Mr. Sudarshan Kasturi was appointed as Chief Financial Officer of the Company effective from June 01, 2017. Remuneration for ten months period for Financial Year 2017-18 was considered for calculation of increase in percentage.*

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Kochouseph Chittilappilly	**Mithun K Chittilappilly**
Date : May 29, 2019	Chairman	Managing Director
Place : Ernakulam	(DIN: 00020512)	(DIN: 00027610)

Report on Corporate Governance

Report on Corporate Governance for the Financial Year ended March 31, 2019, 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

The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws with highest standards of transparency and business ethics. These practices are continuously followed by the Company since inception and the same has immensely contributed to it's sustained growth. Efforts are being channelized into reimagining the current practices and processes to inspire dynamic business environment that the Company reside in. The Governance system followed by the Company over the years has enhanced the value of stakeholders.

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 more than Fifty percent of the Board as Independent Directors. During the year under review, the Company has appointed Ms. Radha Unni, as an Independent Director, effective from September 27, 2018, for a period of three years.

As on March 31, 2019, strength of the Board of the Company consists of nine Directors, of which two are Executive Directors and seven are Non-Executive Directors. The Board has five 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. Out of the two Executive Directors, one Director is from promoter category and the other is in the professional category. Present tenure of four of the Independent Directors is for a period of five years effective from July 29, 2014. 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 Companies Act, 2013 (the 'Act') read with the provisions of Regulation 16 of the Listing Regulations. The Board confirm that, in its opinion, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

The following are the names, position and categories of Directors as on March 31, 2019:

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. A K Nair	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 declarations received from the Directors, none of the Director is disqualified under Section 164(2) of the Act.

During the year under review, none of the Independent Director of the Company has resigned from the Board.

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

During the Financial Year, the Board of Directors met five 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 31, 2018
Mr. Kochouseph Chittilappilly	5	Yes
Mr. Cherian N Punnoose	5	Yes
Mr. Mithun K Chittilappilly	5	Yes
Mr. Ramachandran Venkataraman	5	Yes
Mr. C J George	3	No
Mr. A K Nair	5	Yes
Mr. Ullas K Kamath	4	No
Ms. Joshna Johnson Thomas	2	No
Ms. Radha Unni*	3	NA

*Ms. Radha Unni was appointed as an Independent Director on September 27, 2018. Attendance of meetings held after the date of appointment is considered.

c) Number 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, 2019		
		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	2	1	Nil
Mr. A K Nair Independent Director	Non-Executive Independent	4	2	1
Mr. Ullas K Kamath* Independent Director	Non-Executive Independent	2	2	Nil
Ms. Joshna Johnson Thomas Non-Executive Director	Non-Executive Non-Independent	Nil	Nil	Nil
Ms. Radha Unni Independent Director	Non-Executive Independent	5	4	1

*Mr. Ullas K Kamath resigned from Audit Committee of Jyothy Laboratories Limited with effect from April 01, 2019.

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.

d) Details of Directorship held by the Directors in other Listed Companies

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. A K Nair	Nitta Gelatin India Limited	Non-Executive Independent	Director
Mr. Ullas K Kamath	Jyothy Laboratories Limited	Promoter – Executive	Joint Managing Director
Ms. Joshna Johnshon Thomas	Nil	Nil	Nil
Ms. Radha Unni	Nitta Gelatin India Limited	Non-Executive Independent	Director
	Muthoot Capital Services Limited	Non-Executive Independent	Director
	Sundaram BNP Paribas Home Finance Limited	Non-Executive Independent	Director

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 25(1) of the Listing Regulations.

e) Number and Dates of meetings of the Board of Directors

Details of meetings of Board of Directors of the Company held during the Financial Year 2018-19 are given below:

Number of Meetings held	Date of Meetings
5	May 30, 2018, July 31, 2018, October 25, 2018, January 31, 2019 and March 22, 2019

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. The Board agenda with proper explanatory notes are prepared and circulated on time to all the Board members. 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 and 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 22, 2019, at the Registered Office of the Company 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, Chairman of the Board. 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 is holding 7,90,08,252 equity shares of the Company as on March 31, 2019. None of the other Non-Executive Director of the Company is holding shares or convertible instruments in the Company.

h) 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 Senior Management team, where they have personal interest.

i) Details of familiarization programmes imparted to Independent Directors

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'.

j) List of core skills, expertise and competencies 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 & Transformation	Experience in developing and reviewing long term business strategy for sustainable growth and profitability of businesses in highly competitive landscape. Enabling organization and functional capability building through transformational strategic initiatives.
Innovation & Technology	Understanding the management of product innovation value chain, emerging technologies 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 the business and the minimization 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. Understand developments in the Digital space, its potential to disrupt consumer business and recommend plans to leverage these developments effectively for growth and efficiency.
Corporate Governance	Ensuring putting in place best in class practices in various functional areas to strengthen the governance system.

k) 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 22, 2019, has carried out the evaluation of performance of individual directors. Further, the Board in its meeting held on March 22, 2019, 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; and
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.
21) Carrying out any other function as is mentioned in terms of reference of the Audit committee.

*The terms of reference of the Committee has been revised in line with SEBI (Listing Obligations and Disclosure Requirements) Amendement Regulations, 2018.

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, 2019 is as under:

Name	Category	Position
Mr. Cherian N Punnoose	Non–Executive Independent	Chairman
Mr. C J George	Non–Executive Independent	Member
Mr. A K Nair	Non–Executive Independent	Member
Mr. Ullas K Kamath	Non–Executive Independent	Member
Mr. Mithun K Chittilappilly	Executive	Member

*The Board of Directors in their meeting held on May 29, 2019, inducted Ms. Radha Unni, Independent Director, as a member of the Audit Committee effective from June 01, 2019.

c) Meetings and Attendance during the year

During the Financial Year 2018-19, the Committee members met five times, i.e. on April 26, 2018, May 30, 2018, July 31, 2018, October 25, 2018 and January 31, 2019 respectively. The gap between two meetings was not more than 120 days and requisite quorum was there for all the meetings. The audited financial statements of the Company for the Financial Year ended March 31, 2019 were reviewed by the Committee members at their meeting held on May 29, 2019. Attendance of Committee members at the meetings held during the Financial Year 2018-19 is as follows:

Name	No. of meetings held	No. of meeting(s) attended
Mr. Cherian N Punnoose	5	5
Mr. C J George	5	3
Mr. A K Nair	5	5
Mr. Ullas K Kamath	5	4
Mr. Mithun K Chittilappilly	5	5

IV. NOMINATION AND REMUNERATION 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 Independent Directors and the Board;

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.

*The terms of reference of the Committee has been revised in line with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

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 22nd Annual General Meeting of the Company held on July 31, 2018 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 Committee consists of three Non-Executive Independent Directors and one Non-Executive Director.

The Composition of the Committee as on March 31, 2019 is as follows:

Name	Category	Position
Mr. C J George	Non–Executive Independent	Chairman
Mr. Cherian N Punnoose	Non–Executive Independent	Member
Mr. A K Nair	Non–Executive Independent	Member
Ms. Joshna Johnson Thomas	Non–Executive Non-Independent	Member

The Board of Directors in their meeting held on May 29, 2019, inducted Ms. Radha Unni, Independent Director, as a member of the Nomination and Remuneration Committee effective from June 01, 2019.

c) **Meetings and attendance during the year**

The members of Nomination and Remuneration Committee met four times i.e. on May 30, 2018, July 31, 2018, January 31, 2019 and March 22, 2019. Attendance of the members at the meetings held during the Financial Year 2018-19 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	4	2
Mr. Cherian N Punnoose	4	4
Mr. A K Nair	4	4
Ms. Joshna Johnson Thomas	4	1

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 commission during the Financial Year 2018-19. Commission to all the Non-Executive Directors of the Company is within the limit of 1% of the net profit of the Company. As the remuneration by way of commission payable to Mr. Kochouseph Chittilappilly, for the Financial Year 2018-19, 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.

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 in 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 contribution in strengthening governance practices, review of strategic proposals, driving new initiatives etc., and the total commission payable is below 1% of the net profit 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	-	-	-	133.33	2.60	135.93
Mr. Cherian N Punnoose	-	-	-	8.52	4.75	13.27
Mr. Mithun K Chittilappilly*	113.60	11.52	19.69	277.79	-	422.60
Mr. Ramachandran Venkataraman**	191.87	22.48	5.85	-	-	220.20
Mr. C J George	-	-	-	-	2.50	2.50
Mr. A K Nair	-	-	-	-	3.95	3.95
Ms. Joshna Johnson Thomas	-	-	-	55.56	1.15	56.71
Mr. Ullas K Kamath	-	-	-	-	2.60	2.60
Ms. Radha Unni	-	-	-	-	1.65	1.65
Total	**305.47**	**34.00**	**25.54**	**475.20**	**19.20**	**859.41**

* Mr. Mithun K Chittilappilly, was re-appointed as Managing Director in the 22nd Annual General Meeting of the Company, held on July 31, 2018, for a period of three years, effective from April 01, 2018. The remuneration payable to him during the tenure of re-appointment was approved by the members.

** As per the 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 absences (if any), as they are determined on an actuarial basis for the Company as a whole.

Perquisite value of options exercised by Mr. Ramachandran Venkataraman under the ESOS2013 amounting to ₹520.24 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 ₹121.79 respectively were vested to Mr. Ramachandran V. He has exercised options to the extent of 2,59,409 and 42,000 numbers at a price of ₹34.64 and ₹1/- each respectively during the year.

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 rematerialisation of equity shares. The members in their meeting held on May 28, 2019, changed the name of the Committee to Stakeholders' Relationship Committee.

a) Composition and name of members and chairperson

The Committee consists of two Non–Executive Independent Directors and one Whole-time Director as members.

The composition of the Stakeholders' Relationship Committee as on March 31, 2019 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

The Committee members in their meeting held on May 30, 2018, elected Mr. Cherian N Punnoose, as the new Chairman of the Committee.

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 demat and remat 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 listed entity in respect of various services being rendered by the Registrar & Transfer Agent.

(5) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

* The terms of reference of the Committee has been revised in line with SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

c) Meetings and attendance during the year

During the Financial Year 2018-19, the Committee met 3 times i.e., on May 30, 2018, September 07, 2018 and December 14, 2018. Attendance of the members at the meetings held during the Financial Year 2018-19 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	3	2
Mr. Mithun K Chittilappilly	3	3
Mr. Cherian N Punnoose	3	3

Mr. Cherian N Punnoose, Chairman of the Committee attended the Annual General Meeting held on July 31, 2018 to answer queries of the shareholders.

d) Name and Designation of Compliance Officer

The Board of Directors has appointed Ms. Jayasree K, Company Secretary of the Company as Compliance Officer.

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, 2018	Nil
2	No. of investor complaints received and resolved during the year	2
3	No. of investor complaints pending as on March 31, 2019	Nil

VII. GENERAL BODY MEETING

a) Details of the Annual General Meetings held during the last three years are as follows:

Financial Year ended	Date	Time	Venue
March 31, 2018	July 31, 2018	4.30 PM	The Renai Cochin, Palarivattom P.O, Kochi -682025
March 31, 2017	July 31, 2017	4.30 PM	The Renai Cochin, Palarivattom P.O, Kochi -682025
March 31, 2016	July 26, 2016	4.30 PM	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 AGM	Details of Special Resolutions passed if any;
22nd Annual General Meeting held on July 31, 2018	To continue the directorship of Mr. A K Nair, Independent Director who attained the age of 75 years on August 27, 2018
21st Annual General Meeting held on July 31, 2017	None
20th Annual General Meeting held on July 26, 2016	a. To borrow from banks or financial institutions, any sum/sums of monies, exceeding the aggregate of the paid-up capital and free reserves of the Company, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹750 crores as per Section 180(1)(c) of the Companies Act, 2013; b. To increase the limit for investment in the securities of other bodies corporate upto a limit of ₹750 crores as per Section 186 of the Companies Act, 2013; c. To issue further number of options, exercisable into not more than 22,50,000 Equity Shares of ₹1/- each under ESOS2013; and d. To grant options to identified employees during any one year, equal to or exceeding one percentage of the issued capital of the Company at the time of grant of option pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013.

c) Postal Ballot

During the year under review, the Company moved an ordinary resolution through postal ballot process vide notice dated August 28, 2018, for appointment of Ms. Radha Unni, as an Independent Director, for a period three years, effective from September 27, 2018. 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 shareholders. The members had the option to vote either through physical ballot or 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.' No special resolution was passed through postal ballot process vide above notice referred.

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 the 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 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 appointed Mr. M D Selvaraj, FCS, Practicing Company Secretary, Coimbatore, as "Scrutinizer" for conducting the Postal Ballot and Remote E-voting process. The scrutinizer submitted his 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.

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 the shares of the Company are listed.

b) Newspapers wherein results 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 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 statements 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, presentations made to analysts or institutional investor, other developments etc.

IX. GENERAL SHAREHOLDER INFORMATION

a) Date, Venue and Time of the 23rd Annual General Meeting

Date	Wednesday, July 24, 2019
Venue	Hotel "The Renai Cochin", Palarivattom P.O, Kochi – 682025
Time	4.30 P M

b) Board Meetings & Financial Calendar

The financial year of the Company starts from April 1 of a year and ends on March 31 of the following year.

Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the Financial Year 2019-20 is as follows:

For the quarter ending June 30, 2019 : July 24, 2019
For the quarter ending September 30, 2019 : October 31, 2019
For the quarter ending December 31, 2019 : January 31, 2020
For the year ending March 31, 2020 : May 22, 2020
(Audited results for the year)

c) Dividend

The Board of Directors in their meeting held on May 29, 2019 recommended a final dividend of 80 paise (80%) per equity share, which is subject to the approval of the shareholders at the ensuing Annual General Meeting, and if approved will be payable after July 24, 2019 but before August 20, 2019.

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) Date of Book Closure

The Register of Members will remain closed from July 18, 2019 to July 24, 2019 (both days inclusive) and dividend will be paid to the members whose name(s) appear in the Register of Members on July 17, 2019.

Dividend warrants in respect of shares held in physical and electronic form will be posted to members and beneficial owners respectively at their registered addresses within the statutory time limit. Warrants for high value amounts will be sent through registered post.

The Company will make arrangements to pay dividend through National Electronic Clearing Services (NECS) to its members. Under this system of payment of dividend, the shareholders will receive the credit directly in their specified bank account. This ensures direct and immediate credit with no chance of loss of warrant in transit or its fraudulent encashment. Members holding shares in physical form who have not availed NECS facility earlier are requested to give the NECS mandate in the prescribed form to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 latest by July 15, 2019.

e) Unpaid Dividend Amount

As per the provisions of Section 124(5) and (6) of the Act, 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 ₹ 4,41,340/- which was lying in Unpaid Dividend Account of the Financial Year 2010-11 to IEPF. The Unclaimed Dividend in respect of the Financial Year 2011-12 is due for transfer to IEPF on August 24, 2019 in terms of Section 124(6) of the Act. Claims against Unpaid/Unclaimed dividend pertaining to Financial Year 2011-12 may be lodged at the Registered Office or at the Office of Registrar and Transfer Agents of the Company before August 22, 2019.

During the year under review, as per the provisions of Section 125 of the Act, the Company transferred an amount of ₹ 2,78,600/-, the unclaimed share application money, lying in the Initial Public Offer (IPO) Refund Account, in respect of the public offer made during the Financial Year 2007-08 to IEPF. The said amount had to be transferred to IEPF on March 4, 2015. The Company has paid interest @ 12% amounting to ₹ 1,22,120/- calculated from the date of default to actual transfer.

Further, unpaid dividend of ₹ 6,075/- for the financial year 2008-09 lying in the Unpaid Dividend IPO Drop Account, which ought to have been transferred to IEPF in the year 2016-17, was transferred during the year under review, along with interest @ 12% per annum amounting to ₹ 1,887/- for the period of delay.

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 the transfer of the unclaimed dividend amount to the IEPF by the Company.

Financial Year	Dividend per share (Amount in ₹)	Nature	Date of Declaration of Dividend	Due date of transfer to IEPF	Account balance as on March 31, 2019 (Amount in ₹)
2011-12	3.50	Final	July 25, 2012	August 24, 2019	464,936.50
2012-13	3.50	Final	July 23, 2013	August 22, 2020	430,188.50
2013-14	4.50	Final	July 29, 2014	August 28, 2021	385,623.00
2014-15	4.50	Final	August 03, 2015	September 02, 2022	403,690.50
2015-16	4.50	Interim	March 09, 2016	April 08, 2023	445,945.50
2015-16	2.50	Final	July 26, 2016	August 25,2023	234,780.00
2016-17	0.70	Final	July 31, 2017	August 30, 2024	737,080.00
2017-18	0.70	Final	July 31, 2018	August 30, 2025	722,876.00

As per the provisions of Section 124(6) of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the 'Rules'), dated September 7, 2016, if dividend on any shares have not been encashed or claimed during seven consecutive years or more, such shares are to be transferred to the Investor Education and Protection Fund Authority (IEPFA), a fund constituted by the Government of India.

The Company has given intimation to all shareholders who has not claimed dividend for seven consecutive years from the Financial Year 2011-12, indicating that such shares shall be transferred to Investor Education and Protection Fund Authority (IEPFA). The shareholders can claim dividend on or before August 22, 2019, failing which the aforesaid shares will be transferred to IEPFA at appropriate date. The said intimation has been published in newspapers and available on the website of the Company 'www.vguard.in' in the page 'investor relations'.

f) Details of Shares transferred to Investor Education and Protection Fund Authority

During the year under review, the Company transferred 19018 equity shares to IEPFA as dividend had not been encashed or claimed on the above shares during the seven consecutive years from the financial Year 2010-11 to 2017-18. The voting rights on these shares shall remain frozen till the shareholder claim those shares from IEPFA, by filing Form IEPF-5, as prescribed under the Rules. The details of shares transferred to IEPF 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 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'.

g) Name and address of stock exchanges at which the Company's shares are listed & details of annual listing fee paid

Shares of the Company are quoted on the National Stock Exchange of India Limited (NSE) and the BSE Ltd. (BSE), since March 13, 2008. Listing fees for the Financial Year 2019-20 have been paid to both the Stock Exchanges. Address of the Stock Exchanges are as follows:

BSE Limited Phiroze Jeejeebhoy Towers, Dalal street, Mumbai – 400101	National Stock Exchange of India Limited Exchange plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla complex, Bandra – East, Mumbai – 400051

h) 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 2019-20.

