

01.08.2018

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

Dear Sir/Madam,

Sub: Annual Report

Please find the enclosed Annual Report of the Company for the financial year 2017-18 as required under the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved by the members as per the provisions of the Companies Act, 2013.

Thanking You,

For V-Guard Industries Limited



Jayasree K  
Company Secretary



# Annual Report

2017-18



**Enlivening Homes.  
Enriching Lives.**

**V-GUARD** 

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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.

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Watch this report online at  
[www.vguard.in](http://www.vguard.in)



# We live in a transforming world.

A world where evolving aspirations guide lifestyle choices.

A world that is powered as much by desires as by need.

It is a world where a home is not just a living space, but a dynamic and vibrant environment that nurtures life.

Aligning ourselves to this new and transforming world, we, at V-Guard, have embarked on a journey of transformation. We have set forth on a new mission – to create products and deliver solutions that are designed to enliven homes and enrich lives.



## BOARD OF DIRECTORS



**Mr. Cherian N Punnoose**  
Vice-Chairman

**Mr. A K Nair**  
Director

**Ms. Joshna  
Johnson Thomas**  
Director

**Mr. Kochouseph  
Chittilappilly**  
Chairman





**Mr. Mithun K Chittilappilly**  
Managing Director


**Mr. Ramachandran Venkataraman**  
Director & COO

**Mr. Ullas K Kamath**  
Director

**Mr. C J George**  
Director



## THE COMPANY THAT ENRICHES AND ENLIVENS!



**V-Guard Industries Limited is a multi-product Company delivering a wide array of products in the Electronics, Electricals and Durables segment to the discerning and evolving consumers of today. The Company is engaged in manufacturing and marketing of a unique range of products – Stabilisers, Digital UPS systems and Batteries, Pumps, House wiring cables, Electric water heaters, Fans, Solar water heaters, Switchgear, Modular switches, Air coolers and select Kitchen appliances.**

V-Guard caters to the aspirational needs of a diversified consumer base through an extensive marketing and distribution network. With its recent forays into Kitchen appliances, Modular switches and Air coolers, the Company has scaled its consumer engagement to new levels.





### Our Vision

Let us endeavour to make V-Guard a trusted household name.



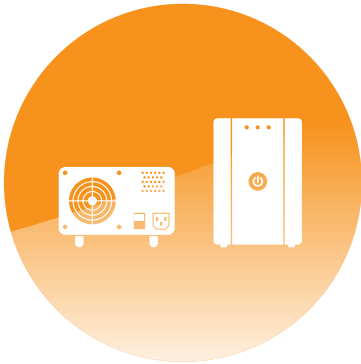
### Our Mission

- To offer a range of products at affordable prices, which add to comfort of life through saving in manual labour, time and energy or for entertainment
- To make our products meet international quality standards and provide trouble free performance
- To adopt designs, which support timely and efficient post sale service
- To continuously innovate and add value to our products, if needed with technical collaboration
- To continuously assess and improve customer care



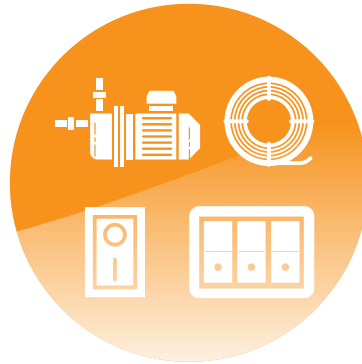
## Diversified product portfolio

Our comprehensive product portfolio, which we are continuously strengthening and enriching with our innovation-led strategic thrust, is designed to cater to the mass consumption market across categories:



### Electronics

Stabilisers, Digital UPS and Solar Inverters



### Electricals

Pumps, House Wiring Cables, Switchgear and Modular Switches

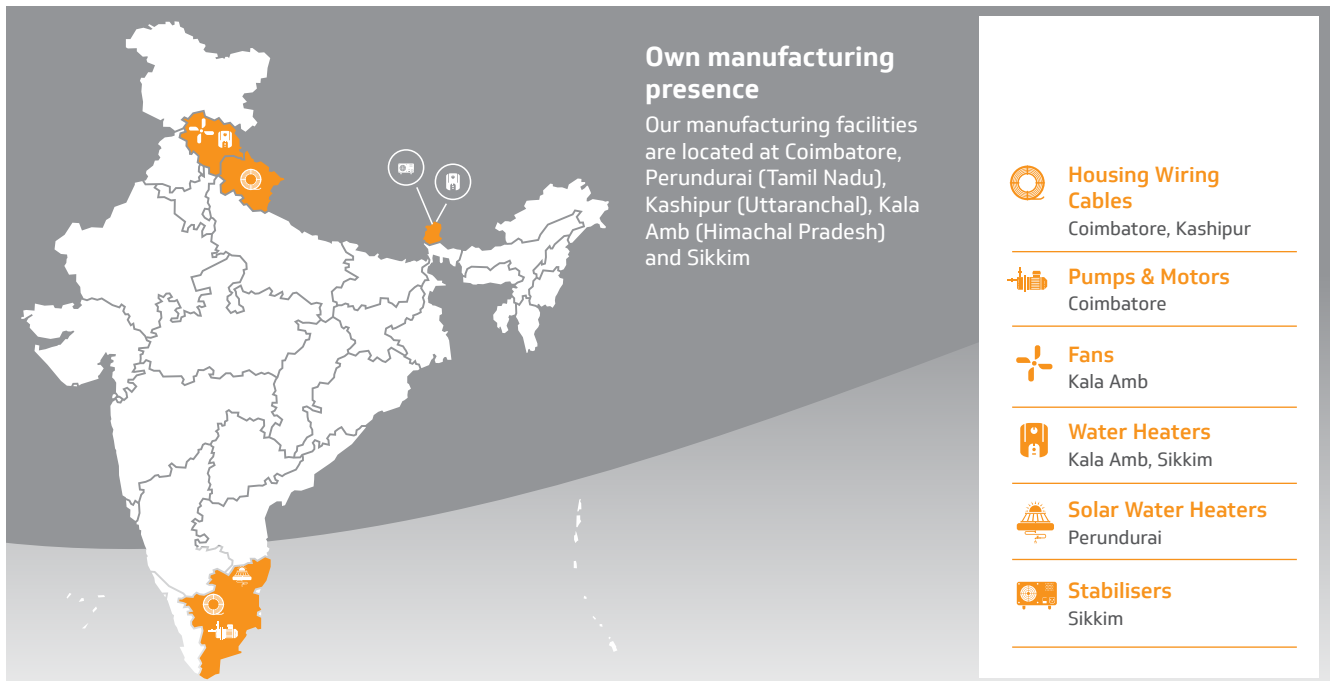


### Consumer Durables

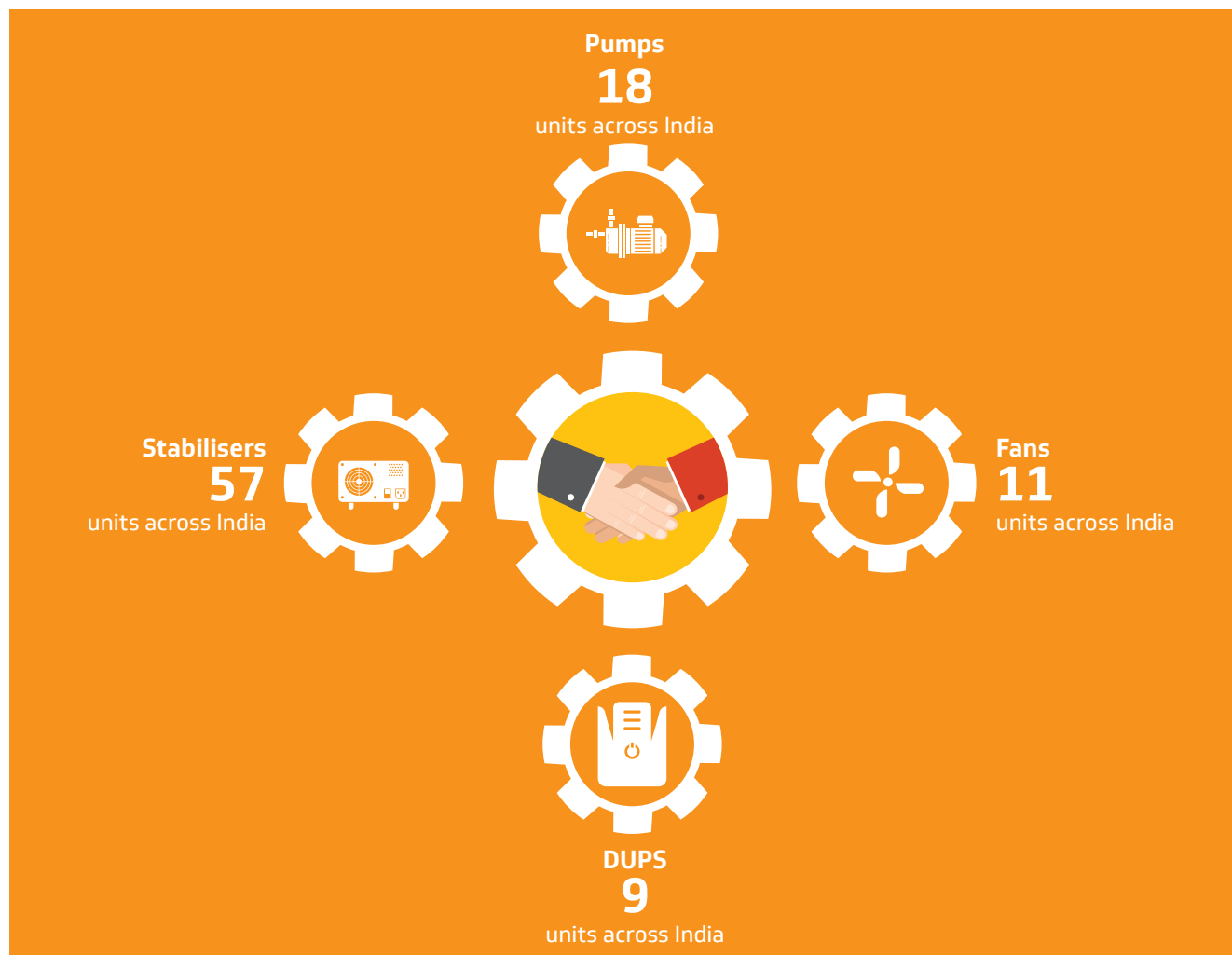
Solar Water Heaters, Electric Water Heaters, Fans, Air Coolers and Kitchen Appliances

## Manufacturing prowess

Our judicious mix of in-house manufacturing and asset light outsourcing production model (with 58% products outsourced from various vendors) has enabled us to optimise capex and working capital, thus delivering value for stakeholders. Stringent quality and design control is ensured across both, the internally manufactured and outsourced products.



## Outsourced production units



## A country-wide footprint

To address the needs of our consumers, we have put in place a strong channel network of direct dealers, distributors and retailers. This pan-India network of over 30 branches and over 30,000 retailers enables us to reach consumers across the length and breadth of the country, to enliven their homes and enrich their lives.

In line with our focus on increasing in-house manufacturing, we expanded capacity in house wiring cables. We also added manufacturing facilities for stabilisers and electric water heaters in Sikkim.

## How We Enriched Lives During FY 2017-18

The year 2017-18 marked a turning point in V-Guard's journey of enriching lives, with the unveiling of a new brand identity to reflect our transformation as a leading multi-product pan-India player in the Consumer Electricals space.





### New Launches

Introduced Air coolers in the markets of Delhi & Hyderabad

Launched Modular switches in Kerala

Introduced LED Fans

Expanded Kitchen Appliance category with launch of Rice cookers in Andhra Pradesh and Telangana

Launched Gas cooktops in Kerala



### Financial Highlights

10% increase in Net Revenue from operations, which rose to ₹ 2,321 crores

When adjusted for GST, turnover growth is 15%

Advertisement expenses increased to 4.3% of turnover from 2.4% previous year

EBIDTA reduced from 10.5% to 8.5% due to increased advertisement spend



### Other Notable High Points

Unveiled new brand identity in alignment with the new vision of the brand

Rollout of salesforce automation pan-India, to enhance field force productivity

Initiated Phase-II of project 'Udaan' to strengthen new product development, quality management and sourcing

## CHAIRMAN'S MESSAGE



**Over the past few years, V-Guard has seen sweeping changes and has overcome many challenges. From being completely dependent on South Indian markets, the Company has built a substantial and profitable non-South business.**



**Trust, as I mentioned, is central to our growth philosophy. We are continuously transforming to create a more enabling environment for the progress, not just of the Company and its stakeholders but the society at large**

### Dear Shareholders,

We stand today at the cusp of an exciting moment in our exceptional journey. It is a moment that will define the next phase of our growth story on which we have embarked with a transformational agenda underlined by the rejuvenation of our brand identity.

The new look of V-Guard that you see today symbolises more than just a change in our brand symbol; it marks a change in perception, and a transformation in our business philosophy to make it more relevant to the new-age consumers in resonance with their aspirations. I welcome you all to join us in the next stage of our journey, on which we have started off as a more vigorous and dynamic entity, with a heightened visionary focus on enlivening the homes and enriching the lives of our growing base of customers.

### Happy tidings

Before moving into the next and more exhilarating phase of our odyssey, let us take a moment, however, to reflect back in time on some of the core fundamentals around which the brand V-Guard has been built. An unflinching commitment to quality and service, with solidity, ethics, durability and trust as some of the core values around which the brand has been built. These values will continue to provide a strong foundation to V-Guard as it adapts to the changing consumer landscape and preferences. We have taken the leap to become a new age, exciting and aspirational brand that will, in many ways, define the future course of our business.

Over the past few years, V-Guard has seen sweeping changes and has overcome many challenges. From being completely dependent on South Indian markets, the Company has built a substantial and profitable non-South business. The Company has demonstrated the ability to expand its product portfolio, and in doing so, set

up supply chain and product design capabilities. It has continuously improved its competitiveness by judiciously balancing outsourcing and in-house manufacture.

There have been transformational changes in the organisational capabilities. We always believed that Customer Service was core to our existence. We transformed our conventional delivery model which has given us a lead in Customer Service in the industry. The Supply Chain transformation delivered superior working capital management and enhanced overall competitiveness. Sales force automation redefined the way we conduct business with our trade partners by enabling real time order capture, improving order fulfillment and enhancing field force productivity. These are critical building blocks to realise our ambition to become one of the most respected brands in the electrical, electronics and appliances segments.

It goes to the credit of the team at V-Guard, across the organisational hierarchy, that your Company successfully negotiated these challenges and delivered consistent and broad-based growth over many years.

To them, and to all those who will join the V-Guard family in the coming months and quarters, I would like to say 'Happy Tidings'. Let us together, move forward with renewed vitality to translate our new vision into reality, not just for our consumers but for each one of us, and also our extended families.

### High on trust

As we now surge forward towards a more challenging future, it gives me great pleasure to see that the organisation we have painstakingly built over the past 40+ years is high on momentum and energy, and even higher on consumer trust. What gives me satisfaction is that the V-Guard we see today is smarter and more focussed in its growth strategy than ever before. These, in my opinion, are imperatives for the smart living culture that the consumers of today are imbibing which is guiding their lifestyle and choice of products. And by aligning ourselves to their evolving aspirations, we are augmenting the core of trust that has been at the centre of our business philosophy since inception.

At this important juncture in our growth journey, I would like to urge all stakeholders, including our employees, partners and vendors, to adopt smarter ways of doing business to ensure that the needs of our consumers

for smart products and solutions becomes a realisable goal for them through the V-Guard brand. Hence, it is extremely vital for us to stay relevant in the transforming business landscape, evolving with consumer needs in the markets in which we are present as well as in new markets where we are keen to harness opportunities for growth. Smarter and better ways of doing business will result in products and solutions that will help us achieve our aim of enlivening homes and enriching lives.

### Growing responsibly

Trust, as I mentioned, is central to our growth philosophy. We are continuously transforming to create a more enabling environment for the progress, not just of the Company and its stakeholders but the society at large. As a responsible corporate, we have structured our growth strategy to make it sustainability-oriented, and intricately woven around the lives of the people in the communities close to our operations. From environmental to social responsibility, we remain highly focussed on ensuring the positive impact of our actions across our business value chain. We continue to scale up our CSR engagement year-on-year as it is our constant endeavour to reach out proactively to the underprivileged in the vicinity of our business units.

### On a concluding note

In conclusion, I would like to reiterate that the transformation that we, at V-Guard, have undertaken will pave the way for further strengthening our consumer-centric, people-led value proposition. The roadmap we have charted in line with our new brand philosophy will propel our inclusive growth strategy, to which we remain committed in the present and for the future.

On this note, let me thank all the stakeholders of the Company for their continued support and cooperation. With their help, we shall cross many more milestones, to touch countless lives in bigger and better ways.

Warm Regards

Sd/-

**Kochouseph Chittilapilly**  
Chairman

## MANAGING DIRECTOR'S MESSAGE

During the journey of an organisation, there comes an inflection point, which marks an opportunity to reinvent itself and chart a higher growth trajectory. An organisation that reaches and successfully crosses such a landmark gains respect of the people it touches and becomes a leader in its space. I am happy and proud to share that V-Guard spanned such a critical moment in its journey during FY 2017-18, with a new vision to drive its brand proposition.

The new brand identity, along with the transformation initiatives that we have undertaken in the past few years have enabled us to expand the frontiers of your Company's business and make it more relevant and impactful as a consumer oriented organisation, catering to the evolving needs of consumers of electrical goods across the country. It has helped us solidify our ambition to become a pan-India player, offering smart products and solutions designed to anticipate and meet the needs of the new age consumer.

### Transforming aspirations

The year witnessed the launch of V-Guard's new brand identity, coinciding with its 40th year since inception. Since its humble beginnings in 1977, the Company has evolved into a multi-product, pan-India business. The brand has long symbolised solidity and trust in the minds of the consumer. A series of consumer workshops gave us the insight that today's millennial consumers were looking beyond solidity. They were seeking premium, aspirational values in the products that they use. It was time for the brand to imbibe new age values and transform into a dynamic, vibrant, contemporary and agile brand which resonates with the younger consumers of today.

When we decided to reposition the brand, it was imperative that the change would be built on a philosophy and vision for the brand and not a cosmetic one. The new vision defined that V-Guard would have a deeper understanding of consumers and their interaction with its products and services, and translate that knowledge into innovations which will have a meaningful impact on the lives of consumers.



The journey of transformation has begun and V-Guard has started developing products in alignment with the new vision for the brand.

### Holistic growth

The year gone by was a challenging one, as there were short-term disruption arising from the GST implementation and the residual effect of demonetisation. Despite these challenges, the Company posted an encouraging topline growth of 9.8%.

When adjusted for the GST pricing effect and exit of LT Cable business, the like-to-like growth was a strong 16%. We made good progress in expanding our business in the non-South markets with a 22% growth on a like-to-like basis. Non-South markets now contribute 37% of our total turnover.

The growth was also broad based across categories, led by Digital UPS (29% Y-o-Y on like to like basis), Fans (21%), Switchgear (32%), Kitchen appliances (44%) and Wires (21%). Stabiliser growth was lower at 5.6%, due to a weak summer. During the year, we acquired 74% stake in Guts Electro-mech Ltd., a Hyderabad based company

which manufactures a range of domestic switchgears and circuit breakers. This acquisition will provide us a reliable source of supply and product development capability to grow the switchgear business. As a natural extension of our Electrical business, we launched Modular Switches in Kerala. During the year, we also extended our kitchen appliances portfolio by launching Rice Cookers in Andhra Pradesh and Telangana. Further, towards the end of the year, we also launched Air Coolers in select pilot markets. The consumer response to these launches has been very positive and gives us confidence to launch in other markets during the coming year.

Gross margins witnessed a modest expansion of about 50 bps. We were able to improve gross margins despite absorbing some one-off costs related to GST implementation and start-up costs of our Sikkim units. Production of stabilisers and water heaters at our Sikkim units have ramped up satisfactorily and these units will provide us long-term cost advantage.

The key highlight during the year was the unveiling of our new brand identity reflecting our evolution into a new-generation, technology-driven smart organisation with a pan-India presence. This will further consolidate our leadership position in the South markets while facilitating increased awareness, brand penetration and expansion of our product portfolio in the non-South markets. The launch of the new brand identity was accompanied by a high visibility media blitz, complete revamp of packaging, store branding and digital advertising. There was a significant increase in advertisement expenses (4.3% of turnover as compared to 2.4% in the previous year), which resulted in a temporary impact on EBITDA margins.

In addition to launching new products, we constantly strive to bring in innovation into our existing portfolio. The new brand vision of consumer centricity manifests itself in a new smart range of Digital UPS which offer the consumer several innovative features. The Verano Water Heater is another intelligent product which the consumer can operate and monitor from anywhere in the world. Similarly, the Imagina Fan has unique features that transform the living room to suit the consumer's taste and mood. A new range of AC stabilisers brings alive sleekness and thoughtfulness in design.

We will continue to invest in smart technology and design in alignment with the vision of the brand.

### Wiring the organisation

At V-Guard, we are constantly transforming our ways of working in order to prepare for the future. We are putting in place best-in-class processes to bring in the DNA of a large organisation and to propel V-Guard onwards in its growth journey.

Implementation of Project 'Parivartan', was the starting point, which transformed our customer service capability. Through the initiative, V-Guard created a nimble and scalable customer service network/model, and also a differentiation for V-Guard in the minds of its customers. This project delivered an Industry-leading customer service capability to V-Guard. We then followed it up with 'Happy Calling' in our endeavor to understand the satisfaction levels and areas of improvement for our service interventions.

Project 'Udaan' helped to redefine the way Supply Chain worked in V-Guard. This project delivered a superior supply chain management capability which eliminated inefficiencies, liberated resources and generated incremental margins. Udaan delivered substantial working capital benefits and was a key enabler for the Company to become debt free. To build further on these gains, we launched 'Udaan 2' during FY 2017-18. This phase focusses on New Product Development and Quality Management which will make our innovation process more robust and improve speed to market.

Project 'Tez' (Sales force automation) transforms the way we interact with our customers. In its first phase, it has been rolled out to cover our entire field force. Benefits are already visible – in terms of field force productivity, real time order capture, better order fulfillment and reduced lead times to service orders.

### Outlook

As we move into the new financial year, we remain confident of maintaining our 15% growth trajectory over the next few years driven by continued expansion into non-South markets and introduction of new product categories. Revival in consumer demand post the short-term disruption caused by GST and demonetisation, moderate inflation levels and revival in rural demand with expectations of a third consecutive year of normal monsoons in 2018 are expected to augur well for the Company.

India has significant growth potential, with rising disposable incomes, a vibrant young demography with increasing awareness and aspirations. The future is packed with exciting possibilities, which your Company is well placed to harness. With its robust business model and transformation initiatives, the Company is well equipped to enliven the homes and enrich the lives of its consumers across product categories and markets.

Warm Regards

Sd/-

**Mithun K Chittilappilly**  
Managing Director

## CREATING A BRAND THAT ENLIVENS AND ENRICHES





**At the core of our growth-oriented business model lies an unwavering focus on enlivening the homes and enriching the lives of our expanding base of customers. To scale this focus further in line with the transforming needs of customers, we went in for a major brand transformation exercise during the year, which coincided with the celebration of 40 years since the inception of V-Guard.**

The V-Guard management initiated a series of workshops and discussions that were introspective and visionary at the same time. V-Guard had larger ambitions. It wanted to be future ready, the thought leader of the category and nationally competitive.

This wasn't a cosmetic makeover. It was based on a philosophy and vision that the Company envisaged for the brand going into the future. Keeping this in mind V-Guard initiated a series of researches to first help understand how consumers perceived V-Guard and then explore what could make it the undisputed leader in future. Consumer researches revealed useful and encouraging feedback. Potential millennial consumers in both its core and non-core markets had huge expectations from V-Guard. They expected V-Guard to create products that reset benchmarks, like it had done decades earlier with its Stabiliser. V-Guard always stood for solidity but the expectations for today's consumers was beyond just being a solid brand.

Thus began a journey of transformation for V-Guard to become not just a solid brand and Company but also an agile, aspirational and contemporary brand that imbibes new age values and resonates with an increasingly younger India.

The new vision for the brand was defined and thus began the journey of re-designing the V-Guard Identity. The V-Guard identity was crafted in a rich golden and black hue cueing premiumness, modernity and progressiveness. The key symbol, the kangaroo was also captured in an agile and contemporary manner lending positive associations for the identity. The new brand design language was crafted including a complete revamp of the packaging, retail touch points, office environment etc in line with its vision and ambition.

The new brand identity manifested itself in a range of thoughtfully crafted smart products like the Verano (Smart water heater), the Smart Inverter, sleek new Stabiliser designs and LED Fans that redefined the category norms and introduced best in class products that welcomed consumers into the new world of V-Guard.

Starting February 2018, a high decibel PR and media blitz nationally announced the new V-Guard identity and was followed up seamlessly with a series of multi-media campaigns that showcased its category beating products ensconced in a new philosophy woven around simplicity, pragmatism and thoughtfulness.

V-Guard has embarked on the path to build a brand that is dynamic, vibrant, contemporary and agile which will be thoughtful in the products that it creates, the service that it provides, in the way it interacts and communicates and the way it conducts its business.

**Welcome to a dynamic, transforming V-Guard**



# Powering Innovation to Enliven Homes

Steering our customer-centric business strategy is our strong innovation thrust, which enables us to drive ingenious and smart products that are crafted to facilitate smart and better living for our customers in sync with our new brand vision. We will continue to make significant investments, year after year on smart technology, into powering our innovation-led growth agenda.

Addition of innovative and synergistic new products to our portfolio has strengthened our customer connect, while augmenting our reach and presence in both new and existing markets.



## Helping customers live smarter

Our powerful customer-oriented approach continued to inspire the innovation of several new products, across categories, to facilitate smart living for our customers.

It started with the smart water heater, Verano, which was built on a pain point that consumers often forget to switch off the water heater after bath. Verano is a first-of-its-kind product which the consumer can switch on or off from anywhere in the world. It is also equipped with an Intelligent Scheduler and the temperature alert sends notification to a connected smartphone upon reaching the set temperature. Staying true to its smart water heater tag, it sends energy consumption notifications to the customer, apart from alerting the customer if the water heater is running dry and cuts off power supply immediately.

Next in the series was the V-Guard Smart Inverter which was again developed to address a common consumer pain point. Invariably, when there is a power outage, high intensity appliances cannot be run. V-Guard's Smart

Inverter allows the user to run high-intensity appliances like iron, coffee maker, grinder, toaster, hair dryer etc. for short durations when needed, apart from enabling a super charge mode to ensure longer back up during emergency situations. Additionally, the user can monitor the Inverter battery usage & back up and control the performance level based on the appliances.

Staying true to its vision, V-Guard has launched its Smart Fans this summer, in sync with changing consumer preferences. Welcome to the world of Imagina. Equipped with LED lights in a million color combinations that can suit the consumer's taste and mood, it also has a unique Breeze mode that will transform your living room to a seashore like experience.

Complementing the portfolio are sleek new AC stabilisers that have become the benchmark in the category and have brought alive thoughtfulness in design.

Work is underway in creating a slew of next gen products that symbolise the company's renewed focus and drive on creating thoughtful products for a smart tomorrow.



## Enriching homes

With the focus on enriching homes V-Guard introduced its range of exciting new rice cookers catering to the key markets of Andhra Pradesh and Telangana. As a natural extension to the electrical category we introduced our range of Modular Switches in Kerala. The initial response for both these products has been encouraging.

## Delivering quality to drive excellence

V-Guard has accentuated its focus on quality by unveiling the Quality Policy across all manufacturing facilities. Development Programs for vendors have been undertaken by conducting initial Assessment programs, educating the teams and implementing best practices. Quality Dashboards have been rolled out across the organisation. Plans are in place to conduct Market Research for benchmarking V-Guard Product performance, baselining with key competitors and identifying product improvements needed. A roadmap has been developed to strengthen New Product Validation process to enhance the confidence level in product launches and reduce time to market. With outsourcing being a significant portion of business, V-Guard also places a lot of importance on vendor quality assurance.

# Automating Systems to Enrich Customer Experience

At V-Guard, we view customer experience as a holistic engagement that goes beyond the product life-cycle. Creation of a digital enterprise that is in sync with the changing times is, therefore, an imperative of our new, more evolved business strategy.

In line with this focus, we have started aligning our external & internal processes and systems to the new digital environ, with the aim of ensuring faster and smoother integration of our products and solutions in the lives of our customers.



Our digitisation and automation thrust is a proposition that powers every function within the organisation – from procurement and sourcing, to manufacturing, product design, quality assurance, sales & distribution, and customer service.

With the customer at the centre of our digitisation drive, we introduced a series of digital and automation initiatives during the year to augment the customer experience and make it more enriching. We focused more aggressively than ever before on utilising technology to streamline the process of taking our products into the homes and hearts of our customers.

### Digitalising the customer experience

With the customer at the heart of our business strategy, we have structured our growth model around the objective of enriching lives, through innovative and impactful initiatives.

We have introduced a series of on-ground initiatives to enhance customer experience. The ‘Happy Calling’ mechanism has helped in ensuring seamless and expeditious customer feedback and redressal. CRM updates, based on field experience, enable continuous improvements in customer experience which has further built on the customer service transformation (Project Parivartan), which was done a few years ago. This in total has helped us augment customer experience, lending a differentiated edge to our customer service.

### Giving a digital edge to V-Guard proposition

Through our digital transformation process, we aim to give a strong digital edge to our solutions and service propositions across every facet of our business engagement. To this end, we have implemented Salesforce Automation, covering lead and opportunity management, order management, Customer 360 view, Content Management etc. Besides improving the productivity and efficiency of our 900 strong sales team, this has helped improve customer service to channel partners.

Building on the supply chain transformation (Project ‘Udaan’), we have launched ‘Udaan 2’ to build higher capabilities in Sourcing, New Product Development and Quality functions, for which we are adopting technology based solutions.

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### Taking flight through ‘Udaan 2.0’

In Phase-I of Udaan, we had successfully implemented new methods of value creation through establishment of Sales & Operation planning (S&OP) and re-structuring of our warehouse network. Through S&OP implementation, inventory has been right-sized and at the same time it has ensured availability of stock to cater to the demand. The inventory optimisation has resulted in significant improvement in working capital. Strategic sourcing is a path breaking initiative and has added significant value to the process and sustenance to cost reduction initiatives. With twin objective of Differentiation and Efficiency, we had also initiated formalisation of New Product Development (NPD) and strengthening of Quality Management during Phase-I of Udaan.

In Phase-II of Udaan, focus is to institutionalise the changes implemented in Udaan 1.0 to ensure sustained generation of value. Efforts are channelised to transform People, Structure and Process in Supply Chain Management, NPD and Quality through adoption of right technologies. This includes benchmarking the existing process & technology with industry best practices, prioritizing the changes required, brainstorming & deciding the best fit for V-Guard and implementing the changes. Through the adoption of technology we are in the process of digitizing supplier interaction and internal workflows. Centralisation & Specialisation in SCM, NPD and Quality functions along with Institutionalisation of changes in Udaan 2.0 will make the company future ready with industry leading practices.

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## ENRICHING LIVES ACROSS STAKEHOLDER GROUPS



Mock drill at V-Guard Head Office

## Enlivening the work place

Another key focus area for scaling the Company's experiential engagement is our employees, who we believe to be critical to our growth strategy. In addition to the technology enablement of people related processes, our efforts on this front are oriented towards imbuing a culture of employee involvement for driving continuous improvements across our units. Workplace organisation is an important facet of the transformation that we have embarked on, with the aim of enlivening the workplace for our employees. In alignment with the brand transformation, the workplace has also come alive with a refreshing new look and feel. Work has been completed in the Head Office and is underway across the Regional Offices. A front office Digi assist enabling a smooth visitor management system has been put in place. Aligning with workforce requirements flexi timings have been introduced for employees enabling effective work-life balance. A people desk app, human management system has been designed with a view to enhance employee experience.

## 'Excelerating' the employee connect

As part of its efforts to drive 100% employee engagement, the Housing Wires division rolled out an annual programme – EXCELERATE 1.0, during FY 2017-18. With its bottom up approach, the initiative is focused on Cost Reduction, Kaizen, Quality, Safety & Environment and 5S. In addition, 210 Quality Improvement Projects, 298 Kaizens, 158 Safety & Environment Improvement Projects were undertaken through this initiative during the year. We see this initiative, with its motivational focus, emerging as a key driver of our transformational programme accelerating a higher level of engagement with our people.

## Enabling a healthy & safe environ

Our EHS (Environment, Health & Safety) initiative is aligned with our vision to emerge as an organisation of excellence in creating knowledge, formulating policies, standards and practices, to ensure a healthy and safe workplace for all at V-Guard. The EHS governance framework at V-Guard comprises the Management Committee (MC), the Corporate EHS team and the Unit EHS team, which work in tandem through an audit based system. Industry standards (ISO, OSHAS) are used to integrate EHS across all business functions and to build continuous improvement at all manufacturing locations. Mock drills, National Safety Day Celebrations and Safety trainings were conducted during the year at the Corporate Office and the manufacturing locations. These initiatives also envisages institutionalisation of the V-Guard EHS Excellence awards, in a bid to create a healthy competition among the manufacturing units, warehouses and offices. The EHS framework at V-Guard is structured to inculcate a culture of safety and health among the employees to make their work experience more enriching.



## ENRICHING COMMUNITIES



The V-Guard people proposition extends beyond its customers and employees to touch the lives of people in the communities around which we operate.

The Company has in place a structured Corporate Social Responsibility(CSR) policy, aimed at streamlining the community development initiatives and giving a more focused direction to the activities undertaken in this sphere.

Our CSR interventions areas include:

**Education & Skills Development** - Child Education Sponsorship, Development of infrastructure in schools, Initiatives for differently abled children & skill development for youth.

**Healthcare** – Contribution to infrastructural requirements of government institutions by providing hospital equipment, water heaters & furniture, providing ambulances across country, organising health camps and health awareness programmes.

**Build India & Relief Programme** – Tree plantation drives across India, participation in Swachh Bharat initiative, supporting orphanages, relief contribution to areas affected by natural calamities.

**Women Empowerment** – Entrepreneurship development programmes for women.





### A glance at some key initiatives

VGIL 40th Anniversary- 40 Ambulances across India  
As part of our 40th anniversary, we provided 40 ambulances across India to government hospitals and to Non-profit organisations involved in the healthcare sector. Needy people, especially in remote areas, will be benefited.

### Tarang (Skill Development Initiative)

We provided free of cost training to youth in the electrical and electro-mechanical sector, as part of a residential skill development programme that gives on-the-job training and ensures placement. The programme was implemented through a training partner, and 100 youth from Ghaziabad (U.P), Bhubaneshwar (Odisha), Cochin (Kerala), Hubli (Karnataka) have so far benefited.

### First Aid Boxes to Government Schools

To reduce the risk of infection or severity of injury among school children, we provided first Aid boxes to 600 government schools in Tamil Nadu, West Bengal and Andhra Pradesh, to benefit 2,16,789 school children.

### Swanthanam (Initiative for special children)

We conducted programmes and cultural festivals for differently abled children and also provided a speech therapy room, equipment for physiotherapy to special schools under the 'Swanthanam' project, in association with Sarva Shiksha Abhiyan and special schools. A total of 165 special children have so far benefited.

### School Support Project

We contributed to the creation of infrastructure, as well as provision of equipment, furnishing and stationery for



schools in Kerala, Tamil Nadu, Karnataka, Odisha, Uttar Pradesh, Rajasthan, Uttarakhand, Delhi, Haryana, Punjab, Sikkim and Jammu.

### Child Education Sponsorship Project

We have provided educational support to 100 children from Below Poverty Line (BPL) families in places like Palakkad and Coimbatore, sponsoring their school bags, study material, lanterns, nutritional food, soft skill training, career guidance and counselling.

### HDFC Charity fund for Cancer cure

We have invested in the HDFC Charity Fund for Cancer Cure, with the dividend from this mutual fund going to the Indian Cancer Society.

### V-Support

We have provided monetary assistance to economically backward individuals suffering from life threatening/ debilitating disease and requiring hospitalisation/ treatment over long duration and/or incurring heavy expenditure towards the same.

### Environment Protection initiatives

V- Guard planted and maintained 500 meter NH median at Kochi to increase the green cover.

### Badminton coaching and badminton tournament

In association with Basic Charitable Trust, Kottayam, V-Guard conducted Open Badminton tournament (Talent Hunt) Coaching with the aim of nurturing home-grown talent.

## 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*

### 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*

#### Nomination and Remuneration Committee

**Mr. C J George**  
*Chairman*

**Mr. Cherian N Punnoose**  
*Member*

**Mr. A K Nair**  
*Member*

**Ms. Joshna Johnson Thomas**  
*Member*

#### Stakeholders' Relationship & Share Transfer Committee

**Mr. Cherian N Punnoose**  
*Chairman*

**Mr. C J George**  
*Member*

**Mr. Mithun K Chittilappilly**  
*Member*

#### 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: dhanalakshmi.s@linkintime.co.in

### Plant Locations

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

**Solar Invertor, Coimbatore**  
KG Chavadi, Palakkad Main Road,  
Coimbatore - 641 105

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

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

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

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

**Stabiliser Divisions-Sikkim**  
**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-Sikkim**  
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

2017-18 was an eventful year with some progressive structural reforms being introduced in the Indian economy, including the path-breaking Goods and Services Tax (GST) that became a reality. Leaving aside the initial short-term disruptions associated with any major reform, the benefits of GST over the medium term are indisputable.

The Indian economy is now the sixth largest in the world. Growing private consumption as well as fading transitory effects of demonetization and GST have provided an uplift to the economy. Given the positive developments, IMF has estimated India's GDP growth at 7.4% in 2018 and 7.8% in 2019 thereby establishing its position as the fastest growing major economy. The key engines supporting the upturn are largely domestic and policy-driven, which may allow the momentum to sustain, though the visible turnaround in global growth will also provide tailwinds. India has the potential to maintain its position as an engine of global economic growth in the decades to come. This will uplift the lives of millions of Indians as the macroeconomic growth translates to improved living standards.

After two consecutive years of good monsoons, IMD has forecasted a normal monsoon for 2018 as well which will lead to improved rural incomes. This, along with the Government's thrust on construction and infrastructure activity is expected to boost demand further.

RBI has kept its Repo rates unchanged at 6% in view of increasing inflation, which rose to a three-month high of 4.58% in April 2018. However, consumer data has been encouraging with both urban and rural demand picking up. Growth is coming largely from sectors such as automobiles, commodities and consumer products. The Government spending is injecting a fair amount of demand into the economy and exports that are now starting to pick up could see further support from the improving global economy.

There are many other conducive factors to propel the economy to grow at an accelerated pace including

moderate inflation, recovery in investment levels and ongoing structural reforms such as the Insolvency and Bankruptcy Code, which is a significant step undertaken to resolve issues associated with non-performing assets of banks, implementation of a recapitalisation package for public sector banks, liberalisation of the foreign direct investment regime, etc. Further, the Union Budget 2018 has strengthened the momentum of reforms, with focus on uplifting the rural economy, strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. All these initiatives will provide further support to sustainable economic expansion.

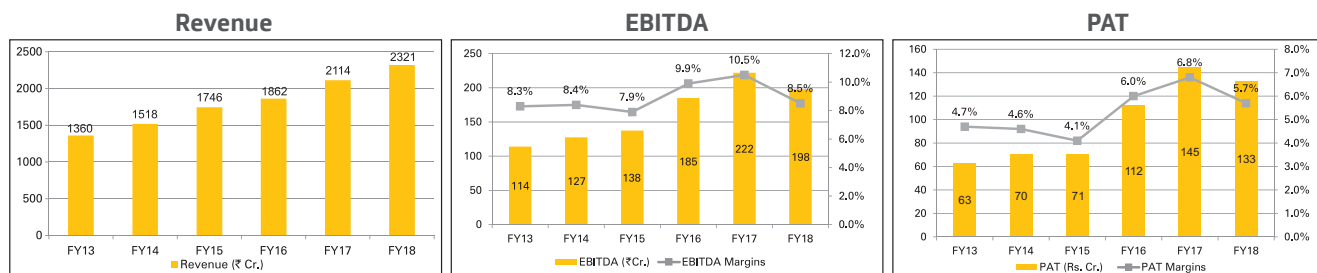
## 2. SECTOR OVERVIEW

The consumer electricals sector in India is on a strong growth footing driven by focus on housing, rural electrification and increasing disposable incomes. Housing schemes and reforms like GST will help organised players gain market share and overall premiumisation is aiding margins. As India moves towards a cashless, more formal economy, there will be greater surveillance/tax compliance, which will lead to a shift of market share to organised players.

The Indian consumer electricals and appliances segment has recorded stable growth over the past five years and is now at an inflection point, with several tailwinds expected to accelerate its growth going forward. Increasing number of households, higher rural penetration, increasing availability of electricity, technological innovations such as IoT enabled appliances etc. will be major drivers of volume growth. To add to this, increasing aspirations of Indians with higher disposable incomes and awareness are leading to shift in demand towards higher quality housing and premium products. Consumer durables are increasingly viewed as necessities rather than as luxury items. V-Guard with its pan-India reach, strong brand presence and visibility, diversified product portfolio, and well-entrenched distribution network is well poised to capture the enormous opportunity.

### 3. REVIEW OF OPERATIONS

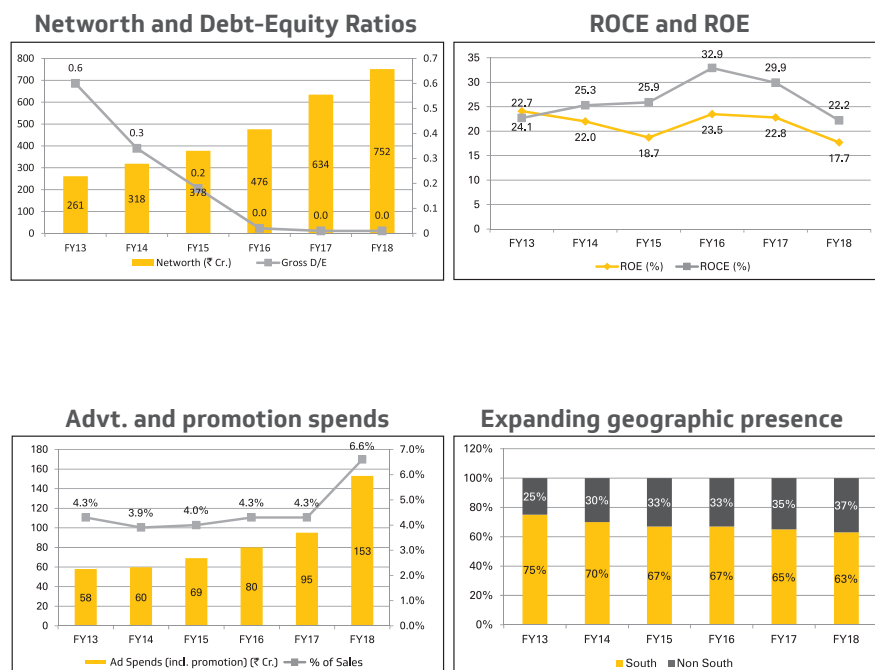
#### FINANCIAL PERFORMANCE (FY13-18)



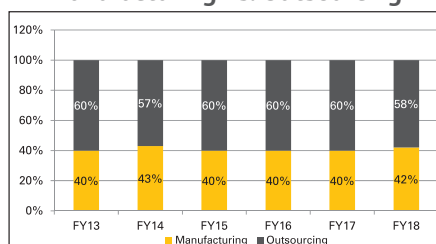
**Note 1:** Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, various taxes such as Central Excise and Value Added Tax (VAT) have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, GST is not part of revenue, unlike Excise Duty earlier. Hence, the revenue and growth calculations for FY18, appearing in this section, are not strictly comparable with FY17 and prior periods.

**Note 2:** In FY 18 there was a significant increase in advertising expenses related to the launch of a new brand identity which had a temporary impact on profits.

**Note 3:** Figures for FY 17 and FY 18 are as per Ind AS



#### Manufacturing Vs. Outsourcing



Key ratios (%)	FY18	FY17
Gross Margin	30.0%	28.7%
EBITDA Margin	8.5%	10.5%
Net Margin	5.7%	6.8%
Ad Expenditure (incl. promotions)/Total Revenues	6.6%	4.5%
Employee Cost/ Total Operating Income	7.3%	6.8%
Other Expenditure/ Total Operating Income	14.6%	12.1%
Tax rate	24.9%	29.0%
Diluted EPS (₹)	3.08	3.37

Balance Sheet Snapshot (₹ cr)	31 Mar 2018	31 Mar 2017
Net worth	751.6	634.4
Gross debt	2.4	5.7
Current Investments	75.2	88.9
Cash and cash equivalents	4.7	14.7
Net Cash Position	77.5	97.9
Fixed Assets	208.1	178.8

Key Ratios	31 Mar 2018	31 Mar 2017
Debtor (days)	70	54
Inventory (days)	70	66
Creditor (days)	74	53
Working Capital Turnover (days)	66	67
RoE (%)	17.7%	22.8%
RoCE (%)	22.2%	29.9%

#### 4. DIVIDEND

The Board has recommended final dividend of ₹ 0.70 per equity share for the financial year ended on 31st March, 2018, payable subject to approval at the ensuing annual general meeting.

This will result in a total payout for the year 2017-18 (including dividend distribution tax) of ₹35.86 crore (₹ 35.78 crore in 2016-17) translating into a dividend payout of 26.9%.

V-Guard believes in maintaining a fair 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

Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, various taxes such as Central Excise and Value Added Tax (VAT) have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, GST is not part of revenue, unlike Excise Duty earlier. Hence, the revenue and growth calculations for FY18, appearing in this section, are not strictly comparable with FY17 and prior periods.

Products	FY18 (₹ Cr)	Contribution (%)	FY17 (₹ Cr)	Contribution (%)	YoY growth (%)
Electronics	729.2	31.4%	664.8	31.4%	9.7%
Electricals	1,017.1	43.8%	940.9	44.5%	8.1%
Consumer Durables	575.0	24.8%	508.5	24.0%	13.1%
Grand Total	2,321.3	100.0%	2,114.2	100.0%	9.8%



### a. Electronics

V-Guard's electronics segment comprises voltage stabilizers and UPS systems (both digital and standalone). This segment grew by 9.7% (GST adjusted 12%) and contributed 31.4% to the total revenues. Our sales in the electronics segment are largely dependent on the power situation in the country and are linked closely to the demand for consumer electronics such as air conditioners, refrigerators and televisions.

V-Guard is the market leader in the voltage stabilizer segment in many regions across the country. The Company manufactures stabilizers for air conditioners, LED TVs, refrigerators, treadmills, washing machines etc. Air conditioner stabilizers are the largest category, while LED TV segment is the fastest growing. Unfavourable weather conditions adversely impacted demand for air conditioners and refrigerators this year. However, the market for white goods and televisions remains under-penetrated, hence we expect this product category to continue to grow over the next few years. Though the availability of power has improved over the years, the quality of power and fluctuations continue to be a major issue in many parts of the country as can be corroborated with the Electricity Supply Monitoring Initiative (ESMI) data analysis. The Sikkim stabilizer unit set up last year has ramped up production in line with expectations and is delivering significant tax advantage.

In Digital UPS the Company is undertaking several initiatives and expects to drive growth in the premium variants which will enable better pricing power and margins. Digital UPS has the potential to become a key growth driver for the Company, especially in the non-South market and overall contribution to revenue is expected to increase. During the year, the Company launched the Smart and Next Gen series which are differentiated products with industry-first features.

### b. Electricals

V-Guard's electricals segment comprises house wiring cables, pumps, switchgears and modular switches. Drivers for growth are home construction activity, weather conditions and consumption spending. This segment grew by 8.1% (GST adjusted 14.9%) during FY 18 and contributed 43.8% to total revenue.

Wires is the largest product category for the Company. The Company focuses mainly on

retail sales of house wiring to individual home owners. 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 and frequent product improvements to deliver better performance along with safety related enhancements. We have a well-entrenched distribution network which ensures timely supply of the product, which acts as a key differentiator in this commoditized product category. During the year, the Company exited the B2B LT cable business in order to focus on consumer-oriented categories. We expect organized players to gain shares in this category, as GST is expected to bring about better tax surveillance and compliance.

Sale of pumps is linked to agricultural activity, 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 Company started the agricultural pumps division a few years ago with SKUs ranging from 0.5-7.5 HP, which have now been extended upto 40 HP. Destocking by the trade ahead of GST implementation impacted growth in this category.

Switchgears is one of the key focus categories for growth. During the year, the Company completed the acquisition of 74% stake in Guts Electromech Limited, a Hyderabad-based company engaged in the manufacturing and marketing of various kinds of domestic switchgears and circuit breakers. This has helped resolve the supply issues we had in prior years, whilst providing strong product development capability to launch new variants and reducing the time to market. Domestic switchgear segment derives synergy from the electrical distribution network, as it has strong adjacency to Wires and Fans. During the year, the Company has extended the switchgear range further into non-South markets. The response has been good and it gives confidence to launch the product across other markets as well.

The Company also launched modular switches in Kerala, which is also a natural extension of the wire accessories and switchgear segment. The initial response from the market has been promising and the Company is confident of scaling up this business significantly and profitably.

### c. Consumer Durables

The consumer durables segment includes fans, water heaters, kitchen appliances and air coolers. Revenue from this segment grew by 13.1% (GST adjusted 18.1%) during FY 18. The segment accounted for 24.8% of total revenue in FY18.

The Company is an established player in water heater segment, marketing both electric as well as solar water heaters. The Company's second water heater unit at Sikkim is now getting fully operational and will provide significant cost advantages. The Company is undertaking various initiatives to enhance safety and efficiency, developing testing equipment and procedure to improve tank quality and launching new models of Electric water heaters with BEE star rating, resulting in reduction of consumption of energy.

The solar water heater business is performing well. V-Guard 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 may also drive demand growth. Over the longer term, demand drivers could remain strong with customers' preference potentially shifting from electric water heaters.

The fans segment has performed very well over the last few years. V-Guard'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 aesthetic designs and improve its mix with decorative and premium models. The category has delivered strong growth in 2017-18, especially in the non-south markets. Gross margins have continuously improved over the past few years. Currently, the company is a small player and ongoing growth in this category may be supported by expectations of warm weather conditions and expansion into new markets.

The kitchen appliances business comprises induction cooktops, mixer grinders, gas cooktops and rice cookers. These are highly scalable categories having large market sizes between ₹ 1,000-2,000 crore each, as per the Company's estimates. In 2017-18, gas cooktops were launched during Onam season and saw a good response. Further, the year also saw the launch of rice cookers in the Andhra Pradesh and Telangana markets. We aim to progressively expand to adjacent product categories.

Towards the end of the year, the Company launched air coolers in Hyderabad and Delhi markets. The Company expects to rollout to more markets in the coming 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. KEY INITIATIVES

### A) Brand Transformation

V-Guard announced its new vision for the brand and unveiled its brand new identity. This was not a cosmetic change of identity but built on a philosophy and vision to envelop into a more agile, contemporary and technology-driven, smart organization. As part of the brand evolution, the Company unveiled a new logo in sleek black and royal gold colours cueing modernity and premium values. It has also transformed its key symbol, the kangaroo into a more agile, contemporary entity that embodies innovation and progressiveness. The brand also unveiled the new tag line, 'Bring Home A Better Tomorrow' aligning to the promise of delivering thoughtful products and experiences to its consumers, for a better tomorrow.

A beginning in this direction is already made through launches in AC stabilizer (design leadership), Verano (IoT-enabled water heaters) and our range of Smart Inverters, a market leading digital product that transforms a non-speaking device into a potentially high engagement product and Smart LED Fans with pathbreaking features.

Starting February 2018, a high decibel PR and Media Blitz announced the new V-Guard Identity and followed it up seamlessly with a series of multi-media campaigns that showcased its category beating products ensconced in a new philosophy woven around simplicity, pragmatism and thoughtfulness.

### B) Salesforce Automation

The year under review saw the rollout of a sales automation tool, salesforce.com, pan India to enhance field force productivity, with V-Guard becoming the first company in the industry to do so.

Sales force automation has enabled V-Guard to unite front line sales executives across the country with applications that transform how they conduct their business and share data across various stakeholders in the organization. Within a



year, the sales team comprising 900 executives across the country has embraced the new system seamlessly, creating a network to better serve our customers. V-Guard currently serves 30000+ retailers out of the total universe of about 200000 retailers.

Salesforce automation has become the foundation within the company for customer-centric employee collaboration. Benefits have already started pouring in:

- ❖ When a sales executive visits a customer, he is equipped with a 360-degree view of the customer's relationship with the company – such as monthly/yearly offtake, history with V-Guard, pain point areas, real time account statement, etc. This enables a more meaningful conversation resulting in better customer relationship management & improved sales effectiveness.
- ❖ Today, V-Guard is harnessing a new power source to drive business data. Customer data from salesforce is giving visibility of under-penetrated areas helping sales team better plan distribution expansion.
- ❖ Sales cycle is getting digitized with entire beat plan management moving to a completely automated paperless system. A more robust beat management process is helping V-Guard to keep relationships with channel partners fresh and active.
- ❖ Order management is now completely managed electronically. With a digitized order management system, fulfillment cycle has become shorter thereby improving customer satisfaction.

Salesforce automation is a step forward to make V-Guard future ready and continue to remain competitive in a dynamic world.

### C) Udaan – Phase II

In Phase-I of Udaan (Udaan 1.0), we had successfully implemented new methods of value creation through establishment of Sales & Operations Planning (S&OP) and re-structuring of our warehouse network. Through S&OP implementation, inventory has been right-sized and at the same time it has ensured availability of stock to cater the demand. The inventory optimization has resulted in significant improvement in working capital. With twin

objective of Differentiation and Efficiency, we had also initiated formalization of New Product Development (NPD) and strengthening of Quality Management during Phase-I of Udaan.

In Phase-II of Udaan (Udaan 2.0), focus is to institutionalize the changes implemented in Udaan 1.0 to ensure sustained generation of value. Efforts are channelized to transform People, Structure, Process in SCM, NPD and Quality through adoption of right technology. This includes benchmarking the existing process & technology with industry best practices, prioritizing the changes required, brainstorming & deciding the best fit for V-Guard and implementing the changes. Through the adoption of technology we are in the process of digitizing supplier interaction and internal workflows. Centralization & Specialization in SCM, NPD and Quality functions along with Institutionalizing of changes in Udaan 2.0 will make the company future ready with industry leading practices.

## 7. FINANCIAL PERFORMANCE

The Company has reported a strong performance in 2017-18. The performance has to be viewed against the backdrop of a challenging market environment where volume growth was impacted on account of the residual impact of demonetization and the de-stocking by the trade ahead of the GST implementation. Despite the short term disruptions, both these reforms are beneficial in the long run. The Company has delivered a topline growth of 9.8% YoY to ₹ 2,321 crore in 2017-18. Adjusted for GST-related price impact and exit of LT Cable business, revenue growth is even stronger at 16% YoY. The growth was broad based across all product categories led by kitchen appliances, switchgears, digital UPS and fans.

The growth has been driven by increased visibility, brand penetration and expansion of product portfolio into the non-South markets. Non-south markets recorded a strong growth of 16% YoY to ₹ 858.5 crore and contributed 37% of the revenues in 2017-18 from 34.5% in 2016-17. South markets recorded a growth of 5.6% during the year, despite a higher base. Adjusted for GST-related price impact, Non-south and South markets grew by 22.4% and 10.7% respectively.

The Company continues to make steady progress in improving gross margins. Compared to the previous year, gross margin improved by 50 bps on a like-to-like basis, when adjusted for GST related pricing impact. This improvement was despite some one-off costs

related to GST transition and ramping up of Sikkim production plants. On a reported basis, gross margins expanded by 130 bps YoY to 30.8%.

During the year under review, the Company unveiled its new brand identity reflecting its evolution into a new generation, technology driven, smart organization with a pan-India presence. This will further consolidate its leadership position in the South markets, while facilitating increased visibility, brand penetration and product portfolio expansion in the non-South markets. Advertising expenditure increased to 4.3% of the turnover as against 2.4% in the previous year. This resulted in a temporary impact on EBITDA margins.

Cash flow from operations was to the tune of ₹ 54 crore in FY18 as compared to ₹ 129.8 crores last year. Working capital cycle has remained stable at 66 days. However, the working capital position of the trade has seen stress, due to which the Company had to sustain higher receivable days, which was partly offset by improved credit terms from suppliers. Further, there has been ₹ 42 crore of GST-related increase in working capital – including ₹ 26 crore due to input tax credit, which is expected to normalize in the coming financial year. The balance sheet continues to be robust with net cash of ₹ 78 crore as on 31st March, 2018, providing a platform to pursue inorganic opportunities, if valuations favour.

## 8. OUTLOOK

V-Guard has a 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, young demographics with increasing awareness and aspirations.

The Company continues to put in place best in class processes and systems to make the organization future ready. Key areas of focus are enhanced capabilities in New Product Development and Quality Management arising out of Project Udaan II, as well as benefitting from the successful pan-India implementation of salesforce automation.

The Company is confident of achieving a growth of 15% over the next few years, driven by expansion into

non-South markets and introduction of new product categories. The Company envisages adding 3,000-5,000 retailers across the country every year over the next five years with higher addition in the non-South markets. The new categories – Kitchen appliances, Switches & Switchgear and Air coolers will provide significant growth opportunities. The cash positive balance sheet provides an opportunity to pursue inorganic opportunities, if valuations favor.

## 9. STRENGTHS AND OPPORTUNITIES

### Strengths

- Strong brand equity created through brand investments, after sales service and Quality.
- Consumer centric organisation with strong innovation and new product development capabilities.
- A well-entrenched retail network of over 30000 outlets.
- Diversified product portfolio across electricals, electronics and durables segments.
- Strong execution track record and demonstrated ability to grow competitively and profitably.

### Opportunities

- The Government's thrust on housing and rural electrification will provide an impetus to products like house-wiring cables, fans, air coolers, etc.
- Ample headroom for growth available in terms of geographical reach and product portfolio, as compared to the leading players in the industry.
- Increasing disposable incomes leading to increased demand for premium products. Consumer durables are increasingly viewed as necessities rather than as luxury items.
- GST, will facilitate a shift of business from the unorganized to organized players
- Shortening replacement cycles for fans, water heaters, kitchen appliances etc due to increased disposable income and easy availability of credit.

### Threats

- Slowdown in economic growth can impact consumer spending and lead to deferment of demand.
- High volatility in commodity prices can adversely affect margins in case cost increases cannot be passed on to consumers.

- Seasonality in revenues since sales of several product categories are dependent on summer months.
- The India opportunity can attract large global players, causing increased competition in the market.
- Delay in adoption of technological advances, new industry standards and changing consumer preferences, could impact revenue growth.

## 10. RISK MANAGEMENT POLICY

The Company has developed and implemented a risk management framework to address key strategic and operational risks associated with its business. The Risk Management Committee constituted by Board identifies Corporate Risks on an annual basis. This committee is supported by product/functional risk groups. There is a formal process in place for risk identification and formulation of risk mitigation plans. Status of risk mitigation plans are reviewed on a quarterly basis by the risk groups and the committee. These quarterly updates are presented to the Audit Committee.

## 11. AUDIT AND INTERNAL FINANCIAL CONTROLS

The Company is committed to good corporate governance practices and have well defined systems and processes covering all corporate functions and units. The Company also has an Internal Audit function to provide reasonable assurance regarding the effectiveness and efficiency of operations, safe guarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations. The Audit Committee of the Board

oversees the Audit function through regular reviews of the audit findings and observations and monitoring action taken on the same.

## 12. 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 thrown open by the market.

The Company has reinforced the capabilities of its workforce through the launch of numerous in-house training programmes and job-specific training drills throughout the year. With several new products 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 31st March 2018, V-Guard had 2096 employees on its payroll as compared to 1944 a year earlier, an increase of 8 % year on year.

# DIRECTORS' REPORT

*Dear members*

Your Directors have great pleasure in presenting Twenty Second Annual Report on the business and operations of the Company along with the Audited Standalone and Consolidated Statements of Accounts for the Financial Year ended March 31, 2018.

## 1. FINANCIAL HIGHLIGHTS

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

Particulars	Financial Year ended		
	Standalone		Consolidated
	31.03.2018	31.03.2017	31.03.2018
Revenue from operations (Gross)	2,321.27	2,114.20	2,335.26
Other Income	7.45	8.59	7.38
Finance Income	3.66	4.87	3.66
Total Income	2,332.38	2,127.66	2,346.30
Operating expenditure	2,134.34	1,905.60	2,144.90
Operating profit before Depreciation, Interest, Tax & Exceptional Item	198.04	222.06	201.40
Finance Cost	1.66	2.10	2.04
Depreciation and amortization expense	19.11	16.24	19.68
Profit Before Tax and Exceptional Item	177.27	203.72	179.68
Profit Before Tax	177.27	203.72	179.68
Tax Expense:			
a) Current Tax	45.23	61.15	45.55
b) Deferred Tax	-1.04	-2.03	-0.92
Profit After Tax	133.08	144.60	135.06
Basic EPS (₹)	3.13	3.42	3.16
Diluted EPS (₹)	3.08	3.37	3.10

## 2. COMPANY'S PERFORMANCE

During the Financial Year 2017-18, on a standalone basis, your Company achieved a net revenue from operations of ₹ 2,321.27 crores as against ₹ 2,114.20 crores for the previous financial year, an increase of 10% year-on-year. Profit Before Tax for the year under review was ₹177.28 crores, which is lower by 13% as compared to ₹ 203.74 crores in the previous financial year. The Profit After Tax for the year under review was ₹ 133.09 crores, lower by 8%, as against ₹ 144.62 crores in the previous financial year. There was a significant increase in advertising expenses related to the launch of a new brand identity which had a temporary impact on profits.

The consolidated net revenue from operations for the Financial Year under review was ₹ 2,335.26 crores. Consolidated Profit Before Tax for the year was ₹ 179.69 crores. On consolidated basis, the Company earned a Profit After Tax of ₹ 135.05 crores for the Financial Year 2017-18.

The segment wise performance of products of the Company is detailed under the Section Management Discussion and Analysis Report which forms part of this Annual Report.

## 3. NEW BRAND IDENTITY

After forty glorious years of existence, the Company unveiled its new identity and announced its new vision for the brand. The new identity marks the evolution of the 40-year-old Company into a new generation, technology-driven smart organization. As part of the brand evolution, the Company unveiled a new logo featuring sleek black and royal gold colours representing modernity and premium values. The brand unveiled a new tag line, **'Bring Home A Better Tomorrow'** with the promise of delivering thoughtful products and experiences to its consumers.

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

During the year under review, the Company acquired 74% equity shares of Guts Electro-Mech Ltd., an unlisted public company situated at 163/C, 164/E, IDA Phase II, Cherlappally, Hyderabad, by way of direct purchase from the existing shareholders and through subscription of equity shares by private placement. The subsidiary Company is engaged in manufacturing and selling of switchgears, circuit breakers, relays, current transformers and similar electromechanical products. Its plants are located at Hyderabad and Haridwar.

## 5. LAUNCH OF NEW PRODUCTS

In order to widen the kitchen appliances portfolio, the Company, during the year under review, launched Rice cooker in the markets of Andhra Pradesh and Telangana. The Company also launched Modular Switches in Kerala, as an extension to the Wires and Switchgear category. The Company also launched Air Coolers in the markets of Delhi and Hyderabad. These products have been well accepted by the trade and consumers. In addition to launching new products, the Company has also introduced new and innovative products in existing categories viz., Digital UPS, Fans and Stabilizers.

## 6. CHANGES TO THE SHARE CAPITAL

During the year under review, the Company has allotted 4,18,664, 4,35,744 and 1,66,762 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, 2018, has increased to ₹42,56,75,631/-, due to allotment of shares under ESOS2013.

## 7. DIVIDEND

The Board of Directors is pleased to recommend a final Dividend of ₹ 0.70 per equity share (70 paise per equity share of ₹ 1/- each). The final Dividend, if declared as recommended, would involve an outflow of ₹ 35.86 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 24, 2018.

The Register of Members and Share Transfer Books will remain closed from July 25, 2018 to July 31, 2018 (both days inclusive).

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy. The Policy is available at the following weblink:- <https://www.vguard.in/investor-relations/corporate-governance>.

## 8. TRANSFER OF UNPAID DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

As per Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') the Company is required to transfer the dividend amount which remains unpaid or

unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, to the IEPF. Further, as per the provisions of Section 124(6) of the Companies Act, 2013 read with the Rules, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to IEPF Authority.

Accordingly, the Company has transferred an amount of ₹ 4,53,405/- which was lying in the Unpaid Dividend Account for the Financial Year 2009-10, to the IEPF. The corresponding shares whose dividend has unclaimed for seven consecutive years were transferred to the IEPF. During the year under review, the Company has transferred 71,602 equity shares to IEPF as dividend had not been encashed or claimed on above shares during the seven consecutive years from the financial Year 2009-10 to 2016-17. The shares which were lying in the IPO escrow Account also have been transferred to IEPF.