i) 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

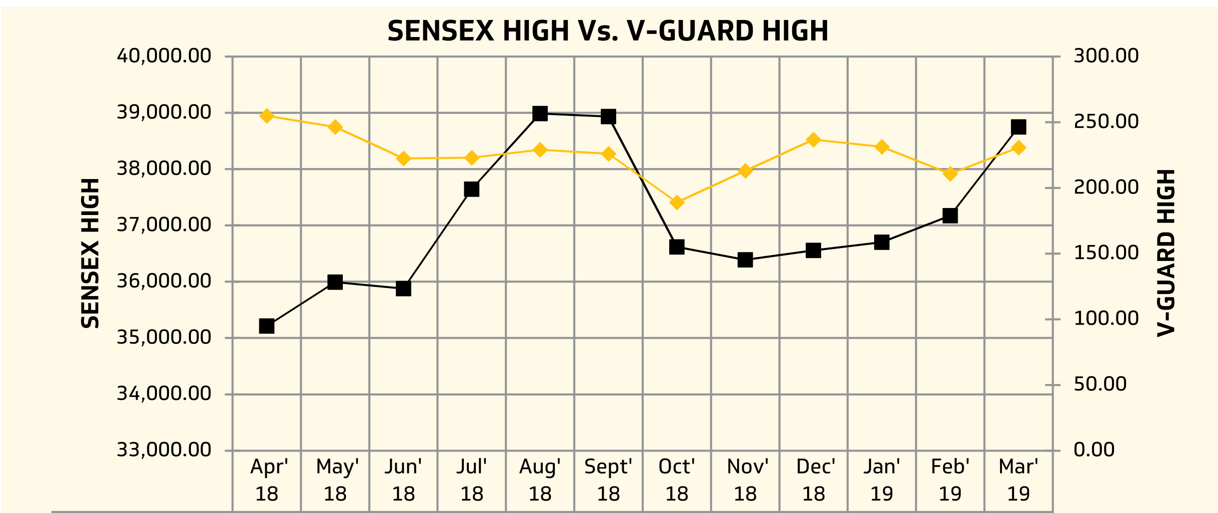
Company's ISIN : INE951I01027

j) Market price data- high, low during each month in the Financial Year 2018-19

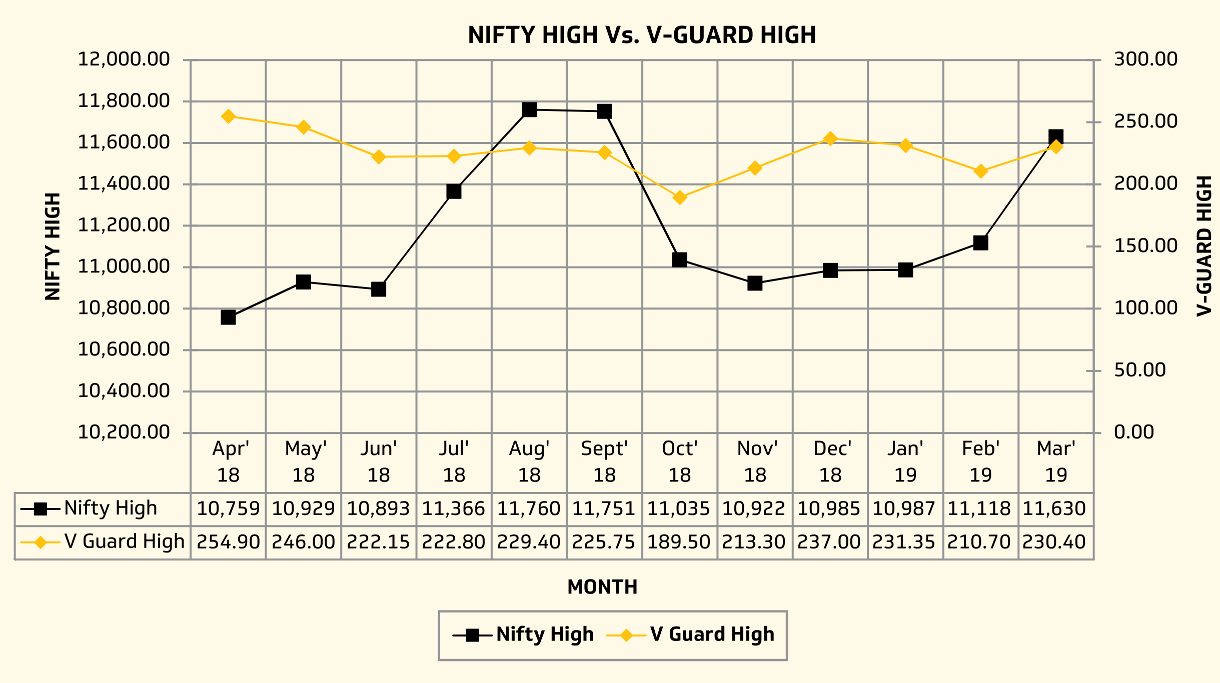
Monthly high and low quotations during each month during the Financial Year 2018-19 as well as the volume of shares traded at the National Stock Exchange of India Limited and the BSE Ltd. are as follows:

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (in Numbers)	High (₹)	Low (₹)	Volume (in Numbers)
April '18	254.90	222.55	2,11,78636	254.90	222.90	13,03,161
May '18	246.00	218.10	1,98,08,127	246.40	218.40	18,99,695
June '18	222.15	192.80	2,09,88079	222.50	191.00	13,68,480
July '18	222.80	182.80	2,42,08,537	223.10	182.25	14,02,640
August '18	229.40	204.15	2,29,11155	229.05	204.15	20,01,665
September '18	225.75	172.00	1,79,54240	226.00	172.25	12,88,206
October '18	189.50	159.40	1,89,63,905	189.10	159.10	14,00,966
November '18	213.30	183.35	1,35,16,823	213.00	183.85	8,59,842
December '18	237.00	205.00	1,63,40,307	236.90	204.00	9,59,945
January '19	231.35	191.00	1,89,18,163	231.30	191.05	35,76,098
February '19	210.70	183.40	1,62,27,652	210.85	183.55	30,09,139
March '19	230.40	202.85	1,90,93,445	230.80	203.00	12,11,630

k) Performance in comparison to broad based indices such as BSE – Sensex, NSE – Nifty 50 etc.



	Apr' 18	May' 18	Jun' 18	Jul' 18	Aug' 18	Sept' 18	Oct' 18	Nov' 18	Dec' 18	Jan' 19	Feb' 19	Mar' 19
Sensex High	35,213	35,993	35,877	37,644	38,989	38,934	36,616	36,389	36,554	36,701	37,172	38,748
V Guard High	254.90	246.40	222.50	223.10	229.05	226.00	189.10	213.00	236.90	231.30	210.85	230.80



l) The Company's shares were not suspended from trading during the Financial Year under review.

m) Registrar and Transfer Agents

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

n) Share Transfer

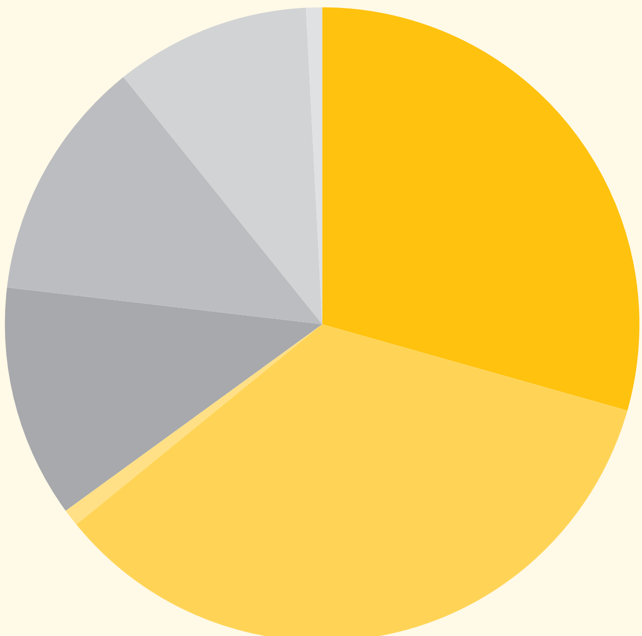
The transfers with respect to shares held in physical form are executed within 15 days from the receipt of documents, provided documents are valid and complete in all respects. In compliance with the provisions of the Listing Regulations, the share transfer system of the Company is audited by a Practicing Company Secretary, every six months and a certificate to that effect was issued for the half year ended September 30, 2018 and March 31, 2019. SEBI Vide its circular No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, 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. The Committee also reviews request for issue of duplicate share certificate, if any, received from shareholders.

o) Distribution of Shareholding as on March 31, 2019

Shares	Shareholders		Shareholding	
	No. of Shareholders	% of shareholders	No. of shares	% of shareholding
1-5000	79075	98.6711	2,39,75,914	5.6158
5001-10000	488	0.6089	34,03,333	0.7972
10001-20000	257	0.3207	35,32,927	0.8275
20001-30000	72	0.0898	17,74,545	0.4156
30001-40000	37	0.0462	12,69,393	0.2973
40001-50000	32	0.0399	14,14,061	0.3312
50001-100000	77	0.0961	51,80,430	1.2134
100001 and above	102	0.1273	38,63,83,491	90.5019
Total	**80140**	**100.00**	**42,69,34,094**	**100.00**

Category of shareholders as at March 31, 2019

Category	No. of shares	% of the total no. of shares
Promoters Holdings	12,54,92,830	29.39
Promoters Group	14,82,70,210	34.73
Corporate Bodies	37,18,158	0.87
Banks, NBFCs, Financial Institutions, Mutual Funds, State & Central Govt.	5,06,42,275	11.86
Foreign Institutional Investors	5,28,51,513	12.38
Indian Public & Others	4,24,71,080	9.95
NRIs/OCBs/Foreign Nationals	34,88,028	0.82
Total	**42,69,34,094**	**100.00**



p) Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's shares are liquid and actively traded in NSE and BSE. The status of shares held in demateralised and physical forms as on March 31, 2019 are given below:

Particulars	No. of shares	Percentage
Shares held in Dematerialised form	42,60,61,960	99.80
Shares held in Physical form	8,72,134	0.20
Total	**42,69,34,094**	**100.00**

q) There were no outstanding GDR/ADR/warrants or any convertible instruments as at and for the year ended March 31, 2019.

r) Commodity price risk or foreign exchange risk and hedging activities

During the year ended March 31, 2019, the Company has managed its foreign exchange risk by entering into hedging arrangements as and when considered necessary. The details of foreign currency exposure are disclosed in note no. 49 of the financial statements as at March 31, 2019 which forms part of this Annual Report.

s) Plant Locations

The details of manufacturing/plant locations and registered office are given in Page no. 33 of the Annual Report.

t) Address for investor correspondence is as follows:

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

u) List of credit rating obtained by the Company with any revisions 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) 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 lasts three years

Neither the Stock Exchanges nor the Board or any other Statutory Authority has imposed penalties or strictures on the Company, during the last three years, on any matter relating to capital markets.

b) 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 safeguards 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'.

c) 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.

d) Governance of Subsidiary Company – GUTS Electro-Mech Limited

The minutes of the Board Meetings of the subsidiary company along with the details of significant transactions and arrangements 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.

e) Related Party Transactions

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 43 of the financial statements as at March 31, 2019 which forms part of this Annual Report for details of related party transactions.

f) Total fees paid to the Statutory Auditor

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/provided for a consolidated amount of ₹ 58,50,000/- to the Auditors for carrying out the audit of the Financial Year 2018-19 and for other certificates issued or to be issued for the said year. The above amount is exclusive of Goods and Service Tax and reimbursement of out of pocket expenses.

g) 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 end of 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 Director of the Company is 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, 2019. 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 Chairman 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 independent firms of Internal Auditors of the Company are directly reporting to the Audit Committee of the Board.

XIII. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with all the requirements of Corporate Governance mentioned in the Regulation 12 to 27 and clauses (b) to (i) of sub-regulation of Regulation 46 of the Listing Regulations, wherever applicable.

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.

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) 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 revised Code as per SEBI Listing Regulations, 2018 in website of the Company www.vguard.in in the page 'Investor Relations'.

c) **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 Board about the risk assessment and minimization procedures.

The members of the Committee consist of two Executive Directors and Chief Financial Officer of the Company.

A detailed note on Risk Management is included in the Management Discussion and Analysis, which forms part of this Annual Report.

d) **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.

e) **Submission of quarterly compliance report on Corporate Governance**

The Company has submitted quarterly compliance report on Corporate Governance, duly signed by the Managing Director/Company Secretary of the Company, with all the Stock Exchanges wherein the shares of the Company are listed.

f) **Management and Discussion Analysis**

Management Discussion and Analysis detailing the industry developments, segment wise performance and other matters, forms part of this Annual Report.

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 held on May 29, 2019 and the same forms part of this report.

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.

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

Date: May 29, 2019
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, 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, 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 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, 2019, have been debarred or disqualified from being appointed or continuing as Directors 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

Sd/-
Keyul M. Dedhia
Proprietor
FCS No: 7756
COP No: 8618

May 29, 2019, 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, 2019 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 into 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 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 operations of such internal controls, if any, of which we are aware and steps have been taken or is proposed to be taken to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   (1) That there are no significant changes in the internal control over financial reporting during the period under review.

   (2) That there are no significant changes in the accounting policies during the period under review.

   (3) That we are not aware of instances of any significant fraud with involvement therein of the management or any employee having any significant role in the Company's internal control system over financial reporting.

For V-Guard Industries Limited

	Sd/-	Sd/-
Date : May 29, 2019	**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

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, 2019 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 ("the SEBI").

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 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 key 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, 2019 and verified that atleast one woman director was on the Board of Directors throughout the year;

iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2018 to March 31, 2019:

(a) Board of Directors;

(b) Audit Committee;

(c) Annual General Meeting (AGM);

(d) Nomination and Remuneration Committee; and

(e) Stakeholders Relationship Committee;

v. Obtained necessary declarations from 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, 2019, 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: 19061207AAAAAF8712

Bangalore
June 22, 2019

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 500 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 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	2018-19
7.	Sector that the Company is engaged in	Consumer Electricals
8.	Key products that the Company manufactures/ provides	(see table below)
9.	Total no. of locations were business activity is undertaken by the Company	a. Registered and Corporate Office at Kochi, Kerala, India. 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.

Product	NIC Code 2008
House wiring cable	2732
Stabilizers	2710
Water Heaters (Electric & Solar)	2750, 2815
UPS (Digital & Standalone)	2710
Pump	2812
Fan	2750

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹ 42.69 crores
2.	Total Turnover	₹ 2,566.43 crores
3.	Total Profit After Taxe	₹ 165.52 crores
4.	Total Spending on Corporate Social Responsibility	a. Average net profit of the Company for last three financial years: ₹ 18,168 Lakhs. b. Total amount spent for the financial year 2018-19: ₹ 365.44 Lakhs
5.	List of activities, in which expenditure in 4 above, has been incurred	a. Education and Skill Development Programs b. Health Care Programs c. Nation Building Programs 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 Chittilappily
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 requisite authority has been delegated 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 in-house Internal Audit Division.								

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?	The Company has published the BRR in its Annual Report for FY2019. The hyperlink for viewing the report is http://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 and Senior Management Personnel of the Company. The members of the Board of Directors and the members of the Senior Management of the Company are required to affirm on an annual compliance of this code. This Code requires the Directors and senior management personnel of the Company to act honestly, ethically and with integrity. The Code guides the Directors and senior management personnel to conduct themselves in professional, courteous and respectful manner and to ensure that their independent judgement is not impacted.
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 behaviour, actual or suspected fraud or violation of the Code of Conduct. Two investor complaints were received during the FY 2018-19. No Complaint was outstanding as on March 31, 2019. 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 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 ISI standards and BEE Star Rating.
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 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	2217
2.	Total number of employees hired on temporary/ contractual/casual basis	Net Additions as on March 2019 is 7. Total Head Count as on March 31, 2019 is 1815.
3.	Number of permanent women employees	149
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	See table below
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.

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

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 builds a lasting relationship with all the stakeholders, internal and external, through meaningful discussions. This process helps us review the actions, rethink the roadmaps, redress grievances and recognize new avenues of growth for all the stakeholders.

The details of engagements platforms for each stakeholder are as follows

Key Stakeholders	Engagement Platforms
Employees	Intranet, Department Meetings, Training Programs, Annual Health Check-ups, Celebrations, In-house Publications
Investors and Shareholders	Quarterly Results, Annual Reports, Earnings call, Analyst Meet, Press Releases
Customers & Partners	Customers: Customer satisfaction survey. Happy calling, Vendor Feedback, Conducting of regular meets with the various Channel Partners etc.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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

The Company 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 / others.	The Company has well-defined policies/principles in place relating to Health, Safety and Environment. These policies foster utmost employee safety and well being 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 provision of the Companies Act, 2013. The report on the CSR projects carried by the Company is annexed to the Director's 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 ₹ 365.44 lakhs on the CSR Activities during the financial year 2018-19. Please refer CSR Annual Report 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 CSR Annual Report for the financial year ended March 31, 2019.

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 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 product/ goods 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 to facilitate better usage of the product/goods by the customer, additional information about the products/goods, 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 utilised by the Company on a regular basis as effective tools of business strategy to understand the customers 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, 2019, 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 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 ("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, 2019, 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, 2019. 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 the matters below. 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 matter 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 46 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 the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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, 2019 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2019 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(c)(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. The following are the instances of delay in transferring amounts, to the Investor Education and Protection Fund by the Company:

Period to which the amount relates	Amount ₹ lakhs	Due Date	Date of Payment
2007-08	2.79	March 04, 2015	October 29, 2018
2008-09	0.06	August 26, 2016	March 25, 2019

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Kochi
May 29, 2019

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) All fixed assets were physically verified by the management during the previous year in accordance with a planned programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, 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 as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, 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, 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, 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, sales-tax, service tax, goods and services tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, goods and services tax, sales-tax, customs duty, excise duty, value added tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(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
Central Sales Tax Act	Central Sales tax	64.88	1998-99	2.60	Commercial Tax Office, Tamil Nadu
Karnataka Value Added Tax	Value added tax	2.37	2011-12	-	Appellate Tribunal
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	55.12	2013-14 & 2015-16	6.04	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Value Added Tax Act	Value added tax	225.31	2013-14; 2014-15 & 2015-16	64.41	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
Karnataka Value Added Tax Act	Value added tax	10.91	2011-12	-	Joint Commissioner Commercial Taxes (Appeals)
Central Sales Tax Act	Central Sales tax	5.51	2015-16	-	Deputy Commissioner (Appeals)
Central Excise Act	Central Excise	2.51	2015-16 & 2016-17	-	Commissioner Central Excise (Appeals)
Income Tax Act, 1961	Income tax	3,315.77	AY 2008-09; AY 2010-11 to AY 2014-15 and AY 2016-17	717.11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	91.68	AY 2009-10	16.29	Income Tax Appellate Tribunal

(viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any borrowing from government or by way of debentures during the year.

(ix) In our opinion and according to the information and explanations given by the management, monies raised by way of term loans were applied for the purposes for which those were raised. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

(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 by the management, we report that no fraud by the Company or no material 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 by the management, 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 by the management, 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 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 by the management, 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, 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 **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Kochi
May 29, 2019

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, 2019 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, 2019, 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 **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Kochi
May 29, 2019

Balance Sheet

as at March 31, 2019

(₹ in lakhs)

Particulars		Notes	As at March 31, 2019	As at March 31, 2018
A.	**ASSETS**			
1.	**Non-current assets**			
	Property, plant & equipment	3	21,004.11	19,644.21
	Capital work-in-progress	3	770.71	746.42
	Investment property	4	27.90	27.90
	Other intangible assets	5	347.30	414.39
	Financial assets			
	(a) Investment in subsidiary	6	884.95	884.95
	(b) Loans	7	605.58	732.49
	(c) Other financial assets	8	981.87	763.95
	Income tax assets (net)	9	743.61	713.30
	Other non-current assets	10	2,377.83	750.73
			27,743.86	**24,678.34**
2.	**Current assets**			
	Inventories	11	37,088.30	31,051.11
	Financial assets			
	(a) Investments	12	8,312.78	7,516.04
	(b) Trade receivables	13	46,717.90	44,448.58
	(c) Cash and cash equivalents	14A	8,427.28	470.84
	(d) Other bank balances	14B	38.15	33.05
	(e) Loans	15	333.01	250.47
	(f) Other financial assets	16	155.67	100.41
	Other current assets	17	7,106.86	6,915.57
			108,179.95	90,786.07
	TOTAL ASSETS		**135,923.81**	**115,464.41**
B.	**EQUITY AND LIABILITIES**			
1.	**Equity**			
	Equity Share capital	18	4,269.34	4,256.76
	Other Equity *		85,696.79	70,904.65
	TOTAL EQUITY		**89,966.13**	**75,161.41**
2.	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	19	-	-
	(b) Other financial liabilities	20	363.85	333.81
	Provisions	21	1,120.51	844.48
	Deferred tax liabilities (net)	22	223.67	294.99
			1,708.03	**1,473.28**
3.	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	23	1,002.23	-
	(b) Trade payables	24		
	(i) Total outstanding dues of micro enterprises and small enterprises;		3,533.60	5,214.85
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises;		32,075.54	27,643.95
	(c) Other financial liabilities	25	2,607.73	2,021.30
	Other current liabilities	26	1,644.58	792.69
	Provisions	27	3,121.63	2,673.95
	Current tax liabilities (net)	28	264.34	482.98
			44,249.65	**38,829.72**
	TOTAL EQUITY AND LIABILITIES		**135,923.81**	**115,464.41**
	* Refer Statement of changes in equity			
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Statement of Profit and Loss
for the year ended March 31, 2019

(₹ in lakhs)