Pursuant to the provisions of the Investor Education and Protection Fund (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 with the Company, as on July 31, 2017 with the Ministry of Corporate Affairs.

Unclaimed dividend in respect of the Financial year 2010-11 will be due for transfer to IEPF on August 24, 2018.

## **9. FIXED DEPOSIT**

The Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 and the Rules framed thereunder.

## **10. 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**

No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of this Report.

## **11. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in the nature of business of the Company during the Financial Year 2017-18.

## **12. POSTAL BALLOT**

During the year under review, the Board of Directors had sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Sections 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) in respect of the Ordinary and Special Resolutions set out in the Postal Ballot Notices dated March 27, 2017, November 09, 2017 and February 19, 2018. The detailed voting results are given in the section, 'Report on Corporate Governance' forming part of this Annual Report.

## **13. 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.

## **14. CREDIT RATING**

During the year under review, ICRA Limited has upgraded the long-term rating of the Company from [ICRA]AA- to [ICRA]AA. The outlook on the long-term rating has been revised to "Stable" from positive.

## **15. BUSINESS RESPONSIBILITY REPORT**

Regulation 34(2)(f) of Listing Regulations mandates inclusion of Business Responsibility Report ("BRR") as part of Annual Report for top 500 listed companies based on market capitalization. In Compliance with the regulation, the Company has prepared a BRR which describes the initiatives taken by the Company from an environmental, social and governance perspective for the financial year 2017-18 and the same forms part of this Annual Report.

## **16. BOARD OF DIRECTORS AND ITS COMMITTEES**

### **A. Composition of the Board of Directors**

The Board of Directors of the Company comprises of eight Directors, of which two are Executive and six are Non-Executive Directors, which includes, four Independent Directors. The composition of the Board of Directors is in compliance with the provisions of Regulation 17 of the Listing Regulations and Section 149 of the Act.



**B. Change in office of Directors and Key Managerial Personnel of the Company during the year under review and details of Directors seeking appointment/re-appointment at the 22<sup>nd</sup> Annual General Meeting**

The members of the Company in their 21<sup>st</sup> Annual General Meeting held on July 31, 2017, approved the re-appointment of Mr. Mithun K Chittilappilly, Managing Director, as a Director, liable to retire by rotation.

During the year under review, Mr. Kochouseph Chittilappilly, Chairman of the Board, stepped into Non-Executive Category, effective from August 01, 2017.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Ramachandran V, Whole-time Director, is liable to retire by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors in their meeting held on March 23, 2018, re-appointed Mr. Mithun K Chittilappilly (DIN:00027610), as Managing Director of the Company for a period of three years effective from April 01, 2018, subject to the approval of the members in the ensuing Annual General Meeting.

The Notice dated July 03, 2018, of the ensuing Annual General Meeting includes the proposal for appointment / 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 Listing Regulations.

The Board of Directors of the Company at their meeting held on May 19, 2017, appointed Mr. Sudarshan Kasturi, Senior Vice President – Finance of the Company, as Chief Financial Officer and Key Managerial Personnel, effective from June 01, 2017, on superannuation of Mr. A Jacob Kuruvilla, on May 31, 2017.

**C. Declaration by Independent Directors**

Mr. C J George, Mr. Cherian N Punnoose, Mr. Ullas K Kamath and Mr. A K Nair, Independent Directors, have furnished a declaration that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(b) of Listing Regulations.

**D. Number of Meetings of the Board of Directors**

The Board meets regularly to discuss and decide on various matters as required and due to business exigencies, certain decisions are taken by the Board through circulation from time to time. During the Financial Year 2017-18, the Board of Directors of the Company met five times, on May 19, 2017, July 31, 2017, October 25, 2017, January 22, 2018 and March 23, 2018. Additionally, several committee meetings were also held.

Pursuant to the requirements of Schedule IV to the Act and Listing Regulations, a separate Meeting of the Independent Directors of the Company was also held on March 23, 2018, 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 said meeting.

The details of the Meetings are given in the Corporate Governance Report which forms part of this Report. The intervening gap between the Meetings was within the period prescribed under the Act.

**E. Committees of the Board**

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

The composition and terms of reference of Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship and Share Transfer 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 19, 2017, October 25, 2017 and January 22, 2018. The Committee recommended to the Board the amount of CSR to be spent for the financial year and the various

CSR programs/activities to be carried out by the Company, for its consideration and approval.

#### **F. Performance Evaluation**

Pursuant to the provisions of the the Act and 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. Further, the Nomination & Remuneration Committee of the Company has carried out evaluation of performance of each individual Director. Performance evaluation was made on basis of structured questionnaire taking into account 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 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 guidance, risk mitigation, internal controls, governance, leadership and talent development and managing external stakeholders. Performance evaluation of various Sub-Committees of the Board was carried out on the basis of 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.

#### **G. Directors Responsibility Statement**

In terms of the requirements of Section 134(3) (c) read with Section 134(5) of the Act, the Board of Directors of the Company, hereby state and confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed. Proper explanation relating to material departures, if any, is provided wherever applicable;
- ii. such accounting policies were selected and applied consistently and had made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the period;
- iii. proper and sufficient care were taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts were prepared on a going concern basis;
- v. the internal financial controls to be followed by the Company were laid down and such internal financial controls were adequate and were operating effectively; and
- vi. proper systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

### **17. AUDIT RELATED MATTERS**

#### **A. Statutory Auditors**

M/s. S R Batliboi & Associates LLP, Chartered Accountants, Kochi, with Firm Registration Number – 101049W/E300004, were appointed as the Statutory Auditors of the Company, to hold office from the conclusion of 21<sup>st</sup> Annual General Meeting until the conclusion of 26<sup>th</sup> Annual General Meeting of the Company to be held in the financial year 2022.

The requirement relating to ratification of Auditors by the members of the Company at every AGM has been dispensed with by the Companies Amendment Act, 2017 vide Notification No. S.O. 1833(E) dated May 07, 2018. Pursuant to the said amendment, during the five-year term of appointment / re-appointment of Statutory Auditors, ratification of the appointment / re-appointment by the members in the Annual General Meeting is not required. Accordingly,

business item of ratification of re-appointment of Statutory Auditors is not included in the Notice dated July 03, 2018, calling 22<sup>nd</sup> Annual General Meeting of the Company.

The Auditors' Report for the Financial Year 2017-18, does not contain any qualification, reservation or adverse remarks.

#### **B. Cost Auditors**

M/s. Ajeesh & Associates, Cost Accountants, Ernakulam, were appointed as the Cost Auditors of the Company for the Financial Year 2016-17 and the Report was considered by the Board in its meeting held on July 31, 2017. There were no qualifications, reservations or adverse remarks made by Cost Auditors.

M/s. RA & Co., Cost Accountants, Mumbai, were appointed as the Cost Auditors of the Company for the Financial Year 2017-18 and the Audit Report will be considered by the Board of Directors.

The Board of Directors in their meeting held on May 30, 2018 re-appointed M/s. R A & Co., Cost Accountants, Mumbai, (Firm Registration No. 000242) as the Cost Auditors of the Company for the Financial Year 2018-19 and fixed the audit fee payable to them. As per the provisions of the Section 148 of the Act, read with Companies (Audit and Auditors) Rules, 2014, audit fee payable to the Cost Auditors is to be ratified by the members of the Company. Your Directors have proposed a resolution in item no. 4 of the Notice dated July 03, 2018, for the ensuing Annual General Meeting, for approval of the audit fee.

#### **C. Secretarial Auditors**

The Board of Directors, pursuant to the provisions of Section 204 of the Act, appointed M/s. Keyul M Dedhia & Associates, Company Secretaries, Mumbai, as the Secretarial Auditors of the Company, to carry out the Secretarial Audit for the Financial Year 2017-18. Secretarial Audit Report, issued by M/s. Keyul M Dedhia & Associates, Secretarial Auditors in Form No. MR -3 forms part of this Report and is annexed herewith as Annexure I.

The Secretarial Audit Report for the Financial Year 2017-18, does not contain any qualification, reservation or adverse remarks.

## **18. 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**

Your Company had, before coming into force of the Act, voluntarily adopted a Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management about the 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 said policy has been amended in line with the provisions of the Act and Listing Regulations and it provides for adequate protection to the whistle blower against victimization or discriminatory practices. The Policy is available on the website of the Company at [www.vguard.in](http://www.vguard.in) in the page 'Investor Relations'.

### **C. Corporate Social Responsibility Policy**

In terms of provisions of Section 135 of the Act read with The Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company has adopted a policy on Corporate Social Responsibility ("CSR"). The

Company's CSR policy allows carrying on activities under all the programs listed in the Schedule VII to the Act. During the year, Company carried out several initiatives under the CSR program, directly as well as through agencies. The said policy is posted on the website of the Company [www.vguard.in](http://www.vguard.in).

Pursuant to the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, Corporate Social Responsibility activities undertaken during the year is annexed to this report as Annexure III.

During the year under review, the Company has formed a Section 8 Company, in the form of a Company limited by guarantee, V-Guard Foundation in accordance with the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to carry out CSR activities of the Company.

#### **D. Risk Management Policy**

The Company has developed and implemented a risk management framework detailing various risks associated with the business of the Company, the process of identification of risks, monitoring and mitigation of identified risks. Risk Management Committee constituted by Board identifies Corporate Risks at the beginning of financial year which are cascaded down to the product/functional risk groups for inclusion in their risk matrices and monitoring progress in every quarter. 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 the key product specific risks are included in the Corporate Risks. Quarterly updates on the Corporate Risks and the mitigation plans are presented to Risk Management Committee and Board.

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

#### **E. Dividend Policy**

As per Regulation 43A of Listing Regulations, top 500 listed Companies shall formulate a Dividend policy. Accordingly, 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](http://www.vguard.in).

### **19. OTHER MATTERS**

#### **A. Internal Financial Controls**

The Company has Internal Control Systems commensurate with the nature of its business, size and complexities. Every quarter, Audit committee reviews the adequacy and effectiveness of internal control system and monitors the implementation of the audit recommendations. During the year under review, the Internal Audit Division of the Company, has tested key controls in operational, financial and IT processes to provide assurance regarding compliance with the existing policies and standard operating procedures etc. and no significant weaknesses/deviations were identified in design or operation of the 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, 2018 and issued their report which forms part of the Independent Auditor's report.

#### **B. Particulars of Loans, Guarantees and Investment**

The Company had provided financial assistance to the extent of ₹5.40 Crores to Mr. Gopal Singh Cintury, vide agreement dated May 24, 2016 for construction of factory building at Plot No.2200, West - Pandam Block, Duga Ilaka, Gangtok, East Sikkim. The Board of Directors in their meeting held on July 31, 2017, has increased the loan amount to ₹6.40 crores vide an addendum dated August 21, 2017, to the agreement dated May 24, 2016, considering revision in the scope of construction activities.

During the year under review, the Company has extended a Corporate Guarantee in favour of ICICI Bank Ltd, Kadavanthra Branch, Kochi, in respect of the overall credit facility of ₹8.00 crores, consisting of ₹5.00 crores of working capital facility with inter-changeable sub-limits for non-fund-based limits and ₹3.00 crores working capital term loan facility, availed by GUTS Electro-Mech Ltd, Subsidiary Company.

During the year under review, the Company acquired majority stake in equity shares of GUTS Electro-mech Ltd., a Company having its registered office at Hyderabad and is engaged in manufacturing and selling of switchgears, circuit breakers, relays, current transformers and similar electromechanical products. The total shareholding of the Company in GUTS Electro-mech Limited is 14,54,223 equity shares of ₹10 each and the same constitutes 74 per cent of the paid-up share capital. To satisfy the requirement of minimum number of members as per the first proviso of section 187 of the Act, equity shares to the extent of 500 nos. has been transferred to the nominees of the Company, who will act as registered owners on behalf of the Company. The equity investment is made mainly to secure supply for switchgear business vertical of the Company.

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

Your Company's subsidiary, GUTS Electro-mech Ltd., registered a turnover of ₹ 4,710 lakhs during the FY 17-18 (₹ 4175 lakhs during FY 2016-17). The financial summary of Guts Electro- mech Ltd., is as under:-

(Amount in lakhs)

Particulars	2017-18	2016-17
Total Revenue	4760.79	4274.08
Profit/(Loss) Before Tax	70.74	19.30
Profit/(Loss) After Tax	(28.55)	53.68

The Board has reviewed the financial statements of the subsidiary. The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with the Act and applicable Accounting Standards along with all relevant documents and the Auditors' Report thereon form part of this Annual Report.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiary, as on March 31, 2018 in the prescribed Form AOC-1 is attached to the financial statements of the Company, which forms part of this Annual Report.

In accordance with the provisions of Section 136(1) of the Act, the Annual Report of the Company, contain the standalone and the consolidated financial statements of the Company and the

audited financial statements of the subsidiary company have been placed on the website of the Company, [www.vguard.in](http://www.vguard.in). The 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 ensuing Annual General Meeting. 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 the Financial Statements or 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 year had been completed and during the year under review, considering the parameters for vesting of options, 3,84,808 number of options were vested to eligible employees, being the vesting for the second year of the grant. During the year under review, 5,936 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 time based vesting for the first year, were vested for the grant made on May 04, 2016. Options to the extent of 48,651 numbers were vested on time basis, for the first year in respect of grant made on June 16, 2016. In respect of grant made on August 08, 2016, options to the extent of 2,48,808 were vested on time basis for the first year of vesting. During the year under review, 26,992 no. of options were cancelled, out of the grant made on August 08, 2016.

Further, 42,000 no. of options of ₹1/- each and 1,68,000 no. of options of ₹121.80 each were vested during the year under review, on time basis, towards the first 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 were vested on time basis towards the



first year. Further, options to the extent of 15,460 numbers were vested on time basis in respect of grant made on January 30, 2017.

The Nomination and Remuneration Committee made several grants under ESOS 2013, 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. 2,01,100 no. of options were granted on May 19, 2017 at face value of ₹ 1/-. Further, 1,25,776 nos. of options were granted on July 31, 2017, and 2,50,768 no. of options were granted on January 22, 2018, at face value of ₹ 1/- respectively.

The Nomination and Remuneration Committee in its meeting held on July 31, 2017 granted 29,078 nos. of options on variable basis and the same would be vested at the end of third year.

The Company had obtained the approval of members for grant of options to the extent of 1,12,00,000 under ESOS 2013, by way of a special resolution passed through Postal Ballot process in May, 2013. With a view to attract new talents and retain existing talents and to provide industry standard compensation, the Nomination and Remuneration Committee has granted options under ESOS to eligible employees from time to time. The options for which approval of members had sought been completely utilized for making various grants from time to time.

As equity based compensation schemes are an effective tool to reward the employees including the professional Directors in the growth pace of the Company and helps in retaining the existing key resources and attract new talents who are required for the future growth, with the approval of the members at their 20<sup>th</sup> Annual General Meeting held on July 26, 2016, the Board has created further options to the extent of 22,50,000 for making grant(s) under ESOS to eligible employees from time to time. Subsequent to the approval of the members of the Company, the Nomination and Remuneration Committee has granted 20,77,830 numbers of options from time to time.

As the Board desired to provide equity based compensation to employees at various levels, it has been decided to increase the number of options available for further grant under ESOS and approval of the members was sought through Postal Ballot Process on April 30, 2017, for creation of options to the extent of 2,00,000 number of options and further, sought the approval of the

members on December 11, 2017 through postal ballot for additional options exercisable into not more than 10,00,000 equity shares of the Company under ESOS 2013.

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**

As prescribed under Regulation 26(3) of the Listing Regulations, a declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Directors and Senior Management of the Company for the Financial Year 2017-18 is described in 'Report on Corporate Governance' forming part of this Annual Report.

#### **G. Extract of Annual Return**

Extract of the Annual Return in Form No. MGT-9 forms part of the Board's Report and is annexed herewith as Annexure – VI.

#### **H. Management Discussion and Analysis Report**

As per requirements of Listing Regulations, a detailed review of the developments in the industry, performance of the Company, opportunities and risks, internal control systems, outlook etc. of the Company is given under the head Management Discussion and Analysis Report, which forms part of this Annual Report.

#### **I. Related Party Transactions**

During the financial year ended March 31, 2018, all transactions with the Related Parties as defined under the Act, read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other Designated Persons which may have potential conflict with interest of the Company at large. 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.

Your Company does not have a 'Material Unlisted Subsidiary' as defined under Regulation 16(1) (c) of the Listing Regulations. The related party transactions policy is uploaded on the Company's



website at the web-link <https://www.vguard.in/investor-relations/corporate-governance>.

Form AOC-2 containing particulars of contracts or arrangements entered into by the Company with related parties referred in Section 188(1) of the Act, is attached as Annexure VII.

#### **J. Corporate Governance**

The Company is committed to maintain the highest standards of Corporate Governance and continues to be compliant with the requirements of the Corporate Governance as included in the Listing Regulations. The Report on Corporate Governance, as stipulated under Regulation 27 of the Listing Regulations, forms part of the Annual Report. The certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance, as stipulated under Regulation 27 of the Listing Regulations, has been annexed with the said report.

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

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

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

A statement containing the details of the Remuneration of Directors, KMPs and Employees as required under Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as Annexure IX to this Report.

#### **M. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place, policy on Prevention, Prohibition and Redressal of Sexual Harassment for women at workplace in accordance with the

requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up as per the statutory requirements, to redress complaints regarding sexual harassment. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the work place. 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, the Company has not received any complaint of sexual harassment.

### **20. REPORTING OF FRAUDS BY AUDITORS**

During the year under review, neither the Statutory Auditors nor the Secretarial 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.

### **21. 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 2018- 19 has already been paid to the credit of both the Stock Exchanges.

### **22. ACKNOWLEDGEMENT**

The Board wishes to place on record its sincere appreciation to the Company's customers, vendors, central and state government bodies, auditors, legal advisors, consultants, registrar and bankers for their continued support to the Company during the year under review. The Directors also wish to place on record their appreciation for the dedicated efforts of the employees at all levels. Finally, the Board expresses its gratitude to the members for their continued trust, co-operation and support.

For and on behalf of the Board of Directors

S/d	S/d
<b>Kochouseph Chittilappilly</b>	<b>Mithun K Chittilappilly</b>
Chairman	Managing Director
(DIN: 00020512)	(DIN: 00027610)

Date : May 30, 2018  
Place : Kochi

## Annexure - I

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 Identification Number: L31200KL1996PLC010010  
42/962, Vennala High School Road, Vennala, Kochi, Kerala- 682 028.

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

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, 2018 ('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, 2018, 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 (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 **(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 material observation or instances of non compliances in respect of the same.

#### **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 Officer, 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 Audit period:**

- a. The members have passed a Special Resolution by way of Postal Ballot Notice dt. February 19, 2018 to give authority to the Board of Directors to offer, invite subscriptions for secured or unsecured, redeemable non-convertible debentures, in one or more tranches, on private placement basis, provided that the total amount that may be so raised, does not exceed ₹ 500 Crores.
- b. The members have passed a Special Resolution by way of Postal Ballot Notice dt. February 19, 2018 to issue Equity Shares or other securities through Qualified Institutional Placement.
- c. The members have passed a Special Resolution by way of Postal Ballot Notice dt. November 09, 2017 to authorize the Board of Directors to create, issue, offer, grant and allot to or for the benefit of such person(s), additional options, exercisable into not more than 10,00,000 equity shares of the Company under Employee Stock Option Scheme 2013 (ESOS 2013).

- d. The members have passed an Ordinary Resolution by way of Postal Ballot Notice dt. November 09, 2017 for payment of Commission to Mr. Kochouseph Chittilappilly, Non- Executive Director.
- e. The members have passed a Special Resolution by way of Postal Ballot Notice dt March 27, 2017, for amending Object Clause of Memorandum of Association of the Company.
- f. The members have passed a Special Resolution by way of Postal Ballot notice dt March 27, 2017, to alter the Liability Clause of Memorandum of Association of the Company.
- g. The members have passed a Special Resolution by way of Postal Ballot notice dt March 27, 2017, under Section 180(1)(a) of the Act, for creation of charge, mortgage and hypothecation on the assets of the Company for an outstanding aggregate value not exceeding ₹ 750 Crores.
- h. The members have passed a Special Resolution by way of Postal Ballot notice dt March 27, 2017, to authorize the Board of Directors to create, issue, offer, grant and allot to or for the benefit of such person(s), additional options, exercisable into not more than 2,00,000 equity shares of the Company under Employee Stock Option Scheme 2013 (ESOS 2013).

**For Keyul M. Dedhia & Associates**  
**Company Secretaries**

**Keyul M. Dedhia**  
*Proprietor*  
*FCS No: 7756, COP No: 8618*  
**May 30, 2018, 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 Identification Number: L31200KL1996PLC010010

42/962, Vennala High School Road, Vennala, Kochi, Kerala- 682 028.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test-check basis (by verifying records as was made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and we rely on Statutory Auditors' Independent Assessment on the same.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance on test-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Keyul M. Dedhia & Associates**

**Company Secretaries**

**Keyul M. Dedhia**

**Proprietor**

*FCS No: 7756, COP No: 8618*

**May 30, 2018, Mumbai**

## Annexure – II

### NOMINATION, REMUNERATION & EVALUATION POLICY

#### I. PREAMBLE

As per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (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 Companies Act, 2013 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 Companies Act, 2013, further provides that Nomination & Remuneration Committee of the Company shall carry out evaluation of every Director's performance.

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 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 of 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.
- 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) 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 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 Director 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 Act.
- vii) Non-Executive and Independent Directors shall receive remuneration by way of fees for attending the meetings of Board and Sub-Committees of the Board, in which they hold membership / chairmanship as the case may be. Sitting fee payable shall be fixed and approved by the Board within the limits as prescribed in the Act.
- viii) Independent Directors are not entitled to any stock option of the Company.

#### **B) Remuneration for Key Managerial Personnel and Other Employees**

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

### **VI. PERFORMANCE EVALUATION OF BOARD**

As per the provisions of Sections 134 and 178 of the Act and Regulation 19 of the Listing Regulations, 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 Agreement 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 Schedule II to the Listing Regulations.
- ix) The Board shall ensure that as per the provisions of the Act and 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 crisis.
- 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**

### **1. 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.

### **2. 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 & Listing Regulations.
- v. Monitoring the implementation of Corporate Governance guidelines and conflict of interest policy adopted by the Company.

- 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 & Shareholder 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 Board of Directors

## **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.

Sd/-  
**Kochouseph Chittilappilly**  
Chairman  
(DIN: 00020512)

May 30, 2018  
Kochi

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

## Annexure - III

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

**1. 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:**

Pursuant to Section 135(1) of the Companies Act, 2013 (the Act) read with the Companies (Corporate Social Responsibility) Rules, 2014, (the Rules) the Board of Directors have constituted a CSR Committee and has framed a CSR policy in compliance with the provisions of Section 135 of the Act and the Rules.

In line with CSR policy of the Company and in accordance with schedule VII to the Act, the Company, with an endeavor to accomplish its commitment to the society and various stakeholders, has undertaken and carried out various activities during the year under review. Activities were predominantly carried out in the areas where the Company's offices or units are located and were related to promotion of education and skill development, providing health care services, supporting nation building and improving the quality of life of socially and economically backward people and promotion of sports, arts and culture.

Details of the CSR policy and projects or programs undertaken by the Company are available on the website of the Company at [www.vguard.in/csr](http://www.vguard.in/csr).

**2. The Composition of CSR Committee of the Board:**

**Constitution of CSR Committee is as follows:**

- a. Mr. Kochouseph Chittilappilly
- b. Mr. Cherian N Punnoose
- c. Mr. Mithun K Chittilappilly

Mr. Kochouseph Chittilappilly, is the Chairman of the Committee.

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

₹ 15,833.31 Lakhs (as per Section 198 of the Act).

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

₹ 316.67 Lakhs

**5. Details of CSR spent during the financial year:**

- a. Total amount spent for the financial year: ₹ 317.95 Lakhs
- b. Amount unspent: Nil

## 5 (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	<b><u>V-Guard Edu-care and Skill Development Programs</u></b> Initiatives aim at improving infrastructure in Government schools & colleges, providing education support to the students, technical and vocational education and training to underprivileged category of persons for building up their own livelihood.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Kochi, Parakadavu, Varapuzha, Chellanam, Ernakulam, Kannadi, Palakkad and Erumeli, Kottayam (Kerala), K.G Chavadi, Coimbatore (Tamil Nadu), Hubli (Karnataka), Bhubaneswar (Orissa), Ghaziabad (U.P), Jaipur (Rajasthan), Ranchi (Jharkhand), Kashipur (Uttarakhand), Guwahati (Assam)	1,00,99,899.00	1,00,99,899.00	1,00,99,899.00	Direct: 59,97,277.00 Agency: 41,02,622.00
2	<b><u>V-Guard Health Care Programs</u></b> Activities focused at Strengthening the infrastructure of various Government and Charity health centers/ hospitals. The infrastructure and equipment support included providing of medical equipment and ambulances to hospitals and health centers. Conducted medical awareness programs on lifestyle diseases and medical camps at various parts of the Country. The Company also provided financial assistance to poor and needy patients who are suffering from various ailments and other life-threatening diseases	Promoting preventive, curative health care.	Ernakulam, Thrissur, (Kerala), Coimbatore, Chennai, (Tamil Nadu), Hubli, Kolar (Karnataka), Panaji (Goa), Vijayawada, Guntur (Andhra), Hyderabad (Telangana), Pune, Mumbai (Maharashtra), Bhubaneswar (Orissa), Bilaspur (Chhattisgarh), Bhopal (MP), Varanasi (UP), Ahmedabad (Gujarat), Dehradun (Uttarkhand), Delhi, Shillong, Sirmaur Kangara (HP), Ambphalla, (Jammu), Patna (Bihar), Siliguri, Kolkata (West Bengal), Ranchi, Hazaribagh (Jharkhand), South Sikkim, East Sikkim (Sikkim), Kohima (Nagaland),	1,75,15,515.00	1,75,15,515.00	1,75,15,515.00	Direct: 1,20,02,240.00 Agency: 55,13,275.00



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	<b><u>V-Guard Build India &amp; Relief</u></b> Activities towards protecting and conserving nature, support of orphanages by way of financial assistance/ contributions for meeting the basic human needs. Activities towards Disaster relief & rehabilitation.	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) Financial Assistance to orphanages to meet their basic needs 3) Disaster Relief	Kochi, Trivandrum (Kerala), Coimbatore (Tamil Nadu), Bangalore (Karnataka), Indore (M.P), Delhi South Sikkim (South Sikkim),	25,96,398.00	25,96,398.00	25,96,398.00	Direct: 9,96,398.00 Agency: 16,00,000.00
	<b><u>V-Guard Sports, Arts &amp; Cultural Programmes</u></b> Badminton Coaching	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports	Kottayam (Kerala)	10,00,000.00	10,00,000.00	10,00,000.00	Agency: 10,00,000.00
	Subtotal			3,12,11,812	3,12,11,812	3,12,11,812	
	Administrative Expenses				5,83,808	5,83,808	
	Total CSR spent				3,17,95,620	3,17,95,620	

### Details of Agency

- (1) Indraprastha Academy
- (2) Akshaya Patra Foundation
- (3) Indian Cancer Society, Mumbai
- (4) Catholic Health association of India, Telangana
- (5) Human Integrated Life and Learnings, Erode
- (6) Social Service Centre, Vijayawada
- (7) Bharat Scouts and Guides, West Bengal
- (8) Coimbatore Cancer Foundation, Coimbatore

[9] Miracle Foundation, New Delhi

[10] Trivandrum Social Service Society

[11] Cochin Bypass Beautification Society, Cochin

[12] Basic Charitable Trust, Kottayam

6. In case the Company has failed to spend the two per cent 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 its Board's Report.

The entire amount has been spent in line with the CSR policy.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

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

For and on behalf of CSR Committee

	Sd/-	Sd/-	Sd/-
Date : May 30, 2018	Kochouseph Chittilappilly	Cherian N Punnoose	Mithun K Chittilappilly
Place : Kochi	Chairman	Member	Member
	(DIN: 00020512)	(DIN: 00061030)	(DIN: 00027610)

For and on behalf of the Board of Directors

	S/d	S/d
Date : May 30, 2018	<b>Kochouseph Chittilappilly</b>	<b>Mithun K Chittilappilly</b>
Place : Kochi	Chairman	Managing Director
	(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 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 of 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 also take into account, the present and future capital requirements for both existing and new units, business acquisition plans and any other matters that the Board may deem fit.

### Dividend Range

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

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

### Review

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

For and on behalf of the Board of Directors

Date : May 30, 2018  
Place : Kochi

S/d	S/d
<b>Kochouseph Chittilappilly</b>	<b>Mithun K Chittilappilly</b>
Chairman	Managing Director
(DIN: 00020512)	(DIN: 00027610)



## Annexure - V

### DETAILS OF STOCK OPTIONS PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014

#### 1 Disclosure in terms of Guidance note on accounting for employee share-based payments issued by ICAI

Disclosed in the notes to financial statements - Refer to Note 45 of Standalone Financial Statements 2017-18, which forms part of this Annual Report.

#### 2 Material Changes in the Scheme

No material change has been carried out during the financial year under review, except for the change in the number of options available for further grant, which was increased pursuant to the approval of the members of the Company. 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: ₹ 3.08

#### 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	1,46,50,000 no. of options						
	Additional options granted on account of Corporate Action of Bonus Issue	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 7 respectively. In respect of the following Grants which were made during the financial year 2017-18, options will vest as follows, subject to fulfilment of terms and conditions attached to each grant. Grant 8 - Vesting over a period of four years Grant 9 - Vesting over a period of three and four years Grant 10 - 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: <table><tr><th><u>No. of options</u></th><th><u>Particulars</u></th></tr><tr><td>11,196,310</td><td>At Market Price</td></tr><tr><td>4,753,102</td><td>At Face Value</td></tr></table>	<u>No. of options</u>	<u>Particulars</u>	11,196,310	At Market Price	4,753,102	At Face Value
<u>No. of options</u>	<u>Particulars</u>							
11,196,310	At Market Price							
4,753,102	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 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 separately for options whose exercise price either equals or is less than the market price of the stock.	
	<b>Weighted average exercise price of Options whose:</b>	₹
	Exercise price equals market price	Nil
	Exercise price is greater than market price	Nil
	Exercise price is less than market price	1
	<b>Weighted average fair value of options whose:</b>	₹
	Exercise price equals market price	Nil
	Exercise price is greater than market price	Nil
	Exercise price is less than market price	214.74

**4 (ii) Employee-wise details of options granted during the financial year 2017-18 to:**

(i)	Senior Managerial Personnel	
	<b>Name of employee &amp; Designation</b>	<b>Total Number of Options &amp; Exercise Price</b>
	Mr. Sudarshan Kasturi Sr. Vice President & Chief Financial Officer	2,01,100 number of options of ₹1/- each
(ii)	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	
	<b>Name of employee &amp; Designation</b>	<b>Total Number of Options &amp; Exercise Price</b>
	a. Sudarshan Kasturi Sr. Vice President & Chief Financial Officer	
	b. Amit Kumar Jain GM & Head-Emerging Channels & Digital Initiative	
	c. Shaik Asad Parwez Head - Logistics & Warehousing	
	d. Sridhar Cherla GM - Battery	4,26,780 number of options of ₹1/- each
	e. Arunabha Dhar Branch Head - Pune	
	f. Yogender Kumar DGM - Marketing (NCR)	
	g. Roopak Ahluwalia GM - Head & Legal	
	h. Yogesh Mistry Sr. GM - Three Phase Pump	
(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.	
	<b>Name of employee</b>	<b>Total number of Options</b>
	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 (₹)	224.05
	Expected Volatility %	32.39
	Riskfree Rate %	1.78
	Exercise Price (₹)	1
	Expected Life (In Years)	5.81
	Expected Dividend %	0.31
b)	The volatility used in the Binomial option-pricing method is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the options and is based on the daily volatility of the Company's stock price on NSE.	
c)	The method used and the assumptions made to incorporate the effects of expected early exercise: Company has estimated the expected life of the options on the basis of average of minimum and maximum life of options. Historical data for early exercise of Options is not available, hence not considered in expected life calculations.	
d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition : NA	

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
1	Number of options outstanding at the beginning of the period	32,90,168 number of options of ₹ 34.64 each and 90,426 number of options of ₹1/- each	8,26,329 number of options of ₹ 71.36 each and 2,08,096 number of options of ₹1/- each	37,80,000 number of options of ₹ 68.75 each and 4,20,000 number of options of ₹1/- each	2,59,504 number of options of ₹1/- each	13,10,526 number of options of ₹1/- each	11,20,000 number of options of ₹ 121.80 each and 2,80,000 number of options of ₹1/- each	1,15,976 number of options of ₹1/- each	82,460 number of options of ₹1/- each	Nil	Nil	Nil
2	Options exercisable at the beginning of the year	32,90,168 number of options of ₹ 34.64 each and 90,426 number of options of ₹1/- each	1,84,289 number of options of ₹71.36 each.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Number of options Granted during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	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
4	Number of options vested during the year	Nil	2,90,627 number of options @ ₹ 71.36 and 94,181 number of options @ ₹ 1/- each	5,67,000 number of options @ ₹ 68.75 and 63,000 number of options @ ₹ 1/- each	48,651 number of options @ ₹ 1/- each	2,48,808 number of options @ ₹ 1/- each	1,68,000 number of options @ ₹ 121.80 and 42,000 number of options @ ₹ 1/- each	28,994 number of options @ ₹ 1/- each	15,460 number of options @ ₹ 1/- each	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
5	Number of options exercised during the year	4,35,744 number of options were exercised @ ₹ 34.64 and 5,642 number of options were exercised @ ₹1/-each	1,66,762 number of options were exercised @ ₹ 71.36 and 60,306 number of options were exercised @ ₹1/-each	63,000 number of options were exercised @ ₹1/-each	48,651 number of options were exercised @ ₹1/-each	1,74,446 number of options were exercised @ ₹1/-each	42,000 number of options were exercised @ ₹1/-each	9,159 number of options were exercised @ ₹1/-each	15,460 number of options were exercised @ ₹1/-each	Nil	Nil	Nil
6	Number of shares arising as a result of exercise of options	4,41,386	2,27,068	63,000	48,651	1,74,446	42,000	9,159	15,460	Nil	Nil	Nil
7	Number of options lapsed during the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	Number of options cancelled during the year	Nil	4,482 number of options granted @ ₹ 71.36 and 1,454 number of options granted @ ₹1/- each were cancelled	Nil	Nil	26,992 number of options granted @ ₹1/- each were cancelled	Nil	Nil	Nil	Nil	Nil	Nil
9	Money realised by exercise of options (INR)	1,50,99,814.16	1,19,60,442.32	63,000	48,651	1,74,446	42,000	9,159	15,460	Nil	Nil	Nil
10	Number of options outstanding at the end of the year	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
11	Number of options exercisable at the end 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	Nil	74,362 number of options @ ₹ 1/- each	1,68,000 number of options @ ₹ 121.8	19,835 number of options @ ₹ 1/- each	Nil	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

Note: The disclosures made above are available on the Company's website, [www.vguard.in](http://www.vguard.in) under the section "Investor Relations".