	Particulars		Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
1	**Income**				
	(a)	Revenue from operations	29	256,643.57	232,127.11
	(b)	Other income	30	1,054.92	745.21
	(c)	Finance Income	31	770.56	366.23
	Total Income			**258,469.05**	**233,238.55**
2	**Expenses**				
	(a)	Cost of raw materials consumed	32.a	78,083.12	63,788.68
	(b)	Purchase of stock in trade		106,324.88	100,566.15
	(c)	(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32.b	(4,490.00)	(2,840.63)
	(d)	Excise duty on sale of goods		-	953.42
	(e)	Employee benefits expense	33	20,202.81	17,020.35
	(f)	Depreciation and amortisation expense	3 & 5	2,181.82	1,911.15
	(g)	Finance costs	34	126.93	166.07
	(h)	Other expenses	35	34,580.40	33,945.67
	Total expenses			**237,009.96**	**215,510.86**
3	**Profit before tax (1 - 2)**			**21,459.09**	**17,727.69**
4	**Tax expenses**		**37**		
	(a)	Current tax expense		4,896.54	4,453.80
	(b)	Deferred tax		(71.32)	(103.65)
	(c)	Current tax relating to earlier years		81.25	68.84
	Total Income Tax			**4,906.47**	**4,418.99**
5	**Profit for the year (3 - 4)**			**16,552.62**	**13,308.70**
6	**Other Comprehensive income/ (loss)**				
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
	(a)	Re-measurement gains/ (losses) on defined benefit plans		(89.85)	(14.59)
	(b)	Income tax effect		20.20	3.82
	Other comprehensive income/(loss) for the year, net of tax			**(69.65)**	**(10.77)**
	Total comprehensive income for the year, net of tax			**16,482.97**	**13,297.93**
7	**Earnings per equity share (basic and diluted) (₹) :**		**44**		
	(Nominal value of equity share - ₹ 1)				
	Basic earnings per share			3.88	3.13
	Diluted earnings per share			3.82	3.08
	Summary of significant accounting policies		2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

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V-Guard Industries Limited

Sd/-
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Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Statement of Changes in Equity

for the year ended March 31, 2019

A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
As at March 31, 2017	**424,654,461**	**4,246.54**
Add Equity shares issued under ESOS 2013	1,021,170	10.22
As at March 31, 2018	**425,675,631**	**4,256.76**
Add Equity shares issued under ESOS 2013	1,258,463	12.58
As at March 31, 2019	**426,934,094**	**4,269.34**

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, 2017	7,663.40	-	6,489.01	42,958.93	2,078.19	59,189.53
Net profit for the year	-	-	-	13,308.70	-	13,308.70
Other comprehensive income for the year						
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(10.77)	-	(10.77)
Total Comprehensive Income	-	-	-	13,297.93	-	13,297.93
Dividends (cash):						
Final	-	-	-	(2,972.58)	-	(2,972.58)
Corporate Dividend Tax	-	-	-	(605.16)	-	(605.16)
Equity shares issued under ESOS 2013	263.92	-	-	-	-	263.92
Transfer from Share based payments reserve on exercise of options under ESOS 2013	480.19	-	-	-	(480.19)	-
Compensation on stock options granted	-	-	-	-	1,731.01	1,731.01
As at March 31, 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):						
Final	-	-	-	(2,980.72)	-	(2,980.72)
Corporate Dividend 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 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**

Refer note 2 for Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

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Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A.	**Cash flow from operating activities**				
	Profit before income tax		21,459.09		17,727.69
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	2,181.82		1,911.15	
	Loss on disposal of Property, Plant and Equipment (net)	26.79		77.71	
	Interest expense	41.49		66.27	
	Interest income	(255.49)		(106.29)	
	Fair value gain on financial instruments at fair value through profit or loss"	-		(8.10)	
	Carrying value adjustment of put option liability	30.04		16.65	
	Dividend income on current investments	(622.05)		(483.40)	
	Trade and other receivables, loans and advances written off	8.06		26.19	
	Liabilities / provisions no longer required written back	(179.32)		(3.40)	
	Impairment allowance for receivables, loans and advances considered doubtful	252.74		370.81	
	Share based payments expense	1,454.51		1,731.01	
			2,938.59		**3,598.60**
	Operating profit before working capital changes		**24,397.68**		**21,326.29**
	Movement in working capital				
	(Increase)/Decrease in inventories	(6,037.19)		(3,617.67)	
	(Increase)/Decrease in trade receivables	(2,530.11)		(13,611.15)	
	(Increase)/Decrease in loans	(80.63)		(112.04)	
	(Increase)/Decrease in other financial and non financial assets	(419.90)		(4,315.00)	
	Increase/(Decrease) in trade payables	2,929.64		10,954.58	
	Increase/(Decrease) in provisions	633.86		355.61	
	Increase/(Decrease) in other financial and non financial liabilities	1,660.27		(1,486.08)	
			(3,844.06)		**(11,831.75)**
	Cash generated from operations		**20,553.62**		**9,494.54**
	Income tax paid (net of refunds)		(5,206.54)		(4,082.79)
	Net cash flow from Operating Activities (A)		**15,347.08**		**5,411.75**
B.	**Cash flow from investing activities**				
	Purchase of Property, Plant and Equipment including capital work in progress and capital advances	(5,295.60)		(4,158.49)	
	Proceeds from sale of Property, plant and equipment	161.95		32.02	
	Acquisition of/ Addition to investment property	-		(0.90)	
	Investment in equity shares of Subsidiary Company	-		(618.26)	
	Purchase of current investments	(126,096.74)		(101,225.00)	
	Sale of current investments	125,300.00		102,595.98	
	Repayment of Inter corporate loan	125.00		75.00	
	Interest income received - from banks, others	204.72		104.88	
	Dividend income on current investments	622.05		483.40	
	Net cash flow used in investing activities (B)		**(4,978.62)**		**(2,711.37)**

Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

Particulars		Year ended March 31, 2019		Year ended March 31, 2018	
C.	**Cash flow from financing activities**				
	Proceeds from exercise of share options (including share application money)	460.66		274.14	
	Proceeds/ (repayment) of short term borrowings (net)	1,002.23		(6.33)	
	Repayment of long term borrowings	(240.00)		(320.00)	
	Interest paid	(41.49)		(66.27)	
	Dividends paid on equity shares(including Corporate Dividend Tax)	(3,593.42)		(3,577.74)	
	Net cash flow used in financing activities (C)		**(2,412.02)**		**(3,696.20)**
	Net increase in cash and cash equivalents (A+B+C)		**7,956.44**		**(995.82)**
	Cash and cash equivalents at the beginning of the year		470.84		1,466.66
	Cash and cash equivalents at the end of the year		**8,427.28**		**470.84**
	Components of cash and cash equivalents				
	(a) Cash on hand		2.81		6.52
	(b) Balances with bank:				
	In Current accounts		624.47		464.32
	In Fixed deposits with original maturity less than 3 months		7,800.00		-
			8,427.28		**470.84**

Refer note 2 for Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
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Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

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, Glasstop Gas Stoves, Rice Cookers and Air Coolers

The Company's manufacturing facilities are located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur, Utharakhand; 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 BSE Ltd. and National Stock Exchange of India Limited (NSE).

The standalone financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 29, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

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 statement.

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 (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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 best economic 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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2.2(d) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

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 right 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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.

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 in the countries where the Company operates and generates taxable income.

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 asset and 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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 or tax laws prevailing in the respective tax jurisdictions where the Company operates, 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 including capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, 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

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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 identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Company has used the following useful lives to provide depreciation on its fixed assets:

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.

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 99 years.

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, 2019 and March 31, 2018 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.

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

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and loss in the expense category consistent with the function of the intangible assets.

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.

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

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 determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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 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.

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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.

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 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 within one to four years.

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

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme 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.

Gratuity

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.

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

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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.

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

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. 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. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI)
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

The Company does not have any financial assets falling under category 2 and 4 above.

Debt instruments at amortised cost

A Debt instrument 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 trade and other receivables.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortised cost or FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

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.

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.

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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.

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.

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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 cumulative amortization.

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

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. 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.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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.

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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 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

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. 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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

The Company does not have any derivative instruments designated as a Fair Value hedge.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk. The ineffective portion relating to foreign currency forward contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects statement of profit and loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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, 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 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.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

w) Earnings Per Share

Basic earnings per share are 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 effect of all dilutive potential equity shares.

NOTE 3 : PROPERTY, PLANT & EQUIPMENT

(₹ in lakhs)

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital Work in progress
Cost										
At April 1, 2017	**1,916.14**	**463.96**	**7,419.96**	**6,677.83**	**293.48**	**71.56**	**453.00**	**472.11**	**17,768.04**	**1,041.64**
Additions	-	-	7.20	559.84	109.95	42.69	165.62	283.47	1,168.77	3,592.47
Disposals	-	-	(2.11)	(68.98)	(4.62)	-	(5.55)	(1.29)	(82.55)	-
Transfers	-	-	1,529.49	1,708.01	181.93	-	229.47	238.79	3,887.69	(3,887.69)
At March 31, 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)
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**
Depreciation										
At April 1, 2017	**-**	**34.15**	**221.61**	**796.93**	**77.59**	**15.30**	**100.99**	**153.39**	**1,399.96**	**-**
Charge for the year	-	4.69	240.09	1,021.97	101.65	20.41	140.13	188.23	1,717.17	-
Disposals	-	-	(0.05)	(13.34)	(1.76)	-	(3.14)	(1.10)	(19.39)	-
At March 31, 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)	-
At March 31, 2019	**-**	**43.53**	**740.77**	**2,453.00**	**178.88**	**48.06**	**386.17**	**592.29**	**4,442.70**	**-**
Net Block										
At March 31, 2018	**1,916.14**	**425.12**	**8,492.89**	**7,071.14**	**403.26**	**78.54**	**604.56**	**652.56**	**19,644.21**	**746.42**
At March 31, 2019	**1,916.14**	**420.43**	**9,212.25**	**7,528.46**	**620.82**	**52.91**	**587.06**	**666.04**	**21,004.11**	**770.71**

Notes:

1. **Buildings includes those constructed on leasehold land as follows:**

(₹ in lakhs)

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at March 31, 2017	707.38	30.64	676.74
Additions/ Depreciation	1,000.65	43.93	-
As at March 31, 2018	1,708.03	105.21	1,602.82
Additions/ Depreciation	721.15	24.18	-
As at March 31, 2019	2,429.18	157.06	2,272.12

2. Leasehold land represents land obtained on long term lease from State Industries Promotion Corporation of Tamilnadu Limited and considered as finance lease.
3. The Company has not capitalised any borrowing cost in the current and previous year.
4. Capital work in progress as at March 31, 2019 includes ₹ 569.97 lakhs (March 31, 2018: ₹ 435.01 lakhs) which represents assets under constructions at various plants, warehouses and office buildings.
5. Land, buildings and plant with a carrying amount of ₹ Nil (March 31, 2018 - ₹ 1,793 lakhs) are subject to a hypothecation to secure the Company's bank loans. Also refer note 19.
6. During the year, the Company has capitalized the following expenses of revenue nature 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. No expenses of revenue nature is capitalised during the year ended March 31, 2018.

(₹ in lakhs)

Particulars	Amount
Rent	10.62
Power and fuel	10.75
Others	3.85
Total	**25.22**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 4 : INVESTMENT PROPERTY (AT COST)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Closing balance at March 31, 2018	**27.90**	**27.00**
Additions (subsequent expenditure)	-	0.90
Closing balance at March 31, 2019	**27.90**	**27.90**

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.

NOTE 5 : OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer software	Trademark	Total
Cost			
At April 1, 2017	**709.81**	**4.60**	**714.41**
Purchase / additions	138.87	-	138.87
Disposals	-	-	-
At March 31, 2018	**848.68**	**4.60**	**853.28**
Purchase / additions	123.00	-	123.00
Disposals	-	-	-
At March 31, 2019	**971.68**	**4.60**	**976.28**
Amortisation			
At April 1, 2017	**242.00**	**2.91**	**244.91**
Charge for the year	192.29	1.69	193.98
Disposals	-	-	-
At March 31, 2018	**434.29**	**4.60**	**438.89**
Charge for the year	190.09	-	190.09
Disposals	-	-	-
At March 31, 2019	**624.38**	**4.60**	**628.98**
Net block			
At March 31, 2018	**414.39**	**-**	**414.39**
At March 31, 2019	**347.30**	**-**	**347.30**

NOTE 6: INVESTMENT IN SUBSIDIARY

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in Subsidiary (unquoted) (carried at cost):		
Guts Electro-Mech Limited		
14,54,722 equity shares of ₹ 10 each fully paid up (Refer note 40)	884.95	884.95
Total	**884.95**	**884.95**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 7: LOANS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note (i) below)	150.00	350.00
(b) Loans and advances to employees	84.15	60.38
(c) Other loans (Refer Note (ii) below)	371.43	322.11
Total	**605.58**	**732.49**

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.

Note (ii): Others represents unsecured loan given to Mr. Gopal Singh Cintury , 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, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security deposits (unsecured, considered good) (carried at amortised cost)	831.37	618.89
(b) Fixed deposits with banks (carried at amortised cost)	91.93	86.49
(c) Derivative Instrument - Call option (valued at fair value through profit or loss) (Refer note 40)	58.57	58.57
Total	**981.87**	**763.95**

There are no financial assets as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTE 9: INCOME TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax (net of provisions)	743.61	713.30
Total	**743.61**	**713.30**

NOTE 10: OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless other wise stated		
(a) Capital advances	2,143.51	517.51
(b) Deposits with statutory/government authorities	228.57	228.35
(c) Prepaid Expenses	5.75	4.87
Total	**2,377.83**	**750.73**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw Materials	5,545.71	4,092.17
(b) Work-in-Progress	1,124.34	1,475.66
(c) Finished Goods	8,469.57	7,663.24
(d) Stock-in-Trade	20,137.13	16,171.78
(e) Stores and Spares	1,230.79	1,161.15
(f) Packing Materials and Consumables	580.76	487.11
Total	**37,088.30**	**31,051.11**

Notes:

(a) The above includes goods in transit as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials	1,114.14	566.96
Stock in Trade	2,123.74	1,289.50
Stores and Spares	30.03	72.24
Packing Materials and Consumables	28.71	27.34
Total	**3,296.62**	**1,956.04**

(b) During the year ended March 31, 2019, ₹ Nil (March 31, 2018: ₹ 211 lakhs) 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.

NOTE 12: INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments at fair value through profit or loss		
Investments in Mutual Funds (unquoted)		
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment 25.99 lakhs [March 31, 2018: 25.99 lakhs] units of ₹ 100 each fully paid-up	2,604.97	2,606.87
(b) HDFC Liquid Fund Daily Dividend Reinvestment 1.57 lakhs [March 31, 2018: 1.52 lakhs] units of ₹1000 each fully paid-up	1,601.71	1,552.07
(c) Reliance Liquid Fund Daily Dividend Reinvestment Nil [March 31, 2018: 0.07 lakhs] units of ₹1000 each fully paid-up	-	100.15
(d) SBI Liquid Fund Daily Dividend Reinvestment 1.50 lakhs [March 31, 2018: 0.70 lakhs] units of ₹ 1000 each fully paid-up	1,501.66	701.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(e) ICICI Liquid Fund Daily Dividend Reinvestment 25.01 lakhs [March 31, 2018: 24.52 lakhs] units of ₹ 100 each fully paid-up	2,504.44	2,455.83
(f) HDFC Charity Debt Fund 10.00 lakhs [March 31, 2018: 10.00 lakhs] units of ₹ 10 each fully paid-up	100.00	100.00
Total	**8,312.78**	**7,516.04**

Note:

The aggregate book value and market value of unquoted investments as on March 31, 2019 amounted to ₹ 8,312.78 lakhs (March 31, 2018: ₹ 7,516.04 lakhs)

NOTE 13: TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Secured, considered good	1,734.79	1,618.89
Unsecured, considered good	44,678.35	42,797.07
Trade receivables which have significant increase in credit risk	1,016.00	608.22
Trade receivables - credit impaired	2,031.07	1,913.98
	49,460.21	**46,938.16**
Impairment allowance		
Unsecured, considered good	233.99	313.03
Trade receivables which have significant increase in credit risk	477.25	262.57
Trade receivables - credit impaired	2,031.07	1,913.98
	2,742.31	2,489.58
Total	**46,717.90**	**44,448.58**

Notes:

(a) Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.

(b) Trade receivables are net of ₹ 6,764.72 lakhs (March 31, 2018: ₹ 5,240.98 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, CASH EQUIVALENTS AND BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
14A. Cash and cash equivalents		
(a) Cash on hand	2.81	6.52
(b) Balances with Banks:		
In Current accounts	624.47	464.32
In Fixed deposits with original maturity less than 3 months	7,800.00	-
Total	**8,427.28**	**470.84**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
14B. Other bank balances		
(a) Unpaid dividend accounts	38.15	33.05
(b) Fixed deposits (Refer note (i) below)	91.93	86.49
Total	**130.08**	**119.54**
Less: Amount disclosed under other non-current financial assets	(91.93)	(86.49)
Total	**38.15**	**33.05**

Notes:

(i) Includes deposits of ₹ 82.59 lakhs (March 31, 2018: ₹ 77.75 lakhs) provided as security against bank guarantees.

(ii) At March 31, 2019, the Company had available ₹ 27,484 lakhs (March 31, 2018: ₹ 25,558 lakhs) of undrawn committed borrowing / credit facilities.

(iii) Changes in liabilities arising from financing activities are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Long Term Borrowings		Current maturities of Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at April 01	-	240.00	240.00	320.00	-	6.33
Cash Flows	-	-	(240.00)	(320.00)	1,002.23	(6.33)
Other*	-	(240.00)	-	240.00	-	-
Balance outstanding as at March 31	**-**	-	**-**	240.00	**1,002.23**	-

* reclassification to current maturities

NOTE 15: LOANS (CURRENT)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 7(i))	150.00	75.00
(b) Loans and advances to employees	97.02	89.48
(c) Other loans (Refer Note 7(ii))	85.99	85.99
Total	**333.01**	**250.47**

Note: There are no loans as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16: OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Security deposits	98.22	93.73
(b) Other receivables	57.45	6.68
Total	**155.67**	**100.41**

There are no other current financial assets as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTE 17: OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless other wise stated		
(a) Advance to suppliers (Refer note (i) below)		
Considered good	2,426.17	1,808.03
Considered doubtful	44.35	44.35
	2,470.52	**1,852.38**
Less: Provision for doubtful advances	(44.35)	(44.35)
	2,426.17	**1,808.03**
(b) Balances with government authorities	3,555.00	4,289.67
(c) Prepaid expenses	568.76	726.57
(d) Right to return asset (Refer note 29 (v))	498.59	-
(d) Others	58.34	91.30
Total	**7,106.86**	**6,915.57**

Note:

(i) Advance to suppliers includes ₹ 517.22 lakhs (March 31, 2018: ₹ ₹ 433.29 lakhs) considered good, outstanding from a related party as at March 31, 2019. For terms and conditions relating to related party advances, refer Note 43.

(ii) There are no advances as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired, except as disclosed above.

NOTE 18: SHARE CAPITAL

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised:				
Equity shares of ₹ 1/- (March 31, 2018: ₹ 1/-) each with voting rights	500,000,000	5,000.00	500,000,000	5,000.00
(b) Issued, subscribed and fully paid-up:				
Equity shares of ₹ 1/- (March 31, 2018: ₹ 1/-) each with voting rights	426,934,094	4,269.34	425,675,631	4,256.76

(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, 2019		As at March 31, 2018	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	425,675,631	4,256.76	424,654,461	4,246.54
Issued during the period	1,258,463	12.58	1,021,170	10.22
Outstanding at the end of the period	**426,934,094**	**4,269.34**	**425,675,631**	**4,256.76**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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, 2018: ₹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, 2019		As at March 31, 2018	
	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	79,008,252	18.51%	79,343,252	18.64%
Ms. Sheela Kochouseph	46,484,578	10.89%	46,484,578	10.92%
Mr. Arun K Chittilappilly	37,050,508	8.68%	55,575,758	13.06%
Mr. Mithun K Chittilappilly	71,886,452	16.84%	71,551,452	16.81%

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 preceeding the reporting date:

Particulars	As at March 31, 2019	As at March 31, 2018
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	121,329,846	121,329,846

In addition, the Company has issued 7,129,048 shares of face value of ₹ 1 each (March 31, 2018: 5,870,585 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) Distribution made and proposed

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2018 - ₹ 0.70 per share of face value of ₹ 1 each (March 31, 2017 - ₹ 0.70 per share of face value of ₹ 1 each)	2,980.72	2,972.58
Dividend distribution tax on final dividend	612.70	605.16
	3,593.42	3,577.74
Proposed dividends on equity shares:		
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)	3,415.47	2,979.73
Dividend distribution tax (DDT) on proposed dividend	702.05	606.61
	4,117.52	3,586.34

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at the balance sheet date.

(f) 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 45.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 19: BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
Current maturities of long-term borrowings		
From banks - secured	-	240.00
	-	**240.00**
Less: Amount disclosed under the head "other current financial liabilities" (note 25)	-	(240.00)
Total	**-**	**-**

(i) Details of terms of repayment and security provided in respect of secured borrowings:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
From banks		
Development Bank of Singapore ("DBS") Term Loan drawn in two tranches, was secured by way of (a) Equitable mortgage on 2.71 acres of Land and Building there on situated at Khasara No. 86, Village Basai, Kashipur, Uttarakand. (b) Hypothecation of Plant & Machinery and other assets at Kashipur acquired out of bank finance. Repayable in 20 equal quarterly installments commencing at the end of 12 months from date of first drawdown (i.e 28.03.2014). The loan has been fully repaid as on March 31, 2019. Interest rate was 10.70% p.a for the first drawdown of ₹ 1,000 lakhs and 11.20% for the second drawdown of ₹ 600 lakhs. The loan contained certain debt covenants relating to limitation on indebtedness and debt service coverage ratio. The Company has satisfied the debt covenants prescribed in the terms of bank loan. The Company has not defaulted the repayment of loan.	-	240.00
Total	**-**	**240.00**

NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Put Option liability (carried at amortised cost) (Refer Note 40)	363.85	333.81
Total	**363.85**	**333.81**

NOTE 21: PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for warranty (Refer Note 27)	1,120.51	844.48
Total	**1,120.51**	**844.48**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 22: DEFERRED TAX LIABILITY

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of plant, property and equipments	1,702.52	1,606.52
	1,702.52	**1,606.52**
Tax effect of items constituting deferred tax assets		
Impairment allowance for trade receivables	(1,071.62)	(995.82)
Disallowances under Section 43B of the Income Tax Act, 1961	(381.16)	(315.71)
Others	(26.07)	-
	(1,478.85)	**(1,311.53)**
Net deferred tax liability / (asset)	**223.67**	**294.99**

NOTE 23: BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
(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	-
Total	**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, 2018: 9.63% to 11.40% 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 lakhs. There were no recourse on the Company as at March 31, 2018. The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2019 is ₹ 1,000 lakhs (March 31, 2018: Nil) and is included under Borrowings.

NOTE 24: TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
(a) Dues to micro enterprises and small enterprises	3,533.60	5,214.85
(b) Others	32,075.54	27,643.95
Total	**35,609.14**	**32,858.80**

(i) Trade payables are non interest bearing and are normally settled in 7 days to 120 days term.

(ii) Trade payables are unsecured and for amounts due to related parties refer note 43.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(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	3,533.60	5,214.85
Interest due on above	-	0.02
	3,533.60	**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	0.15	1.04
(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

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Carried at amortised cost)		
(a) Current maturities of long-term borrowings (Refer Note 19)	-	240.00
(b) Unpaid dividends (unpresented dividend warrants)	38.15	33.05
(c) Trade / Security Deposits received	1,410.75	1,304.12
(d) Capital creditors	332.14	314.09
(e) Refund liability (Refer note 29 (v))	683.22	-
(f) Other Payables	143.47	130.04
Total	**2,607.73**	**2,021.30**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 26: OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Statutory dues*	509.29	479.37
(b) Contract liability (Refer note 29 (iv))	1,023.70	271.50
(c) Others	111.59	41.82
Total	**1,644.58**	**792.69**

*Represents contributions to Provident Fund, Employee State Insurance, withholding taxes etc.

NOTE 27: PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
(i) Provision for leave benefits	989.54	818.62
(ii) Provision for gratuity (Refer note 41)	101.37	93.63
(b) Other provisions		
(i) Provision for warranty (see note below)	2,030.72	1,761.70
Total	**3,121.63**	**2,673.95**

Movement in provisions for warranty:

(₹ in lakhs)

Particulars	Amount
Balance as on March 31, 2017 (current + non current)	2,228.95
Additions	1,944.54
Utilisation/ Reversal/ Payments	(1,567.31)
Balance as on March 31, 2018 (current + non current)	**2,606.18**
Additions	2,281.91
Utilisation/ Reversal/ Payments	(1,736.86)
Balance as on March 31, 2019 (current + non current)	**3,151.23**

NOTE 28: CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax	264.34	482.98
Total	**264.34**	**482.98**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 29: REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Revenue from contracts with customers		
Sale of products (Refer note (i) below)	253,747.37	229,483.08
Services of products*	17.44	13.12
Sale of scrap*	1,466.24	1,337.99
	255,231.05	**230,834.19**
(b) Government budgetary support (Refer note (ii) below)*	1,412.52	1,292.92
Total	**256,643.57**	**232,127.11**

*Represents other operating revenues.

Notes:

(i) Sale of products includes excise duty collected from customers of ₹ Nil (Year ended March 31, 2018: ₹ 953.42 lakhs). Sale of products net of excise duty is ₹ 253,747.37 lakhs (Year ended March 31, 2018: ₹ 228,529.66 lakhs). Sales for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Sales. In view of the aforesaid change in indirect taxes, Sales for the year ended March 31, 2019 is strictly not comparable with Sales for the year ended March 31, 2018.

(ii) The Company is entitled to 'Scheme of budgetary support' under Goods and Service Tax law in respect of eligible manufacturing units located in specified regions.

(iii) 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, 2019			
	Electronics	**Electricals**	**Consumer Durables**	**Total**
Sale of products	75,474.97	110,921.96	67,350.44	253,747.37
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**	**112,226.99**	**67,436.83**	**255,231.05**
India	75,287.90	112,214.24	67,261.44	254,763.58
Outside India	279.33	12.75	175.39	467.47
Total revenue from contracts with customers	**75,567.23**	**112,226.99**	**67,436.83**	**255,231.05**
Timing of Revenue recognition				
Goods transferred at a point in time	75,565.57	112,214.04	67,434.00	255,213.61
Services transferred over time	1.66	12.95	2.83	17.44
Total revenue from contracts with customers	**75,567.23**	**112,226.99**	**67,436.83**	**255,231.05**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 42)

(₹ in lakhs)

Particulars	For the year ended March 31, 2019			
	Electronics	**Electricals**	**Consumer Durables**	**Total**
External customers	75,988.55	112,862.17	67,792.85	256,643.57
Government budgetary support	(421.32)	(635.18)	(356.02)	(1,412.52)
Total revenue from contracts with customers	**75,567.23**	**112,226.99**	**67,436.83**	**255,231.05**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iv) Contract balances

The following are the contract balances as on March 31, 2019:

(₹ in lakhs)

Particulars	As at March 31, 2019
Trade receivables	46,717.90
Contract liabilities	1,023.70

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days. In FY 2018-19, ₹ 252.74 Lakhs was recognised as provision for expected credit losses on trade receivables. Conract liabilities represents advance received from customers for sale of products.

(v) Right of return assets and refund liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019
Right of return assets	498.59
Refund liabilities arising from rights of return assets	683.22

(vi) 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, 2019
Revenue as per contract price	274,519.06
Adjustments:	
Discounts, Rebates and Trade incentives	(18,604.79)
Sales return	(683.22)
Total revenue from contracts with customers	255,231.05

(vii) 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, 2019.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 30: OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating Income (Refer Note (i) below)	1,054.92	745.21
Total	**1,054.92**	**745.21**

Note(i) Other non-operating income comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend income on current investments	622.05	483.40
Mould hire charges	2.20	40.81
Liabilities / provisions no longer required written back	179.32	3.40
Fair value gain on financial instruments at fair value through profit or loss	-	8.10
Miscellaneous income	251.35	209.50
Total	**1,054.92**	**745.21**

NOTE 31: FINANCE INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income comprises:		
Interest income on overdue trade receivables	515.07	259.94
From banks on deposits	144.07	7.00
On loans and advances	111.42	99.29
	770.56	**366.23**

NOTE 32.A: COST OF RAW MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	4,092.17	3,341.59
Add: Purchases	79,536.66	64,539.26
	83,628.83	**67,880.85**
Less: Inventory at the end of the year	5,545.71	4,092.17
Total	**78,083.12**	**63,788.68**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 2019	For the year ended March 31, 2018
Inventories at the end of the year:		
Finished goods	8,469.57	7,663.24
Work-in-progress	1,124.34	1,475.66
Traded goods (including spares)	21,367.92	17,332.93
Total (A)	**30,961.83**	**26,471.83**
Inventories at the beginning of the year:		
Finished goods	7,663.24	5,837.06
Work-in-progress	1,475.66	1,464.44
Traded goods (including spares)	17,332.93	16,329.70
Total (B)	**26,471.83**	**23,631.20**
(Increase)/decrease in inventories		
Finished goods	(806.33)	(1,826.18)
Work-in-progress	351.32	(11.22)
Traded goods (including spares)	(4,034.99)	(1,003.23)
Net (increase) / decrease (B - A)	**(4,490.00)**	**(2,840.63)**

NOTE 33: EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries, wages and bonus (Refer Note 38)	16,938.48	13,746.64
(b) Contributions to provident and other funds	810.56	711.84
(c) Share based payment expense (Refer Note 45)	1,454.51	1,731.01
(d) Gratuity expense (Refer Note 41)	236.78	213.23
(e) Staff welfare expenses	762.48	617.63
Total	**20,202.81**	**17,020.35**

NOTE 34: FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on:		
(i) Borrowings	41.49	66.27
(ii) Interest on deposits from distributors	85.44	99.80
Total	**126.93**	**166.07**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 35: OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spare parts	418.13	465.94
Consumption of packing materials	2,311.89	1,970.85
Power and fuel	1,359.31	1,348.96
Rent	1,647.31	1,486.60
Repairs and maintenance - Buildings	197.06	47.88
Repairs and maintenance - Plant and machinery	255.00	257.12
Repairs and maintenance - Others	1,537.44	1,156.22
Insurance	197.46	204.54
Rates and taxes	345.19	270.78
Communication costs	409.25	384.98
Travelling and conveyance	2,863.20	2,259.39
Printing and stationery	86.21	67.81
Freight and forwarding charges	3,157.80	2,785.32
Commission/ Brokerage	281.66	341.03
Advertisement and business promotion expenses	6,495.39	9,913.19
Donations and contributions	9.87	1.05
CSR expenditure (refer note 36)	364.95	318.08
Legal and professional fees	1,360.84	1,569.60
Directors' sitting fees	19.20	8.60
Payments to statutory auditors (refer note (i) below)	67.32	63.25
Trade and other receivables, loans and advances written off	8.06	26.19
Loss on foreign currency transactions and translation (net)	224.09	28.71
Loss on property, plant and equipment sold / scrapped / written off (net)	26.79	77.71
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	252.74	370.81
Increase/ (decrease) of excise duty on inventory	-	(113.17)
Outsourced manpower cost	3,135.85	2,715.03
Warranty expenses	4,568.84	3,629.56
Contributions to political parties (Refer note (ii) below)	0.31	0.18
Miscellaneous expenses	2,979.24	2,289.46
Total	**34,580.40**	**33,945.67**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Payments to Statutory Auditors comprises:		
Statutory Audit Fees	36.00	35.00
Tax Audit Fees	3.50	3.50
Limited Review Fees	15.00	15.00
Fees for Other Services (certifications)	4.00	4.00
Reimbursement of Expenses	8.82	5.75
Total	**67.32**	**63.25**
(ii) Contribution to political parties		
Bharatiya Janatha Party	-	0.07
Communist Party of India (Marxist)	0.17	0.06
Indian National Congress	0.04	-
Centre of Indian Trade Unions	0.10	-
Bhartiya Mazdoor Sangh	-	0.05
Total	**0.31**	**0.18**

NOTE 36: DETAILS OF CSR EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Gross amount required to be spend during the year	364.62	316.95
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	364.95	318.08
(iii) Unpaid amount out of (i) and (ii) above	-	-

NOTE 37: INCOME TAXES

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

(a) Statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax		
Current income tax charge	4,896.54	4,453.80
Adjustment of tax relating to earlier years	81.25	68.84
Deferred Tax		
Relating to origination and reversal of temporary differences	(71.32)	(103.65)
Income tax expense reported in the statement of profit and loss	**4,906.47**	**4,418.99**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) OCI section

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Re-measurement gains/(losses) on defined benefit plans	(89.85)	(14.59)
Income tax related to items recognised in OCI during the year	20.20	3.82

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before income tax	21,459.09	17,727.69
Applicable tax rate	34.944%	34.608%
Computed tax expense at statutory rate	7,498.66	6,135.20
Adjustments in respect of current income tax of previous years	81.25	68.84
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(2,405.37)	(1,483.22)
Tax benefits under section 35(2AB)	(246.07)	(217.51)
Income exempt from tax	(217.37)	(167.30)
Temporary differences reversing during tax holiday period	138.64	-
Other non-deductible expenses	56.73	82.98
Income tax charged to the Statement of Profit and loss at the effective income tax rate of 23% (March 31, 2018: 25%)	**4,906.47**	**4,418.99**

(d) Deferred tax (asset)/liability comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accelerated Depreciation for tax purposes	96.00	135.71
Impairment allowance for trade receivables	(75.80)	(247.22)
Disallowances under Section 43B of the Income Tax Act, 1961	(65.45)	(70.30)
Others	(26.07)	78.16
Total	**(71.32)**	**(103.65)**

(e) Reconciliation of deferred tax liabilities (net):

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as of April 1	294.99	398.64
Tax (income)/expense during the period recognised in statement of profit and loss (refer note 37 (d) above)	(71.32)	(103.65)
Closing balance as at March 31	**223.67**	**294.99**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 38: DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Materials	155.22	159.99
Employee benefits expense	1,065.25	910.48
Travelling expenses	105.72	88.69
Fixed Assets	26.30	77.77
Others	22.36	19.71
	1374.85	**1,256.64**

NOTE 39: COMMITMENTS AND CONTINGENCIES

A) Operating lease: Company as lessee

The Company has entered into commercial leases on certain vehicles, land and building. These leases have an average life of between one and five years with no cancellation option included in these contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Payable not later than one year	479.15	454.95
Payable later than one year and not later than five years	956.52	556.63
Payable later than five years	-	-
Total	**1,435.67**	**1,011.58**

B) Capital Commitments (Net of advances)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,242.45	475.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C) Contingent Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Litigations (see note below)		
(a) Claims against the Company not acknowledged as debt	264.26	256.67
(b) Direct tax matters under dispute / pending before Income Tax Authorities	2,598.77	1,835.29
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	1,080.71	1,050.88
(d) Others	6.82	6.82
	3,950.56	**3,149.66**
(ii) Others		
(a) Bank Guarantees	7,418.86	4,169.10
(b) Corporate Guarantee given on behalf of subsidiary for bank loans (refer note 51)	800.00	800.00
Total	**8,218.86**	**4,969.10**

Note:

(i) There are numerous interpretative issues relating to the Supreme Court ("SC") judgement on Provident Fund ("PF") dated February 28, 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.

(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.

NOTE 40: INVESTMENT IN SUBSIDIARY

a) These financial statement 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, 2019	Portion of ownership interest as at March 31, 2018	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 ₹ 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 statement of profit and loss. The Call Option is initially measured at fair value as a financial asset amounting to ₹ 50.46 lakhs with corresponding reduction in Investment cost of subsidiary and subsequent changes in fair value through profit or loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 41: 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 ₹ 759.20 lakhs (year ended March 31, 2018: ₹ 643.75 lakhs) towards PF contributions (included in note 33(b)) and ₹ 37.71 lakhs (year ended March 31, 2018: ₹ 47.03 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 following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Components of employer expense:		
Current service cost	241.72	210.57
Net interest expense / (income) on net defined benefit liability/asset	(4.94)	2.66
Total expense recognised in the Statement of Profit and Loss	**236.78**	**213.23**
Actual contribution and benefit payments for year:		
Actual benefit payments	81.09	50.10
Actual contributions	318.88	344.53
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	(2,086.04)	(1,711.73)
Fair value of plan assets	1,984.67	1,618.10
Funded status [Surplus / (Deficit)]	(101.37)	(93.63)
Net asset / (liability) recognised in the Balance Sheet	**(101.37)**	**(93.63)**
Change in defined benefit obligations (DBO) during the year:		
Present value of DBO at beginning of the year	1,711.73	1,442.26
Current service cost	241.72	210.57
Interest cost	125.33	99.20
Actuarial (gains) / losses	88.35	9.80
Benefits paid	(81.09)	(50.10)
Present value of DBO at the end of the year	**2,086.04**	**1,711.73**
Change in fair value of assets during the year:		
Plan assets at beginning of the year	1,618.10	1,232.12
Return on plan assets greater/ (lesser) than discount rate	(1.50)	(4.99)
Actual company contributions	318.88	344.53
Interest income on plan assets	130.28	96.54
Benefits paid	(81.09)	(50.10)
Plan assets at the end of the year	**1,984.67**	**1,618.10**
Composition of the plan assets is as follows:		
Insurer Managed Assets	100%	100%
Remeasurement gains/(losses) in other comprehensive income		
Return in plan assets	(1.50)	(4.99)
Actuarial gain / (loss) due to DBO experience	(56.46)	(78.01)
Actuarial gain / (loss) due to DBO financial assumption changes	(31.89)	68.41
Total amount recognised in OCI	**(89.85)**	**(14.59)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The results of sensitivity are given below:

(₹ in lakhs)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Defined Benefit Obligation (Base)	2,086.04	1,711.73

(₹ in lakhs)

Particulars	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
	1% Decrease	1% Increase	1% Decrease	1 % Increase
Impact on defined benefit obligation (increase/(decrease)) due to change in Discount rate	173.44	(151.16)	141.86	(123.43)
Impact on defined benefit obligation (increase/(decrease)) due to change in Salary Escalation Rate	(150.53)	169.24	(123.14)	138.70

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 rules, 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 a 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, 2020	194.61
March 31, 2021	226.22
March 31, 2022	254.66
March 31, 2023	285.89
March 31, 2024	313.23
March 31, 2025 to March 31, 2029	2,326.16

Weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (March 31, 2018: 8 years).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Actuarial assumptions:		
Discount rate	7.30%	7.50%
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)	101.37	93.63

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The plan assets are maintained with Life Insurance Corporation of India (LIC).

NOTE 42: SEGMENT REPORTING

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment". For management purposes, the Company is organised into business units based on its products and has three reportable segments 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 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 fixed assets. 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 and intangible assets.