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 30, 2018  
Place : Kochi



## Annexure - VI

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2018

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, Kochi-682028 Ph: 0484-3005000; 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: dhanalakshmi.s@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

SL No	Name & Description of main products / services	NIC Code of the product /service	% to total turnover of the company
1	House Wiring Cables	31300	29%
2	Stabilizer	31901	19%
3	Digi UPS	31104	11%
4	Pump	2912	12%
5	Fan	29303	10%

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

SI 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, Telengana-500051	U52520TG1987PLC007245	Subsidiary	74	Section 2(87) of the Companies Act, 2013

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

##### (i) Category- Wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		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	
<b>(A)</b>	<b>Promoter</b>									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	128807830	0.00	128807830	30.33	125827830	0.00	125827830	29.56	-0.77
(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	29.94	127127210	0.00	127127210	29.86	-0.08
	Trust	20808000	0.00	20808000	4.90	20808000	0.00	20808000	4.89	-0.01
	<b>Sub Total (A)(1)</b>	<b>276743040</b>	<b>0.00</b>	<b>276743040</b>	<b>65.17</b>	<b>273763040</b>	<b>0.00</b>	<b>273763040</b>	<b>64.31</b>	<b>-0.86</b>
<b>[2]</b>	<b>Foreign</b>									
(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)									
	<b>Sub Total (A)(2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>276743040</b>	<b>0.00</b>	<b>276743040</b>	<b>65.17</b>	<b>273763040</b>	<b>0.00</b>	<b>273763040</b>	<b>64.31</b>	<b>-0.86</b>
<b>(B)</b>	<b>Public Shareholding</b>									
[1]	Institutions									
(a)	Mutual Funds / UTI	42568748	0.00	42568748	10.02	52663612	0.00	52663612	12.37	2.35
(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	0.00	0.00	0.00	0.00	452342	0.00	452342	0.11	0.11
(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	53178471	0.00	53178471	12.52	49737816	0.00	49737816	11.68	-0.84
(f)	Financial Institutions / Banks	149873	0.00	149873	0.04	115398	0.00	115398	0.03	-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)									
	<b>Sub Total (B)(1)</b>	<b>95897092</b>	<b>0.00</b>	<b>95897092</b>	<b>22.58</b>	<b>102969168</b>	<b>0.00</b>	<b>102969168</b>	<b>24.19</b>	<b>1.61</b>

Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		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	
[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
	<b>Sub Total (B)(2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
[3]	<b>Non-Institutions</b>									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	34221504	1237098	35458602	8.35	33627198	1090128	34717326	8.16	-0.19
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9846779	124600	9971379	2.35	8113537	124600	8238137	1.94	-0.41
(b)	NBFCs registered with RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c)	Employee Trusts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	71602	0.00	71602	0.02	0.02
	Trusts	600	0.00	600	0.00	700	0.00	700	0.00	0.00
	Hindu Undivided Family	469154	0.00	469154	0.11	432036	0.00	432036	0.10	-0.01
	Non Resident Indians (Non Repat)	435177	0.00	435177	0.10	484753	0.00	484753	0.11	0.01
	Non Resident Indians (Repat)	2711934	0.00	2711934	0.64	2795419	0.00	2795419	0.66	0.02
	Unclaimed Shares	23310	0.00	23310	0.01	0.00	0.00	0.00	0.00	-0.01
	Foreign Portfolio Investor (Individual)	2646	0.00	2646	0.00	2646	0.00	2646	0.00	0.00
	Clearing Member	1005500	0.00	1005500	0.24	559823	0.00	559823	0.13	-0.11
	Bodies Corporate	1923427	12600	1936027	0.46	1628381	12600	1640981	0.39	-0.07
	<b>Sub Total (B)(3)</b>	<b>50640031</b>	<b>1374298</b>	<b>52014329</b>	<b>12.25</b>	<b>47716095</b>	<b>1227328</b>	<b>48943423</b>	<b>11.50</b>	<b>-0.75</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>146537123</b>	<b>1374298</b>	<b>147911421</b>	<b>34.83</b>	<b>150685263</b>	<b>1227328</b>	<b>151912591</b>	<b>35.69</b>	<b>0.86</b>
	<b>Total (A)+(B)</b>	<b>423280163</b>	<b>1374298</b>	<b>424654461</b>	<b>100.00</b>	<b>424448303</b>	<b>1227328</b>	<b>425675631</b>	<b>100.00</b>	<b>0.00</b>
(C)	<b>Non Promoter - Non Public</b>									
[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
	<b>Total (A)+(B)+(C)</b>	<b>423280163</b>	<b>1374298</b>	<b>424654461</b>	<b>100</b>	<b>424448303</b>	<b>1227328</b>	<b>425675631</b>	<b>100</b>	

## (ii) Shareholding of Promoters

Sr No	Shareholders Name	No. of shares held at the beginning			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	82323252	19.39	0.00	79343252	18.64	0.00	-0.75
2	Sheela Kochouseph	46484578	10.95	0.00	46484578	10.92	0.00	-0.03
3	Mithun Kochouseph Chittilappilly*	71551452	16.85	0.00	71551452	16.81	0.00	-0.04
4	Arun K Chittilappilly*	55575758	13.09	0.00	55575758	13.06	0.00	-0.03
5	K Chittilappilly Trust*	20808000	4.90	0.00	20808000	4.89	0.00	-0.01
<b>Total</b>		<b>276743040</b>	<b>65.17</b>	<b>0.00</b>	<b>273763040</b>	<b>64.31</b>	<b>0.00</b>	<b>-0.86</b>

\* 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
<b>1</b>	<b>Kochouseph Chittilappilly</b>				
	At the beginning of the year	82323252	19.39	82323252	19.39
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase / decrease (allotment /transfer /bonus/ sweat etc.)				
	Decrease on 01.12.2017/ Sale	2980000	0.70	79343252	18.64
	At the end of the year			79343252	18.64
<b>2</b>	<b>Sheela Kochouseph</b>				
	At the beginning of the year	46484578	10.95	46484578	10.92
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase / decrease (allotment/ transfer/bonus/ sweat etc.)	Nil	Nil	Nil	Nil
	At the end of the year			46484578	10.92
<b>3</b>	<b>Mithun Kochouseph Chittilappilly</b>				
	At the beginning of the year	71551452	16.85	71551452	16.81
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase / decrease (allotment /transfer/bonus/ sweat etc.)	Nil	Nil	Nil	Nil
	At the end of the year			71551452	16.81
<b>4</b>	<b>Arun K Chittilappilly</b>				
	At the beginning of the year	55575758	13.09	55575758	13.06
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase / decrease (allotment /transfer/bonus/ sweat etc.)	Nil	Nil	Nil	Nil
	At the end of the year			55575758	13.06
<b>5</b>	<b>K Chittilappilly Trust</b>				
	At the beginning of the year	20808000	4.90	20808000	4.89
	Date wise Increase/Decrease in promoter shareholding during the year specifying the reasons for increase / decrease (allotment/ transfer/bonus/ sweat etc.)	Nil	Nil	Nil	Nil
	At the end of the year			20808000	4.89



## 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
<b>1</b>	<b>Nalanda India Equity Fund Limited</b>				
	At the beginning of the year	18262790	4.30	18262790	4.29
	At the end of the year	18262790	4.30	18262790	4.29
<b>2</b>	<b>DSP Blackrock Midcap Fund</b>				
	At the beginning of the year	14738184	3.47	14738184	3.46
	Decrease on 07.04.2017/ Sale	277833	0.07	14460351	3.41
	Decrease on 14.04.2017/ Sale	44248	0.01	14416103	3.39
	Increase on 21.04.2017/ Purchase	39235	0.01	14455338	3.40
	Increase on 28.04.2017/ Purchase	78849	0.02	14534187	3.42
	Decrease on 19.05.2017/ Sale	468114	0.11	14066073	3.31
	Increase on 26.05.2017/ Purchase	56205	0.01	14122278	3.33
	Increase on 02.06.2017/ Purchase	3554655	0.84	17676933	4.16
	Increase on 09.06.2017/ Purchase	286225	0.07	17963158	4.23
	Increase on 16.06.2017/ Purchase	665000	0.16	18628158	4.39
	Increase on 07.07.2017/ Purchase	158582	0.04	18786740	4.42
	Increase on 14.07.2017/ Purchase	399951	0.09	19186691	4.52
	Increase on 28.07.2017/ Purchase	177046	0.04	19363737	4.56
	Increase on 04.08.2017/ Purchase	63451	0.01	19427188	4.57
	Increase on 18.08.2017/ Purchase	135741	0.03	19562929	4.61
	Increase on 25.08.2017/ Purchase	29895	0.01	19592824	4.61
	Increase on 01.09.2017/ Purchase	59938	0.01	19652762	4.63
	Decrease on 15.09.2017/ Sale	367991	0.09	19284771	4.54
	Decrease on 22.09.2017/ Sale	10200	0.00	19274571	4.54
	Increase on 06.10.2017/ Purchase	82492	0.02	19357063	4.56
	Decrease on 20.10.2017/ Sale	11253	0.00	19345810	4.56
	Decrease on 17.11.2017/ Sale	110301	0.03	19235509	4.53
	Increase on 08.12.2017/ Purchase	313943	0.07	19549452	4.60
	Decrease on 22.12.2017/ Sale	2023880	0.48	17525572	4.13
	Decrease on 29.12.2017/ Sale	313884	0.07	17211688	4.05
	Decrease on 12.01.2018/ Sale	15756	0.00	17195932	4.05
	Decrease on 19.01.2018/ Sale	226176	0.05	16969756	4.00
	Increase on 26.01.2018/ Purchase	61658	0.01	17031414	4.00
	Decrease on 02.02.2018/ Sale	69257	0.02	16962157	3.99
	Increase on 16.03.2018/ Purchase	31815	0.01	16993972	3.99
	Decrease on 23.03.2018/ Sale	33971	0.01	16960001	3.98
	At the end of the year			16960001	3.98
<b>3</b>	<b>Axis Mutual Fund Trustee Ltd A/c Axis Mutual Fund A/c Axis Long Term Equity Fund</b>				
	At the beginning of the year	6385166	1.50	6385166	1.50
	Increase on 14.04.2017/ Purchase	285000	0.07	6670166	1.57
	Decrease on 21.04.2017/ Sale	114172	0.03	6555994	1.54
	Decrease on 28.04.2017/ Sale	200000	0.05	6355994	1.50

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Increase on 12.05.2017/ Purchase	175000	0.04	6530994	1.54
	Increase on 26.05.2017/ Purchase	72555	0.02	6603549	1.56
	Decrease on 02.06.2017/ Sale	323615	0.08	6279934	1.48
	Increase on 09.06.2017/ Purchase	250618	0.06	6530552	1.54
	Increase on 23.06.2017/ Purchase	550000	0.13	7080552	1.67
	Increase on 04.08.2017/ Purchase	724412	0.17	7804964	1.84
	Increase on 11.08.2017/ Purchase	478036	0.11	8283000	1.95
	Increase on 18.08.2017/ Purchase	185912	0.04	8468912	1.99
	Increase on 25.08.2017/ Purchase	64088	0.02	8533000	2.01
	Increase on 27.10.2017/ Purchase	1300000	0.31	9833000	2.32
	Increase on 03.11.2017/ Purchase	67166	0.02	9900166	2.33
	Increase on 17.11.2017/ Purchase	355000	0.08	10255166	2.41
	Increase on 08.12.2017/ Purchase	2980000	0.70	13235166	3.12
	Increase on 05.01.2018/ Purchase	300000	0.07	13535166	3.19
	Increase on 19.01.2018/ Purchase	1300000	0.31	14835166	3.49
	Decrease on 26.01.2018/ Sale	26471	0.01	14808695	3.48
	Increase on 02.02.2018/ Purchase	496106	0.12	15304801	3.60
	Decrease on 09.02.2018/ Sale	837000	0.20	14467801	3.40
	Increase on 16.02.2018/ Purchase	280000	0.07	14747801	3.47
	Increase on 23.02.2018/ Purchase	898693	0.21	15646494	3.68
	Increase on 02.03.2018/ Purchase	501307	0.12	16147801	3.79
	Increase on 09.03.2018/ Purchase	730344	0.17	16878145	3.97
	Decrease on 16.03.2018/ Sale	53160	0.01	16824985	3.95
	Decrease on 31.03.2018/ Sale	66047	0.02	16758938	3.94
	At the end of the year			16758938	3.94
<b>4</b>	<b>Nalanda India Fund Limited</b>				
	At the beginning of the year	11059496	2.60	11059496	2.60
	Decrease on 05.01.2018/ Sale	276625	0.07	10782871	2.54
	Decrease on 12.01.2018/ Sale	563375	0.13	10219496	2.41
	Decrease on 19.01.2018/ Sale	37000	0.01	10182496	2.40
	At the end of the year			10182496	2.39
<b>5</b>	<b>Sundaram Mutual Fund A/c Sundaram Select Midcap</b>				
	At the beginning of the year	6743630	1.59	6743630	1.59
	Decrease on 07.04.2017/ Sale	24357	0.01	6719273	1.58
	Decrease on 14.04.2017/ Sale	13659	0.00	6705614	1.58
	Decrease on 21.04.2017/ Sale	65512	0.02	6640102	1.56
	Increase on 28.04.2017/ Purchase	101644	0.02	6741746	1.59
	Decrease on 05.05.2017/ Sale	447	0.00	6741299	1.59
	Decrease on 12.05.2017/ Sale	1624	0.00	6739675	1.59
	Increase on 19.05.2017/ Purchase	397	0.00	6740072	1.59
	Decrease on 26.05.2017/ Sale	1424182	0.34	5315890	1.25
	Increase on 02.06.2017/ Purchase	1531648	0.36	6847538	1.61
	Increase on 14.07.2017/ Purchase	251639	0.06	7099177	1.67

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Increase on 21.07.2017/ Purchase	344032	0.08	7443209	1.75
	Increase on 28.07.2017/ Purchase	335429	0.08	7778638	1.83
	Increase on 04.08.2017/ Purchase	354571	0.08	8133209	1.92
	Increase on 11.08.2017/ Purchase	95410	0.02	8228619	1.94
	Increase on 18.08.2017/ Purchase	173295	0.04	8401914	1.98
	Increase on 25.08.2017/ Purchase	129619	0.03	8531533	2.01
	Increase on 01.09.2017/ Purchase	237586	0.06	8769119	2.07
	Increase on 08.09.2017/ Purchase	129321	0.03	8898440	2.10
	Increase on 15.09.2017/ Purchase	213145	0.05	9111585	2.15
	Increase on 22.09.2017/ Purchase	100000	0.02	9211585	2.17
	Increase on 29.09.2017/ Purchase	233469	0.05	9445054	2.22
	Increase on 27.10.2017/ Purchase	201000	0.05	9646054	2.27
	Increase on 03.11.2017/ Purchase	150	0.00	9646204	2.27
	Increase on 10.11.2017/ Purchase	78	0.00	9646282	2.27
	Decrease on 01.12.2017/ Sale	75986	0.02	9570296	2.25
	Decrease on 08.12.2017/ Sale	7582	0.00	9562714	2.25
	Decrease on 15.12.2017/ Sale	10510	0.00	9552204	2.25
	Decrease on 12.01.2018/ Sale	32440	0.01	9519764	2.24
	Decrease on 16.02.2018/ Sale	170000	0.04	9349764	2.20
	Decrease on 23.02.2018/ Sale	200000	0.05	9149764	2.15
	Decrease on 16.03.2018/ Sale	239362	0.06	8910402	2.09
	Decrease on 23.03.2018/ Sale	163721	0.04	8746681	2.05
	At the end of the year			8746681	2.05
<b>6</b>	<b>Aditya Birla Sun Life Trustee Pvt Ltd A/C Aditya Birla Sun Life Advantage Fund</b>				
	At the beginning of the year	3922996	0.92	3922996	0.92
	Increase on 26.05.2017/ Purchase	450000	0.11	4372996	1.03
	Increase on 07.07.2017/ Purchase	150000	0.04	4522996	1.07
	Increase on 22.12.2017/ Purchase	545000	0.13	5067996	1.19
	Increase on 26.01.2018/ Purchase	760000	0.18	5827996	1.37
	Increase on 16.03.2018/ Purchase	106000	0.02	5933996	1.39
	At the end of the year			5933996	1.39
<b>7</b>	<b>India Midcap (Mauritius) LTD.</b>				
	At the beginning of the year	5633439	1.33	5633439	1.33
	Decrease on 05.05.2017/ Sale	133439	0.03	5500000	1.30
	Decrease on 12.05.2017/ Sale	220000	0.05	5280000	1.24
	Decrease on 26.05.2017/ Sale	50000	0.01	5230000	1.23
	At the end of the year			5230000	1.23
<b>8</b>	<b>Priya Sarah Cheeran Joseph</b>				
	At the beginning of the year	4307338	1.01	4307338	1.01
	At the end of the year			4307338	1.01
<b>9</b>	<b>Kotak Funds - India Midcap Fund#</b>				
	At the beginning of the year	0	0.00	0	0.00

Sr No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		Number of Shares	% of total shares of the Company	Number of Shares	% of total shares of the Company
	Increase on 09.06.2017/ Purchase	66500	0.02	66500	0.02
	Increase on 23.06.2017/ Purchase	100000	0.02	166500	0.04
	Increase on 17.11.2017/ Purchase	198424	0.05	364924	0.09
	Increase on 24.11.2017/ Purchase	154333	0.04	519257	0.12
	Increase on 01.12.2017/ Purchase	157279	0.04	676536	0.16
	Increase on 08.12.2017/ Purchase	75000	0.02	751536	0.18
	Increase on 15.12.2017/ Purchase	75000	0.02	826536	0.19
	Increase on 22.12.2017/ Purchase	400000	0.09	1226536	0.29
	Increase on 29.12.2017/ Purchase	137511	0.03	1364047	0.32
	Increase on 05.01.2018/ Purchase	200000	0.05	1564047	0.37
	Increase on 12.01.2018/ Purchase	157392	0.04	1721439	0.41
	Increase on 19.01.2018/ Purchase	300000	0.07	2021439	0.48
	Increase on 09.02.2018/ Purchase	661448	0.16	2682887	0.63
	Increase on 02.03.2018/ Purchase	154197	0.04	2837084	0.67
	At the end of the year			2837084	0.67
<b>10</b>	<b>Kuwait Investment Authority Fund 224</b>				
	At the beginning of the year	2390453	0.56	2390453	0.56
	Decrease on 18.08.2017/ Sale	37928	0.01	2352525	0.55
	Decrease on 08.09.2017/ Sale	60065	0.01	2292460	0.54
	Decrease on 08.12.2017/ Sale	56987	0.01	2235473	0.53
	Decrease on 29.12.2017/ Sale	40724	0.01	2194749	0.52
	Decrease on 19.01.2018/ Sale	45486	0.01	2149263	0.51
	At the end of the year			2149263	0.50
<b>11</b>	<b>ICICI Prudential Long Term Equity Fund Tax Savings*</b>				
	At the beginning of the year	3464656	0.82	3464656	0.82
	Decrease on 28.04.2017/ Sale	202312	0.05	3262344	0.77
	Decrease on 05.05.2017/ Sale	247292	0.06	3015052	0.71
	Decrease on 19.05.2017/ Sale	432686	0.10	2582366	0.61
	Decrease on 26.05.2017/ Sale	556279	0.13	2026087	0.48
	Decrease on 02.06.2017/ Sale	1014290	0.24	1011797	0.24
	Decrease on 09.06.2017/ Sale	456532	0.11	555265	0.13
	Decrease on 16.06.2017/ Sale	555265	0.13	0	0.00
	Increase on 15.09.2017/ Purchase	78000	0.02	78000	0.02
	Decrease on 16.02.2018/ Sale	78000	0.02	0	0.00
	At the end of the year			0	0.00
<b>12</b>	<b>Government Pension Fund Global*</b>				
	At the beginning of the year	3203405	0.75	3203405	0.75
	Decrease on 02.06.2017/ Sale	3203405	0.75	0	0.00
	At the end of the year			0	0.00

\* Ceased to be in the list of Top 10 shareholders as on 31.03.2018. Details are shown above, since the shareholders were in the list of Top 10 shareholders as on 01.04.2017

# Not in the list of Top 10 shareholders as on 01.04.2017. Details are shown above, since the shareholder is one of the Top 10 shareholder as on 31.03.2018.

## 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
<b>1</b>	<b>Kochouseph Chittilappilly (Chairman)</b>				
	At the beginning of the year	82323252	19.39	82323252	19.39
	Increase/ decrease during the year				
	Decrease on 01.12.2017/Market Sale	2980000	0.70	79343252	18.64
	At the end of the year			79343252	18.64
<b>2</b>	<b>Mithun Kochouseph Chittilappilly (Managing Director)</b>				
	At the beginning of the year	71551452	16.85	71551452	16.81
	Increase/ decrease during the year	Nil	Nil	Nil	Nil
	At the end of the year			71551452	16.81
<b>3</b>	<b>Ramachandran V (Director &amp; Chief Operating Officer)</b>				
	At the beginning of the year	945546	0.22	945546	0.22
	Increase/ decrease during the year				
	09.11.2017 - Market Sale	40000	0.01	905546	0.21
	10.11.2017 - Market Sale	15000	0.00	890546	0.21
	15.11.2017 - Market Sale	32236	0.01	858310	0.20
	05.12.2017 - Market Sale	8000	0.00	850310	0.20
	06.12.2017 - Market Sale	2000	0.00	848310	0.20
	07.12.2017 - Market Sale	1000	0.00	847310	0.20
	08.12.2017 - Market Sale	4000	0.00	843310	0.20
	22.01.2018 - Allotment (Stock Option)	335000	0.08	1178310	0.28
	01.02.2018 - Market Sale	33000	0.01	1145310	0.27
	01.03.2018 - Market Sale	26999	0.01	1118311	0.26
	08.03.2018 - Market Sale	10000	0.00	1108311	0.26
	12.03.2018 - Market Sale	30000	0.00	1078311	0.25
	14.03.2018 - Market Sale	20000	0.00	1058311	0.25
	15.03.2018-- Market Sale	78500	0.02	979811	0.23
	16.03.2018-- Market Sale	35000	0.01	944811	0.22
	At the end of the year			944811	0.22
<b>4</b>	<b>Sudarshan Kasturi* (Chief Financial Officer)</b>				
	As on 01.06.2017	0	0.00	0	0.00
	Increase/ decrease during the year				
	14.03.2018 - Allotment (Stock Option)	15460	0.00	15460	0.00
	At the end of the year			15460	0.00
<b>5</b>	<b>Jayasree K (Company Secretary)</b>				
	At the beginning of the year	62146	0.01	62146	0.01
	Increase/ decrease during the year				
	17.04.2017- Bonus (Fractional Shares)	2870	0.00	65016	0.02
	19.04.2017 - Market Sale	2870	0.00	62146	0.01
	22-01-2018 - Allotment (Stock Options)	7532	0.00	69678	0.02
	At the end of the year			69678	0.02
<b>6</b>	<b>Jacob Kuruvilla ** (Former Chief Financial Officer)</b>				
	At the beginning of the year	176582	0.04	176582	0.04
	Increase/ decrease till 31.05.2017	Nil	Nil	Nil	Nil
	As on 31.05.2017			176582	0.04

\* Mr. Sudarshan Kasturi was appointed as Chief Financial Officer of the Company effective from June 01, 2017.

\*\* Ceased to be the Chief Financial Officer of the Company w.e.f 31.05.2017.

Note: During the year under review, the paid up capital of the Company has increased to ₹42.57 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	592.50	-	-	592.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.02	-	-	0.02
<b>Total (i+ii+iii)</b>	<b>592.52</b>	<b>-</b>	<b>-</b>	<b>592.52</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	(347.61)	-	-	(347.61)
<b>Net Change</b>	<b>(347.61)</b>	<b>-</b>	<b>-</b>	<b>(347.61)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	244.91	-	-	244.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>244.91</b>	<b>-</b>	<b>-</b>	<b>244.91</b>

## 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	**Kochouseph Chittilappilly Chairman	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	10,557,240	1,775,000	19,820,880	32,153,120
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1,329,255	905,807	593,362	2,828,424
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	71,105,050	71,105,050
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	13,767,664	2,179,122	-	15,946,786
	others (specify)	-	-	-	-
5	Others	-	-	-	-
	<b>Total (A)</b>	<b>25,654,159</b>	<b>4,859,929</b>	<b>91,519,292</b>	<b>122,033,380</b>
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 is ₹ 191,021,911 /-			

\*\* Mr. Kochouseph Chittilappilly, Chairman of the Board stepped into Non-Executive category, effective from August 01, 2017.

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

Sr. No	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	<b>Cherian N Punnoose</b>	<b>C J George</b>	<b>A K Nair</b>	<b>Ullas K Kamath</b>	
	(a) Fee for attending Board / Committee meetings	260,000	205,000	165,000	70,000	700,000
	(b) Commission	774,400	-	-	-	774,400
	(c ) Others, please specify	-	-	-	-	-
	Total (1)	1,034,400	205,000	165,000	70,000	1,474,400
2	Other Non Executive Directors	<b>Kochouseph Chittilappilly</b>	<b>Joshna Johnson Thomas</b>	-	-	
	(a) Fee for attending Board / Committee meetings	80,000	80,000	-	-	160,000
	(b) Commission	8,399,185.14	4,589,221	-	-	12,988,406.14
	(c ) Others, please specify	-	-	-	-	-
	Total (2)	8,479,185.14	4,669,221	-	-	13,148,406.14
	Total (B)=(1+2)					14,622,806.14
	Total Managerial Remuneration (A+B)			-	-	136,656,186.06
	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. ₹ 210,131,886/-. 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 i.e. ₹19,102,899/- (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			
		<b>Sudarshan Kasturi*</b> Chief Financial Officer	<b>Jayasree K Company Secretary</b>	<b>A Jacob Kuruvilla**</b> (Former Chief Financial Officer)	<b>Total</b>
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	12,469,188	1,845,498	1,480,864	15,795,550
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	28,800	25,548	93,948
	(c ) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	3,447,580	1,772,656	-	5,220,236
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others	-	-	-	-
	Total	15,956,368	3,646,954	1,506,412	21,109,734

\* Mr. Sudarshan Kasturi, was appointed as Chief Financial Officer of the Company w.e.f 01.06.2017

\*\* Mr. A Jacob Kuruvilla, ceased to be the Chief Financial Officer of the Company w.e.f 31.05.2017

## VIII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Date : May 30, 2018  
Place : Kochi

S/d  
**Kochouseph Chittilappilly**  
Chairman  
(DIN: 00020512)

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

## Annexure - VII

### FORM NO. AOC.2

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

NONE. DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM'S LENGTH BASIS.

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts/arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) Date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: NA

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

NONE. DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL CONTRACT OR ARRANGEMENT AT ARM'S LENGTH BASIS.

(\*As defined under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.)

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts/arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: NA

For and on behalf of the Board of Directors

Date : May 30, 2018  
Place : Kochi

S/d  
**Kochouseph Chittilappilly**  
Chairman  
(DIN: 00020512)

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

## Annexure - VIII

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:

<b>(a) Energy Conservation measures taken</b>	For conservation of energy, the following measures were taken in our manufacturing process:
	<b>Wires &amp; Cables</b>
	<ul style="list-style-type: none"> <li>a Reduction in power consumption at wire drawing line through change of die draft sequence.</li> <li>b Energy saving by optimizing water consumption for Drawing and Extrusion Lines.</li> <li>c Energy Saving by optimizing water circulation method at Extrusion Lines.</li> <li>d Energy saving by reducing the motor rating by redesigning the fan blades at Cooling tower.</li> <li>e Usage of energy efficient room heaters for energy conservation.</li> <li>f Replacing Metal Halide &amp; Tube lights with LED Lamps.</li> <li>g Optimizing motor ratings at RO Plant.</li> <li>h Design change in copper construction for House Wiring Cable.</li> </ul>
	<b>Solar &amp; Electric Water Heater</b>
	<ul style="list-style-type: none"> <li>a Replaced Sodium Vapor lamps with LED lamps.</li> <li>b 39 models of Electric water heaters produced with BEE star rating, resulting in reduction of consumption of energy.</li> </ul>
	<b>Electronics</b>
	<ul style="list-style-type: none"> <li>a Replaced electric screw drivers with brushless electric screw driver which resulted in reduction of electric losses due to mechanical contact of the brushes on the screw driver motor.</li> <li>b Energy saving due to replacement of 50W soldering irons with 35W soldering irons.</li> <li>c Replaced semi-automatic core filling machine with manual core filling machine for the production of low volume stabilizer models, as the same results in energy saving.</li> <li>d Implemented Gravity based conveyor at Chavadi plant for product assembly.</li> </ul>
<b>(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.</b>	Implementation of auto calibration for testing Printed Circuit Board, which will result in energy saving.