Transfer pricing between operating segments are on an arm length basis in a manner similar to transaction with third parties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Year ended March 31, 2019

(₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,988.55	112,862.17	67,792.85	-	256,643.57
Inter-segment	-	-	-	-	-
Total revenue	**75,988.55**	**112,862.17**	**67,792.85**	**-**	**256,643.57**
Income/(Expenses)					
Depreciation and amortisation	(123.77)	(766.54)	(289.67)	-	(1,179.98)
Impairment allowance for doubtful trade and other receivables	(74.83)	(111.15)	(66.76)	-	(252.74)
Segment profit	9,519.24	8,404.66	3,192.92	-	21,116.82
Total assets	**31,586.59**	**42,226.32**	**30,949.59**	**-**	**104,762.50**
Total liabilities	**7,827.86**	**16,434.86**	**13,303.10**	**-**	**37,565.82**
Other disclosure				-	
Capital Expenditure incl. CWIP	383.76	762.18	807.01	-	1,952.95

Year ended March 31, 2018

(₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	72,919.66	101,711.09	57,496.36	-	232,127.11
Inter-segment	-	-	-	-	-
Total revenue	**72,919.66**	**101,711.09**	**57,496.36**	**-**	**232,127.11**
Income/(Expenses)					
Depreciation and amortisation	(153.90)	(791.90)	(279.21)	-	(1,225.01)
Impairment allowance for doubtful trade and other receivables	(116.49)	(162.48)	(91.48)	-	(370.81)
Segment profit	7,975.23	7,573.57	2,072.19	-	17,620.99
Total assets	**30,384.44**	**38,062.72**	**26,347.61**	**-**	**94,794.77**
Total liabilities	**10,535.27**	**8,853.24**	**12,659.39**	**-**	**32,047.90**
Other disclosure				-	
Capital Expenditure incl. CWIP	672.87	794.16	1,813.33	-	3,280.36

Reconciliation of amount reflected in the financial statements

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Reconciliation of profit		
Segment Profit	21,116.82	17,620.99
Other Unallocable income	1,470.91	1,105.24
Other Unallocable expenses	(1,001.71)	(832.47)
Finance cost	(126.93)	(166.07)
Profit before tax	**21,459.09**	**17,727.69**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(b) Reconciliation of assets		
Segment operating assets	104,762.50	94,794.77
Investment in Subsidiary	884.95	884.95
Investment property	27.90	27.90
Investments - Current	8,312.78	7,516.04
Cash and cash equivalents	8,427.28	470.84
Income Tax assets (net)	743.61	713.30
Tangible & Other intangible assets	9,866.03	8,495.02
Other unallocable assets	2,898.76	2,561.59
Total assets	**135,923.81**	**115,464.41**
(c) Reconciliation of liabilities		
Segment operating liabilities	37,565.82	32,047.90
Deferred tax liabilities	223.67	294.99
Borrowings	1,002.23	-
Current tax liabilities	264.34	482.98
Other unallocable liabilities	6,901.62	7,477.13
Total liabilities	**45,957.68**	**40,303.00**

Revenue from external customer

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
India	256,176.10	231,857.05
Outside India	467.47	270.06

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 and intangible assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 43: RELATED PARTY TRANSACTIONS

(a) Details of Related Parties:

Description of Relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman (Non Executive Director w.e.f August 1, 2017)
	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 w.e.f June 1, 2017 (Refer note 2 below)
	Mr. Jacob Kuruvilla - Chief Financial Officer up to May 31, 2017 (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. Joshna Johnson Thomas - Wife of Mr. Mithun K. Chittilappilly and Non-Executive Director
Non-Executive Directors	Mr. Cherian N Punnoose
	Mr. A K Nair
	Mr. Ullas K Kamath
	Mr. C J George
	Ms. Radha Unni - w.e.f September 27, 2018
Subsidiary	Guts Electro-Mech Limited w.e.f August 31, 2017 (refer note 40)
Others	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, 2019	For the Year ended March 31, 2018
Mr. Kochouseph Chittilappilly	Rent Paid	-	32.94
	Dividends Paid	555.40	576.26
	Remuneration	-	26.68
	Commission	133.33	105.78
	Sitting Fees	2.60	0.80
Mr. Mithun K Chittilappilly	Dividends Paid	500.86	500.86
	Salaries and allowances	133.29	108.75
	Company contribution to provident fund	11.52	9.72
	Commission	277.79	137.68
Mr. Arun K Chittilappilly	Dividends Paid	389.03	389.03
Mrs. Sheela Kochouseph	Dividends Paid	325.39	325.39

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Mr. Ramachandran Venkataraman	Dividends Paid	5.21	6.62
	Salaries and allowances	197.72	183.00
	Company contribution to provident fund	22.48	20.75
	Employee stock compensation expense	474.91	685.43
	Issue of Equity shares including premium	89.86	80.72
Ms. Joshna Johnson Thomas	Commission	55.56	45.89
	Sitting Fees	1.15	0.80
Mr. Jacob Kuruvilla *	Salaries and allowances	-	16.20
	Company contribution to provident fund	-	0.22
Mr. Sudarshan Kasturi *	Dividends Paid	0.11	-
	Salaries and allowances	167.26	124.86
	Company contribution to provident fund	9.02	6.89
	Employee stock compensation expense	152.04	200.07
	Issue of equity shares including premium	0.38	0.15
Ms. Jayasree K	Dividends Paid	0.49	0.44
	Salaries and allowances	25.44	22.73
	Company contribution to provident fund	0.93	0.86
	Employee stock compensation expense	9.85	15.95
	Issue of Equity shares including premium	-	0.08
	Share application money pending allotment	0.75	-
Non-Executive Directors	Sitting Fees	15.45	7.00
	Commission	8.52	7.74
Guts Electro-Mech Limited	Investment in Equity Shares including premium	-	257.64
	Purchase of goods	3,265.21	1,573.35
	Corporate Guarantee given on behalf of subsidiary for bank loans	-	800.00

* Includes transactions up to/from the date when they were considered as KMP of the Company.

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, 2019	As at March 31, 2018
Mr. Kochouseph Chittilappilly	Commission payable	133.33	105.78
Mr. Mithun K Chittilappilly	Commission payable	277.79	137.68
Ms. Joshna Johnson Thomas	Commission payable	55.56	45.89
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 for purchase of goods	517.22	433.29

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, 2019, the Company has contributed ₹ 304 lakhs (Year ended March 31, 2018: Nil) 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 44: EARNINGS PER SHARE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for the year (₹ in lakhs)	16,552.62	13,308.70
Weighted average number of equity shares outstanding	426,404,300	424,829,052
Basic earnings per share (₹)	3.88	3.13
Net Profit for the year (₹ in lakhs)	16,552.62	13,308.70
Weighted average number of equity shares outstanding	433,496,576	432,427,004
Diluted earnings per share (₹)	3.82	3.08
Weighted average number of equity shares in calculating basic EPS	426,404,300	424,829,052
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	7,092,276	7,597,952
Weighted average number of equity shares in calculating diluted EPS	433,496,576	432,427,004

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 45: 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 14th May, 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 ₹ 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	Year	Date of Grant	No. of Options Granted	Exercise Price per share (₹)	Vesting Period	Vesting Conditions
Grant I	2013	11-Jun-13	2,187,216	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.
			7,951,888	34.64		
Grant II	2015	4-May-15	281,266	1.00	Over 3 years	
			920,564	71.36		
Grant III	2016	4-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	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	8-Aug-16	1,261,246	1.00	Over 4 years	
			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	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	2017	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	19-May-17	201,100	1.00	Over 4 years	
Grant IX	2017	31-Jul-17	154,854	1.00	Over 4 years	
Grant X	2018	22-Jan-18	250,768	1.00	Over 4 years	
Grant XI	2019	30-May-18	46,354	1.00	Over 4 years	
Grant XII	2019	31-Jul-18	99,452	1.00	Over 4 years	
Grant XIII	2019	31-Jan-19	76,190	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/ Adjustment for Bonus Issue	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	84,784	-	-	1,000	83,784	83,784	3.20
		(90,426)	-	-	(5,642)	(84,784)	(84,784)	(4.20)
	34.64	2,854,424	-	-	484,253	2,370,171	2,370,171	3.17
		(3,290,168)	-	-	(435,744)	(2,854,424)	(2,854,424)	(4.05)
Grant II	1.00	146,336	-	25,894	115,830	4,612	4,612	4.81
		(208,098)	-	(1,456)	(60,306)	(33,875)	(146,336)	(5.81)
	71.36	655,085	-	79,903	403,774	171,394	171,408	4.68
		(826,329)	-	(4,482)	(166,762)	(338,861)	(655,085)	(5.56)
Grant III	1.00	357,000	-	-	-	63,000	357,000	6.57
		(420,000)	-	-	(63,000)	-	(357,000)	(7.57)
	68.75	3,780,000	-	-	-	1,134,000	3,780,000	6.20
		(3,780,000)	-	-	-	-	(3,780,000)	(7.20)
Grant IV	1.00	210,853	-	-	46,354	2,300	164,499	6.81
		(259,504)	-	-	(48,651)	-	(210,853)	(7.44)
Grant V	1.00	1,072,128	-	-	176,526	103,454	895,602	6.62
		(1,261,246)	-	-	(162,126)	74,358	(1,099,120)	(7.39)
	1.00	36,960	-	-	12,320	24,640	24,640	6.62
		(49,280)	-	(26,992)	(12,320)	-	(9,968)	(7.39)
	1.00	238,000	-	-	42,000	-	196,000	6.62
		(280,000)	-	-	(42,000)	-	(238,000)	(7.39)
	121.79	1,120,000	-	-	-	336,000	1,120,000	6.39
		(1,120,000)	-	-	-	(168,000)	(1,120,000)	(7.48)
Grant VI	1.00	106,817	-	-	36,990	11,839	69,827	6.68
		(115,976)	-	-	(9,159)	(19,835)	(106,817)	(7.12)
Grant VII	1.00	67,000	-	-	-	15,462	67,000	8.07
		(82,460)	-	-	(15,460)	-	(67,000)	(9.07)
Grant VIII	1.00	201,100	-	-	37,707	-	163,393	7.45
		-	(201,100)	-	-	-	(201,100)	(8.01)
Grant IX	1.00	154,854	-	-	21,685	1,895	133,169	7.24
		-	(154,854)	-	-	-	(154,854)	(8.24)
Grant X	1.00	250,768	-	-	27,247	19,760	223,521	7.59
		-	(250,768)	-	-	-	(250,768)	(8.59)
Grant XI	1.00	-	46,354	-	-	-	46,354	8.04
		-	-	-	-	-	-	-
Grant XII	1.00	-	99,452	-	-	-	99,452	8.21
		-	-	-	-	-	-	-
Grant XIII	1.00	-	76,190	-	-	-	76,190	8.72
		-	-	-	-	-	-	-

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2018.

Weighted average fair value of the options granted during the year was ₹ 209.33 (2017-18: ₹ 214.47).

Weighted average equity share price at the date of exercise of options during the year was ₹ 205.90 (2017-18: ₹ 235.83).

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, 2019	For the year ended March 31, 2018
Risk-free interest rate (%)	7.31% to 7.93%	6.65% to 7.72%
Expected life of options (years)	4.01 to 7.01	5.01 to 7.01
Expected volatility (%)	32.33% to 33.00%	31.25% to 33.93%
Dividend yield	0.33% to 0.34%	0.29% to 0.47%

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. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 46: 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. The Company updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns and may not be representative of customers' actual returns in the future.

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.

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 ₹ 363.85 lakhs as at the reporting date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 include the determination of the discount rate, future salary increases and mortality rates. 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 mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligation are given in Note 41.

Share-based payments

Estimating fair value for share-based payment 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 45.

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.

NOTE 47: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	Carrying value		Fair value	
	As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
Financial assets				
Investments	8,312.78	7,516.04	8,312.78	7,516.04
Loans	938.59	982.96	938.59	982.96
Derivative Instrument - Call Option	58.57	58.57	58.57	58.57
Total	**9,309.94**	**8,557.57**	**9,309.94**	**8,557.57**
Financial liabilities				
Long Term Borrowings	-	240.00	-	240.00
Short Term Borrowings	1,002.23	-	1,002.23	-
Put Option Liability	363.85	333.81	363.85	333.81
Total	**1,366.08**	**573.81**	**1,366.08**	**573.81**

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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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.

NOTE 48: 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:

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-19	27.90	-	-	27.90
	31-Mar-18	27.90	-	-	27.90
Fair vaue of financial assets disclosed					
Investments	31-Mar-19	8,312.78	8,312.78	-	-
	31-Mar-18	7,516.04	7,516.04	-	-
FVTPL Financial Instrument - Call Option	31-Mar-19	58.57	-	58.57	-
	31-Mar-18	58.57	-	58.57	-
Assets carried at amortised cost for which fair value are disclosed					
Cash and bank balances	31-Mar-19	8,465.43	-	-	8,465.43
	31-Mar-18	503.89	-	-	503.89
Other financial assets	31-Mar-19	1,078.97	-	-	1,078.97
	31-Mar-18	805.79	-	-	805.79
Loans	31-Mar-19	938.59	-	-	938.59
	31-Mar-18	982.96	-	-	982.96
Trade receivables	31-Mar-19	46,717.90	-	-	46,717.90
	31-Mar-18	44,448.58	-	-	44,448.58
Liabilities carried at amortised cost for which fair value are disclosed					
Trade payables	31-Mar-19	35,609.14	-	-	35,609.14
	31-Mar-18	32,858.80	-	-	32,858.80
Borrowings	31-Mar-19	1,002.23	-	-	1,002.23
	31-Mar-18	240.00	-	-	240.00
Other financial liabilities	31-Mar-19	2,607.73	-	363.85	2,971.58
	31-Mar-18	1,781.30	-	333.81	2,115.11

There have been no transfers between Level 1 and Level 2 during the year. Also refer note 47.

NOTE 49: 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 2019 and March 31, 2018. 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.

For long term borrowings, the Company also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates.

The table below summarises the maturity profile of Company's financial liabilities.

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
As at March 31, 2019				
a) Borrowings	1,002.23	-	-	1,002.23
b) Trade Payables	35,609.14	-	-	35,609.14
c) Other Financial Liabilities	2,607.73	409.72	-	3,017.45
	39,219.10	**409.72**	**-**	**39,628.82**
As at March 31, 2018				
a) Borrowings	240.00	-	-	240.00
b) Trade Payables	32,858.80	-	-	32,858.80
c) Other Financial Liabilities	2,021.30	409.72	-	2,431.02
	35,120.10	**409.72**	**-**	**35,529.82**

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 three types of risk: 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 these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant. of changes in market interest rates. This risk exist mainly on account of borrowings of the Company.

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 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 79% of foreign currency exposure as on March 31, 2019. The Company's exposure to foreign currency changes for all other currencies is not material.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following table demonstrate the sensitivity to a reasonably possible change in USD 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)

	Effect on profit before tax	
Particulars	**1% increase**	**1% decrease**
March 31, 2019	(14.81)	14.81
March 31, 2018	(32.17)	32.17

Commodity Price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of industrial and 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 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 calculation is based on historical data. 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.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 50: 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, 2019	March 31, 2018
Borrowings	1,002.23	240.00
Less: Cash and cash equivalents, other bank balances and mutual fund investments	16,778.21	8,019.93
Net debt (A)	(15,775.98)	(7,779.93)
Equity	89,966.13	75,161.41
Capital and Net Debt (B)	74,190.15	67,381.48
Gearing ratio (A/B)	-	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

NOTE 51: LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

As at March 31, 2019, the Company has provided guarantee amounting to ₹ 800 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. 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 52: STANDARDS ISSUED BUT NOT YET EFFECTIVE

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards from April 1, 2019 and is in the process of implementing the new standard and expects that it will have no material effects on the results of the operations of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and 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 Interpretation specifically addresses the following:

a. Whether an entity considers uncertain tax treatments separately

b. The assumptions an entity makes about the examination of tax treatments by taxation authorities

c. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

d. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, 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 interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. As the taxation of the Company is not complex, the adoption of this standard is not likely to have a material impact on the financial statements.

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. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments, i.e. April 1, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

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, "the Group") comprising of the Consolidated Balance sheet as at March 31, 2019, 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 the report of other auditors 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, 2019, 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, 2019. 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 46 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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, 2019 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 ₹ 2,334.06 lakhs as at March 31, 2019, and total revenues (including Other Income) of ₹ 6,202.22 lakhs and net cash inflows of ₹ 129.09 lakhs for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, 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 reports of such other auditors.

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 report of the other auditors and the financial statements.

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 auditors 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, 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 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, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of report of other statutory auditor of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2019 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 auditors 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 – Note 39(c)(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, 2019;

iii. The following are the instances of delay in transferring amounts, 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, 2019.

Period to which the amount relates	Amount ₹ lakhs	Due Date	Date of Payment
2007-08	2.79	March 04, 2015	October 29, 2018
2008-09	0.06	August 26, 2016	March 25, 2019

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Kochi
May 29, 2019

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, 2019, 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 31,2019, 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 **Aditya Vikram Bhauwala**
Partner
Membership Number: 208382

Kochi
May 29, 2019

Consolidated Balance Sheet

as at March 31, 2019

(₹ in lakhs)

Particulars		Notes	As at March 31, 2019	As at March 31, 2018
A.	**ASSETS**			
1.	**Non-current assets**			
	Property, plant & equipment	3	22,140.02	20,735.58
	Capital work-in-progress	3	784.78	746.42
	Investment property	4	27.90	27.90
	Goodwill	5	366.40	366.40
	Other intangible assets	5	530.35	639.48
	Financial assets			
	(a) Loans	6	605.58	732.49
	(b) Other financial assets	7	925.78	707.85
	Income tax assets (net)	8	743.61	713.30
	Deferred tax asset (net)	9	-	0.40
	Other non-current assets	10	2,429.99	782.58
			28,554.41	**25,452.40**
2.	**Current assets**			
	Inventories	11	37,639.44	31,649.18
	Financial assets			
	(a) Investments	12	8,312.78	7,516.04
	(b) Trade receivables	13	47,195.40	44,927.84
	(c) Cash and cash equivalents	14A	8,531.46	505.36
	(d) Other bank balances	14B	38.15	33.05
	(e) Loans	15	333.06	250.81
	(f) Other financial assets	16	177.22	112.72
	Other current assets	17	6,687.86	6,629.80
			108,915.37	91,624.80
	TOTAL ASSETS		**137,469.78**	**117,077.20**
B.	**EQUITY AND LIABILITIES**			
1.	**Equity**			
	Equity Share capital	18	4,269.34	4,256.76
	Other Equity *		85,671.56	70,707.39
	Equity attributable to equity holders of the parent		89,940.90	74,964.15
	Non Controlling interest *		249.96	168.72
	TOTAL EQUITY		90,190.86	75,132.87
2.	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	19	-	-
	(b) Other financial liabilities	20	363.85	333.81
	Provisions	21	1,154.24	873.49
	Deferred tax liabilities (net)	9	258.81	241.88
			1,776.90	**1,449.18**
3.	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	22	1,411.69	468.87
	(b) Trade payables	23		
	(i) Total outstanding dues of micro enterprises and small enterprises;		3,533.60	5,214.85
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises;		32,690.47	28,389.99
	(c) Other financial liabilities	24	2,622.17	2,056.02
	Other current liabilities	25	1,649.34	828.50
	Provisions	26	3,170.44	3,021.56
	Current tax liabilities (net)	27	424.31	515.36
			45,502.02	**40,495.15**
	TOTAL EQUITY AND LIABILITIES		**137,469.78**	**117,077.20**
	* 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 **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in lakhs)

	Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
1	**Income**			
	(a) Revenue from operations	28	259,400.87	233,526.07
	(b) Other income	29	1,234.38	738.12
	(c) Finance Income	30	770.82	366.23
	Total Income		**261,406.07**	**234,630.42**
2	**Expenses**			
	(a) Cost of raw materials consumed	31	82,048.39	65,715.75
	(b) Purchase of stock in trade		103,059.67	98,992.80
	(c) (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32	(4,458.08)	(2,846.94)
	(d) Excise duty on sale of goods		-	953.42
	(e) Employee benefits expense	33	20,539.88	17,197.18
	(f) Depreciation and amortisation expense	3 & 5	2,300.89	1,967.76
	(g) Finance costs	34	176.04	204.07
	(h) Other expenses	35	35,780.08	34,477.65
	Total expenses		**239,446.87**	**216,661.69**
3	**Profit before tax (1 - 2)**		**21,959.20**	**17,968.73**
4	**Tax expenses**	**37**		
	(a) Current tax expense		5,056.04	4,486.30
	(b) Deferred tax		17.33	(91.74)
	(c) Current tax relating to earlier years		81.25	68.84
	Total Income Tax		**5,154.62**	**4,463.40**
5	**Profit for the year (3 - 4)**		**16,804.58**	**13,505.33**
6	**Other Comprehensive income/ (loss)**			
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(a) Re-measurement gains/ (losses) on defined benefit plans		(88.04)	(9.89)
	(b) Income tax effect		19.70	2.61
	Other comprehensive income/(loss) for the year, net of tax		**(68.34)**	**(7.28)**
	Total comprehensive income for the year, net of tax		**16,736.24**	**13,498.05**
7	**Profit for the year, net of tax attributable to:**			
	Equity holders of the parent company		**16,723.68**	**13,426.01**
	Non controlling interest		**80.90**	**79.32**
8	**Total comprehensive income for the year, net of tax attributable to:**			
	Equity holders of the parent company		**16,655.00**	**13,417.82**
	Non controlling interest		**81.24**	**80.23**
7	**Earnings per equity share (basic and diluted) (₹) :**	**44**		
	(Nominal value of equity share - ₹ 1)			
	Basic earnings per share		3.92	3.16
	Diluted earnings per share		3.86	3.10
	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 **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
As at March 31, 2017	**424,654,461**	**4,246.54**
Add Equity shares issued under ESOS 2013	1,021,170	10.22
As at March 31, 2018	**425,675,631**	**4,256.76**
Add Equity shares issued under ESOS 2013	1,258,463	12.58
As at March 31, 2019	**426,934,094**	**4,269.34**