<b>(c) Impact of the measures at (a) and (b) above for reduction of energy by implementing the aforesaid measures, consumption and consequent impact on the cost of production of goods.</b>	<p>By implementing the aforesaid measures</p> <p><b>Wires and Cables</b></p> <ul style="list-style-type: none"> <li>a Reduction in power consumption at wire drawing line through change of die draft sequence has resulted in a savings of ₹ 8.7 Lakhs per annum.</li> <li>b Optimization of water circulation for Drawing and Extrusion Lines has resulted in power saving amounting to ₹ 7 Lakhs per annum.</li> <li>c ₹ 3.48 Lakhs per annum realized through energy saving by Optimizing Water circulation in Extrusion Lines.</li> <li>d Design Optimization resulted in energy saving of ₹ 1.29 Lakhs per annum.</li> <li>e Saved ₹ 1.41 Lakhs per annum by usage of energy efficient heaters.</li> <li>f Replacing Metal Halide &amp; Tube lights with LED Lamps has resulted in energy saving of ₹ 0.6 Lakhs per annum.</li> <li>g Optimization of motor ratings has resulted in a saving of ₹ 0.3 Lakhs per annum.</li> <li>h Design change in copper construction for House Wiring Cable has resulted savings in Material and Energy amounting to ₹26 Lakhs per annum.</li> </ul> <p><b>Solar and Electric Water Heater</b></p> <ul style="list-style-type: none"> <li>a Replacement of Sodium Vapor lamps with LED lamps has resulted a savings of 667 units per annum.</li> <li>b Manufacturing of Electric Water Heater with BEE star rating will result in a savings of 14.27 lakhs units per annum.</li> </ul> <p><b>Electronics</b></p> <ul style="list-style-type: none"> <li>a Replacement of electric screw drivers with brushless electric screw driver has resulted in a savings of 1K units per year.</li> <li>b Replacement of 50W soldering irons with 35W has resulted in savings of 1K units per year.</li> <li>c Annual savings of 1K units in electricity consumption by using manual core filling machine.</li> <li>d Annual savings of 5K units in electricity consumption by implementing gravity-based conveyor line for assembly.</li> <li>e A yearly savings of 0.6K units in electricity consumption by introducing PCB auto calibration.</li> </ul>
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## B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATIONS:

### 1. Efforts made in technology absorption

#### Research and Development (R&D)

<b>1. Specific areas in which R&amp;D carried out by the Company</b>	<p><b>Wires &amp; Cables</b></p> <ul style="list-style-type: none"> <li>a Study of corrosion behaviour of Copper in Cables and its mitigation methodology.</li> <li>b Development of PVC with reduced coefficient of friction to benefit better installation in conduits.</li> <li>c PLC Modification for optimum utilization of Mixer &amp; Extrusion systems.</li> <li>d Online measurement of critical data in the emulsion unit of drawing section.</li> <li>e Design and implementation of failsafe brake system in coiling machines.</li> <li>f Introduction of the additional security feature for mono cartons.</li> <li>g Optimization of ramp up and ramp down annealing percentage</li> </ul>
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<b>2. Benefits derived as a result of the above R &amp; D</b>	<b>Solar Water Heater</b>	<ul style="list-style-type: none"> <li>a Development of new models of Solar water heaters and heat pump hybrid system which consumes very less energy.</li> </ul>
	<b>Electric Water Heater</b>	<ul style="list-style-type: none"> <li>a Development of automated test Jig for star rating tests for electric water heaters.</li> <li>b Continuous improvements done in Electric Water Heaters to enhance safety and efficiency.</li> </ul>
	<b>Pumps and Motors</b>	<ul style="list-style-type: none"> <li>a Improvement of performance of self prime regenerative pumps under slow speed category to improve overall efficiency.</li> <li>b Improvement of motor cooling along with increased productivity by merging of components.</li> <li>c Research on alternative materials for impellers in regenerative pumps.</li> <li>d Analytical study on failure mechanism of cast iron component under drop test using explicit dynamics.</li> <li>e Productivity improvement through motor body design change in open-well pump.</li> <li>f Study on susceptibility of different stainless steel tubes to intergranular corrosion.</li> <li>g For improving energy efficiency of pumps.</li> <li>h Development of new product construction for borewell motors to improve leak proofing.</li> </ul>
	<b>Switchgear</b>	<ul style="list-style-type: none"> <li>a Taken all measures to reduce the static losses to a very minimal value, much lesser than the ISI specifications.</li> <li>b Implemented improved design of tools for molding, increasing the productivity and reducing the plastic wastage.</li> </ul>
	<b>Fan</b>	<ul style="list-style-type: none"> <li>a Study on antidust antigraffiti coatings.</li> <li>b Study communication via Bluetooth and possibility of adoption of same in smart ceiling fans.</li> <li>c Development of technology for automatic speed regulation in ceiling fan with respect to ambient temperature.</li> <li>d Study on noiseless technology in ceiling fans.</li> <li>e Study on installation difficulties of special ceiling fan like Imagina and development of solutions.</li> </ul>
	<b>Electronics</b>	<ul style="list-style-type: none"> <li>a Introduced PCB auto calibration.</li> <li>b Introduced energy efficient inverter models for air conditioners.</li> <li>c Designed and developed new models of battery with thinner grids which resulted in low lead consumption for same energy output.</li> </ul>
	<b>Wires &amp; Cables</b>	<ul style="list-style-type: none"> <li>a Better copper brightness protection system for cables were developed.</li> <li>b Method developed for reduction of coefficient of friction to reduce effort during installation.</li> <li>c Easy monitoring of critical parameters of the machines.</li> <li>d Productivity improvement.</li> <li>e Barcode tampering can be avoided</li> <li>f Reduction in copper scrap.</li> </ul>

**Water Heater /Solar Water Heater**

- a Uninterrupted supply of hot water with less energy consumption.
- b Improved safety and efficiency of the products.

**Pump and Motors**

- a A product with improved performance became available for consumers along with added advantage of improved competency of product in the market.
- b Merging of components resulted in reducing the no. of parts and fully eliminated an assembly process. New design was supposed to provide better air guidance, thereby enhancing cooling. Manufacturability of the component was the challenge.
- c Alternative material with higher wear resistance will increase the product durability.
- d Understandings from failure study of drop test cases helps redesign the product to withstand impact forces better, while transportation.
- e Increased productivity by reducing the efforts put for motor winding in open-well pump. Also, the change brought new & attractive outlook for the product.
- f Results of the study were critical in decision making to select the best material to be used for borewell motor body.
- g Development of centrifugal pump models with better performance, more closely matching to desired characteristics.
- h Product and process optimization of various products across categories yielded products with improved overall quality and reliability.
- i Reliability of the product segment improved considerably with the changes made to ensure leak proofing.
- j We are able to make our products more reliable and less power consuming.

**Switchgear**

- a Plastic wastage reduced by increasing the yield of molding which has resulted in savings of power consumption per product.

**Fans**

- a Developed Antidust coating for ceiling fans which is superior than competitor models.
- b Developed smart ceiling fans equipped with Bluetooth connectivity.
- c Developed i-mode technology in smart fan Imagina for Automatic speed controlling based on ambient temperature.
- d Development of ceiling fan blade profiles concepts which is superior in noiseless and aerodynamics characteristics.
- e Development of universal shackle set which can be used for any of the installation conditions.

**3. Future Plan of action****Wires and Cables**

- a To introduce DC to AC conversion of motors and drives of major machinery.
- b To introduce automatic / integrated online MRP printing on packaging.
- c Introduction of New Product portfolio in the Wires & Cables.
- d Implement Online line tension measurement and control system for improving Process Capability and saving in RM-Copper.

**Solar Water Heater**

- a Development of solar water heater suitable to all water conditions.

	<b>Pumps and Motors</b>
	a Development of feature added regenerative pumps.
	b Improvement of pump control panels – functionally & aesthetically.
	c Research on data based predictive systems in pump manufacturing & servicing.
	d Development of first of its kind application-based household pump.
	<b>Fan</b>
	a Development of more smartness enabled products in all fan categories.
<b>4. Expenditure on R&amp;D</b>	
(a) Capital	₹ 77.77 Lakhs
(b) Recurring	₹ 1178.87 Lakhs
(c) Total	₹1256.65 Lakhs
(d) % of R&D expenditure to total sales	0.541%

## Technology absorption, adaptation and innovations

<b>Research and Development (R&amp;D)</b>	
<b>a. Efforts in brief, made towards technology absorption, adaptation and innovation</b>	<b>Wires &amp; Cables</b> <ul style="list-style-type: none"> <li>a. Introduced MRP print scanner in the packing line.</li> <li>b. Introduced a monitoring system for observing variation in traversing pattern in the drawing line.</li> <li>c. Introduced ANDON system for indication of machine setup to QA Department.</li> <li>d. Implemented hand held wire striping zig design in QA section.</li> <li>e. Replaced manual breaking system with automatic magnetic clutch breaks in extruder line.</li> <li>f. Introduced wireless sensor in buncher machine to monitor any stoppage of traverse.</li> <li>g. Manual traverse is replaced with motorized adjustment system.</li> <li>h. Introduction of detecting device to avoid screw problem in extrusion line.</li> <li>i. Increase in Bobbin traverse area for ease in production.</li> <li>j. Introduction of alternate Productive Printer against continuous ink jet printer.</li> <li>k. Introduced LPG leakage detection system.</li> <li>l. Introduction of Digital control system in LOI Measurement.</li> <li>m. Introduction of Cable Profile measuring instrument.</li> <li>n. Introduction of Polycover Packing line Automation at Chavadi facility.</li> <li>o. Installed Online Power consumption monitoring system.</li> </ul> <b>Solar Water Heater</b> <ul style="list-style-type: none"> <li>a. Implemented Solar water heater applications in industrial process heating requirements. (Beverage and dairy industry – SWH with 80 degree C output water).</li> </ul> 3D Scanning using laser scanning machine.
<b>b. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.</b>	<b>Wires and Cables</b> <ul style="list-style-type: none"> <li>a. Installed fool proofing system to ensure print on packaging and thereby avoid inadvertent missing of print.</li> <li>b. Improved accuracy of traverse function.</li> <li>c. Time saving and reduction of operator fatigue.</li> <li>d. Safety and productivity improvement through hand held striping zig.</li> <li>e. Magnetic clutch brake will improve reliability of the machines.</li> </ul>

- 
- f. Reduction in Scrap generation at bunching process.
  - g. Productivity improvement through automation.
  - h. Reduction in scrap generation at extrusion lines.
  - i. Scrap reduction and productivity improvement through bobbin design change.
  - j. Cost reduction and scrap reduction through usage of alternate printer ink.
  - k. Safety improvement by implementing LPG leak detector.
  - l. High accuracy measurement.
  - m. High precision measurement.
  - n. Productivity improvement in Polycover Packing.
  - o. Better monitoring and control of energy consumed.

#### Solar Water Heater

- a. Saving in conventional fuel.
- 

**In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.**

- |   |            |
|---|------------|
| a) Technology imported I  | 3D Scanner |
| b) Year of import   | 2017       |
| c) Has technology been fully absorbed?  | Yes        |
| d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. |            |
| a) Technology imported II   | NA         |
| b) Year of import   |            |
| c) Has technology be fully absorbed?  |            |
| d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. |            |
- 

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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Foreign Exchange earned	₹ 129.49 Lakhs
Foreign Exchange used	₹ 205.94 Lakhs

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For and on behalf of the Board of Directors

Date : May 30, 2018  
Place : Kochi

S/d  
**Kochouseph Chittilappilly**  
Chairman  
(DIN: 00020512)

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



## Annexure -IX

### (A) 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.	<table><thead><tr><th><u>Name</u></th><th><u>Ratio to Median</u></th></tr></thead><tbody><tr><td>Mr. Kochouseph Chittilappilly*</td><td>31.06</td></tr><tr><td>Mr. Mithun K Chittilappilly</td><td>60.10</td></tr><tr><td>Mr. Ramachandran Venkataraman</td><td>214.39</td></tr></tbody></table>	<u>Name</u>	<u>Ratio to Median</u>	Mr. Kochouseph Chittilappilly*	31.06	Mr. Mithun K Chittilappilly	60.10	Mr. Ramachandran Venkataraman	214.39						
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Mr. Kochouseph Chittilappilly*	31.06															
Mr. Mithun K Chittilappilly	60.10															
Mr. Ramachandran Venkataraman	214.39															
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year.	<table><thead><tr><th><u>Name</u></th><th><u>Ratio to Median</u></th></tr></thead><tbody><tr><td>Mr. Kochouseph Chittilappilly*</td><td>-20.5%</td></tr><tr><td>Mr. Mithun K Chittilappilly</td><td>4.5%</td></tr><tr><td>Mr. Ramachandran Venkataraman</td><td>29.1%</td></tr><tr><td>Mr. Sudarshan Kasturi**</td><td>-</td></tr><tr><td>Mr. A Jacob Kuruvilla***</td><td>-89.8%</td></tr><tr><td>Ms. Jayasree K</td><td>-24.2%</td></tr></tbody></table>	<u>Name</u>	<u>Ratio to Median</u>	Mr. Kochouseph Chittilappilly*	-20.5%	Mr. Mithun K Chittilappilly	4.5%	Mr. Ramachandran Venkataraman	29.1%	Mr. Sudarshan Kasturi**	-	Mr. A Jacob Kuruvilla***	-89.8%	Ms. Jayasree K	-24.2%
<u>Name</u>	<u>Ratio to Median</u>															
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Mr. Sudarshan Kasturi**	-															
Mr. A Jacob Kuruvilla***	-89.8%															
Ms. Jayasree K	-24.2%															
(iii)	Percentage increase in the median remuneration of employees in the Financial Year.	-0.58%														
(iv)	Number of permanent employees on the rolls of the Company.	2096 (As on March 31, 2018)														
(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.	<p>Average percentage increase in the salary of employees other than managerial cadre in the Financial Year was 0%. As more number of new recruitment was made in the category during the second half of the financial year, average percentage increase has become zero.</p> <p>Average percentage increase in the salary of managerial personnel in the Financial Year -23%.</p>														
(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.														

**(B) STATEMENT SHOWING PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND MANAGERIAL PERSONNEL) RULES, 2014**

SL No	Name	Designation	Remuneration (CTC) (Amount in ₹)	Nature of Employment	Qualification and Experience	Date of Commencement of employment	Age	Previous Employment	% of equity shares held	Whether such employee is a relative of any Director
1	Mr. Kochouseph Chittilappilly*	Chairman	1,35,28,978	Contractual	M.Sc (Physics) 42 years	02.12.1996	67 Years	V-Guard Industries	18.64	Yes
2	Mr. Mithun K Chittilappilly	Managing Director	2,71,68,409	Contractual	B.com MBA 15 years	01.04.2003	37 Years	Hewlett Packard India	16.81	Yes
3	Mr. Ramachandran V	Director & Chief Operating Officer	9,17,38,883	Contractual	B.Sc (Chemistry) MMS 30 years	02.04.2012	54 Years	LG Electronics	0.22	No
4	Mr. Sumit Jha	Sr. General Manager-Marketing	2,28,89,867	Permanent	B.Sc (Maths) PGDM BABL 18 years	01.08.2013	42 Years	Havells India Ltd	0.02	No
5	Mr. Sudarshan Kasturi	Sr. Vice President and CFO	1,75,43,128	Permanent	BE (Chemical Engineering) PGDM 27 years	19.01.2017	52 Years	Tiger Brands Nigeria	0.00	No
6	Mr. Sushanth K	General Manager - Marketing	1,48,67,424	Permanent	BBM MBA 18 years	20.09.1999	42 Years	V-Guard Industries	0.02	No

**Note:**

- Mr. Kochouseph Chittilappilly and Mr. Mithun K Chittilappilly, Directors are related to each other and also to Ms. Joshna Johnson Thomas, Non-Executive Director.
  - Remuneration includes Salary and Perquisites including ESOP.
- \* Mr. Kochouseph Chittilappilly, Chairman, stepped into Non-Executive category, effective from August 01, 2017.
- \*\* Mr. Sudarshan Kasturi, was appointed as Chief Financial Officer of the Company, effective from June 01, 2017.
- \*\*\* Mr. A Jacob Kuruvilla, ceased to be Chief Financial Officer of the Company, effective from May 31, 2017.

For and on behalf of the Board of Directors

Date : May 30, 2018  
Place : Kochi

S/d  
**Kochouseph Chittilappilly**  
Chairman  
(DIN: 00020512)

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

# REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance for the Financial Year ended March 31, 2018 as stipulated in the relevant provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), is set out below:

## I. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is a system by which an organization is directed, controlled and managed. It is to facilitate an effective and prudent management system which can deliver long term success to the organization. In today's competitive business environment, good governance system is crucial to achieve new frontiers and uphold the interests of all stakeholders of the organization. V-Guard believes in adopting and practising good governance practices at all levels and through its four decades of journey, has put in place robust systems, processes, policies to ensure that affairs are managed in ethical and prudent manner. The success and growth achieved by the Company over the years is a testimony to the best practices adopted and practiced by it. The Company believes that good governance systems are to be followed continuously and the existing systems have to undergo changes in line with the change in business operations and environment.

The practices followed by the Company are detailed herein below.

## II. BOARD OF DIRECTORS

### a) Composition of the Board

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 Non-Executive Directors. The present composition of the Board is in compliance with the requirements of Regulation 17(1) of Listing Regulations. During the year under review, Mr. Kochouseph Chittilappilly, Chairman of the Board stepped into Non-Executive category, effective from August 01, 2017.

As on March 31, 2018, strength of the Board of the Company is eight Directors, comprising of two Executive and Six Non-Executive Directors. Fifty percent of the Board comprise of Independent Directors and Woman Director occupies Non-Executive position. Out of the two Executive Directors, one Director is from promoter category and the other Director is in the professional category. Appointment tenure of all the Independent Directors is for a period of five years effective from July 29, 2014. 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 provisions of Regulation 16 of the Listing Regulations.

The following are the names, position and categories of Directors as on March 31, 2018:

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 and Chief Operating Officer	Executive
Mr. C J George	Independent Director	Non-Executive Independent
Mr. A K Nair	Independent Director	Non-Executive Independent
Mr. Ullas K Kamath	Independent Director	Non-Executive Independent
Ms. Joshna Johnson Thomas	Non-Executive Director	Non-Executive Non-Independent

\*Mr. Kochouseph Chittilappilly, Chairman of the Board, stepped into Non-Executive position effective from August 01, 2017.

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

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

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

During the Financial Year the Board of Directors met 5 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, 2017
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	4	No
Mr. A K Nair	4	Yes
Mr. Ullas K Kamath	2	No
Ms. Joshna Johnson Thomas	3	No

**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	Directorships and Chairmanship /Membership of Board / Committees in other companies as on March 31, 2018		
		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	6	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

Other Directorships do not include Alternate Directorships, Private Limited Companies that are neither a subsidiary nor a holding company of a Public Company, companies under Section 8 of the Act and of 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. The membership or chairmanship of Board Committees of Private Limited Companies that are, neither a subsidiary, nor a holding Company of a public company, foreign companies and companies under Section 8 of the Act are excluded for the above disclosure.

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.

**d) 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 2017-18 are given below:

Number of Meetings held	Date of Meetings
5	May 19, 2017, July 31, 2017, October 25, 2017, January 22, 2018 and March 23, 2018

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 well in advance 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 discharge its responsibility of strategic supervision of the Company. 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 23, 2018, 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:

- Non-Independent Directors and the Board as a whole;
- Chairman of the Company, considering the views of Executive and Non-Executive Directors; and
- 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.

**e) 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.

**f) Number of shares and Convertible instruments held by Non-Executive Directors**

Mr. Kochouseph Chittilappilly, Non-Executive Chairman of the Company is holding 7,93,43,252 equity shares of the Company as on March 31, 2018. None of the other Non-Executive Directors of the Company is holding shares or convertible instruments in the Company.

**g) 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.

**h) 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 GST Provisions and implementation. The details of such familiarization programmes are disclosed on the Company's website [www.vguard.in](http://www.vguard.in) under the head 'Investor Relations'.

**i) 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 of the Guidance Note issued by SEBI dated January 05, 2017, on Evaluation of Board, the Nomination and Remuneration Committee of the Board in its meeting held on March 23, 2018, has carried out the evaluation of performance of individual directors. Further, the Board in its meeting held on March 23, 2018, 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) Carrying out any other function as is mentioned in terms of reference of the Audit committee.

**b) Composition, Name of Members and Chairperson**

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

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

The Composition of Audit committee as on March 31, 2018 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

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

During the Financial Year 2017-18, the Committee members met four times, i.e., on May 19, 2017, July 31, 2017, October 25, 2017 and January 22, 2018 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, 2018 were reviewed by the Committee members at the Audit Committee meeting held on May 30, 2018. Attendance of Committee members at the Audit Committee meetings held during the Financial Year 2017-18 is as follows:

Name	No. of meetings held	No. of meeting(s) attended
Mr. Cherian N Punnoose	4	4
Mr. C J George	4	3
Mr. A K Nair	4	3
Mr. Ullas K Kamath	4	2
Mr. Mithun K Chittilappilly	4	4

#### 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 for 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) To formulate a policy to ensure that:
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of quality required to run the Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- c. remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goal.

- 7) To consider and approve ESOP Scheme and performing all such acts, deeds and function including, but not limited to, the matters specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time and matters incidental/ supplemental thereto.

As per the criteria laid down in the Nomination and Remuneration Policy, the Committee has carried out the evaluation of every Director on the Board of the Company, on basis of a questionnaire format.

Mr. C J George, Chairman of the Committee was not present at the 21<sup>st</sup> Annual General Meeting held on July 31, 2017 and had authorized 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](http://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, 2018 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

### c) Meetings and attendance during the year

The members of Nomination and Remuneration Committee met four times i.e., on May 19, 2017, July 31, 2017, January 22, 2018 and March 23, 2018. Attendance of the members at the meetings held during the Financial Year 2017-18 is as follows:

Name	No. of meetings held	No. of meetings attended
Mr. C J George	4	4
Mr. Cherian N Punnoose	4	4
Mr. A K Nair	4	3
Ms. Joshna Johnson Thomas	4	2

### 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.

1% of the net profit of the Company. All the Non-Executive Directors were paid sitting fee for attending the meetings of the Board and Sub-Committees of the Board. An amount of ₹ 16,47,246/- was paid as rent to Mr. Kochouseph Chittilappilly, Chairman, during the period from August 01, 2017 to November 30, 2017. 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.

## V. REMUNERATION OF DIRECTORS

### a) Details of pecuniary relationship or transaction of Non-Executive Directors with the Company

During the Financial Year under review, Mr. Kochouseph Chittilappilly, Chairman of the Board stepped into Non-Executive category, effective from August 01, 2017. The members of the Company accorded approval for payment of commission to him not exceeding 1% of the Net Profits of the Company for each Financial Year for a period of three years effective from August 01, 2017, vide resolution passed through Postal Ballot Process on December 11, 2017. Further, he is entitled for sitting fees for attending meetings of Board and Sub-Committees of the Board. Mr. Cherian N Punnoose, Non-Executive Independent Director, who is occupying the position of Vice Chairman of the Board and Ms. Joshna Johnson Thomas, Non-Executive Non-Independent Director were paid commission during the Financial Year 2017-18. Commission to all the Non-Executive Directors of the Company is within the limit of

### b) Criteria of making payments to Non-Executive Directors

The Company has adopted Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel and other employees. The Policy is available in the website of the Company [www.vguard.in](http://www.vguard.in), in the page Investor Relations.

The Non-Executive Directors are paid sitting fee, which is duly approved by the Board of Directors of the Company and the same is within the limits specified in Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Non-Executive Directors of the Company are paid commission with the approval of the members of the Company, considering the contributions made by the Directors in various strategic proposals, strengthening governance practices, putting in place better processes and control systems etc.

### 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*	17.75	-	8.93	105.78	0.80	133.26
Mr. Cherian N Punnoose	-	-	-	7.74	2.60	10.34
Mr. Mithun K Chittilappilly	95.85	9.72	12.90	137.68	-	256.15
Mr. Ramachandran Venkataraman**	177.46	20.75	5.93	-	-	204.14
Mr. C J George	-	-	-	-	2.05	2.05
Mr. A K Nair	-	-	-	-	1.65	1.65
Ms. Joshna Johnson Thomas	-	-	-	45.89	0.80	46.69
Mr. Ullas K Kamath	-	-	-	-	0.70	0.70
<b>Total</b>	<b>291.06</b>	<b>30.47</b>	<b>27.76</b>	<b>297.09</b>	<b>8.60</b>	<b>654.98</b>

\* Mr. Kochouseph Chittilappilly, Chairman of the Board stepped into Non-Executive category during the year under review, effective from August 01, 2017. The members of the Company vide resolution dated December 11, 2017 passed through postal ballot process, approved payment of commission to him not exceeding 1% of the Net Profits of the Company for each Financial Year for a period of three years effective from August 01, 2017.

\*\* The members of the Company in their 20<sup>th</sup> Annual General Meeting held on July 26, 2016, re-appointed Mr. Ramachandran Venkataraman, as Whole-time Director of the Company, designated as Director and Chief Operating Officer, for a period of four years, effective from June 01, 2016. The agreement dated June 01, 2016 executed between Mr. Ramachandran Venkataraman and the Company, details the terms and conditions of re-appointment. As per the terms and conditions of re-appointment, no notice or severance fee is payable to the Director.

# 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 ESOS 2013 amounting to ₹ 711.05 lakhs is not included in the remuneration disclosed above.

The Company had, on June 11, 2013, granted a total number of 25,95,880 options to Mr. Ramachandran Venkataraman, under Employee Stock Option Scheme (ESOS) 2013. Of the above, 20,37,660 options were granted at an exercise price of ₹48.50, which was the fair market value of the previous day of the grant and 5,58,220 options were granted at an exercise price of ₹1/- per option. Options granted were vested on time and performance basis over a period of three years and are exercisable over a period of six years from the date of each year of vesting. According to the terms and conditions of vesting of the Scheme, 14,37,660 and 4,54,390 options with exercise price of ₹48.50 and ₹1/- per options respectively were vested over a period of three years. As on March 17, 2017, (i.e., date of bonus issue) the options pending for exercise were 12,16,660 options with exercise price of ₹48.50 per option. Both the outstanding options for exercise and exercise price were adjusted for bonus issue made by the Company during the Financial

Year 2016-17 and outstanding options after adjustment as on March 31, 2017, were 17,03,324 with an exercise price of ₹34.64 per option. Out of the above, during the year under review, 2,30,000 options were exercised at a price of ₹34.64 per option. Options pending for exercise as on March 31, 2018 are 14,73,324.

Further, the Company had granted to Mr. Ramachandran Venkataraman, on May 04, 2016, 37,80,000 options with an exercise price of ₹68.75 and 4,20,000 options with an exercise price of ₹1/- per option. A further grant was made to him on August 08, 2016, to the extent of 11,20,000 options with an exercise price of ₹121.79 per option and 2,80,000 options with exercise price of ₹1/- per option. The options granted will vest on time and performance basis over a period of four years and are exercisable over a period of six years from the date of each year of vesting. During the year under review, 1,05,000 options were

vested with an exercise price of ₹1/- each and 5,67,000 and 1,68,000 options were vested with an exercise price of ₹68.75 and ₹121.79 respectively. Out of the above, 1,05,000 options were exercised at a price of ₹1/- per option.

The number of options and the exercise price stated above are after adjustment for bonus issue made by the Company during the Financial Year 2016-17.

## VI. STAKEHOLDERS' RELATIONSHIP AND SHARE TRANSFER COMMITTEE

The Company has constituted the Committee to look into the redressal of complaints 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.

### a) Composition and names 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 and Share Transfer Committee as on March 31, 2018 is as follows:

Name	Category	Position
*Mr. C J George	Non-Executive Independent	Chairman
Mr. Mithun K Chittilappilly	Executive	Member
Mr. Cherian N Punnoose	Non-Executive Independent	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 and Share Transfer Committee are as follows:

- 1) Look into shareholders' complaints like non-receipt of dividend warrants, refund orders, non-credit of shares allotted in IPO, non-receipt of Annual Reports, transfer of shares etc.
- 2) Oversee and review matters connected with the transfer of shares and its approval, splitting up of shareholding, approving demat requests and issue of duplicate share certificates.
- 3) Oversee the performance of the registrars and transfer agents and recommend measures for overall improvement in the quality of investor services.
- 4) Affix or authorize fixation of the common seal of the Company on the share certificate.

### c) Meeting and attendance during the year

During the Financial Year 2017-18, the Committee met 3 times i.e. on May 19, 2017, August 11, 2017 and November 27, 2017. Attendance of the members at the meetings held during the Financial Year 2017-18 is as follows:

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

Mr. C J George, Chairman of the Committee was not present at the 21<sup>st</sup> Annual General Meeting held on July 31, 2017 and had authorized Mr. Cherian N Punnoose, a member of the Committee to attend the said meeting on his behalf.

### 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.	Nature of Complaints received	Opening as on April 01, 2017	No. of complaints received during the Financial Year 2017-18	No. of complaints resolved during the Financial Year 2017-18	No. of complaints pending as on March 31, 2018
1	Non-receipt of annual report	Nil	2	2	Nil
2	Non-receipt of Dividend	Nil	3	3	Nil
3	Non-receipt of bonus shares/Non-Credit of shares allotted in IPO	Nil	2	2	Nil
<b>Total</b>		<b>Nil</b>	<b>7</b>	<b>7</b>	<b>Nil</b>

**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, 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
March 31, 2015	August 03, 2015	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 Meetings**

Date of AGM	Details of Special Resolutions passed if any;
21 <sup>st</sup> Annual General Meeting held on July 31, 2017	None
20 <sup>th</sup> 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/- under ESOS 2013; 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.
19 <sup>th</sup> Annual General Meeting held on August 03, 2015	To pay commission to Mr. Cherian N Punnoose, Non-Executive Director, as per the provisions of Sections 197 and 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, an amount not exceeding 1% of the Net profits of the Company for a period of five financial years commencing from July 29, 2014 to July 28, 2019.



### c) Postal Ballot

During the year under review, the Company had moved resolutions through postal ballot process vide notices dated March 27, 2017, November 09, 2017 and February 19, 2018. In compliance with Sections 108 and 110 of the Act read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended) 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 by physical ballot or through e-voting. The Company had engaged NSDL for the purpose of providing e-voting facility to members.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelope to its members whose names appeared on the register of members / list of beneficiaries as on the cut-off date decided by the Board. The postal ballot notices were sent to members in electronic form to their e-mail addresses registered with the depository participants. For members whose email ids are not registered, physical copies of the postal ballot notice along with forms and prepaid self

addressed business reply envelope were sent by permitted mode (i.e through registered post or through courier). Voting rights were reckoned on the paid-up value of the equity shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of the business hours on the last date of the e-voting.

The scrutinizer submitted his report to the Chairman, after the completion of the scrutiny, and the consolidated results of the voting by postal ballot, were then announced by the Chairman. The results were displayed on the Company website [www.vguard.in](http://www.vguard.in) and communicated to the stock exchanges also.

A snapshot of the voting done by the shareholders in respect of various resolutions passed through postal ballot process during the year under review are given below:

I <b>Date of Postal Ballot Notice: March 27, 2017</b> <b>Date of declaration of results: May 02, 2017</b> <b>Voting Period: April 01, 2017 to April 30, 2017</b>							
Sl. No	Particulars of resolution	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
a.	Amend the Object Clause of the Memorandum of Association of the Company	Special Resolution	361,243,031	361,236,287	99.99	6,744	0.01
b.	Amend the Liability Clause of the Memorandum of Association of the Company	Special Resolution	361,257,271	361,241,269	99.99	16,002	0.01
c.	Mortgage or create charge(s) on assets of the Company	Special Resolution	361,257,395	354,322,630	98.08	6,934,765	1.92
d.	Issue further number of options for grant under ESOS 2013	Special Resolution	361,242,373	351,447,856	97.29	9,794,517	2.71

The Board of Directors had appointed Mr. C N Paramasivam, FCS, Practicing Company Secretary, Coimbatore, as "Scrutinizer" for conducting the Postal Ballot and Remote E-voting process.

**II Date of Postal Ballot Notice:** November 09, 2017  
**Date of declaration of results:** December 11, 2017  
**Voting Period:** November 10, 2017 to December 09, 2017

Sl. No	Particulars of resolution	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
a.	Issue further number of options for grant under ESOS 2013	Special Resolution	35,73,53,604	35,34,30,019	98.90	39,23,585	1.10

The Board of Directors had appointed Mr. M D Selvaraj, FCS, Practicing Company Secretary, Coimbatore, as "Scrutinizer" for conducting the Postal Ballot and Remote E-voting process.

**III Date of Postal Ballot Notice:** February 19, 2018  
**Date of declaration of results:** March 22, 2018  
**Voting Period:** February 20, 2018 to March 21, 2018

Sl. No	Particulars of resolution	Type of Resolution	No. of Votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
a.	Issuance of Non-Convertible Debentures on Private Placement basis	Special Resolution	36,37,68,698	36,37,45,664	99.99	23,034	0.01
b.	Issuance of Equity Shares or other securities through Qualified Institutional Placement	Special Resolution	36,37,69,175	36,37,45,123	99.99	24,052	0.01

The Board of Directors had appointed Mr. M D Selvaraj, FCS, Practicing Company Secretary, Coimbatore, as "Scrutinizer" for conducting the Postal Ballot and Remote E-voting process.