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, 2017	7,663.40	-	6,489.01	42,958.93	2,078.19	-	59,189.53	-	59,189.53
Acquisition of subsidiary (Refer note 40)	-	-	-	-	-	-	-	88.49	88.49
Put Liability on Non controlling interest (Refer note 40)	-	-	-	-	-	(317.15)	(317.15)	-	(317.15)
Net profit for the year	-	-	-	13,426.01	-	-	13,426.01	79.32	13,505.33
Other comprehensive income for the year									
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	(8.19)	-	-	(8.19)	0.91	(7.28)
Total Comprehensive Income	**-**	**-**	**-**	**13,417.82**	**-**	**-**	**13,417.82**	**80.23**	**13,498.05**
Dividends (cash):									
Final	-	-	-	(2,972.58)	-	-	(2,972.58)	-	(2,972.58)
Corporate Dividend Tax	-	-	-	(605.16)	-	-	(605.16)	-	(605.16)
Equity shares issued under ESOS 2013	263.92	-	-	-	-	-	263.92	-	263.92
Transfer from Share based payments reserve on exercise of options under ESOS 2013	480.19	-	-	-	(480.19)	-	-	-	-
Compensation on stock options granted	-	-	-	-	1,731.01	-	1,731.01	-	1,731.01
As at March 31, 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):									
Final	-	-	-	(2,980.72)	-	-	(2,980.72)	-	(2,980.72)
Corporate Dividend 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 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**

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 **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

Consolidated Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
A.	**Cash flow from operating activities**				
	Profit before tax		21,959.20		17,968.73
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	2,300.89		1,967.76	
	Loss on disposal of Property, Plant and Equipment (net)	26.79		77.71	
	Interest expense	82.24		100.20	
	Interest income	(255.75)		(106.29)	
	Carrying value adjustment of put option liability	30.04		16.65	
	Dividend income on current investments	(622.05)		(483.40)	
	Trade and other receivables, loans and advances written off	67.61		33.05	
	Liabilities / provisions no longer required written back	(351.85)		(3.40)	
	Impairment allowance for receivables, loans and advances considered doubtful	332.09		384.18	
	Share based payments expense	1,454.51		1,731.01	
			3,064.52		**3,717.47**
	Operating profit before working capital changes		**25,023.72**		**21,686.20**
	Movement in working capital				
	(Increase)/Decrease in inventories	(5,990.26)		(3,692.33)	
	(Increase)/Decrease in trade receivables	(2,667.26)		(13,675.37)	
	(Increase)/Decrease in loans	(80.34)		(112.38)	
	(Increase)/Decrease in other financial and non financial assets	(353.00)		(3,928.98)	
	Increase/(Decrease) in trade payables	2,971.08		11,039.81	
	Increase/(Decrease) in provisions	341.59		366.43	
	Increase/(Decrease) in other financial and non financial liabilities	1,619.11		(2,375.66)	
			(4,159.08)		**(12,378.48)**
	Cash generated from operations		**20,864.64**		**9,307.72**
	Income tax paid (net of refunds)		(5,238.96)		(4,082.80)
	Net cash flow from Operating Activities (A)		**15,625.68**		**5,224.92**
B.	**Cash flow from investing activities**				
	Purchase of Property, Plant and Equipment including Capital Work in Progress and capital advances	(5,452.16)		(4,178.64)	
	Proceeds from sale of Property, plant and equipment	162.19		32.02	
	Acquisition of/ Addition to investment property	-		(0.90)	
	Acquisition of subsidiary (net of cash acquired)	-		(348.31)	
	Purchase of current investments	(126,096.74)		(101,225.00)	
	Sale of current investments	125,300.00		102,595.98	
	Repayment of Inter corporate loan	125.00		75.00	
	Interest income received - from banks, others	262.43		104.88	
	Dividend income on current investments	622.05		483.40	
	Net cash flow used in investing activities (B)		**(5,077.23)**		**(2,461.57)**

Cash Flow Statement

for the year ended March 31, 2019

(₹ in lakhs)

Particulars		Year ended March 31, 2019		Year ended March 31, 2018	
C.	**Cash flow from financing activities**				
	Proceeds from exercise of share options (including share application money)	460.66		274.14	
	Proceeds/ (repayment) of short term borrowings (net)	942.82		60.59	
	Repayment of long term borrowings	(250.03)		(381.37)	
	Interest paid	(82.38)		(100.27)	
	Dividends paid on equity shares(including Corporate Dividend Tax)	(3,593.42)		(3,577.74)	
	Net cash flow used in financing activities (C)		**(2,522.35)**		**(3,724.65)**
	Net increase in cash and cash equivalents (A+B+C)		**8,026.10**		**(961.30)**
	Cash and cash equivalents at the beginning of the year		505.36		1,466.66
	Cash and cash equivalents at the end of the year		**8,531.46**		**505.36**
	Components of cash and cash equivalents				
	(a) Cash on hand		4.04		7.14
	(b) Balances with bank:				
	In Current accounts		727.42		498.22
	In Fixed deposits with original maturity less than 3 months		7,800.00		-
			8,531.46		**505.36**

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 **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

NOTES FORMING PART OF THE CONSOLIDATED 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, 2019. 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 and Air Coolers

The Group's manufacturing facilities are located at K.G. Chavady, Coimbatore, Tamil Nadu; at Kashipur and Haridwar, Utharakhand; 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 BSE Ltd and National Stock Exchange of India Limited (NSE).

The Consolidated Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 29, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

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 (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, 2019. 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
- 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.
- 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
- 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
- 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 its subsequent 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

frequently when there is an indication that the unit may be impaired. 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.

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 profit or 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
- 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

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Group has adopted Ind AS 115 using

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2.2(e) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

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).

<u>Variable consideration</u>

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 right of return, cash discount and volume rebates/ trade incentives. The rights of return, cash discount 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 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 (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.

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 profit or 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 in the countries where the Group operates and generates taxable income.

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 asset and 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 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 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 in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 or tax laws prevailing in the respective tax jurisdictions where the Group operates, 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.

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 including capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, 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 profit or 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

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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 identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Group has used the following useful lives to provide depreciation on its fixed assets:

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.

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 99 years.

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, 2019 and March 31, 2018 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 profit or 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 in the expense category consistent with the function of the intangible assets.

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.

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;
- 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 determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Group's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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Operating lease payments are recognised as an expense in the consolidated statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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. However, 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.

o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 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

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable through provident fund scheme 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 excesses recognised as an asset to the

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extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

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 profit or loss in subsequent periods.

Past service costs are recognised in profit or 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 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 profit or 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

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. 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.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

The Group does not have any financial assets falling under category 2 and 4 above.

Debt instruments at amortised cost

A Debt instrument 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 profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortised cost or FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

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Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the consolidated statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

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 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 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 profit or 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 consolidated statement of profit and loss.

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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 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 cumulative amortization.

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

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. 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.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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.

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 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

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. 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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in consolidated statement of profit and loss. The Group does not have any derivative instruments designated as a Fair Value hedge.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit and loss.

The Group uses foreign currency forward contracts as hedges of its exposure to foreign currency risk. The ineffective portion relating to foreign currency forward contracts is recognised in in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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 CONSOLIDATED 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, 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.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit and loss.

w) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 : PROPERTY, PLANT & EQUIPMENT

(₹ in lakhs)

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital Work in progress
Cost										
At April 1, 2017	**1,916.14**	**463.96**	**7,419.96**	**6,677.83**	**293.48**	**71.56**	**453.00**	**472.11**	**17,768.04**	**1,041.64**
Addition on acquisition of subsidiary (Refer note 40)	309.84	-	233.04	539.90	3.41	12.32	8.24	1.73	1,108.48	-
Additions	-	-	7.20	573.49	110.03	42.69	165.79	289.71	1,188.91	3,592.47
Disposals	-	-	(2.11)	(68.98)	(4.62)	-	(5.55)	(1.29)	(82.55)	-
Transfers	-	-	1,529.49	1,708.01	181.93	-	229.47	238.79	3,887.69	(3,887.69)
At March 31, 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)
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**
Depreciation										
At April 1, 2017	-	**34.15**	**221.61**	**796.93**	**77.59**	**15.30**	**100.99**	**153.39**	**1,399.96**	-
Charge for the year	-	4.69	245.31	1,049.87	102.00	21.43	141.92	189.20	1,754.42	-
Disposals	-	-	(0.05)	(13.34)	(1.76)	-	(3.14)	(1.10)	(19.39)	-
At March 31, 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)	-
At March 31, 2019	-	**43.53**	**755.24**	**2,531.90**	**181.11**	**50.83**	**391.92**	**595.16**	**4,549.69**	-
Net Block										
At March 31, 2018	**2,225.98**	**425.12**	**8,720.71**	**7,596.79**	**406.40**	**89.84**	**611.18**	**659.56**	**20,735.58**	**746.42**
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**

Notes:

1. **Buildings includes those constructed on leasehold land as follows:**

(₹ in lakhs)

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at April 1, 2017	707.38	30.64	676.74
Additions/Depreciation	1,000.65	45.39	-
Addition on acquisition of subsidiary	64.68	-	-
As at March 31, 2018	**1,772.71**	**105.21**	**1,667.50**
Additions/Depreciation	733.87	24.47	
As at March 31, 2019	**2,506.58**	**157.06**	**2,349.52**

2. Leasehold land represents land obtained on long term lease from State Industries Promotion Corporation of Tamilnadu Limited and considered as finance lease.
3. The Group has not capitalised any borrowing cost in the current and previous year.
4. Capital work in progress as at March 31, 2019 includes ₹ 569.97 lakhs (March 31, 2018: ₹ 435.01 lakhs) which represents assets under constructions at various plants, warehouses and office buildings.
5. Land, buildings and plant (including movables assets) with a carrying amount of ₹ 739 lakhs as at March 31, 2019 (March 31, 2018- ₹ 2,347 lakhs) are subject to a hypothecation to secure the Group's bank loans.
6. During the year, the Group has capitalized the following expenses of revenue nature 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. No expenses of revenue nature is capitalised during the year ended March 31, 2018.

(₹ in Lakhs)

Particulars	Amount
Rent	10.62
Power and fuel	10.75
Others	3.85
Total	**25.22**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 : INVESTMENT PROPERTY (AT COST)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as on April 1, 2018	**27.90**	**27.00**
Additions (subsequent expenditure)	-	0.90
Closing balance at March 31, 2019	**27.90**	**27.90**

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.

NOTE 5 : OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer software	Trademark	Customer relationship	Non Compete	Total	Goodwill
Cost						
At April 1, 2017	**709.81**	**4.60**	**-**	**-**	**714.41**	**-**
Addition on acquisition of subsidiary (Refer note 40)	-	-	153.69	90.77	244.46	366.40
Purchase / additions	138.86	-	-	-	138.86	-
At March 31, 2018	**848.67**	**4.60**	**153.69**	**90.77**	**1,097.73**	**366.40**
Purchase / additions	130.13	-	-	-	130.13	-
At March 31, 2019	**978.80**	**4.60**	**153.69**	**90.77**	**1,227.86**	**366.40**
Amortisation						
At April 1, 2017	**242.00**	**2.91**	**-**	**-**	**244.91**	**-**
Charge for the year	192.28	1.69	8.39	10.98	213.34	-
Disposals	-	-	-	-	-	-
At March 31, 2018	**434.28**	**4.60**	**8.39**	**10.98**	**458.25**	**-**
Charge for the year	190.37	-	30.74	18.15	239.26	-
Disposals	-	-	-	-	-	-
At March 31, 2019	**624.65**	**4.60**	**39.13**	**29.13**	**697.51**	**-**
Net block						
At March 31, 2018	**414.39**	**-**	**145.30**	**79.79**	**639.48**	**366.40**
At March 31, 2019	**354.15**	**-**	**114.56**	**61.64**	**530.35**	**366.40**

NOTE 6 : LOANS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note (i) below)	150.00	350.00
(b) Loans and advances to employees	84.15	60.38
(c) Other loans (Refer Note (ii) below)	371.43	322.11
Total	**605.58**	**732.49**

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.

Note (ii): Others represents unsecured loan given to Mr. Gopal Singh Cintury , the landlord for construction of building to be occupied by the Group, at an interest rate of 9% p.a. The loan is 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, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security deposits (unsecured, considered good) (carried at amortised cost)	833.85	621.36
(b) Fixed deposits with banks (carried at amortised cost)	91.93	86.49
Total	**925.78**	**707.85**

There are no other financial assets as at March 31, 2019 and March 31, 2018 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, 2019	As at March 31, 2018
Advance Income Tax (net of provisions)	743.61	713.30
Total	**743.61**	**713.30**

NOTE 9: DEFERRED TAX

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of plant, property and equipments	1,888.83	1,792.24
	1,888.83	**1,792.24**
Tax effect of items constituting deferred tax assets		
Impairment allowance for trade receivables	1,096.71	1,030.78
Disallowances under Section 43B of the Income Tax Act, 1961	434.02	429.45
Others	99.29	90.53
	1,630.02	1,550.76
Net Total	**258.81**	**241.48**
Disclosed as:		
Deferred tax asset	-	0.40
Deferred tax liability	258.81	241.88

NOTE 10: OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless other wise stated		
(a) Capital advances	2,164.19	517.51
(b) Deposits with statutory/government authorities	228.57	228.35
(c) Prepaid Expenses	37.23	36.72
Total	**2,429.99**	**782.58**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Raw Materials	5,986.60	4,548.08
(b) Work-in-Progress	1,373.93	1,719.91
(c) Finished Goods	8,534.82	7,714.61
(d) Stock-in-Trade	19,927.60	16,018.32
(e) Stores and Spares	1,235.72	1,161.15
(f) Packing Materials and Consumables	580.77	487.11
Total	**37,639.44**	**31,649.18**

Notes:

(a) The above includes goods in transit as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Raw Materials	1,114.14	567.20
Stock in Trade	2,123.74	1,289.50
Stores and Spares	30.03	72.24
Packing Materials and Consumables	28.71	27.34
Total	**3,296.62**	**1,956.28**

(b) During the year ended March 31, 2019, ₹ Nil (March 31, 2018: ₹ 211 lakhs) 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.

NOTE 12: INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments at fair value through profit or loss		
Investments in Mutual Funds (unquoted)		
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment 25.99 lakhs [March 31, 2018: 25.99 lakhs] units of ₹ 100 each fully paid-up	2,604.97	2,606.87
(b) HDFC Liquid Fund Daily Dividend Reinvestment 1.57 lakhs [March 31, 2018: 1.52 lakhs] units of ₹1000 each fully paid-up	1,601.71	1,552.07
(c) Reliance Liquid Fund Daily Dividend Reinvestment Nil [March 31, 2018: 0.07 lakhs] units of ₹1000 each fully paid-up	-	100.15
(d) SBI Liquid Fund Daily Dividend Reinvestment 1.50 lakhs [March 31, 2018: 0.70 lakhs] units of ₹ 1000 each fully paid-up	1,501.66	701.12
(e) ICICI Liquid Fund Daily Dividend Reinvestment 25.01 lakhs [March 31, 2018: 24.52 lakhs] units of ₹ 100 each fully paid-up	2,504.44	2,455.83
(f) HDFC Charity Debt Fund 10.00 lakhs [March 31, 2018: 10.00 lakhs] units of ₹ 10 each fully paid-up	100.00	100.00
Total	**8,312.78**	**7,516.04**

Note:

The aggregate book value and market value of unquoted investments as on March 31, 2019 amounted to ₹ 8,312.78 lakhs (March 31, 2018: ₹ 7,516.04 lakhs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Secured, considered good	1,734.79	1,618.89
Unsecured, considered good	45,148.19	43,249.24
Trade receivables which have significant increase in credit risk	1,042.57	683.68
Trade receivables - credit impaired	2,102.36	2,002.14
	50,027.91	**47,553.95**
Impairment allowance		
Unsecured, considered good	233.99	313.03
Trade receivables which have significant increase in credit risk	496.16	310.94
Trade receivables - credit impaired	2,102.36	2,002.14
	2,832.51	2,626.11
Total	**47,195.40**	**44,927.84**

Notes:

(a) Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.

(b) Trade receivables are net of ₹ 6,764.72 lakhs (March 31, 2018: ₹ 5,240.98 lakhs) which represents discounts and rebates/trade incentives payable 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, CASH EQUIVALENTS AND BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
14A. Cash and cash equivalents		
(a) Cash on hand	4.04	7.14
(b) Balances with Banks		
In Current accounts	727.42	498.22
In Fixed deposits with original maturity less than 3 months	7,800.00	-
Total	**8,531.46**	**505.36**

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
14B. Other bank balances		
(a) Unpaid dividend accounts	38.15	33.05
(b) Fixed deposits (Refer note (i) below)	91.93	86.49
Total	130.08	119.54
Less: Amount disclosed under other non-current financial assets	(91.93)	(86.49)
Total	38.15	33.05

Notes:

(i) Includes deposits of ₹ 82.59 lakhs (March 31, 2018: ₹ 77.75 lakhs) provided as security against bank guarantees.

(ii) At March 31, 2019, the Group had available ₹ 27,877 lakhs (March 31, 2018: ₹ 25,889 lakhs) of undrawn committed borrowing/ credit facilities.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Changes in liabilities arising from financing activities are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Long Term Borrowings		Current maturities of Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at April 1	-	240.00	250.03	320.00	468.87	6.33
Acquired in business combination	-	7.04	-	64.36	-	401.95
Other*	-	(247.04)	-	247.04	-	-
Cash Flows Proceeds/(Repayments)	-	-	(250.03)	(381.37)	942.82	60.59
Balance outstanding as at March 31	-	-	-	250.03	1,411.69	468.87

* Reclassification to current maturities

NOTE 15: LOANS (CURRENT)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Inter corporate loan (Refer Note 6(i))	150.00	75.00
(b) Loans and advances to employees	97.07	89.82
(c) Other loans (Refer Note 6(ii))	85.99	85.99
Total	**333.06**	**250.81**

Note: There are no loans as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTE 16: OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good (carried at amortised cost)		
(a) Security deposits	98.23	93.74
(b) Other receivables	78.99	18.98
Total	**177.22**	**112.72**

There are no other current financial assets as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless other wise stated		
(a) Advance to suppliers		
Considered good	1,917.64	1,485.09
Considered doubtful	123.70	44.35
	2,041.34	**1,529.44**
Less: Provision for doubtful advances	(123.70)	(44.35)
	1,917.64	**1,485.09**
(b) Balances with government authorities	3,614.47	4,323.44
(c) Prepaid expenses	598.44	729.97
(d) Right to return asset (Refer note 28 (v))	498.59	-
(e) Others	58.72	91.30
Total	**6,687.86**	**6,629.80**

There are no advances as at March 31, 2019 and March 31, 2018 which have significant increase in credit risk or which are credit impaired, except as disclosed above.

NOTE 18: SHARE CAPITAL

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
(a) Authorised:				
Equity shares of ₹ 1/- (March 31, 2018: ₹ 1/-) each with voting rights	500,000,000	5,000.00	500,000,000	5,000.00
(b) Issued, subscribed and fully paid-up:				
Equity shares of ₹ 1/- (March 31, 2018: ₹ 1/-) each with voting rights	426,934,094	4,269.34	425,675,631	4,256.76

(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, 2019		As at March 31, 2018	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	425,675,631	4,256.76	424,654,461	4,246.54
Issued during the period	1,258,463	12.58	1,021,170	10.22
Outstanding at the end of the period	**426,934,094**	**4,269.34**	**425,675,631**	**4,256.76**

(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, 2018: ₹ 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 CONSOLIDATED FINANCIAL STATEMENTS

(c) Details of shareholders holding more than 5% shares in the Company:

Class of shares / name of shareholder	As at March 31, 2019		As at March 31, 2018	
	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	79,008,252	18.51%	79,343,252	18.64%
Ms. Sheela Kochouseph	46,484,578	10.89%	46,484,578	10.92%
Mr. Arun K Chittilappily	37,050,508	8.68%	55,575,758	13.06%
Mr. Mithun K Chittilappilly	71,886,452	16.84%	71,551,452	16.81%

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, 2019	As at March 31, 2018
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	121,329,846	121,329,846

In addition, the Company has issued 7,129,048 shares of face value of ₹ 1 each (March 31, 2018: 5,870,585 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) Distribution made and proposed

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2018 - ₹ 0.70 per share of face value of ₹ 1 each (March 31, 2017 - ₹ 0.70 per share of face value of ₹ 1 each)	2,980.72	2,972.58
Dividend distribution tax on final dividend	612.70	605.16
	3,593.42	**3,577.74**
Proposed dividends on equity shares:		
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)	3,415.47	2,979.73
Dividend distribution tax (DDT) on proposed dividend	702.05	606.61
	4,117.52	**3,586.34**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at the balance sheet date.