**d) Appointment of Chief Financial Officer**

The Company in its Board Meeting held on May 19, 2017 appointed Mr. Sudarshan Kasturi, Senior Vice President - Finance of the Company as the Chief Financial Officer, with effect from June 01, 2017, considering the superannuation of Mr. A Jacob Kuruvilla, from the position of Chief Financial Officer on May 31, 2017.

exchanges in which 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](http://www.vguard.in) contains comprehensive information about the Company, Directors, Sub-Committees of the Board, terms and conditions of appointment of Independent Directors, products, branch details, distributor locator, media details, service helplines etc. It serves to inform the shareholders by providing key information like shareholding pattern, notice of meeting of Board of Directors,

## VIII. MEANS OF COMMUNICATION

**a) Quarterly Results**

The Company regularly intimates information like the quarterly/half yearly/annual financial results and media releases on significant developments in the Company 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](http://www.vguard.in) and have also been communicated to the stock

financial results, annual report, shareholder information, other developments etc. in the page 'Investor Relations'.

The Company also displays details of schedule of analyst or institutional investor meet and presentations made by the Company to analysts or institutional investors and news releases issued, on the website.

## IX. GENERAL SHAREHOLDER INFORMATION

### a) Date, venue and Time of the 22<sup>nd</sup> Annual General Meeting

Date	Tuesday, July 31, 2018
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<sup>st</sup> of a year and ends on March 31<sup>st</sup> of the following year.

Calendar of Board Meetings to adopt the accounts (tentative and subject to change) for the Financial Year 2018-19 is as follows:

For the quarter ending June 30, 2018 :  
July 31, 2018

For the quarter ending September 30, 2018 :  
October 26, 2018

For the quarter ending December 31, 2018 :  
February 01, 2019

For the year ending March 31, 2019 :  
May 28, 2019  
(Audited results for the year)

### c) Dividend

The Board of Directors had in their meeting held on May 30, 2018 recommended a final dividend of 70% i.e., ₹ 0.70 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 31, 2018 but within the statutory time limit of 30 days.

The Company has formulated a policy on Distribution of Dividend and the same is available on the website of the Company [www.vguard.in](http://www.vguard.in) in the page 'Investor Relations'. A copy of the said Policy forms part of this Annual Report.

### d) Dates of Book Closure

The Register of Members and Share Transfer Books will remain closed from July 25, 2018 to July

31, 2018 (both days inclusive) and dividend will be paid to the members whose name(s) appear in the Register of Members on July 24, 2018.

Dividend warrants in respect of shares held in physical form will be posted to members at their registered addresses within the statutory time limit. Dividend warrants in respect of shares held in electronic form will be posted to the beneficial owners to their addresses as per the information furnished by NSDL and CDSL as on record date. 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 to 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 wish to avail the NECS facility are requested to give the NECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 latest by July 18, 2018.

### 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 ₹ 4,53,405/- which was lying in Unpaid Dividend Account of the Financial Year 2009-10 to IEPF. The Unclaimed Dividend in respect of the Financial Year 2010-11 is due for transfer to Investor Education and Protection Fund on August 24, 2018 in terms of Section 124(6) of the Act. Claims against the Unpaid/Unclaimed dividend pertaining to 2010-11 may be lodged at the Registered Office or at the Office of Registrar and Share Transfer Agents of the Company before August 22, 2018.

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 for obtaining payment through demand drafts.

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, 2018 (Amount in ₹)
2010-11	3.50	Final	July 25, 2011	August 24, 2018	414,134.00
2011-12	3.50	Final	July 25, 2012	August 24, 2019	454,874.00
2012-13	3.50	Final	July 23, 2013	August 22, 2020	392,476.00
2013-14	4.50	Final	July 29, 2014	August 28, 2021	326,592.00
2014-15	4.50	Final	August 03, 2015	September 02, 2022	346,765.50
2015-16	4.50	Interim	March 09, 2016	April 08, 2023	342,130.50
2015-16	2.50	Final	July 26, 2016	August 25, 2023	183,340.00
2016-17	0.70	Final	July 31, 2017	August 29, 2024	844,964.70

As per the provisions of Section 124(6) of the Act and Investor Education and Protection Fund Authority Rules, 2016 ('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 (IEPF), a fund constituted by the Government of India under Section 125 of the Act.

The Company has given intimation to all shareholders who has not claimed dividend for seven consecutive years from the Financial Year 2010-11, indicating that such shares shall be transferred to Investor Education and Protection Fund. The shareholders can claim dividend on or before August 22, 2018, failing which the aforesaid shares will be transferred to IEPF at appropriate date. The said intimation has been published in newspapers and also 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

During the year under review, the Company had transferred 71,602 equity shares to IEPF as dividend had not been encashed or claimed on above shares during the seven consecutive years from the financial Year 2009-10 to 2016-17. The shares which were lying in the IPO escrow Account also have been transferred to Investor Education and Protection Fund. The voting rights on these shares shall remain frozen till the shareholder claim those shares from IEPF, by filing Form IEPF-5, as prescribed under the Rules. Shareholders are requested to take due care as the Form IEPF-5 can be filed only once in a Financial Year for one company. Shareholders can also enter more than one claims in single form for a company.

The details of shares transferred to IEPF is available in the website of the Company at [www.vguard.in](http://www.vguard.in) in the page 'investor relations'.

Particulars	No. of Shares	Aggregate no. of Shareholders
Opening Balance on IPO Escrow Account as on April 01, 2017	23,310	15
Number of shares claimed during the year	1,722	1
Number of shares transferred to IEPF authority through Corporate Action	21,588	14

#### 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., since March 13, 2008. Listing fees for the Financial Year 2018-19 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, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla complex, Bandra – East, Mumbai – 400051
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#### 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 2018-19.

### 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

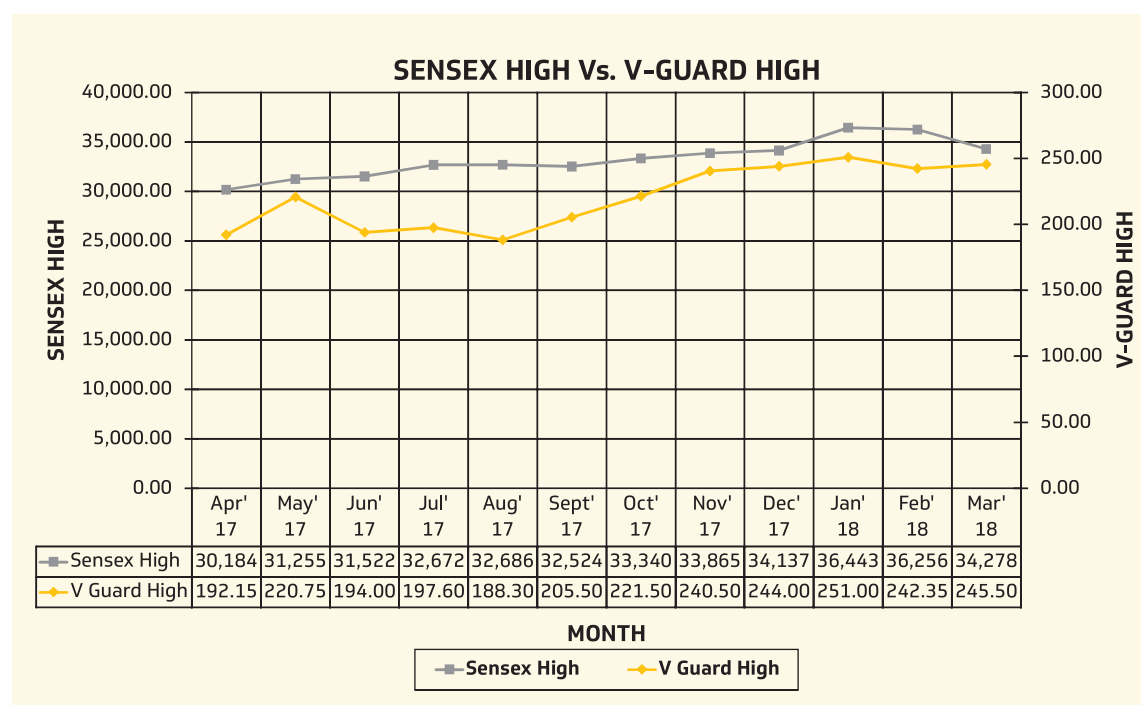
Company's ISIN : INE951I01027

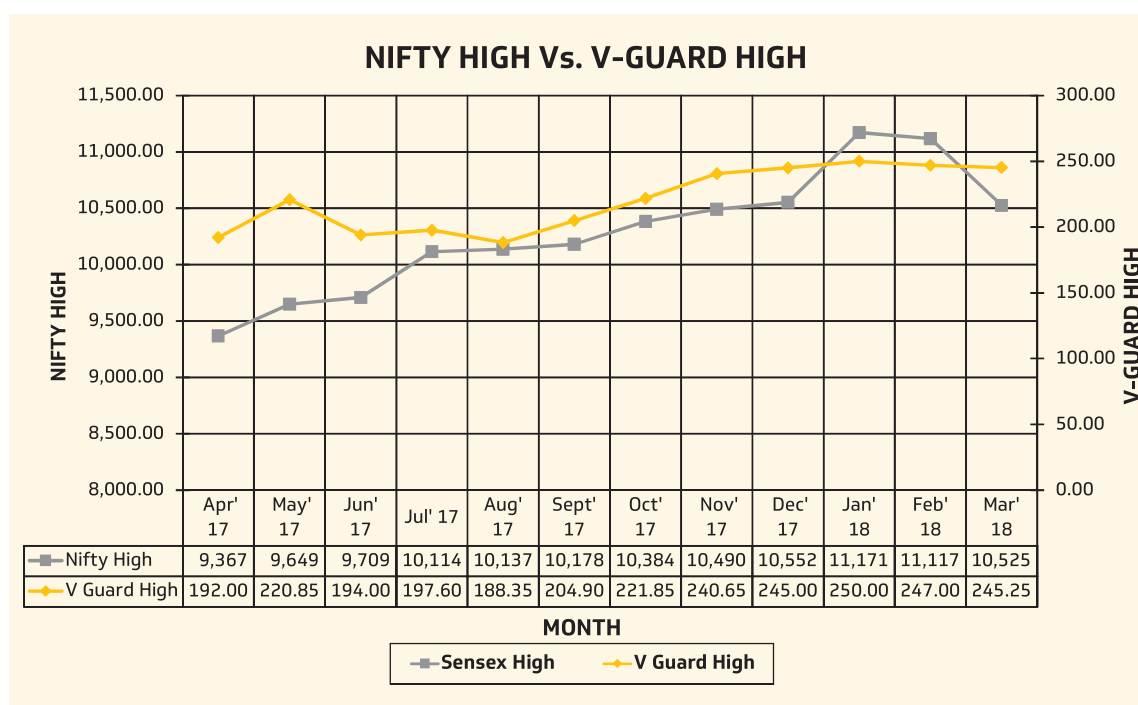
### j) Market price data- high, low during each month in the Financial Year 2017-18

Monthly high and low quotations during each month during the Financial Year 2017-18 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 '17	192.00	173.50	1,04,96,258	192.15	173.55	13,65,990
May '17	220.85	172.30	3,60,86,785	220.75	174.10	77,55,950
June '17	194.00	171.00	2,00,01,016	194.00	170.00	22,77,935
July '17	197.60	172.15	2,34,40,355	197.60	172.20	23,53,749
August '17	188.35	165.00	1,55,65,151	188.30	165.10	15,61,570
September '17	204.90	177.05	2,18,38,587	205.50	177.00	28,12,716
October '17	221.85	183.15	2,36,98,296	221.50	182.10	28,04,420
November '17	240.65	214.40	4,46,35,636	240.50	214.55	75,95,363
December '17	245.00	219.55	2,46,11,850	244.00	218.80	40,18,648
January '18	250.00	223.10	3,04,74,233	251.00	223.60	39,61,461
February '18	247.00	202.00	2,57,99,819	242.35	200.00	15,45,582
March '18	245.25	217.05	1,60,51,056	245.50	217.35	10,08,234

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





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

**m) Registrars and Transfer Agents**

Link Intime India Private Limited

Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028

Phone: 0422-2314792, E-mail: dhanalakshmi.s@linkintime.co.in

**n) Share Transfer System**

In case of shares held in physical form, the transferred share certificates duly endorsed are dispatched within 15 days from the date of receipt of documents, provided documents are valid and complete in all respects. In compliance of the provisions of Listing Regulations, the share transfer system of the Company is audited by a Practicing Company Secretary in every six months and a certificate to that effect is issued by him. The Company holds Stakeholders' Relationship and Share Transfer Committee Meetings as may be required for approving the share transfer, transmission, dematerialization and rematerialization of equity shares.

**o) Distribution of Shareholding**

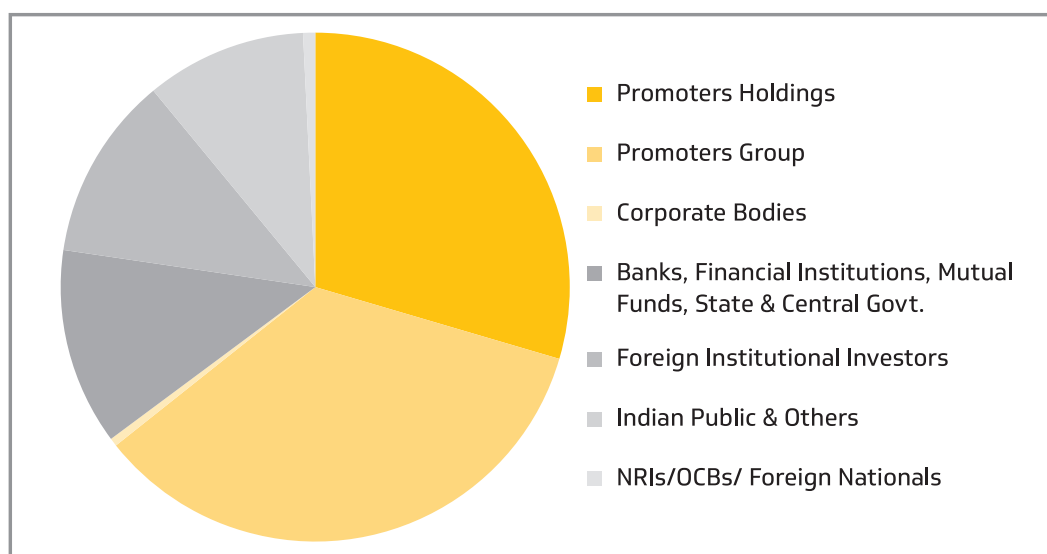
**Shareholding as on March 31, 2018**

Shares	Shareholders		Shareholding	
	No. of Shareholders	% of shareholders	No. of shares	% of shareholding
1-5000	74707	98.48	2,38,05,419	5.59
5001-10000	553	0.72	38,67,993	0.90
10001-20000	258	0.34	35,49,685	0.83
20001-30000	86	0.11	20,92,489	0.49
30001-40000	42	0.05	14,73,966	0.34
40001-50000	38	0.05	16,96,710	0.39
50001-100000	84	0.11	57,67,157	1.35
100001 and above	89	0.11	38,34,22,212	90.07
<b>Total</b>	<b>75,857</b>	<b>100.00</b>	<b>42,56,75,631</b>	<b>100.00</b>



**Category of shareholders as at March 31, 2018**

Category	No. of shares	% of the total no. of shares
Promoters Holdings	12,58,27,830	29.56
Promoters Group	14,79,35,210	34.75
Corporate Bodies	22,00,804	0.52
Banks, Financial Institutions, Mutual Funds, State & Central Govt.	5,32,31,352	12.50
Foreign Institutional Investors	4,97,40,462	11.69
Indian Public & Others	4,34,59,801	10.21
NRIs/OCBs/ Foreign Nationals	32,80,172	0.77
<b>Total</b>	<b>42,56,75,631</b>	<b>100.00</b>


**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 dematerialised and physical forms as on March 31, 2018 are given below:

Particulars	No. of shares	Percentage
Shares held in Dematerialised form	42,44,48,303	99.71
Shares held in Physical form	12,27,328	0.29
<b>Total</b>	<b>42,56,75,631</b>	<b>100.00</b>

q) There were no outstanding GDR/ADR/warrants or any convertible instruments as at and for the year ended March 31, 2018.

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

During the year ended March 31, 2018, 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 notes to the financial statements. Details of commodity price risks are covered under the 'Management Discussion and Analysis Report', which forms part of this Annual Report.

**s) Plant Locations**

The details of manufacturing/plant locations and registered office are given in Page no. 24 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: 0484-3005000  
e-mail : jayasree@vguard.in;  
secretarial@vguard.in; cscompliance@vguard.in

**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 last three years**

The Company has not been penalized, nor have the Stock Exchanges, SEBI or any statutory authority imposed on any strictures, 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](http://www.vguard.in) in the page 'Investor Relations'.

**c) Formation of Subsidiary Company**

During the year under review the Company acquired equity shares of GUTS Electro-Mech Ltd., an unlisted public company situated at 163/C,164/E, IDA Phase II, Cherlappally, Hyderabad, to the extent of 74% of its paid-up capital by way of direct purchase from shareholders and through subscription of equity shares by private placement.

GUTS Electro-Mech Ltd. is engaged in manufacturing and selling of switchgear, circuit breakers, relays, current transformers and similar electromechanical products. The said association by way of acquisition ensures supply security to the Company in the switchgear business vertical. GUTS Electro-Mech Ltd., is not a material subsidiary of the Company under the provisions of Regulation 16(iv)(c) of the Listing Regulations.

Further, as per Regulation 24 of the Listing Regulations, the Company monitors the performance of subsidiary by the following means:

- 1) The minutes of the Board Meetings of the subsidiary Company are placed at the Board Meeting of the Company.

**d) Details of policy for determining 'material' subsidiaries**

The Board of Directors, in their meeting held on May 30, 2018, have formulated a policy for determining material subsidiary and the same is posted on the website of the Company [www.vguard.in](http://www.vguard.in).

**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](http://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 no.43 of the financial statements as at March 31, 2018 which forms part of this Annual Report for details of related party transactions.

**XI. 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.

## **XII. 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.

## **XIII. 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](http://www.vguard.in) in the page 'Investor Relations'.

### **b) Prevention of Insider Trading**

The Company has formulated a Code of Conduct – Insider Trading to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015 to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in securities of the Company. The full text of the Code is available on the website of the Company [www.vguard.in](http://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 Report, 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 Discussion and Analysis Report**

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

## **XIV. CEO/CFO CERTIFICATION**

Pursuant to Regulation 17(8) of the Listing Regulations, Mr. Mithun K Chittilappilly, Managing Director and Mr. Sudarshan Kasturi, Chief Financial Officer has given CEO/CFO Certificate as per the format specified in part B to the Schedule II of the Listing Regulations, and said certificate was placed before the meeting of Board of Directors in their meeting held on May 30, 2018.

## **XV. 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 30, 2018

Place: Kochi

**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, to the best of our knowledge and belief, certify that:

- A.** We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 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

Date : May 30, 2018  
Place: Kochi

Sd/-  
**Mithun K Chittilappilly**  
Managing Director

Sd/-  
**Sudarshan Kasturi**  
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**

The Members of V-Guard Industries Limited  
42/962, Vennala High School Road,  
Vennala P.O.,  
Kochi, Kerala – 682 028

1. The Corporate Governance Report prepared by V-Guard Industries Limited (hereinafter the “Company”), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”) (‘Applicable criteria’) with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for submission to the Stock exchange and to be sent to the Shareholders of the Company.

### **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 express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
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. Reading and understanding of 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 w.r.t executive and non-executive directors has been met throughout the reporting period;

- iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one woman director was on the Board during the year;
- iv. Obtained and read the minutes of the Annual General Meeting, meetings of the Board of Directors and the following committee meetings held during April 01, 2017 to March 31, 2018:
  - (a) Audit Committee;
  - (b) Nomination and Remuneration Committee; and
  - (c) Stakeholders Relationship and Share Transfer Committee;
- v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

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

- 8. 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 stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

### Other matters and Restriction on Use

- 9. 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.
- 10. 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

Bangalore  
July 03, 2018

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



# BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report of the Company for the Financial Year ended March 31, 2018, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

## 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, Kochi, Kerala- 682 028
4.	Website	www.vguard.in
5.	Email ID	mail@vguard.in
6.	Financial Year Reported	2017-18
7.	Sector that the Company is engaged in	Consumer Electricals
8.	Key products that the Company manufactures/provides	House Wiring Cables (NIC Code – 31300), Stabilizer (NIC Code – 31901), Digi UPS (NIC Code – 31104), Pump (NIC Code – 2912) and Fan (NIC Code- 29303)
9.	Locations where business activity is undertaken	a) Registered and Corporate Office at Kochi, Kerala, India b) Own Manufacturing Locations – 8 facilities spread across Coimbatore, Kashipur, Kala Amb, Perundurai and Sikkim c) Branch Offices – 30
10.	Markets served by the Company	The Company predominantly caters to the domestic market with share of exports being negligible.
11.	Subsidiary Information	During the year under review, the Company has acquired 74% equity of GUTS Electro-Mech Ltd., Hyderabad. Information on subsidiary company are as follows: Reg. office address: 163/C, 164/E, Phase II, IDA, Cherlapally, Hyderabad, Telengana- 500051 The subsidiary Company is engaged in manufacturing and selling of switchgears, circuit breakers, relays, current transformers and similar electromechanical products. Its plants are located at Hyderabad and Haridwar.

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹ 42.57 crores
2.	Total Turnover	₹ 2321.27 crores (Standalone)
3.	Total Profit After Taxes	₹ 133.09 crores
4.	Total Spending on Corporate Social Responsibility	a) Avg Profit for last 3 financial years - ₹ 158.33 crores b) CSR spent for FY 18 = ₹ 3.18 crores
5.	List of activities, in which expenditure in 4 above, has been incurred	a) Promoting education by way of undertaking various programs / projects. b) Implementing health care improvement programs and projects. c) Environment protection initiatives and contribution to various relief activities. d) Promotion of sports, arts and culture.

## SECTION C - BUSINESS RESPONSIBILITY INFORMATION

### 1. Details of Director / Directors responsible for BR:

#### a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

DIN : 00027610  
 Name : Mr. Mithun K Chittilappilly  
 Designation : Managing Director

#### b) Details of the BR Head:

Name : Mr. Ramachandran V  
 Designation : Director & Chief Operating Officer  
 Telephone No. : 0484 – 300 5000  
 Email ID : mail@vguard.in

### 2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):

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 marginalized.

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 compliance (reply in Y/N)

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policy for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Yes. During the formulation of policies, relevant internal and external stakeholders were consulted, wherever deem necessary.								
3.	Does the policy conform to any national / international standards? If Yes, specify?	Yes. Policies have been developed considering relevant national and international standards.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes. Wherever required approval from the Board was obtained in adopting various policies and other Policies which were not required to be approved by the Board have been approved by the Management Committee.								

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Does the Company have a specified committee of the Board /Director / Official to oversee the implementation of the policy?	Yes. The Internal Audit Division of the Company oversee the functioning of the policy.								
6. Indicate the link for the policy to be viewed online?	Policies are uploaded in the website of the Company at <a href="http://www.vguard.in">www.vguard.in</a> and in the Company's intranet portal.								
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8. Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10. Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	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: (Tick up to 2 options)**

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)									

## SECTION D - 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 formulated policy for its Directors, Senior Management and employees.   |
| 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof. | Seven investor complaints were received during the FY 2017-18. No complaint was outstanding as on March 31, 2018. 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 consumes less energy and confirming to energy standards. |
| 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:                                      | <b>Energy and Water reduction in manufacturing process of Solar Water Heaters</b><br>Energy consumed in units per production unit: 5.05 units (FY 2017-18); 4.85 units (FY 2016-17)<br>Water consumed in liters per production unit: 380.93 liters (FY 17-18); 380.02 liters (FY 16-17)   |
| a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?   | <b>Energy reduction in manufacturing process of Solar Inverters</b><br>Energy consumed in units per production unit: 7166 units (FY 2017-18); 9176 units (FY 2016-17)<br>Owing to constant innovations and focus on performance, less energy consuming products were developed which would result into reduction of energy use by customers. However, the tracking of such reduction by end consumer is not feasible.   |
| b) Reduction during usage by consumers (energy, water) has been achieved since the previous year.   |   |
| 3. 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 number of employees	2096 (permanent) as on March 31, 2018.
2. Number of employees hired on temporary/ contractual/ casual basis	580 employees are coming under off roll employment.
3. Number of permanent women employees	145
4. Number of permanent employees with disabilities	Nil
5. Employee associations recognized by the management	No
6. Percentage of permanent employees that are members of recognized 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	Nil
8. Percentage of under-mentioned employees that were given safety and skill upgradation training in the previous year	<ol style="list-style-type: none"> <li>1. Permanent Employees – 100%</li> <li>2. Permanent Women Employees – 100%</li> <li>3. Contractual employees – Requisite trainings were given to the contractual employees. However, percentage wise database for training given to such employees has not been maintained.</li> <li>4. Employees with Disabilities -NA</li> </ol>

### PRINCIPLE 4: BUSINESS 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 identified employees, customers (OEMs) consumers and dealers, investors, shareholders etc. and mapped them as internal and external stakeholders.
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	The Company has identified the disadvantaged, vulnerable and marginalized stakeholders around its units and identifying their needs and priorities so as to serve these needs accordingly.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?	Yes. The Company provides healthcare facilities and doing various CSR activities in the area of education, vocational skills, training sanitation, making safe drinking water available etc., to underprivileged stakeholders in the society.

### 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 / JVs / Suppliers / Contractors / NGOs / Others?	The Company believes in upholding human rights of all stakeholders associated with it.
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's Environment, Health and Safety Policy covers all employees- permanent and contract employees.
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 products do not have any hazardous or harmful impact on the environment. The Company has set up mechanism for rain water harvesting and waste water recycling at its various establishments/locations.
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?	Yes. 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 has taken up initiatives on Clean Technology and energy efficiency. Innovative technologies are adopted to roll out products which consumes less energy and more focus is given on renewable energy products. The Company has installed solar water heaters and led lamps at its factories and automatic lighting system in its Corporate Office with a view to reduce energy consumption.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes
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)
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Presently, the Company is carrying out activities on advancement or improvement of public good directly.



## PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company undertakes the initiatives through the CSR Committee of the Board as per the CSR Policy of the Company. Please refer the Report on the CSR activities forming part of the Annual Report for the financial year 2017-18.
2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	The programs are undertaken directly as well as through agencies.
3. Have you done any impact assessment of your initiative?	No. However, the Management Committee internally performs assessment of its initiatives on frequent intervals.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Please refer the Report on the CSR activities forming part of the Annual Report for the financial year 2017-18 containing the details on CSR spending.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Yes. These programs essentially target marginalized and underprivileged sections of the society, identified as per the community's needs. Proper follow ups are being made to ensure the implementation of the development initiatives.

## 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.	The Company addresses the Consumer Complaints proactively and have a mechanism in place to attend and resolve the complaints within 48 hours of lodgement of any complaint. The entire complaints received were successfully resolved as on March 31, 2018. There were 8 consumer related legal cases as on March 31, 2018.
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. All the Company's products carry the information required under the Legal Metrology Act, 2009.
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.	None
5. Did your company carry out any consumer survey/consumer satisfaction trends?	Yes. The Company has carried out a customer satisfaction survey and the results show that majority of the customers are satisfied with the Company's products and services.

# INDEPENDENT AUDITOR'S REPORT

To the Members of

**V-Guard Industries Limited**

## REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

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, 2018, 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 a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY 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 Companies Act, 2013 ("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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under

the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. 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.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

Kochi

May 30, 2018

# ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF V-GUARD INDUSTRIES LIMITED

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year 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, 2018 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	16.04	2013-14	6.04	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Value Added Tax Act	Value added tax	148.24	2013-14 & 2014-15	64.41	Joint Commissioner of Commercial Taxes (Appeals)
Central Excise Act, 1944	Excise Duty	4.10	2003-04 to 2008-09	-	Central Excise Service Tax Appellate Tribunal
Andhra Pradesh Value Added Tax Act	Value added tax	12.82	April 2006 to June 2010	3.20	Appellate Tribunal (Commercial Taxes), Telangana
Andhra Pradesh Value Added Tax Act	Value added tax	88.67	2014-15 & 2015-16	31.22	Appellate Deputy Commissioner (Commercial Taxes)
Karnataka Value Added Tax Act	Value added tax	10.91	2011-12	-	Joint Commissioner Commercial Taxes (Appeals)
Income Tax Act, 1961	Income tax	2,129.52	AY 2008-09 and AY 2010-11 to AY 2014-15	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 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

Kochi  
May 30, 2018

per **Aditya Vikram Bhauwala**  
Partner  
Membership Number: 208382

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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")

We have audited the internal financial controls over financial reporting of V-Guard Industries Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 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 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 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 financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these standalone 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 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 FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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 financial statements

and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, 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

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

Kochi

May 30, 2018

# BALANCE SHEET

as at March 31, 2018

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A. ASSETS</b>				
<b>1. Non-current assets</b>				
Property, plant & equipment	3	19,644.21	16,368.08	15,520.00
Capital work-in-progress	3	746.42	1,041.64	7.72
Investment property	4	27.90	27.00	-
Other intangible assets	5	414.39	469.50	581.51
Financial assets				
(a) Investment in subsidiary	6	884.95	-	-
(b) Loans	7	732.49	674.41	578.81
(c) Other financial assets	8	763.95	606.58	562.90
Income tax assets (net)	9	713.30	713.24	612.30
Other non-current assets	10	750.73	1,349.21	298.64
		<b>24,678.34</b>	<b>21,249.66</b>	<b>18,161.88</b>
<b>2. Current assets</b>				
Inventories	11	31,051.11	27,433.44	20,765.37
Financial assets				
(a) Investments	12	7,516.04	8,887.02	1,939.05
(b) Trade receivables	13	44,448.58	31,211.81	28,266.27
(c) Cash and cash equivalents	14A	470.84	1,466.66	643.68
(d) Other bank balances	14B	33.05	29.71	46.89
(e) Loans	15	250.47	271.51	102.70
(f) Other financial assets	16	100.41	461.62	132.84
Other current assets	17	6,915.57	2,415.72	2,192.36
		<b>90,786.07</b>	<b>72,177.49</b>	<b>54,089.16</b>
<b>TOTAL ASSETS</b>		<b>115,464.41</b>	<b>93,427.15</b>	<b>72,251.04</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
Equity Share capital	18	4,256.76	4,246.54	3,008.52
Other Equity *		70,904.65	59,189.53	44,699.69
<b>TOTAL EQUITY</b>		<b>75,161.41</b>	<b>63,436.07</b>	<b>47,708.21</b>
<b>2. Non-current liabilities</b>				
Financial liabilities				
(a) Borrowings	19	-	240.00	560.00
(b) Other financial liabilities	20	333.81	-	-
Provisions	21	844.48	671.59	546.29
Deferred tax liabilities (net)	22	294.99	398.64	601.42
		<b>1,473.28</b>	<b>1,310.23</b>	<b>1,707.71</b>
<b>3. Current liabilities</b>				
Financial liabilities				
(a) Borrowings	23	-	6.33	1,211.11
(b) Trade payables	24	32,858.80	21,861.05	15,110.61
(c) Other financial liabilities	25	2,021.30	1,991.68	1,800.69
Other current liabilities	26	792.69	2,298.26	2,226.75
Provisions	27	2,673.95	2,476.64	2,019.16
Current tax liabilities (net)	28	482.98	46.89	466.80
		<b>38,829.72</b>	<b>28,680.85</b>	<b>22,835.12</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,464.41</b>	<b>93,427.15</b>	<b>72,251.04</b>
* 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

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

Place : Kochi  
Date : May 30, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : May 30, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

(₹ in lakhs)

Particulars	Notes	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>1 Income</b>			
(a) Revenue from operations	29	232,127.11	211,420.40
(b) Other income	30	745.21	858.86
(c) Finance Income	31	366.23	487.27
<b>Total Income</b>		<b>233,238.55</b>	<b>212,766.53</b>
<b>2 Expenses</b>			
(a) Cost of raw materials consumed	32.a	63,788.68	58,546.55
(b) Purchase of stock in trade		100,566.15	94,520.12
(c) (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32.b	(2,840.63)	(5,268.66)
(d) Excise duty on sale of goods		953.42	2,856.45
(e) Employee benefits expense	33	17,020.35	14,394.70
(f) Depreciation and amortisation expense	3&5	1,911.15	1,623.53
(g) Finance costs	34	166.07	210.06
(h) Other expenses	35	33,945.67	25,510.34
<b>Total expenses</b>		<b>215,510.86</b>	<b>192,393.09</b>
<b>3 Profit before tax (1 - 2)</b>		<b>17,727.69</b>	<b>20,373.44</b>
<b>4 Tax expenses</b>	<b>37</b>		
(a) Current tax expense		4,453.80	6,071.67
(b) Deferred tax		(103.65)	(202.78)
(c) Current tax relating to earlier years		68.84	43.02
<b>Total Income Tax</b>		<b>4,418.99</b>	<b>5,911.91</b>
<b>5 Profit for the year (3 - 4)</b>		<b>13,308.70</b>	<b>14,461.53</b>
<b>6 Other Comprehensive income/ (loss)</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
(a) Re-measurement gains/ (losses) on defined benefit plans		(14.59)	(259.66)
(b) Income tax effect		3.82	74.78
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(10.77)</b>	<b>(184.88)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>13,297.93</b>	<b>14,276.65</b>
<b>7 Earnings per equity share (basic and diluted) (₹) :</b>	<b>44</b>		
(Nominal value of equity share - ₹ 1)			
Basic earnings per share		3.13	3.42
Diluted earnings per share		3.08	3.37
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