(f) 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 45.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
Current maturities of long-term borrowings		
From banks - secured	-	**240.00**
From Others-unsecured	-	10.03
	-	**250.03**
Less: Amount disclosed under the head "other current financial liabilities" (note 24)	-	(250.03)
Total	**-**	-

(i) Details of terms of repayment and security provided in respect of secured and unsecured borrowings:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
From banks		
Development Bank of Singapore ("DBS") Term Loan drawn in two tranches, was secured by way of (a) Equitable mortgage on 2.71 acres of Land and Building there on situated at Khasara No. 86, Village Basai, Kashipur, Uttarakand. (b) Hypothecation of Plant & Machinery and other assets at Kashipur acquired out of bank finance. Repayable in 20 equal quarterly installments commencing at the end of 12 months from date of first drawdown (i.e 28.03.2014). The loan has been fully repaid as on March 31, 2019. Interest rate was 10.70% p.a for the first drawdown of ₹ 1,000 lakhs and 11.20% for the second drawdown of ₹ 600 lakhs. The loan contained certain debt covenants relating to limitation on indebtedness and debt service coverage ratio. The Company has satisfied the debt covenants prescribed in the terms of bank loan. The Company has not defaulted the repayment of loan.	-	240.00
Total (A)	**-**	**240.00**
From others		
Fullerton India Credit Company Limited The term loan of ₹ 20.48 lakhs carried interest rate of 18.50% p.a. and was repayable in 24 installments of ₹ 1.03 lakhs. The loan was guaranteed by the Managing Director of the subsidiary in his personal capacity. The loan has been fully repaid as on March 31, 2019.	**-**	**10.03**
Total (B)	**-**	**10.03**
Total	**-**	**250.03**

NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Put Option liability (carried at amortised cost) (Refer Note 40)	363.85	333.81
Total	**363.85**	**333.81**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
(i) Provision for Gratuity (refer Note: 41)	23.17	19.42
(b) Other provisions		
(i) Provision for warranty (Refer Note 26)	1,120.51	844.48
(ii) De-commissioning liability (Refer Note 26)	10.56	9.59
Total	**1,154.24**	**873.49**

NOTE 22: BORROWINGS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
(a) Cash credit from banks-Secured (Refer Note (a) below)	411.69	468.87
(b) Other working capital facilities from banks - Unsecured (Refer Note (b) below)	1,000.00	-
Total	**1,411.69**	**468.87**

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, 2018: 8.72% to 11.40% 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 lakhs. There were no recourse on the Company as at March 31, 2018 . The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2019 is ₹ 1,000 lakhs (March 31, 2018: Nil) and is included under Borrowings.

NOTE 23: TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(carried at amortised cost)		
(a) Dues to micro enterprises and small enterprises	3,533.60	5,214.85
(b) Others	32,690.47	28,389.99
Total	**36,224.07**	**33,604.84**

(i) Trade payables are non interest bearing and are normally settled in 7 days to 120 days term.

(ii) Trade payables are unsecured and for amounts due to related parties refer note 43.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(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	3,533.60	5,214.85
Interest due on above	-	0.02
	3,533.60	**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 without adding interest specified under the MSMED Act, 2006	0.15	1.04
(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 24: OTHER CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Carried at amortised cost)		
(a) Current maturities of long-term borrowings (Refer Note 19)	-	250.03
(b) Interest accrued but not due on borrowings	-	0.14
(c) Unpaid dividends (unpresented dividend warrants)	38.15	33.05
(d) Trade / Security Deposits received	1,410.75	1,304.12
(e) Capital creditors	332.14	314.09
(f) Refund liability (Refer note 28 (v))	683.22	-
(g) Other Payables	157.91	154.59
Total	**2,622.17**	**2,056.02**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Statutory dues*	516.71	493.06
(b) Contract liability (Refer Note 28 (iv))	1,023.70	293.62
(c) Others	108.93	41.82
Total	**1649.34**	**828.50**

*Represents contributions to Provident Fund, Employee State Insurance, withholding taxes etc.

NOTE 26: PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
(i) Provision for leave benefits	993.80	822.60
(ii) Provision for gratuity (Refer note 41)	103.38	98.98
(b) Other provisions		
(i) Provision for warranty (Refer note below)	2,073.26	1,780.05
(ii) Provision for Others (Refer note below)	-	319.93
Total	**3,170.44**	**3,021.56**

Movement in provisions for warranty, decommissioning and litigation:

(₹ in lakhs)

Particulars	Provision for Warranty	Provision for Decommissioning	Provision for Others*
Balance as on April 1, 2017 (current + non current)	2,228.95	-	-
Addition on acquisition of subsidiary (refer note 40)	3.80	9.09	319.93
Additions	1,959.09	0.50	-
Utilisation/ Reversal/ Payments	(1,567.31)	-	-
Balance as on March 31, 2018 (current + non current)	**2,624.53**	**9.59**	**319.93**
Additions	2,306.10	0.97	-
Utilisation/ Reversal/ Payments	(1,736.86)	-	(319.93)
Balance as on March 31, 2019 (current + non current)	**3,193.77**	**10.56**	**-**

*Provision for others pertains to disputed amounts payable by the group in respect of sales tax, customs duty and related interest.

NOTE 27: CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax	424.31	515.36
Total	**424.31**	**515.36**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 28: REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Revenue from contracts with customers		
Sale of products (Refer note (i) below)	256,212.29	230,726.69
Services of products*	20.49	18.60
Sale of scrap*	1,755.57	1,487.86
	257,988.35	**232,233.15**
(b) Government budgetary support (Refer note (ii) below)*	1,412.52	1,292.92
Total	**259,400.87**	**233,526.07**

* Represents other operating revenues.

Notes:

(i) Sale of products includes excise duty collected from customers of ₹ Nil (Year ended March 31, 2018: ₹ 953.42 lakhs). Sale of products net of excise duty is ₹ 256,212.29 lakhs (Year ended March 31, 2018: ₹ 229,773.27 lakhs). Sales for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Group collects GST on behalf of the Government. Hence, GST is not included in Sales. In view of the aforesaid change in indirect taxes, Sales for the year ended March 31, 2019 is strictly not comparable with Sales for the year ended March 31, 2018.

(ii) The Group is entitled to 'Scheme of budgetary support' under Goods and Service Tax law in respect of eligible manufacturing units located in specified regions.

(iii) 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, 2019			
	Electronics	Electricals	Consumer Durables	Total
Sale of products	75,474.97	113,386.89	67,350.43	256,212.29
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**	**114,984.30**	**67,436.82**	**257,988.35**
India	75,287.90	114,030.55	67,261.43	256,579.88
Outside India	279.33	953.75	175.39	1,408.47
Total revenue from contracts with customers	**75,567.23**	**114,984.30**	**67,436.82**	**257,988.35**
Timing of Revenue recognition				
Goods transferred at a point in time	75,565.57	114,968.30	67,433.99	257,967.86
Services transferred over time	1.66	16.00	2.83	20.49
Total revenue from contracts with customers	**75,567.23**	**114,984.30**	**67,436.82**	**257,988.35**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 42):

(₹ in lakhs)

	Electronics	Electricals	Consumer Durables	Total
External customers	75,988.55	115,619.47	67,792.85	259,400.87
Government budgetary support	(421.32)	(635.17)	(356.03)	(1,412.52)
Total revenue from contracts with customers	**75,567.23**	**114,984.30**	**67,436.82**	**257,988.35**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Contract balances

The following are the contract balances as on March 31, 2019:

(₹ in lakhs)

Particulars	As at March 31, 2019
Trade receivables	47,195.40
Contract liabilities	1,023.70

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days. In FY 2018-19, ₹ 332.09 lakhs was recognised as provision for expected credit losses on trade receivables. Contract liabilities represents advance received from customers for sale of products..

(v) Right of return assets and refund liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019
Right of return assets	498.59
Refund liabilities arising from rights of return assets	683.22

(vi) 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, 2019
Revenue as per contract price	277,276.35
Adjustments:	
Discounts, Rebates and Trade incentives	(18,604.79)
Sales return	(683.22)
Total revenue from contracts with customers	257,988.35

(vii) 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, 2019.

NOTE 29: OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating Income (Refer Note (i) below)	1,234.38	738.12
Total	**1,234.38**	**738.12**

Note(i) Other non-operating income comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend income on current investments	622.05	483.40
Mould hire charges	3.76	41.72
Liabilities / provisions no longer required written back	351.85	3.40
Miscellaneous income	256.72	209.60
Total	**1,234.38**	**738.12**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 30: FINANCE INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income comprises:		
Interest income on overdue trade receivable	515.07	259.94
From banks on deposits	144.07	7.00
On loans and advances	111.68	99.29
Total	**770.82**	**366.23**

NOTE 31: COST OF RAW MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	4,548.08	3,341.59
Add: Inventory on acquisition of subsidiary (Refer note 40)	-	387.56
Add: Purchases	83,486.91	66,534.68
	88,034.99	**70,263.83**
Less: Inventory at the end of the year	5,986.60	4,548.08
Total	**82,048.39**	**65,715.75**

NOTE 32: (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year:		
Finished goods	8,534.82	7,714.61
Work-in-progress	1,373.93	1,719.91
Traded goods (including spares)	21,163.32	17,179.47
Total (A)	**31,072.07**	**26,613.99**
Inventories at the beginning of the year:		
Finished goods	7,714.61	5,837.06
Work-in-progress	1,719.91	1,464.44
Traded goods (including spares)	17,179.47	16,329.70
Total (B)	**26,613.99**	**23,631.20**
Inventories on acquisition of subsidiary (Refer note 40)		
Finished goods	-	20.81
Work-in-progress	-	107.79
Traded goods (including spares)	-	7.25
Total (C)	**-**	**135.85**
(Increase)/decrease in inventories		
Finished goods	(820.21)	(1,856.74)
Work-in-progress	345.98	(147.68)
Traded goods (including spares)	(3,983.85)	(842.52)
Net (increase) / decrease (B + C - A)	**(4,458.08)**	**(2,846.94)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 33: EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries, wages and bonus (Refer Note 38)	17,246.05	13,907.13
(b) Contributions to provident and other funds	825.51	722.22
(c) Share based payment expense (Refer Note 45)	1,454.51	1,731.01
(d) Gratuity expense (Refer Note 41)	242.68	214.82
(e) Staff welfare expenses	771.13	622.00
Total	**20,539.88**	**17,197.18**

NOTE 34: FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on:		
(i) Borrowings	82.24	100.20
(ii) Others		
- Interest on deposits from distributors	85.44	99.80
- Other interest	8.36	4.07
Total	**176.04**	**204.07**

NOTE 35: OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spare parts	431.73	469.03
Consumption of packing materials	2,311.89	1,970.85
Power and fuel	1,379.02	1,358.36
Rent	1,647.77	1,486.85
Repairs and maintenance - Buildings	197.06	47.88
Repairs and maintenance - Plant and machinery	263.80	263.40
Repairs and maintenance - Others	1,555.69	1,157.67
Insurance	201.27	205.36
Rates and taxes	457.54	286.80
Communication costs	409.25	384.98
Travelling and conveyance	2,869.44	2,261.88
Printing and stationery	86.21	67.81
Freight and forwarding charges	3,182.66	2,812.21
Commission/ Brokerage	281.66	341.03
Advertisement and business promotion expenses	6,495.39	9,913.19
Donations and contributions	9.87	1.05
CSR expenditure (refer note 36)	364.95	318.08
Legal and professional fees	1,407.59	1,587.59
Directors' sitting fees	19.20	8.60
Payments to statutory auditors (refer note (i) below)	67.32	63.25
Trade and other receivables, loans and advances written off	67.61	33.05
Loss on foreign currency transactions and translation (net)	258.60	28.71
Loss on property, plant and equipment sold / scrapped / written off (net)	26.79	77.71
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	332.09	384.18
Increase/ (decrease) of excise duty on inventory	-	(113.17)
Outsourced manpower cost	3,135.86	2,715.03
Warranty expenses	4,593.03	3,644.11
Contributions to political parties (Refer note (ii) below)	0.31	0.18
Miscellaneous expenses	3,726.48	2,701.98
Total	**35,780.08**	**34,477.65**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Notes:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Payments to Statutory Auditors comprises:		
Statutory Audit Fees	36.00	35.00
Tax Audit Fees	3.50	3.50
Limited Review Fees	15.00	15.00
Fees for Other Services (certifications)	4.00	4.00
Reimbursement of Expenses	8.82	5.75
Total	**67.32**	**63.25**
(ii) Contribution to political parties		
Bharatiya Janatha Party	-	0.07
Communist Party of India (Marxist)	0.17	0.06
Indian National Congress	0.04	-
Centre of Indian Trade Unions	0.10	-
Bhartiya Mazdoor Sangh	-	0.05
Total	**0.31**	**0.18**

NOTE 36: DETAILS OF CSR EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Gross amount required to be spend during the year	364.62	316.95
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	364.95	318.08
(iii) Unpaid amount out of (i) and (ii) above	-	-

NOTE 37: INCOME TAXES

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

(a) Statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax		
Current income tax charge	5,056.04	4,486.30
Adjustment of tax relating to earlier years	81.25	68.84
Deferred Tax		
Relating to origination and reversal of temporary differences	17.33	(91.74)
Income tax expense reported in the statement of profit and loss	**5,154.62**	**4,463.40**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(b) OCI section

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Re-measurement gains/(losses) on defined benefit plans	(88.04)	(9.89)
Income tax related to items recognised in OCI during the year	19.70	2.61

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before income tax	21,959.20	17,968.73
Applicable tax rate	34.944%	34.608%
Computed tax expense at statutory rate	7,673.42	6,218.62
Adjustments in respect of current income tax of previous years	81.25	68.84
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(2,405.37)	(1,483.22)
Tax benefits under section 35(2AB)	(246.07)	(217.51)
Income exempt from tax	(217.37)	(167.30)
Temparory differences reversing during tax holiday period	138.64	-
Other non-deductible expenses	130.12	43.97
Income tax charged to the Statement of Profit and loss at the effective income tax rate of 23% (March 31, 2018: 25%)	**5,154.62**	**4,463.40**

(d) Deferred tax (asset)/liability comprises:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accelerated Depreciation for tax purposes	96.59	123.48
Impairment allowance for trade receivables	(65.93)	(384.31)
Disallowances under Section 43B of the Income Tax Act, 1961	(4.57)	(79.22)
Others	(8.76)	248.31
Total	**17.33**	**(91.74)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Reconciliation of deferred tax liabilities:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as of April 1- DTL/(DTA)	241.48	398.64
Deferred taxes acquired in business combinations	-	(66.63)
Tax (income)/expense during the period recognised in statement of profit and loss (refer note 37 (d) above)	17.33	(91.74)
Tax (income)/expense during the period recognised in other comprehensive income	-	1.21
Closing balance as at March 31, DTL/(DTA)	**258.81**	**241.48**
Disclosed as:		
Deferred tax asset	-	0.40
Deferred tax liability	258.81	241.88
Total	**258.81**	**241.48**

NOTE 38: DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Materials	155.22	159.99
Employee benefits expense	1,065.25	910.48
Travelling expenses	105.72	88.69
Fixed Assets	26.30	77.77
Others	22.36	19.71
	1,374.85	**1,256.64**

NOTE 39: COMMITMENTS AND CONTINGENCIES

A) Operating lease: Group as lessee

The Group has entered into commercial leases on certain vehicles, land and building. These leases have an average life of between one and five years with no cancellation option included in these contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Payable not later than one year	479.15	454.95
Payable later than one year and not later than five years	956.52	556.63
Payable later than five years	-	-
Total	**1,435.67**	**1,011.58**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

B) Capital Commitments (Net of advances)

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,246.47	475.32

C) Contingent Liabilities

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Litigations (see note below)		
(a) Claims against the Group not acknowledged as debt	264.26	256.67
(b) Direct tax matters under dispute / pending before Income Tax Authorities	2,598.77	1,835.29
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	1,080.71	1,050.88
(d) Others	6.82	6.82
Total	**3,950.56**	**3,149.66**
(ii) Others		
(a) Bank Guarantees	7,418.86	4,169.10
(b) Export obligation against imports	164.79	-
Total	**7,583.65**	**4,169.10**

Note:

(i) There are numerous interpretative issues relating to the Supreme Court ("SC") judgement on Provident Fund ("PF") dated February 28, 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Guts as at the date of acquisition were:

(₹ in lakhs)

Particulars	Amount recognised on acquisition
Assets	
Property, plant and equipment	1,108.48
Intangible Assets	244.46
Inventories	523.41
Trade receivables	435.27
Cash and cash equivalents	269.95
Other financial assets	12.31
Current tax assets (net)	0.10
Deferred tax asset (refer note 9)	66.63
Other assets	134.57
	2,795.18
Liabilities	
Borrowings	408.99
Provisions	370.50
Trade payables	660.81
Other financial liabilities	89.16
Other current liabilities	925.37
	2,454.83
Total identifiable net assets at fair value	340.35
Non-controlling interest (26% of net assets)	(88.49)
Goodwill arising on acquisition	366.40
Purchase consideration transferred	**618.26**

Particulars	Cash flow on acquisition
Net cash acquired from the subsidiary	269.95
Cash paid	(618.26)
Net cash flow on acquisition	**(348.31)**

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The gross amount of trade receivables amounts to ₹ 558.43 lakhs and ₹ 123.16 lakhs worth of the trade receivables are credit impaired and the same has been provided as at the acquisition date. It is expected that in respect of the balance, the full contractual amounts can be collected.

The deferred tax asset mainly comprises the tax effect of disallowances under Section 43B of the Income Tax Act, 1961 of net off the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets. No contingent liabilities were recognised on the business acquisition.

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, 2019 and March 31, 2018.

Call and Put Option on the Non Controlling Interest

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 ₹ 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.