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

Place : Kochi  
Date : May 30, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : May 30, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
<b>As at 1st April, 2016</b>	<b>30,085,244</b>	<b>3,008.52</b>
Add Equity shares issued under ESOS 2013 (Face value of ₹ 10 per share)	95,275	9.53
Add Increase on account of sub-division of shares	271,624,671	-
Add Equity shares issued under ESOS 2013 (Face value of ₹ 1 per share)	1,519,425	15.19
Add Increase on account of bonus issue	121,329,846	1,213.30
<b>As at 31st March, 2017</b>	<b>424,654,461</b>	<b>4,246.54</b>
Add Equity shares issued under ESOS 2013	1,021,170	10.22
<b>As at 31st March, 2018</b>	<b>425,675,631</b>	<b>4,256.76</b>

## B) Other Equity

Particulars	Attributable to the equity holders				Total
	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	
<b>As at 1st April, 2016</b>	<b>6,373.62</b>	<b>6,489.01</b>	<b>30,801.31</b>	<b>1,035.75</b>	<b>44,699.69</b>
Net profit for the year	-	-	14,461.53	-	14,461.53
Other comprehensive income for the year	-	-	-	-	-
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	(184.88)	-	(184.88)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>14,276.65</b>	<b>-</b>	<b>14,276.65</b>
Issue of bonus shares	-	-	(1,213.30)	-	(1,213.30)
Dividends (cash):	-	-	-	-	-
Final	-	-	(752.53)	-	(752.53)
Corporate Dividend Tax	-	-	(153.20)	-	(153.20)
Equity shares issued under ESOS 2013	899.27	-	-	-	899.27
Transfer from Share based payments reserve on exercise of options under ESOS 2013	390.51	-	-	(390.51)	-
Compensation on stock option granted	-	-	-	1,432.95	1,432.95
<b>As at 31st March, 2017</b>	<b>7,663.40</b>	<b>6,489.01</b>	<b>42,958.93</b>	<b>2,078.19</b>	<b>59,189.53</b>
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)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>13,297.93</b>	<b>-</b>	<b>13,297.93</b>
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 option granted	-	-	-	1,731.01	1,731.01
<b>As at 31st March, 2018</b>	<b>8,407.51</b>	<b>6,489.01</b>	<b>52,679.12</b>	<b>3,329.01</b>	<b>70,904.65</b>

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

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

Place : Kochi  
Date : May 30, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : May 30, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# CASH FLOW STATEMENT

for the year ended March 31, 2018

(₹ in lakhs)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
<b>A. Cash flow from operating activities</b>		
Profit before tax	17,727.69	20,373.44
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1,911.15	1,623.53
Loss on disposal of Property, Plant and Equipment (net)	77.71	133.87
Interest expense	66.27	96.92
Interest income	(106.29)	(137.08)
Fair value gain on financial instruments at fair value through profit or loss	(8.10)	-
Carrying value adjustment of put option liability	16.65	-
Dividend income on current investments	(483.40)	(417.60)
Net gain on sale of current investments	-	(86.41)
Trade and other receivables, loans and advances written off	26.19	46.46
Liabilities / provisions no longer required written back	(3.40)	(15.35)
Impairment allowance for receivables, loans and advances considered doubtful	370.81	670.44
Share based payments expense	1,731.01	1,432.95
	3,598.60	3,347.73
Operating profit before working capital changes	<b>21,326.29</b>	<b>23,721.17</b>
Movement in working capital		
(Increase)/Decrease in inventories	(3,617.67)	(6,668.07)
(Increase)/Decrease in trade receivables	(13,611.15)	(3,682.44)
(Increase)/Decrease in loans	(112.04)	(264.41)
(Increase)/Decrease in other financial and non financial assets	(4,315.00)	(645.70)
Increase/(Decrease) in trade payables	10,954.58	6,628.85
Increase/(Decrease) in provisions	355.61	323.12
Increase/(Decrease) in other financial and non financial liabilities	(1,486.08)	133.50
	(11,831.75)	(4,175.15)
Cash generated from operations	9,494.54	19,546.02
Income tax paid (net of refunds)	(4,082.79)	(6,560.76)
<b>Net cash flow from operating activities (A)</b>	<b>5,411.75</b>	<b>12,985.26</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment including Capital Work in Progress	(4,158.49)	(4,300.26)
Proceeds from sale of Property, plant and equipment	32.02	80.44
Acquisition of/ Addition to investment property	(0.90)	(27.00)
Investment in equity shares of Subsidiary Company	(618.26)	-
Purchase of current investments	(101,225.00)	(153,200.40)
Sale of current investments	102,595.98	146,338.84
Repayment of Inter corporate loan received	75.00	-
Interest income received - from banks, others	104.88	137.08
Dividend income on current investments	483.40	417.60
<b>Net cash flow used in investing activities (B)</b>	<b>(2,711.37)</b>	<b>(10,553.70)</b>

# CASH FLOW STATEMENT

for the year ended March 31, 2018 (contd.)

(₹ in lakhs)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of share options	274.14	923.99
Proceeds/ (repayment) of short term borrowings (net)	(6.33)	(1,204.78)
Repayment of long term borrowings	(320.00)	(325.14)
Interest paid	(66.27)	(96.92)
Dividends paid on equity shares(including Corporate Dividend Tax)	(3,577.74)	(905.73)
<b>Net cash flow used in financing activities (C)</b>	<b>(3,696.20)</b>	<b>(1,608.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(995.82)</b>	<b>822.98</b>
Cash and cash equivalents at the beginning of the year	1,466.66	643.68
<b>Cash and cash equivalents at the end of the year</b>	<b>470.84</b>	<b>1,466.66</b>
<b>Components of cash and cash equivalents</b>		
(a) Cash on hand	6.52	3.70
(b) Balances with bank:		
In Current accounts	464.32	462.96
In Fixed deposits with original maturity less than 3 months	-	1,000.00
	<b>470.84</b>	<b>1,466.66</b>

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

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

Place : Kochi  
Date : May 30, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : May 30, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary



## 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, LT 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 research and development facilities located at Head office, Kochi (Kerala) have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi. The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 30, 2018.

### 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).

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March

31, 2018 are the first financial statements, which have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standard) Rules, 2015. Refer Note No. 51 for information on how the Company adopted Ind-AS.

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 (₹) and all values are rounded to nearest lakhs (₹ 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
- Held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### b) Foreign currencies

The Company's financial statements are presented in ₹ which is also the Company's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

### c) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

The Company has a team comprising of members of senior management that determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The team decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

### d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ('ICAI'), the Company has assumed that recovery of excise duty flows to the Company on its own account. This is the reason that it is a liability of the manufacturer which forms part of the cost of

production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

#### 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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, 2018 comprise of land.

Investment properties are derecognised either when they have been disposed of 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 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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 realisable 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.

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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 provisions

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 with in 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:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, as the Company believes that it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### p) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase

in Share based payments reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

#### 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 through 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 date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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. 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 3 : PROPERTY, PLANT & EQUIPMENT

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total Capital Work in progress
<b>Cost</b>									(₹ in lakhs)
Deemed cost as at April 1, 2016	1,916.14	463.96	7,357.52	4,968.74	220.13	86.89	278.16	257.92	15,549.46
Additions	-	-	2.05	422.75	63.55	13.15	160.92	179.81	842.23
Disposals	-	-	-	(54.56)	(0.42)	(28.48)	(0.37)	(1.66)	(85.49)
Transfers	-	-	60.39	1,340.90	10.22	-	14.29	36.04	1,461.84
<b>At March 31, 2017</b>	<b>1,916.14</b>	<b>463.96</b>	<b>7,419.96</b>	<b>6,677.83</b>	<b>293.48</b>	<b>71.56</b>	<b>453.00</b>	<b>472.11</b>	<b>17,768.04</b>
Additions	-	-	7.20	559.84	109.95	42.69	165.62	283.47	1,168.77
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
<b>At March 31, 2018</b>	<b>1,916.14</b>	<b>463.96</b>	<b>8,954.54</b>	<b>8,876.70</b>	<b>580.74</b>	<b>114.25</b>	<b>842.54</b>	<b>993.08</b>	<b>22,741.95</b>
<b>Depreciation</b>									
As at April 1, 2016	-	29.46	-	-	-	-	-	-	29.46
Charge for the year	-	4.69	221.61	801.85	77.64	16.74	101.12	154.97	1,378.62
Disposals	-	-	-	(4.92)	(0.05)	(1.44)	(0.13)	(1.58)	(8.12)
<b>At March 31, 2017</b>	<b>-</b>	<b>34.15</b>	<b>221.61</b>	<b>796.93</b>	<b>77.59</b>	<b>15.30</b>	<b>100.99</b>	<b>153.39</b>	<b>1,399.96</b>
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)
<b>At March 31, 2018</b>	<b>-</b>	<b>38.84</b>	<b>461.65</b>	<b>1,805.56</b>	<b>177.48</b>	<b>35.71</b>	<b>237.98</b>	<b>340.52</b>	<b>3,097.74</b>
<b>Net Block</b>									
At April 01, 2016	1,916.14	434.50	7,357.52	4,968.74	220.13	86.89	278.16	257.92	15,520.00
At March 31, 2017	1,916.14	429.81	7,198.35	5,880.90	215.89	56.26	352.01	318.72	16,368.08
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

### Notes:

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

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at 1st April, 2016	707.38	-	707.38
Additions/ Depreciation	-	30.64	-
As at 31st March, 2017	707.38	30.64	676.74
Additions/ Depreciation	1,000.65	43.93	-
As at 31st March, 2018	1,708.03	105.21	1,602.82

- Leasehold land represents land obtained on long term lease from State Industries Promotion Corporation of Tamilnadu Limited and considered as finance lease.
- The Company has not capitalised any borrowing cost in the current and previous year.
- Capital work in progress as at March 31, 2018 includes ₹ 435.01 lakhs which represents assets under constructions at various plants, warehouses and office buildings
- Land, buildings and plant with a carrying amount of ₹ 1,793 lakhs as at March 31, 2018 (March 31st 2017 - ₹ 2,070 lakhs, April 1, 2016 - ₹ 2,471 lakhs) are subject to a hypothecation to secure the Company's bank loans. Also refer note 19.
- During the previous year, the Company had 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.

Particulars	Amount (₹ in lakhs)
Rent	62.33
Power and fuel	36.61
Repairs and maintenance	25.18
Rates & Taxes	8.52
Others	26.26
<b>Total</b>	<b>158.90</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 4 : INVESTMENT PROPERTY (AT COST)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Opening balance at 1 April 2016	-	-	-
Additions (subsequent expenditure)	-	27.00	-
Closing balance at 31 March 2017	27.00	27.00	-
Additions (subsequent expenditure)	0.90	-	-
Closing balance at 31 March 2018	27.90	27.00	-

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
<b>Cost</b>			
Deemed cost as at April 1, 2016	576.91	4.60	581.51
Purchase / additions	132.90	-	132.90
At March 31, 2017	709.81	4.60	714.41
Purchase / additions	138.87	-	138.87
Disposals	-	-	-
At March 31, 2018	848.68	4.60	853.28
<b>Amortisation</b>			
As at April 1, 2016	-	-	-
Charge for the year	242.00	2.91	244.91
At March 31, 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
<b>Net block</b>			
At April 01, 2016	576.91	4.60	581.51
At March 31, 2017	467.81	1.69	469.50
At March 31, 2018	414.39	(0.00)	414.39

### NOTE 6: INVESTMENT IN SUBSIDIARY

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
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	-	-
<b>Total</b>	<b>884.95</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 7: LOANS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Inter corporate loan (Refer Note (i) below)	350.00	425.00	500.00
(b) Loans and advances to employees	60.38	69.75	78.81
(c) Other loans (Refer Note (ii) below)	322.11	179.66	-
<b>Total</b>	<b>732.49</b>	<b>674.41</b>	<b>578.81</b>

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. with effect from October 31, 2016 (March 31, 2016: 18% 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 8: OTHER FINANCIAL ASSETS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Security deposits (unsecured, considered good) (carried at amortised cost)	618.89	524.87	487.45
(b) Fixed deposits with banks (carried at amortised cost)	86.49	81.71	75.45
(c) Derivative Instrument - Call option (valued at fair value through profit or loss) (Refer note 40)	58.57	-	-
<b>Total</b>	<b>763.95</b>	<b>606.58</b>	<b>562.90</b>

### NOTE 9: INCOME TAX ASSETS (NET)

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance Income Tax (net of provisions)	713.30	713.24	612.30
<b>Total</b>	<b>713.30</b>	<b>713.24</b>	<b>612.30</b>

### NOTE 10: OTHER NON-CURRENT ASSETS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good unless other wise stated			
(a) Capital advances			
Considered good	517.51	1,169.00	185.49
Considered doubtful	-	-	20.00
	517.51	1,169.00	205.49
Less: Provision for doubtful advances	-	-	(20.00)
	517.51	1,169.00	185.49
(b) Deposits with statutory/government authorities	228.35	165.20	106.65
(c) Prepaid Expenses	4.87	15.01	6.50
<b>Total</b>	<b>750.73</b>	<b>1,349.21</b>	<b>298.64</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Raw Materials	4,092.17	3,341.59	2,050.66
(b) Work-in-Progress	1,475.66	1,464.44	1,022.97
(c) Finished Goods	7,663.24	5,837.06	5,148.61
(d) Stock-in-Trade	16,171.78	15,210.33	11,079.29
(e) Stores and Spares	1,161.15	1,119.37	1,111.67
(f) Packing Materials and Consumables	487.11	460.65	352.17
<b>Total</b>	<b>31,051.11</b>	<b>27,433.44</b>	<b>20,765.37</b>

#### Notes:

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

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials	566.96	581.20	280.65
Stock in Trade	1,289.50	1,527.35	1,084.04
Stores and Spares	72.24	9.21	18.20
Packing Materials and Consumables	27.34	26.24	14.76
<b>Total</b>	<b>1,956.04</b>	<b>2,144.00</b>	<b>1,397.65</b>

(b) During the year ended March 31, 2018, ₹ 211 lakhs (March 31, 2017: Nil) was recognised as an expense for inventories carried at net realisable value.

(c) Inventories are hypothecated with the banks against working capital limits. Refer note 23.

### NOTE 12: INVESTMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investments at fair value through profit or loss			
Investments in Mutual Funds (unquoted)			
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment 25.99 lakhs [31st March, 2017: 24.75 lakhs, 1st April, 2016: 5.34 lakhs] units of ₹ 100 each fully paid-up	2,606.87	2,479.69	535.47
(b) HDFC Liquid Fund Daily Dividend Reinvestment 1.52 lakhs [31st March, 2017: 2.06 lakhs, 1st April, 2016: 0.30 lakhs] units of ₹ 1000 each fully paid-up	1,552.07	2,103.79	300.28
(c) Reliance Liquid Fund Daily Dividend Reinvestment 0.07 lakhs [31st March, 2017: 0.07 lakhs, 1st April 2016: 0.59 lakhs] units of ₹ 1000 each fully paid-up	100.15	100.40	900.91

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(d) SBI Liquid Fund Daily Dividend Reinvestment 0.70 lakhs [31st March, 2017: 1.89 lakhs, 1st April 2016: 0.20 lakhs] units of ₹ 1000 each fully paid-up	701.12	1,900.58	202.39
(e) ICICI Liquid Fund Daily Dividend Reinvestment 24.52 lakhs [31st March, 2017: 22.01 lakhs, 1st April 2016: NIL] units of ₹ 100 each fully paid-up	2,455.83	2,202.56	-
(f) HDFC Charity Debt Fund 10.00 lakhs [31st March, 2017: 10.00 lakhs, 1st April, 2016: NIL] units of ₹ 10 each fully paid-up	100.00	100.00	-
<b>Total</b>	<b>7,516.04</b>	<b>8,887.02</b>	<b>1,939.05</b>

Note:

The aggregate book value and market value of unquoted investments as on March 31, 2018 amounted to ₹ 7,516.04 lakhs (March 31, 2017: ₹ 8,887.02 lakhs, April 1, 2016 : ₹ 1,939.05 lakhs)

### NOTE 13: TRADE RECEIVABLES

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured, considered good	1,632.86	1,232.46	1,298.07
Unsecured, considered good	42,815.72	29,979.35	26,968.20
Considered doubtful	2,489.58	2,141.39	1,450.95
	46,938.16	33,353.20	29,717.22
Less: Impairment allowance for trade receivables	(2,489.58)	(2,141.39)	(1,450.95)
<b>Total</b>	<b>44,448.58</b>	<b>31,211.81</b>	<b>28,266.27</b>

Notes:

- Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.
- 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.
- 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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>14A. Cash and cash equivalents</b>			
(a) Cash on hand	6.52	3.70	3.97
(b) Balances with Banks:			
In Current accounts	464.32	462.96	239.71
In Fixed deposits with original maturity less than 3 months	-	1,000.00	400.00
<b>Total</b>	<b>470.84</b>	<b>1,466.66</b>	<b>643.68</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>14B. Other bank balances</b>			
(a) Unpaid dividend accounts	33.05	29.71	46.89
(b) Fixed deposits (Refer note (i) below)	86.49	81.71	75.45
<b>Total</b>	<b>119.54</b>	<b>111.42</b>	<b>122.34</b>
Less: Amount disclosed under other non-current financial assets	(86.49)	(81.71)	(75.45)
<b>Total</b>	<b>33.05</b>	<b>29.71</b>	<b>46.89</b>

Notes:

- Includes deposits of ₹ 77.75 lakhs (March 31, 2017: ₹ 72.98 lakhs, April 1, 2016 : ₹ 68.03 lakhs) provided as security against bank guarantees.
- At March 31, 2018, the Company had available ₹ 25,558 lakhs (March 31, 2017: ₹ 14,993.67 lakhs, April 1, 2016: ₹ 14,846.39 lakhs) of undrawn committed borrowing/credit facilities.
- Changes in liabilities arising from financing activities are as follows:

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Long Term Borrowings		Current maturities of Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at 1st April	240.00	560.00	320.00	325.14	6.33	1,211.11
Cash Flows	-	-	(320.00)	(325.14)	(6.33)	(1,204.78)
Other*	(240.00)	(320.00)	240.00	320.00	-	-
<b>Balance outstanding as at 31st March</b>	<b>-</b>	<b>240.00</b>	<b>240.00</b>	<b>320.00</b>	<b>-</b>	<b>6.33</b>

\*Reclassification to current maturities

### NOTE 15: LOANS (CURRENT)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Inter corporate loan (Refer Note 7(i))	75.00	75.00	-
(b) Loans and advances to employees	89.48	98.16	102.70
(c) Other loans (Refer Note 7(ii))	85.99	98.35	-
<b>Total</b>	<b>250.47</b>	<b>271.51</b>	<b>102.70</b>

### NOTE 16: OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Security deposits	93.73	86.66	35.20
(b) Other receivables	6.68	374.96	97.64
<b>Total</b>	<b>100.41</b>	<b>461.62</b>	<b>132.84</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 17: OTHER CURRENT ASSETS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good unless other wise stated			
(a) Advance to suppliers (Refer note below)			
Considered good	1,808.03	1,758.90	1,605.10
Considered doubtful	44.35	21.73	21.73
	<b>1,852.38</b>	<b>1,780.63</b>	<b>1,626.83</b>
Less: Provision for doubtful advances	(44.35)	(21.73)	(21.73)
	<b>1,808.03</b>	<b>1,758.90</b>	<b>1,605.10</b>
(b) Balances with government authorities	4,289.67	198.18	130.75
(c) Prepaid expenses	726.57	417.60	286.30
(d) Others	91.30	41.04	170.21
<b>Total</b>	<b>6,915.57</b>	<b>2,415.72</b>	<b>2,192.36</b>

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

### NOTE 18: SHARE CAPITAL

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
<b>(a) Authorised:</b>						
Equity shares of ₹ 1/- (March 31st, 2017: ₹ 1/-, 1st April 2016 - ₹ 10/-) each with voting rights (Refer Note (i) below)	500,000,000	5,000.00	500,000,000	5,000.00	35,000,000	3,500.00
<b>(b) Issued, subscribed and fully paid-up:</b>						
Equity shares of ₹ 1/- (March 31st, 2017: ₹ 1/-, April 1st, 2016 - ₹ 10/-) each with voting rights (Refer Note (i) below)	425,675,631	4,256.76	424,654,461	4,246.54	30,085,244	3,008.52

#### Note (i) - Increase in Authorised Share Capital

The Company increased its Authorised Share Capital from ₹ 3,500 lakhs to ₹ 4,000 lakhs vide shareholders' approval at the Annual General Meeting held on July 26, 2016. In the Extra Ordinary General Meeting (EGM) held on March 6, 2017 vide shareholders' approval, the Company further increased the Authorised Share Capital from ₹ 4,000 lakhs to ₹ 5,000 lakhs.

#### Note (ii) - Sub division of equity shares

Pursuant to shareholders' approval at the Annual General Meeting held on July 26, 2016, the Company sub-divided the face value of equity shares of ₹ 10 each into ten equity shares of ₹ 1 each on the record date of August 31, 2016.

#### Note (iii) - Issue of Bonus shares

The Company has allotted 121,329,846 fully paid up equity shares of ₹ 1 each on March 17, 2017 pursuant to 2:5 bonus share issue approved by the shareholders in the Extra Ordinary General Meeting (EGM) held on March 6, 2017, by capitalising the Surplus in the statement of profit and loss amounting to ₹ 1,213.30 lakhs.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	424,654,461	4,246.54	30,085,244	3,008.52
Issued during the period – ESOP (Pre Share split)	-	-	95,275	9.53
Increase on account of Share Split	-	-	271,624,671	-
Issued during the period – ESOP (Post Share split)	1,021,170	10.22	1,519,425	15.19
Issued during the period – Bonus issue	-	-	121,329,846	1,213.30
<b>Outstanding at the end of the period</b>	<b>425,675,631</b>	<b>4,256.76</b>	<b>424,654,461</b>	<b>4,246.54</b>

**(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, 2017: ₹ 1 per share, April 1, 2016: ₹ 10 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 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares held	% holding in that class of shares	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	79,343,252	18.64%	82,323,252	19.39%	7,366,518	24.49%
Ms. Sheela Kochouseph	46,484,578	10.92%	46,484,578	10.95%	3,320,327	11.04%
Mr. Arun K Chittilappilly	55,575,758	13.06%	55,575,758	13.09%	3,969,697	13.19%
Mr. Mithun K Chittilappilly	71,551,452	16.81%	71,551,452	16.85%	5,110,318	16.99%

\*adjusted for sub division of shares and issue of bonus shares

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	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	-	121,329,846

In addition, the Company has issued 3,398,410 shares of face value of ₹ 1 each (March 31, 2017: 237,724 shares of face value of ₹ 10 each, March 31, 2016: 125,621 shares of face value of ₹ 10 each) 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (e) Distribution made and proposed

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2017 - ₹ 0.70 per share of face value of ₹ 1 each (March 31, 2016 - ₹ 2.50 per share of face value of ₹ 10 each)	2,972.58	752.53
Dividend distribution tax on final dividend	605.16	153.20
	<b>3,577.74</b>	<b>905.73</b>
Proposed dividends on equity shares:		
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)	2,979.73	2,972.58
Dividend distribution tax (DDT) on proposed dividend	606.61	605.16
	<b>3,586.34</b>	<b>3,577.74</b>

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

## NOTE 19: BORROWINGS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Term loans			
From banks - secured	-	240.00	560.00
(b) Current maturities of long-term borrowings			
From banks - secured	240.00	320.00	324.37
From others - secured	-	-	0.77
	<b>240.00</b>	<b>560.00</b>	<b>885.14</b>
Less: Amount disclosed under the head "other current financial liabilities" (note 25)	(240.00)	(320.00)	(325.14)
<b>Total</b>	<b>-</b>	<b>240.00</b>	<b>560.00</b>

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

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>From banks</b>			
Axis Bank Ltd.	-	-	4.37
The term loan was secured by hypothecation of the vehicle financed. Repayment term was in 60 equated monthly installments of ₹ 0.40 lakhs from 15.04.2012 to 15.03.2017. Interest rate was 10.69% p.a.			

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Development Bank of Singapore (DBS) Term Loan drawn in two tranches, is 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). Interest rate is 10.70% p.a for the first drawdown of ₹ 1,000 lakhs and 11.20% for the second drawdown of ₹ 600 lakhs.	240.00	560.00	880.00
<b>Total (A)</b>	<b>240.00</b>	<b>560.00</b>	<b>884.37</b>
From others BMW India Financial Services Private Limited The term loan was secured by hypothecation of the vehicle financed. Repayment term was 60 equated monthly installments of ₹ 0.78 lakhs from 01.05.2011 to 01.04.2016. The loan has been fully repaid as on 31st March, 2017. Interest rate was 9.60% p.a.	-	-	0.77
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>0.77</b>
<b>Total (A + B)</b>	<b>240.00</b>	<b>560.00</b>	<b>885.14</b>

- (ii) The secured loan from DBS contains 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 other loans do not carry any debt covenant. The Company has not defaulted on any loans payable.

### NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Put Option liability (carried at amortised cost) (Refer Note 40)	333.81	-	-
<b>Total</b>	<b>333.81</b>	<b>-</b>	<b>-</b>

### NOTE 21: PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Provision for warranty (Refer Note 27)	844.48	671.59	546.29
<b>Total</b>	<b>844.48</b>	<b>671.59</b>	<b>546.29</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 22: DEFERRED TAX LIABILITY

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Tax effect of items constituting deferred tax liability			
On difference between book balance and tax balance of plant, property and equipments	1,606.52	1,470.81	1,366.35
	<b>1,606.52</b>	<b>1,470.81</b>	<b>1,366.35</b>
Tax effect of items constituting deferred tax assets			
Impairment allowance for trade receivables	(995.82)	(748.60)	(516.58)
Disallowances under Section 43B of the Income Tax Act, 1961	(315.71)	(245.41)	(170.19)
Others	-	(78.16)	(78.16)
	<b>(1,311.53)</b>	<b>(1,072.17)</b>	<b>(764.93)</b>
<b>Net deferred tax liability / (asset)</b>	<b>294.99</b>	<b>398.64</b>	<b>601.42</b>

### NOTE 23: BORROWINGS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Cash credit from banks-Secured (Refer Note (a) below)	-	6.33	153.61
(b) Other working capital facilities from banks - Unsecured (Refer Note (b) below)	-	-	1,057.50
<b>Total</b>	<b>-</b>	<b>6.33</b>	<b>1,211.11</b>

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 9.63% to 11.40% p.a. (March 31, 2017: 9.63% to 11.40% p.a., April 1, 2016: varying from 9.65% 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 which varies from 0% to 25% of the respective sanctioned limit. As at March 31, 2018 and March 31, 2017, based on the revised terms of the facilities, there is no recourse on the Company. The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2018 is Nil (March 31, 2017: Nil, March 31, 2016: ₹ 1,057.50 lakhs) and is included under Borrowings.

### NOTE 24: TRADE PAYABLES

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Dues to micro enterprises and small enterprises	5,214.85	2,904.62	2,413.51
(b) Others	27,643.95	18,956.43	12,697.10
<b>Total</b>	<b>32,858.80</b>	<b>21,861.05</b>	<b>15,110.61</b>

(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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(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	5,214.85	2,904.62	2,413.51
Interest due on above	0.02	-	0.01
	<b>5,214.87</b>	<b>2,904.62</b>	<b>2,413.52</b>
(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	1.04	1.77	1.24
(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 FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Carried at amortised cost)			
(a) Current maturities of long-term borrowings (Refer Note 19)	240.00	320.00	325.14
(b) Interest accrued but not due on borrowings	-	0.02	-
(c) Unpaid dividends (unpresented dividend warrants)	33.05	29.71	46.89
(d) Trade / Security Deposits received	1,304.12	1,291.70	1,209.86
(e) Capital creditors	314.09	223.94	89.82
(f) Other Payables	130.04	126.31	128.98
<b>Total</b>	<b>2,021.30</b>	<b>1,991.68</b>	<b>1,800.69</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 26: OTHER CURRENT LIABILITIES

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Statutory dues	479.37	2,159.88	2,104.12
(b) Advances from customers	271.50	107.11	122.38
(c) Others	41.82	31.27	0.25
<b>Total</b>	<b>792.69</b>	<b>2,298.26</b>	<b>2,226.75</b>

### NOTE 27: PROVISIONS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Provision for employee benefits			
(i) Provision for leave benefits	818.62	709.14	491.77
(ii) Provision for gratuity (Refer note 41)	93.63	210.14	-
(b) Other provisions			
(i) Provision for warranty (see note below)	1,761.70	1,557.36	1,527.39
<b>Total</b>	<b>2,673.95</b>	<b>2,476.64</b>	<b>2,019.16</b>

#### Movement in provisions for warranty:

Particulars	Amount (₹ in lakhs)
Balance as on 1st April 2016 (current + non current)	2,073.68
Additions	1,682.66
Utilisation/ Reversal/ Payments	(1,527.39)
<b>Balance as on March 31, 2017 (current + non current)</b>	<b>2,228.95</b>
Additions	1,944.54
Utilisation/ Reversal/ Payments	(1,567.31)
<b>Balance as on 31st March 2018 (current + non current)</b>	<b>2,606.18</b>

### NOTE 28: CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Income Tax	482.98	46.89	466.80
<b>Total</b>	<b>482.98</b>	<b>46.89</b>	<b>466.80</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 29: REVENUE FROM OPERATIONS

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Sale of products (inclusive of excise duty) (Refer note (i) below)	229,483.08	210,312.05
(b) Other operating revenues:		
Service charges	13.12	24.04
Sale of scrap	1,337.99	1,084.31
Government budgetary support (Refer note (ii) below)	1,292.92	-
	<b>2,644.03</b>	<b>1,108.35</b>
<b>Total</b>	<b>232,127.11</b>	<b>211,420.40</b>

Notes:

- (i) Sale of products includes excise duty collected from customers of ₹ 953.42 lakhs (Year ended March 31, 2017: ₹ 2,856.45 lakhs). Sale of products net of excise duty is ₹ 228,529.66 lakhs (Year ended March 31, 2017: ₹ 207,455.60 lakhs). Sales for periods up to 30th June, 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, 2018 is strictly not comparable with Sales for the year ended March 31, 2017.
- (ii) The Company is entitled to 'Scheme of budgetary support' under Goods and Service Tax Regime in respect of eligible manufacturing units located in specified regions.