From the date of acquisition, Guts has contributed ₹ 1,398.96 lakhs of revenue and ₹ 402.58 lakhs to the profit before tax, after elimination for the year ended March 31, 2018. If the combination had taken place at the beginning of year 2017-18, Guts' contribution towards the Group's revenue from operations would have been ₹ 2,205.72 lakhs and the profit before tax would have been ₹ 55.08 lakhs, after elimination, for the year ended March 31, 2018.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 41: 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 ₹ 770.07 lakhs (year ended March 31, 2018: ₹ 650.30 lakhs) towards PF contributions (included in note 33(b)) and ₹ 41.33 lakhs (year ended March 31, 2018: ₹ 50.52 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 following table sets out the funded status of the gratuity scheme and the amount recognised in the financial statements pertaining to the Group:

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Components of employer expense:		
Current service cost	245.78	212.16
Net interest expense / (income) on net defined benefit liability/asset	(3.10)	2.66
Total expense recognised in the Statement of Profit and Loss	**242.68**	**214.82**
Actual contribution and benefit payments for year:		
Actual benefit payments	84.76	59.11
Actual contributions	318.88	344.53
Net asset / (liability) recognised in the Balance Sheet:		
Present value of defined benefit obligation	(2,111.22)	(1,736.50)
Fair value of plan assets	1,984.67	1,618.10
Funded status [Surplus / (Deficit)]	(126.55)	(118.40)
Net asset / (liability) recognised in the Balance Sheet	**(126.55)**	**(118.40)**
Change in defined benefit obligations (DBO) during the year:		
Present value of DBO at beginning of the year	1,736.50	1,442.26
On acquisition of subsidiary (Refer note 40)	-	37.09
Current service cost	245.78	212.16
Interest cost	127.16	99.20
Actuarial (gains) / losses	86.54	4.90
Benefits paid	(84.76)	(59.11)
Present value of DBO at the end of the year	**2,111.22**	**1,736.50**
Change in fair value of assets during the year:		
Plan assets at beginning of the year	1,618.10	1,232.12
Return on plan assets greater/ (lesser) than discount rate	(1.50)	(4.99)
Actual company contributions	318.88	344.53
Interest income on plan assets	130.26	96.54
Benefits paid	(81.07)	(50.10)
Plan assets at the end of the year	**1,984.67**	**1,618.10**
Composition of the plan assets is as follows:		
Insurer Managed Assets	100%	100%
Remeasurement gains/(losses) in other comprehensive income		
Return in plan assets	(1.50)	(4.99)
Actuarial gain / (loss) due to DBO experience	(53.95)	(78.01)
Actuarial gain / (loss) due to DBO financial assumption changes	(32.59)	73.11
Total amount recognised in OCI	**(88.04)**	**(9.89)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The results of sensitivity are given below:

(₹ in lakhs)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Defined Benefit Obligation (Base)	2,111.22	1,736.50

(₹ in lakhs)

Particulars	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
	1% Decrease	1% Increase	1% Decrease	1 % Increase
Impact on defined benefit obligation (increase/(decrease)) due to change in Discount rate	175.66	(153.07)	168.52	(146.57)
Impact on defined benefit obligation (increase/(decrease)) due to change in Salary Escalation Rate	(152.55)	171.54	(146.16)	165.46

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 rules, 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, 2020	196.62
March 31, 2021	228.40
March 31, 2022	258.44
March 31, 2023	287.95
March 31, 2024	315.27
March 31, 2025 to March 31, 2029	2,337.52

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Actuarial assumptions:		
Discount rate	7.30%	7.50%
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)	101.37	93.63

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The plan assets are maintained with Life Insurance Corporation of India (LIC).

NOTE 42: SEGMENT REPORTING

The segment reporting of the Group has been prepared in accordance with Ind AS-108, "Operating Segment". For management purposes, the Group is organised into business units based on its products and has three reportable segments 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 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 fixed assets. 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 and intangible assets.

Transfer pricing between operating segments are on an arm length basis in a manner similar to transaction with third parties.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2019

(₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	75,988.55	115,619.47	67,792.85	-	259,400.87
Inter-segment	-	-	-	-	-
Total revenue	**75,988.55**	**115,619.47**	**67,792.85**	**-**	**259,400.87**
Income/(Expenses)					
Depreciation and amortisation	(123.77)	(836.44)	(289.67)	-	(1,249.88)
Impairment allowance for doubtful trade and other receivables	(97.28)	(148.02)	(86.79)	-	(332.09)
Segment profit	9,519.24	8,953.89	3,192.92	-	21,666.05
Total assets	**31,586.59**	**44,657.23**	**30,949.59**	**-**	**107,193.41**
Total liabilities	**7,827.86**	**17,756.09**	**13,303.10**	**-**	**38,887.05**
Other disclosure					
Capital Expenditure incl. CWIP	383.76	876.86	807.01	-	2,067.63

Year ended March 31, 2018

(₹ in lakhs)

Particulars	Electronics	Electricals	Consumer Durables	Eliminations	Total
Revenue					
External customers	72,919.66	103,110.05	57,496.36	-	233,526.07
Inter-segment	-	-	-	-	-
Total revenue	**72,919.66**	**103,110.05**	**57,496.36**	**-**	**233,526.07**
Income/(Expenses)					
Depreciation and amortisation	(153.90)	(829.15)	(279.21)	-	(1,262.26)
Impairment allowance for doubtful trade and other receivables	(119.96)	(169.63)	(94.59)	-	(384.18)
Segment profit	7,975.24	7,852.60	2,072.19	-	17,900.03
Total assets	**30,384.44**	**40,560.46**	**26,347.61**	**-**	**97,292.51**
Total liabilities	**10,535.27**	**10,494.57**	**12,659.39**	**-**	**33,689.23**
Other disclosure					
Capital Expenditure incl. CWIP	672.87	814.30	1,813.33	-	3,300.50

Reconciliation of amount reflected in the financial statements

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Reconciliation of profit		
Segment Profit	21,666.05	17,900.03
Other Unallocable income	1,470.90	1,105.24
Other Unallocable expenses	(1,001.71)	(832.47)
Finance cost	(176.04)	(204.07)
Profit before tax	**21,959.20**	**17,968.73**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(b) Reconciliation of assets		
Segment operating assets	107,193.41	97,292.51
Investment property	27.90	27.90
Investments - Current	8,312.78	7,516.04
Cash and cash equivalents	8,531.46	505.36
Income Tax assets (net)	743.61	713.30
Tangible & Other intangible assets	9,866.02	8,495.02
Other unallocable assets	2,794.60	2,527.07
Total assets	**137,469.78**	**117,077.20**
(c) Reconciliation of liabilities		
Segment operating liabilities	38,887.05	33,689.23
Deferred tax liabilities	258.81	241.88
Borrowings	1,411.69	468.87
Current tax liabilities	424.31	515.36
Other unallocable liabilities	6,297.06	7,028.99
Total liabilities	**47,278.92**	**41,944.33**

Revenue from external customer

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
India	257,992.40	232,657.03
Outside India	1,408.47	869.04

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 and intangible assets.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 43: RELATED PARTY TRANSACTIONS

(a) Details of Related Parties:

Description of Relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Kochouseph Chittilappilly - Chairman (Non Executive Director w.e.f August 1, 2017) 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 w.e.f June 1, 2017 (Refer note 2 below) Mr. Jacob Kuruvilla - Chief Financial Officer up to May 31, 2017 (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. Joshna Johnson Thomas - Wife of Mr. Mithun K. Chittilappilly and Non-Executive Director
Non-Executive Directors	Mr. Cherian N Punnoose Mr. A K Nair Mr. Ullas K Kamath Mr. C J George Ms. Radha Unni - w.e.f September 27, 2018
Others	V-Guard Foundation (Refer note 3 below)

The Group 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, 2019	For the Year ended March 31, 2018
Mr. Kochouseph Chittilappilly	Rent Paid	-	32.94
	Dividends Paid	555.40	576.26
	Remuneration	-	26.68
	Commission	133.33	105.78
	Sitting Fees	2.60	0.80
Mr. Mithun K Chittilappilly	Dividends Paid	500.86	500.86
	Salaries and allowances	133.29	108.75
	Company contribution to provident fund	11.52	9.72
	Commission	277.79	137.68
Mr. Arun K Chittilappilly	Dividends Paid	389.03	389.03
Mrs. Sheela Kochouseph	Dividends Paid	325.39	325.39

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Mr. Ramachandran Venkataraman	Dividends Paid	5.21	6.62
	Salaries and allowances	197.72	183.00
	Company contribution to provident fund	22.48	20.75
	Employee stock compensation expense	474.91	685.43
	Issue of Equity shares including premium	89.86	80.72
Ms. Joshna Johnson Thomas	Commission	55.56	45.89
	Sitting Fees	1.15	0.80
Mr. Jacob Kuruvilla *	Salaries and allowances	-	16.20
	Company contribution to provident fund	-	0.22
Mr. Sudarshan Kasturi *	Dividends Paid	0.11	-
	Salaries and allowances	167.26	124.86
	Company contribution to provident fund	9.02	6.89
	Employee stock compensation expense	152.04	200.07
	Issue of Equity shares including premium	0.38	0.15
Ms. Jayasree K	Dividends Paid	0.49	0.44
	Salaries and allowances	25.44	22.73
	Company contribution to provident fund	0.93	0.86
	Employee stock compensation expense	9.85	15.95
	Share application money pending allotment	0.75	-
	Issue of Equity shares including premium	-	0.08
Non-Executive Directors	Sitting Fees	15.45	7.00
	Commission	8.52	7.74

* Includes transactions up to/from the date when they were considered as KMP of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Related party balances

(₹ in lakhs)

Name of the Related Party	Nature of Transactions	As at March 31, 2019	As at March 31, 2018
Mr. Kochouseph Chittilappilly	Commission payable	133.33	105.78
Mr. Mithun K Chittilappilly	Commission payable	277.79	137.68
Ms. Joshna Johnson Thomas	Commission payable	55.56	45.89

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, 2019, the Company has contributed ₹ 304 lakhs (Year ended March 31, 2018: Nil) 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 44: EARNINGS PER SHARE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
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)	16,723.68	13,426.01
Weighted average number of equity shares outstanding	426,404,300	424,829,052
Basic earnings per share (₹)	3.92	3.16
Net Profit for the year attributable to equity holders of the parent (₹ in lakhs)	16,723.68	13,426.01
Weighted average number of equity shares outstanding	433,496,576	432,427,004
Diluted earnings per share (₹)	3.86	3.10
Weighted average number of equity shares in calculating basic EPS	426,404,300	424,829,052
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	7,092,276	7,597,952
Weighted average number of equity shares in calculating diluted EPS	433,496,576	432,427,004

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 45: 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 14th May, 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 ₹ 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	Year	Date of Grant	No. of Options Granted	Exercise Price per share (₹)	Vesting Period	Vesting Conditions
Grant I	2013	11-Jun-13	2,187,216	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.
			7,951,888	34.64		
Grant II	2015	4-May-15	281,266	1.00	Over 3 years	
			920,564	71.36		
Grant III	2016	4-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	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	8-Aug-16	1,261,246	1.00	Over 4 years	
			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	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	2017	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	19-May-17	201,100	1.00	Over 4 years	
Grant IX	2017	31-Jul-17	154,854	1.00	Over 4 years	
Grant X	2018	22-Jan-18	250,768	1.00	Over 4 years	
Grant XI	2019	30-May-18	46,354	1.00	Over 4 years	
Grant XII	2019	31-Jul-18	99,452	1.00	Over 4 years	
Grant XIII	2019	31-Jan-19	76,190	1.00	Over 4 years	

NOTES FORMING PART OF THE CONSOLIDATED 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/ Adjustment for Bonus Issue	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	84,784	-	-	1,000	83,784	83,784	3.20
		(90,426)	-	-	(5,642)	(84,784)	(84,784)	(4.20)
	34.64	2,854,424	-	-	484,253	2,370,171	2,370,171	3.17
		(3,290,168)	-	-	(435,744)	(2,854,424)	(2,854,424)	(4.05)
Grant II	1.00	146,336	-	25,894	115,830	4,612	4,612	4.81
		(208,098)	-	(1,456)	(60,306)	(33,875)	(146,336)	(5.81)
	71.36	655,085	-	79,903	403,774	171,394	171,408	4.68
		(826,329)	-	(4,482)	(166,762)	(338,861)	(655,085)	(5.56)
Grant III	1.00	357,000	-	-	-	63,000	357,000	6.57
		(420,000)	-	-	(63,000)	-	(357,000)	(7.57)
	68.75	3,780,000	-	-	-	1,134,000	3,780,000	6.20
		(3,780,000)	-	-	-	-	(3,780,000)	(7.20)
Grant IV	1.00	210,853	-	-	46,354	2,300	164,499	6.81
		(259,504)	-	-	(48,651)	-	(210,853)	(7.44)
Grant V	1.00	1,072,128	-	-	176,526	103,454	895,602	6.62
		(1,261,246)	-	-	(162,126)	74,358	(1,099,120)	(7.39)
	1.00	36,960	-	-	12,320	24,640	24,640	6.62
		(49,280)	-	(26,992)	(12,320)	-	(9,968)	(7.39)
	1.00	238,000	-	-	42,000	-	196,000	6.62
		(280,000)	-	-	(42,000)	-	(238,000)	(7.39)
	121.79	1,120,000	-	-	-	336,000	1,120,000	6.39
		(1,120,000)	-	-	-	(168,000)	(1,120,000)	(7.48)
Grant VI	1.00	106,817	-	-	36,990	11,839	69,827	6.68
		(115,976)	-	-	(9,159)	(19,835)	(106,817)	(7.12)
Grant VII	1.00	67,000	-	-	-	15,462	67,000	8.07
		(82,460)	-	-	(15,460)	-	(67,000)	(9.07)
Grant VIII	1.00	201,100	-	-	37,707	-	163,393	7.45
		-	(201,100)	-	-	-	(201,100)	(8.01)
Grant IX	1.00	154,854	-	-	21,685	1,895	133,169	7.24
		-	(154,854)	-	-	-	(154,854)	(8.24)
Grant X	1.00	250,768	-	-	27,247	19,760	223,521	7.59
		-	(250,768)	-	-	-	(250,768)	(8.59)
Grant XI	1.00	-	46,354	-	-	-	46,354	8.04
		-	-	-	-	-	-	-
Grant XII	1.00	-	99,452	-	-	-	99,452	8.21
		-	-	-	-	-	-	-
Grant XIII	1.00	-	76,190	-	-	-	76,190	8.72
		-	-	-	-	-	-	-

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2018.

Weighted average fair value of the options granted during the year was ₹ 209.33 (2017-18: ₹ 214.47).

Weighted average equity share price at the date of exercise of options during the year was ₹ 205.90 (2017-18: ₹ 235.83).

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, 2019	For the year ended March 31, 2018
Risk-free interest rate (%)	7.31% to 7.93%	6.65% to 7.72%
Expected life of options (years)	4.01 to 7.01	5.01 to 7.01
Expected volatility (%)	32.33% to 33.00%	31.25% to 33.93%
Dividend yield	0.33% to 0.34%	0.29% to 0.47%

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. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 46: 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 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. The Company updates its assessment of expected returns quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns and may not be representative of customers' actual returns in the future.

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.

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 ₹ 363.85 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 include the determination of the discount rate, future salary increases and mortality rates. 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 mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligation are given in Note 41.

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 45.

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.

NOTE 47: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

Particulars	Carrying value		Fair value	
	As at March 31, 2019	As at March 31, 2018	**As at March 31, 2019**	As at March 31, 2018
Financial assets				
Investments	8,312.78	7,516.04	8,312.78	7,516.04
Loans	938.64	983.30	938.64	983.30
Total	9,251.42	8,499.34	9,251.42	8,499.34
Financial liabilities				
Long Term Borrowings	-	250.03	-	250.03
Short Term Borrowings	1,411.69	468.87	1,411.69	468.87
Put Option Liability	363.85	333.81	363.85	333.81
Total	1,775.54	1,052.71	1,775.54	1,052.71

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.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.

NOTE 48: 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:

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-19	27.90	-	-	27.90
	31-Mar-18	27.90	-	-	27.90
Fair vaue of financial assets disclosed					
Investments	31-Mar-19	8,312.78	8,312.78	-	-
	31-Mar-18	7,516.04	7,516.04	-	-
Assets carried at amortised cost for which fair value are disclosed					
Cash and bank balances	31-Mar-19	8,569.61	-	-	8,569.61
	31-Mar-18	538.41	-	-	538.41
Other financial assets	31-Mar-19	1,103.00	-	-	1,103.00
	31-Mar-18	820.57	-	-	820.57
Loans	31-Mar-19	938.64	-	-	938.64
	31-Mar-18	983.30	-	-	983.30
Trade receivables	31-Mar-19	47,195.40	-	-	47,195.40
	31-Mar-18	44,927.84	-	-	44,927.84
Liabilities carried at amortised cost for which fair value are disclosed					
Trade payables	31-Mar-19	36,224.07	-	-	36,224.07
	31-Mar-18	33,604.84	-	-	33,604.84
Borrowings	31-Mar-19	1,411.69	-	-	1,411.69
	31-Mar-18	718.90	-	-	718.90
Other financial liabilities	31-Mar-19	2,622.17	-	363.85	2,986.02
	31-Mar-18	1,805.99	-	333.81	2,139.80

There have been no transfers between Level 1 and Level 2 during the year. Also refer note 47.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 49: 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, 2019 and March 31, 2018. 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.

For long term borrowings, the Group also focuses on maintaining / improving its credit ratings to ensure that appropriate refinancing options are available on the respective due dates.

The table below summarises the maturity profile of Group's financial liabilities.

Particulars	Less than 1 year	1 to 5 years	5 years and above	Total
As at March 31, 2019				
a) Borrowings	1,411.69	-	-	1,411.69
b) Trade Payables	36,224.07	-	-	36,224.07
c) Other Financial Liabilities	2,622.17	409.72	-	3,031.89
	40,257.93	**409.72**	**-**	**40,667.65**
As at March 31, 2018				
a) Borrowings	718.90	-	-	718.90
b) Trade Payables	33,604.84	-	-	33,604.84
c) Other Financial Liabilities	2,056.02	409.72	-	2,465.74
	36,379.76	**409.72**	**-**	**36,789.48**

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 three types of risk: 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 these borrowings are at fixed interest rate and hence the exposure to change in interest rate is insignificant. of changes in market interest rates. This risk exist mainly on account of borrowings of the Group.

NOTES FORMING PART OF THE CONSOLIDATED 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 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 company has hedged 76% of foreign currency exposure as on March 31, 2019. 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 USD 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)

	Effect on profit before tax	
Particulars	**1% increase**	**1% decrease**
March 31, 2019	**(16.52)**	**16.52**
March 31, 2018	(32.03)	32.03

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 calculation is based on historical data. 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.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTE 50: 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.

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, 2019	March 31, 2018
Borrowings	1,411.69	718.90
Less: Cash and cash equivalents, other bank balances and mutual fund investments	16,882.39	8,054.45
Net debt (A)	(15,470.70)	(7,335.55)
Equity	89,940.90	74,964.15
Capital and Net Debt (B)	74,470.20	67,628.60
Gearing ratio (A/B)	-	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 51: 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 Total Comprehensive income	
	As % of consolidated net assets	₹ In lakhs	As % of consolidated net profits	₹ In lakhs	As % of consolidated Comprehensive income	₹ In lakhs
Parent Company						
V-Guard Industries Limited						
Balance as at March 31, 2019	97.98%	88,369.10	98.29%	16,516.67	98.27%	16,447.01
Balance as at March 31, 2018	98.07%	73,684.26	97.74%	13,200.27	97.71%	13,189.50
Subsidiary (refer note 40)						
Guts Electro-Mech Limited						
Balance as at March 31, 2019	1.74%	1,571.80	1.23%	207.01	1.24%	207.99
Balance as at March 31, 2018	1.70%	1,279.89	1.67%	225.74	1.69%	228.32
Non-controlling interest in subsidiary						
Balance as at March 31, 2019	0.28%	249.96	0.48%	80.90	0.49%	81.24
Balance as at March 31, 2018	0.23%	168.72	0.59%	79.32	0.60%	80.23

NOTE 52: STANDARDS ISSUED BUT NOT YET EFFECTIVE

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Group intends to adopt these standards from April 1, 2019 and is in the process of implementing the new standard and expects that it will have no material effects on the results of the operations of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and 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 Interpretation specifically addresses the following:

a. Whether an entity considers uncertain tax treatments separately

b. The assumptions an entity makes about the examination of tax treatments by taxation authorities

c. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

d. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, 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 interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. As the taxation of the Group is not complex, the adoption of this standard is not likely to have a material impact on the financial statements.

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. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments i.e. April 1, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Firm registration number: 101049W/E300004
Chartered Accountants

Sd/-
per **Aditya Vikram Bhauwala**
Partner
Membership No. : 208382

Place : Kochi
Date : May 29, 2019

For and on behalf of the Board of Directors of
V-Guard Industries Limited

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

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, 2019
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	298.03
3	Total Assets	2,334.06
4	Total Liabilities	1,839.44
5	Investments	Nil
6	Turnover	6,022.50
7	Profit before taxation	593.01
8	Provision for taxation	281.86
9	Profit after taxation	311.14

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

Sd/-
Kochouseph Chittilappilly
Chairman
DIN: 00020512

Sd/-
Mithun K. Chittilappilly
Managing Director
DIN: 00027610

Sd/-
Sudarshan Kasturi
Chief Financial Officer

Sd/-
Jayasree K
Company Secretary

Place : Kochi
Date : May 29, 2019

V-Guard Industries Ltd.
CIN: L31200KL1996PLC010010
Registered Office:
42/962, Vennala High School Road,
Vennala, Ernakulam - 682 028,
Phone : +91 484 433 5000
E-mail: mail@vguard.in

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