### NOTE 30: OTHER INCOME

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Other non-operating Income (Refer Note (i) below)	745.21	858.86
<b>Total</b>	<b>745.21</b>	<b>858.86</b>

Note(i) Other non-operating income comprises:

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Dividend income on current investments	483.40	417.60
Net gain on sale of current investments	-	86.41
Mould hire charges	40.81	63.11
Liabilities / provisions no longer required written back	3.40	15.35
Fair value gain on financial instruments at fair value through profit or loss	8.10	-
Miscellaneous income	209.50	276.39
<b>Total</b>	<b>745.21</b>	<b>858.86</b>

### NOTE 31: FINANCE INCOME

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Income comprises:		
Interest income on overdue trade receivable	259.94	350.19
From banks on deposits	7.00	30.67
On loans and advances	99.29	106.41
	<b>366.23</b>	<b>487.27</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 32.a: COST OF RAW MATERIALS CONSUMED

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Inventory at the beginning of the year	3,341.59	2,050.66
Add: Purchases	64,539.26	59,837.48
	<b>67,880.85</b>	<b>61,888.14</b>
Less: Inventory at the end of the year	4,092.17	3,341.59
<b>Total</b>	<b>63,788.68</b>	<b>58,546.55</b>

### NOTE 32.b (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Inventories at the end 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
<b>Total (A)</b>	<b>26,471.83</b>	<b>23,631.20</b>
Inventories at the beginning of the year:		
Finished goods	5,837.06	5,148.61
Work-in-progress	1,464.44	1,022.97
Traded goods (including spares)	16,329.70	12,190.96
<b>Total (B)</b>	<b>23,631.20</b>	<b>18,362.54</b>
(Increase)/decrease in inventories		
Finished goods	(1,826.18)	(688.45)
Work-in-progress	(11.22)	(441.47)
Traded goods (including spares)	(1,003.23)	(4,138.74)
<b>Net (increase) / decrease (B - A)</b>	<b>(2,840.63)</b>	<b>(5,268.66)</b>

### NOTE 33: EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Salaries, wages and bonus (Refer Note 38)	13,746.64	11,656.26
(b) Contributions to provident and other funds	711.84	580.13
(c) Share based payment expense (Refer Note 45)	1,731.01	1,432.95
(d) Gratuity expense (Refer Note 41)	213.23	176.41
(e) Staff welfare expenses	617.63	548.95
<b>Total</b>	<b>17,020.35</b>	<b>14,394.70</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 34: FINANCE COSTS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Interest expense on:</b>		
(i) Borrowings	66.27	95.42
(ii) Others		
- Interest on deposits from distributors	99.80	113.14
- Other interest	-	1.50
<b>Total</b>	<b>166.07</b>	<b>210.06</b>

### NOTE 35: OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Consumption of stores and spare parts	465.94	648.33
Consumption of packing materials	1,970.85	1,690.23
Power and fuel	1,348.96	1,121.47
Rent	1,486.60	1,057.61
Repairs and maintenance - Buildings	47.88	57.01
Repairs and maintenance - Plant and machinery	257.12	175.75
Repairs and maintenance - Others	1,156.22	888.93
Insurance	204.54	74.35
Rates and taxes	270.78	570.30
Communication costs	384.98	363.09
Travelling and conveyance	2,259.39	1,862.91
Printing and stationery	67.81	61.58
Freight and forwarding charges	2,785.32	2,467.29
Commission/ Brokerage	341.03	366.87
Advertisement and business promotion expenses	9,913.19	5,290.52
Donations and contributions	1.05	5.38
CSR expenditure (refer note 36)	318.08	239.13
Legal and professional fees	1,569.60	754.29
Directors' sitting fees	8.60	11.90
Payments to statutory auditors (refer note (i) below)	63.25	63.39
Trade and other receivables, loans and advances written off	26.19	46.46
Loss on foreign currency transactions and translation (net)	28.71	29.93
Loss on property, plant and equipment sold / scrapped / written off (net)	77.71	133.87
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	370.81	670.44
Increase/ (decrease) of excise duty on inventory	(113.17)	38.08
Outsourced manpower cost	2,715.03	2,005.08
Warranty expenses	3,629.56	3,066.16
Contributions to political parties (Refer note (ii) below)	0.18	1.08
Miscellaneous expenses	2,289.46	1,748.91
<b>Total</b>	<b>33,945.67</b>	<b>25,510.34</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Notes:

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>(i) Payments to Statutory Auditors comprises:</b>		
Statutory Audit Fees	35.00	30.00
Tax Audit Fees	3.50	2.50
Limited Review Fees	15.00	14.00
Fees for Other Services (certifications)	4.00	3.55
Reimbursement of Expenses	5.75	5.09
Service Tax	-	8.25
<b>Total</b>	<b>63.25</b>	<b>63.39</b>
<b>(ii) Contribution to political parties</b>		
United Democratic Front	-	0.40
Bharatiya Janatha Party	0.07	0.33
Communist Party of India (Marxist)	0.06	0.20
Indian National Congress	-	0.05
Indian National Congress (I)	-	0.10
Bhartiya Mazdoor Sangh	0.05	-
<b>Total</b>	<b>0.18</b>	<b>1.08</b>

### NOTE 36: DETAILS OF CSR EXPENDITURE

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a) Gross amount required to be spend during the year	316.95	238.74
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	318.08	239.13
(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, 2018 and March 31, 2017 are:

#### (a) Statement of profit and loss

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Current income tax</b>		
Current income tax charge	4,453.80	6,071.67
Adjustment of tax relating to earlier years	68.84	43.02
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	(103.65)	(202.78)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>4,418.99</b>	<b>5,911.91</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (b) OCI section

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Re-measurement (gains)/losses on defined benefit plans	(14.59)	(259.66)
Income tax related to items recognised in OCI during the year	3.82	74.78

### (c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Accounting profit before income tax	17,727.69	20,373.44
Applicable tax rate	34.608%	34.608%
Computed tax expense at statutory rate	6,135.20	7,050.84
Adjustments in respect of current income tax of previous years	68.84	43.02
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(1,483.22)	(1,113.54)
Tax benefits under section 35(2AB)	(217.51)	(381.69)
Income exempted from tax.	(167.30)	(144.52)
Ind-AS transition adjustment - ESOP Cost	-	312.63
Other non-deductible expenses	82.98	145.17
<b>Income tax charged to the Statement of Profit and loss at the effective income tax rate of 25% (31 March 2017: 29%)</b>	<b>4,418.99</b>	<b>5,911.91</b>

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

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Accelerated Depreciation for tax purposes	135.71	104.46
Impairment allowance for trade receivables	(247.22)	(232.02)
Disallowances under Section 43B of the Income Tax Act, 1961	(70.30)	(75.22)
Others	78.16	-
<b>Total</b>	<b>(103.65)</b>	<b>(202.78)</b>

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

(₹ in lakhs)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance as of 1 April	398.64	601.42
Tax income/(expense) during the period recognised in statement of profit and loss (refer note 37 (d) above)	(103.65)	(202.78)
<b>Closing balance as at 31 March</b>	<b>294.99</b>	<b>398.64</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 38: DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Materials	159.99	120.28
Employee benefits expense	910.48	739.21
Travelling expenses	88.69	80.92
Fixed Assets	77.77	133.46
Others	19.71	17.59
	<b>1,256.64</b>	<b>1,091.46</b>

### 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:

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Payable not later than one year	454.95	543.68	116.35
Payable later than one year and not later than five years	556.63	1,011.58	288.56
Payable later than five years	-	-	-
<b>Total</b>	<b>1,011.58</b>	<b>1,555.26</b>	<b>404.91</b>

#### B) Capital Commitments (Net of advances)

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	475.32	636.92	201.62

#### C) Contingent Liabilities

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(i) Litigations (see note below)</b>			
(a) Claims against the Company not acknowledged as debt	256.67	299.72	302.22
(b) Direct tax matters under dispute / pending before Income Tax Authorities	1,835.29	639.86	399.66
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	1,050.88	1,001.58	1,006.55
(d) Others	6.82	6.82	6.82
	<b>3,149.66</b>	<b>1,947.98</b>	<b>1,715.25</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(ii) Others</b>			
(a) Guarantees other than financial guarantees	4,169.10	3,156.24	1,850.93
(b) Corporate Guarantee given on behalf of subsidiary for bank loans (refer note 52)	800.00	-	-
<b>Total</b>	<b>4,969.10</b>	<b>3,156.24</b>	<b>1,850.93</b>

Note:

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

- These financial statement are separate financial statements prepared in accordance with Ind AS-27 "Separate Financial Statements".
- The Company's investment in subsidiary is as follows:

Name of the Subsidiary	Country of incorporation	Portion of ownership interest as at March 31, 2018	Portion of ownership interest as at March 31, 2017	Portion of ownership interest as at April 1, 2016	Method used to account for the investment
Guts Electro-Mech Limited	India	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 ₹ 643.75 lakhs (year ended March 31, 2017: ₹ 537.83 lakhs) towards PF contributions (included in note 33(b)) and ₹ 47.03 lakhs (year ended March 31, 2017: ₹ 27.79 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 31st March, 2018	For the year ended 31st March, 2017
<b>Components of employer expense:</b>		
Current service cost	210.57	143.17
Net interest expense / (income) on net defined benefit liability/asset	2.66	(10.89)
Past service cost	-	44.13
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>213.23</b>	<b>176.41</b>
<b>Actual contribution and benefit payments for year:</b>		
Actual benefit payments	50.10	49.45
Actual contributions	344.53	175.84
<b>Net asset / (liability) recognised in the Balance Sheet:</b>		
Present value of defined benefit obligation	(1,711.73)	(1,442.26)
Fair value of plan assets	1,618.10	1,232.12
Funded status [Surplus / (Deficit)]	(93.63)	(210.14)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(93.63)</b>	<b>(210.14)</b>
<b>Change in defined benefit obligations (DBO) during the year:</b>		
Present value of DBO at beginning of the year	1,442.26	975.89
Current service cost	210.57	143.17
Interest cost	99.20	75.14
Actuarial (gains) / losses	9.80	253.37
Past service cost	-	44.14
<b>Benefits paid</b>	<b>(50.10)</b>	<b>(49.45)</b>
<b>Present value of DBO at the end of the year</b>	<b>1,711.73</b>	<b>1,442.26</b>
<b>Change in fair value of assets during the year:</b>		
Plan assets at beginning of the year	1,232.12	1,025.98
Return on plan assets greater/ (lesser) than discount rate	(4.99)	(6.28)
Actual company contributions	344.53	175.84
Interest income on plan assets	96.54	86.03
Benefits paid	(50.10)	(49.45)
<b>Plan assets at the end of the year</b>	<b>1,618.10</b>	<b>1,232.12</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Composition of the plan assets is as follows:</b>		
Insurer Managed Assets	100%	100%
<b>Remeasurement gains/(losses) in other comprehensive income</b>		
Return in plan assets	(4.99)	(6.28)
Actuarial gain / (loss) due to DBO experience	(78.01)	(61.59)
Actuarial gain / (loss) due to DBO demographic assumption changes	-	3.64
Actuarial gain / (loss) due to DBO financial assumption changes	68.41	(195.43)
<b>Total amount recognised in OCI</b>	<b>(14.59)</b>	<b>(259.66)</b>

### 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, 2018	For the year ended March 31, 2017
Defined Benefit Obligation	1,711.73	1,442.26

(₹ in lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Impact on DBO due to change in Discount rate	141.86	(123.43)	126.28	(109.21)
Impact on DBO due to change in Salary Escalation Rate	(123.14)	138.70	(108.47)	122.83

### 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Maturity profile of Defined Benefit Obligation

Expected Cash Flows (value on undiscounted basis)	Amount (₹ in lakhs)
March 31, 2019	181.68
March 31, 2020	180.11
March 31, 2021	207.08
March 31, 2022	235.77
March 31, 2023	265.70
March 31, 2024 to March 31, 2028	1,559.82

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
<b>Actuarial assumptions:</b>		
Discount rate	7.50%	7.00%
Expected return on plan assets	8.00%	8.00%
Actual return on plan assets	8.25%	8.25%
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)	93.63	217.64

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, LT 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

### Year ended March 31, 2018

(₹ in lakhs)

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

### Year ended March 31, 2017

(₹ in lakhs)

Particulars	Electronics	Electrical	Consumer Durables	Eliminations	Total
<b>Revenue</b>					
External customers	66,480.39	94,093.61	50,846.40	-	211,420.40
Inter-segment	-	-	-	-	-
<b>Total revenue</b>	<b>66,480.39</b>	<b>94,093.61</b>	<b>50,846.40</b>	<b>-</b>	<b>211,420.40</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(75.38)	(678.51)	(209.18)	-	(963.07)
Segment profit	8,785.73	7,715.81	3,547.03	-	20,048.57
<b>Total assets</b>	<b>19,942.41</b>	<b>31,603.32</b>	<b>21,699.51</b>	<b>-</b>	<b>73,245.24</b>
<b>Total liabilities</b>	<b>6,366.51</b>	<b>8,819.61</b>	<b>9,127.11</b>	<b>-</b>	<b>24,313.23</b>
<b>Other disclosure</b>					
Capital Expenditure incl. CWIP	482.51	1,526.56	639.81	-	2,648.88

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at April 1, 2016

					(₹ in lakhs)
Particulars	Electronics	Electrical	Consumer Durables	Eliminations	Total
Total assets	16,752.29	26,200.91	15,076.02	-	58,029.22
Total liabilities	5,437.53	6,212.79	6,038.71	-	17,689.03

### Reconciliation of amount reflected in the financial statements

			(₹ in lakhs)
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017	
<b>(a) Reconciliation of profit</b>			
Segment Profit	17,620.99	20,048.57	
Other Unallocable income	1,105.24	1,312.07	
Other Unallocable expenses	(832.47)	(777.14)	
Finance cost	(166.07)	(210.06)	
<b>Profit before tax</b>	<b>17,727.69</b>	<b>20,373.44</b>	

				(₹ in lakhs)
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016	
<b>(b) Reconciliation of assets</b>				
Segment operating assets	94,794.77	73,245.24	58,029.22	
Investment in Subsidiary	884.95	-	-	
Investment property	27.90	27.00	-	
Investments - Current	7,516.04	8,887.02	1,939.05	
Cash and cash equivalents	470.84	1,466.66	643.68	
Income Tax assets (net)	713.30	713.24	612.30	
Tangible & Other intangible assets	8,495.02	7,554.40	7,421.73	
Other unallocable assets	2,561.59	1,533.59	3,605.06	
<b>Total assets</b>	<b>115,464.41</b>	<b>93,427.15</b>	<b>72,251.04</b>	
<b>(c) Reconciliation of liabilities</b>				
Segment operating liabilities	32,047.90	24,313.23	17,689.03	
Deferred tax liabilities	294.99	398.64	601.42	
Borrowings	-	246.33	1,771.11	
Current tax liabilities	482.98	46.89	466.80	
Other unallocable liabilities	7,477.13	4,985.99	4,014.47	
<b>Total liabilities</b>	<b>40,303.00</b>	<b>29,991.08</b>	<b>24,542.83</b>	

### Revenue from external customer

			(₹ in lakhs)
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017	
India	231,857.05	211,252.21	
Outside India	270.06	168.19	

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 Mr. Mithun K. Chittilappilly - Managing Director and Son of Mr. Kochouseph Chittilappilly Mr. Ramachandran Venkataraman - Director and Chief Operating Officer w.e.f 1st June, 2016 (Director - Marketing and Strategy up to 31st May, 2016) Mr. Sudarshan Kasturi - Chief Financial Officer w.e.f 1st June, 2017 (Refer note 2 below) Mr. Jacob Kuruvilla - Chief Financial Officer up to 31st May, 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
Subsidiary	M/s. Guts Electro-Mech Limited w.e.f August 31st, 2017 (refer note 40)

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 31st March, 2018	For the Year ended 31st March, 2017
Mr. Kochouseph Chittilappilly	Rent Paid	32.94	47.92
	Dividends Paid	576.26	184.16
	Remuneration	26.68	58.06
	Commission	105.78	108.49
	Issue of Bonus Shares	-	294.66
	Sitting Fees	0.80	-
Mr. Mithun K Chittilappilly	Dividends Paid	500.86	127.76
	Salaries and allowances	108.75	75.54
	Company contribution to provident fund	9.72	6.48
	Commission	137.68	162.73
	Issue of Bonus Shares	-	204.43
Mr. Arun K Chittilappilly	Dividends Paid	389.03	99.24
	Issue of Bonus Shares	-	158.79
Mrs. Sheela Kochouseph	Dividends Paid	325.39	83.01
	Issue of Bonus Shares	-	132.81

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)			
Name of the Related Party	Nature of Transactions	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Mr. Ramachandran Venkataraman	Dividends Paid	6.62	0.92
	Salaries and allowances	183.00	166.13
	Company contribution to provident fund	20.75	19.11
	Commission	-	23.66
	Employee stock compensation expense	685.43	755.78
	Issue of Bonus Shares	-	2.70
	Issue of Equity shares including premium	80.72	74.32
Ms. Joshna Johnson Thomas	Commission	45.89	54.24
	Sitting Fees	0.80	1.10
Mr. Jacob Kuruvilla *	Dividends Paid	-	0.13
	Salaries and allowances	16.20	33.30
	Company contribution to provident fund	0.22	1.26
	Issue of Bonus Shares	-	0.51
	Issue of Equity shares including premium	-	27.60
Mr. Sudarshan Kasturi *	Salaries and allowances	124.86	-
	Company contribution to provident fund	6.89	-
	Employee stock compensation expense	200.07	-
	Issue of Equity shares including premium	0.15	-
Ms. Jayasree K	Dividends Paid	0.44	0.07
	Salaries and allowances	22.53	19.79
	Company contribution to provident fund	1.06	0.76
	Employee stock compensation expense	15.95	12.88
	Issue of Bonus Shares	-	0.18
	Issue of Equity shares including premium	0.08	11.40
Guts Electro-Mech Limited	Investment in Equity Shares including premium	257.64	-
	Purchase of goods	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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Mr. Kochouseph Chittilappilly	Commission payable	105.78	108.49	125.60
Mr. Mithun K Chittilappilly	Commission payable	137.68	162.73	125.60
Mr. Ramachandran Venkataraman	Commission payable	-	23.66	44.42
Ms. Joshna Johnson Thomas	Commission payable	45.89	54.24	-
	Investment in Equity Shares (including premium)	342.49	-	-
Guts Electro-Mech Limited	Corporate Guarantee given on behalf of related party	800.00	-	-
	Advance for purchase of goods	433.29	-	-

#### Notes:

- 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.
- Represents additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year.
- 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 31st March, 2018	For the year ended 31st March, 2017
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for the year (₹ in lakhs)	13,308.70	14,461.53
Weighted average number of equity shares outstanding	424,829,052	422,557,217
<b>Basic earnings per share (₹)</b>	<b>3.13</b>	<b>3.42</b>
Net Profit for the year (₹ in lakhs)	13,308.70	14,461.53
Weighted average number of equity shares outstanding	432,427,004	428,693,320
<b>Diluted earnings per share (₹)</b>	<b>3.08</b>	<b>3.37</b>
Weighted average number of equity shares in calculating basic EPS	424,829,052	422,557,217
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	7,597,952	6,136,103
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>432,427,004</b>	<b>428,693,320</b>

## 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 May 14, 2013 through postal ballot procedure, approved Employees Stock Option Scheme, 2013 (ESOS 2013) for grant of stock options to eligible employees of the Company. According to the Scheme, the eligible employees will be entitled to options as given below subject to satisfaction of prescribed vesting conditions. All options granted under ESOS 2013 can be exercised within 6 years from the date of vesting. The options granted under ESOS 2013 and their exercise prices disclosed below are adjusted for the sub-division and bonus issue of shares made in the previous year. The number of shares allocated for allotment under the ESOS 2013 is 18,090,234 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	3,025,932	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.
			9,816,576	34.64		
Grant II	2015	4-May-15	310,534	1.00	Over 3 years	
			958,258	71.36		
			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.
Grant III	2016	4-May-16	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.
			1,261,246	1.00		
Grant V	2016	8-Aug-16	49,280	1.00	Over 4 years	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	

## 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	90,426	-	-	5,642	84,784	84,784	4.20
	(1.00)	(790,460)	(25,836)	(121,710)	(604,160)	(90,426)	(90,426)	(5.20)
	34.64	3,290,168	-	-	435,744	2,854,424	2,854,424	4.05
	(34.64)	(4,452,890)	(940,048)	(395,850)	(1,706,920)	(3,290,168)	(3,290,168)	(4.96)
Grant II	1.00	208,098	-	1,456	60,306	33,875	146,336	5.81
	(1.00)	(221,810)	(59,552)	(1,634)	(71,630)	-	(208,098)	(6.60)
	71.36	826,329	-	4,482	166,762	308,154	655,085	5.56
	(71.36)	(684,470)	(236,094)	(4,770)	(89,465)	(184,289)	(826,329)	(6.27)
Grant III	1.00	420,000	-	-	63,000	-	357,000	7.57
	(1.00)	-	(420,000)	-	-	-	(420,000)	(8.20)
	68.75	3,780,000	-	-	-	567,000	3,780,000	7.20
	(68.75)	-	(3,780,000)	-	-	-	(3,780,000)	(8.20)
Grant IV	1.00	259,504	-	-	48,651	-	210,853	7.44
	(1.00)	-	(259,504)	-	-	-	(259,504)	(8.02)
Grant V	1.00	1,261,246	-	-	162,126	74,358	1,099,120	7.39
	(1.00)	-	(1,261,246)	-	-	-	(1,261,246)	(8.09)
	1.00	49,280	-	26,992	12,320	-	9,968	7.39
	(1.00)	-	(49,280)	-	-	-	(49,280)	(8.09)
	1.00	280,000	-	-	42,000	-	238,000	7.39
	(1.00)	-	(280,000)	-	-	-	(280,000)	(8.09)
	121.79	1,120,000	-	-	-	168,000	1,120,000	7.48
	(121.79)	-	(1,120,000)	-	-	-	(1,120,000)	(8.39)
Grant VI	1.00	115,976	-	-	9,159	19,835	106,817	7.12
	(1.00)	-	(115,976)	-	-	-	(115,976)	(8.00)
Grant VII	1.00	82,460	-	-	15,460	-	67,000	9.07
	(1.00)	-	(82,460)	-	-	-	(82,460)	(9.46)
Grant VIII	1.00	-	201,100	-	-	-	201,100	8.01
	(1.00)	-	-	-	-	-	-	-
Grant IX	1.00	-	154,854	-	-	-	154,854	8.24
	(1.00)	-	-	-	-	-	-	-
Grant X	1.00	-	250,768	-	-	-	250,768	8.59
	(1.00)	-	-	-	-	-	-	-

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2017.

Weighted average fair value of the options granted during the year was ₹ 214.47 (2016-17: ₹ 83.88).

Weighted average equity share price at the date of exercise of options during the year was ₹ 235.83 (2016-17: ₹ 171.58).

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 31st March, 2018	For the year ended 31st March, 2017
Risk-free interest rate (%)	6.65% to 7.72%	6.65% to 7.72%
Expected life of options (years)	5.01 to 7.01	5.01 to 6.11
Expected volatility (%)	31.25% to 33.93%	31.25% to 32.28%
Dividend yield	0.29% to 0.47%	0.34% 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 affected in future periods.

#### a) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Operating lease commitments

The Company has taken various commercial properties on leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### b) Estimates and assumptions

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.

##### 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 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 ₹ 333.81 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 transactions requires 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 and dividend yield 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 31st, 2018	As at March 31st, 2017	As at April 1st, 2016	As at March 31st, 2018	As at March 31st, 2017	As at April 1st, 2016
<b>Financial assets</b>						
Investments	7,516.04	8,887.02	1,939.05	7,516.04	8,887.02	1,939.05
Loans	982.96	945.92	681.51	982.96	945.92	681.51
Derivative Instrument - Call Option	58.57	-	-	58.57	-	-
<b>Total</b>	<b>8,557.57</b>	<b>9,832.94</b>	<b>2,620.56</b>	<b>8,557.57</b>	<b>9,832.94</b>	<b>2,620.56</b>
<b>Financial liabilities</b>						
Long Term Borrowings	240.00	560.00	885.14	240.00	560.00	885.14
Short Term Borrowings	-	6.33	1,211.11	-	6.33	1,211.11
Put Option Liability	333.81	-	-	333.81	-	-
<b>Total</b>	<b>573.81</b>	<b>566.33</b>	<b>2,096.25</b>	<b>573.81</b>	<b>566.33</b>	<b>2,096.25</b>

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	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Fair Value of Financial Assets disclosed					
Investments	31-Mar-18	7,516.04	7,516.04	-	-
	31-Mar-17	8,887.02	8,887.02	-	-
	1-Apr-16	1,939.05	1,939.05	-	-
FVTPL Financial Instrument - Call Option	31-Mar-18	58.57	-	58.57	-
	31-Mar-17	-	-	-	-
	1-Apr-16	-	-	-	-

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.

#### 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, 2018 and March 31, 2017. 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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
<b>As at March 31st, 2018</b>				
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
	<b>35,120.10</b>	<b>409.72</b>	-	<b>35,529.82</b>
<b>As at March 31st, 2017</b>				
a) Borrowings	326.33	240.00	-	566.33
b) Trade Payables	21,861.05	-	-	21,861.05
c) Other Financial Liabilities	1,991.68	-	-	1,991.68
	<b>24,179.06</b>	<b>240.00</b>	-	<b>24,419.06</b>
<b>As at April 1st, 2016</b>				
a) Borrowings	1,536.25	560.00	-	2,096.25
b) Trade Payables	15,110.61	-	-	15,110.61
c) Other Financial Liabilities	1,800.69	-	-	1,800.69
	<b>18,447.55</b>	<b>560.00</b>	-	<b>19,007.55</b>

### 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 65% of foreign currency exposure as on March 31, 2018. The Company's exposure to foreign currency changes for all other currencies is not material.

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

Particulars	Effect on profit before tax (₹ In lakhs)	
	1% increase	1% decrease
March 31st 2018	(32.17)	32.17
March 31st 2017	(42.91)	42.91

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 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's 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.

Particulars	(₹ in lakhs)		
	As at March 31st, 2018	As at March 31st, 2017	As at April 1st, 2016
Borrowings	240.00	566.33	2,096.25
Less: Cash and cash equivalents, other bank balances and mutual fund investments	8,019.93	10,383.39	2,629.62
Net debt (A)	(7,779.93)	(9,817.06)	(533.37)
Equity	75,161.41	63,436.07	47,708.21
Capital and Net Debt (B)	67,381.48	53,619.01	47,174.84
Gearing ratio (A/B)	-	-	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

### NOTE 51: FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2018, are the first financial statements the Company prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

#### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- The Company has elected to continue with the carrying value for all of its property, plant and equipment including intangibles as recognised in its Previous GAAP financials as deemed cost at the transition date.
- Ind AS 102 Share based payment has not been applied to equity instruments in share based payment transactions that vested before April 1, 2016.
- Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition. There were no embedded leases.

#### Estimates

The estimates as at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP, apart from Impairment of financial assets based on Expected Credit Loss model, where application of Previous GAAP did not require such estimation.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Reconciliation of Balance Sheet as at March 31, 2017 and April 1, 2016

(₹ in lakhs)

Particulars	Notes	As at March 31st, 2017			As at April 1st, 2016		
		Previous GAAP	GAAP adjustment	As per Ind AS	Previous GAAP	GAAP adjustment	As per Ind AS
ASSETS							
Non-current assets							
Property, plant & equipment		16,368.08	-	16,368.08	15,520.00	-	15,520.00
Capital work-in-progress		1,041.64	-	1,041.64	7.72	-	7.72
Investment property		27.00	-	27.00	-	-	-
Other intangible assets		469.50	-	469.50	581.51	-	581.51
Financial assets							
(a) Loans		674.41	-	674.41	578.81	-	578.81
(b) Other financial assets		606.58	-	606.58	562.90	-	562.90
Income tax assets (net)		713.24	-	713.24	612.30	-	612.30
Other non current assets		1,349.21	-	1,349.21	298.64	-	298.64
		21,249.66	-	21,249.66	18,161.88	-	18,161.88
Current assets							
Inventories	2	27,137.25	296.19	27,433.44	20,469.18	296.19	20,765.37
Financial assets							
(a) Investments		8,887.02	-	8,887.02	1,939.05	-	1,939.05
(b) Trade receivables	2,3&4	31,927.13	(715.32)	31,211.81	27,924.09	342.18	28,266.27
(c) Cash and cash equivalents		1,466.66	-	1,466.66	643.68	-	643.68
(d) Other bank balances		29.71	-	29.71	46.89	-	46.89
(e) Loans		271.51	-	271.51	102.70	-	102.70
(f) Other financial assets		461.62	-	461.62	132.84	-	132.84
Other current assets		2,415.72	-	2,415.72	2,192.36	-	2,192.36
		72,596.62	(419.13)	72,177.49	53,450.79	638.37	54,089.16
TOTAL ASSETS		93,846.28	(419.13)	93,427.15	71,612.67	638.37	72,251.04
EQUITY AND LIABILITIES							
Equity							
Equity Share capital		4,246.54	-	4,246.54	3,008.52	-	3,008.52
Other Equity	1	59,463.62	(274.09)	59,189.53	44,068.53	631.16	44,699.69
Total Equity		63,710.16	(274.09)	63,436.07	47,077.05	631.16	47,708.21
Liabilities							
Non-current liabilities							
Financial liabilities							
(a) Borrowings		240.00	-	240.00	560.00	-	560.00
Provisions		671.59	-	671.59	546.29	-	546.29
Deferred tax liabilities (net)	5	543.68	(145.04)	398.64	746.46	(145.04)	601.42
		1,455.27	(145.04)	1,310.23	1,852.75	(145.04)	1,707.71
Current liabilities							
Financial liabilities							
(a) Borrowings	3	6.33	-	6.33	153.61	1,057.50	1,211.11
(b) Trade payables		21,861.05	-	21,861.05	15,110.61	-	15,110.61
(c) Other financial liabilities		1,991.68	-	1,991.68	1,800.69	-	1,800.69
Other current liabilities		2,298.26	-	2,298.26	2,226.75	-	2,226.75
Provisions	6	2,476.64	-	2,476.64	2,924.41	(905.25)	2,019.16
Tax Current liabilities (net)		46.89	-	46.89	466.80	-	466.80
		28,680.85	-	28,680.85	22,682.87	152.25	22,835.12
TOTAL EQUITY AND LIABILITIES		93,846.28	(419.13)	93,427.15	71,612.67	638.37	72,251.04



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Reconciliation of profit and loss for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Reference	Previous GAAP	GAAP adjustment	As per Ind AS
<b>Income</b>				
(a) Revenue from operations	7	215,062.35	(3,641.95)	211,420.40
(b) Other income		858.86	-	858.86
(c) Finance Income		487.27	-	487.27
<b>Total Income</b>		<b>216,408.48</b>	<b>(3,641.95)</b>	<b>212,766.53</b>
<b>Expenses</b>				
(a) Cost of raw materials consumed		58,546.55	-	58,546.55
(b) Purchase of stock in trade		94,520.12	-	94,520.12
(c) (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		(5,268.66)	-	(5,268.66)
(d) Excise duty on sale of goods	7	-	2,856.45	2,856.45
(e) Employee benefits expense	8&9	13,751.01	643.69	14,394.70
(f) Depreciation and amortisation expense		1,623.53	-	1,623.53
(g) Finance costs		210.06	-	210.06
(h) Other expenses	7	32,008.74	(6,498.40)	25,510.34
<b>Total expenses</b>		<b>195,391.35</b>	<b>(2,998.26)</b>	<b>192,393.09</b>
<b>Profit before tax</b>		<b>21,017.13</b>	<b>(643.69)</b>	<b>20,373.44</b>
<b>Tax expenses</b>				
(a) Current tax expense	10	5,996.89	74.78	6,071.67
(b) Deferred tax		(202.78)	-	(202.78)
(c) Current tax relating to earlier years		43.02	-	43.02
<b>Total income tax</b>		<b>5,837.13</b>	<b>74.78</b>	<b>5,911.91</b>
<b>Profit for the year</b>		<b>15,180.00</b>	<b>(718.47)</b>	<b>14,461.53</b>
<b>Other Comprehensive income</b>				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
(a) Re-measurement gains/ (losses) on defined benefit plans	10	-	(259.66)	(259.66)
(b) Income tax effect	10	-	74.78	74.78
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>(184.88)</b>	<b>(184.88)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>15,180.00</b>	<b>(903.35)</b>	<b>14,276.65</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Footnotes to the reconciliation of equity as at April 1, 2016 and March 31, 2017 and statement of profit and loss for the year ended March 31, 2017 is as given below:-

### 1 Reconciliation of equity as at March 31, 2017 and April 1, 2016 between Previous GAAP and Ind AS

Particulars	As at March 31, 2017	As at April 1, 2016
Other Equity reported under Previous GAAP	59,463.62	44,068.53
Add/(Less):		
Reversal of proposed dividend (including tax on proposed dividend) and recognition in the year of declaration and payment	-	905.25
Decrease in Retained Earnings on account of fair value adjustment on Employee Stock Options	(903.35)	(663.47)
Increase in Employee Stock Option Outstanding on account of fair value adjustment on Employee Stock Options	903.35	663.47
Impairment allowance for trade receivable as per expected credit loss method	(193.29)	(193.29)
Provision for cash discounts and sales return	(225.84)	(225.84)
Impact of Deferred tax on account of above adjustment	145.04	145.04
<b>Other Equity as per Ind AS</b>	<b>59,189.53</b>	<b>44,699.69</b>

### 2 Provision for Cash Discounts and Sales Returns

Under Previous GAAP, cash discount was recognised as expense as and when it was actually incurred. Ind AS 18 requires that the revenue should be measured at the fair value of the consideration received or receivable. Accordingly, the Company has created a provision for the expected cash discounts based on prior trend by reducing retained earnings as on the transition date by ₹ 116.29 lakhs with a corresponding reduction in trade receivables. Under Ind AS, if an entity retains only an insignificant risk of ownership, revenue is recognised at the time of sale provided that the seller can reliably estimate future returns and recognises a liability for returns based on previous experience and other relevant factors. Accordingly, the Company has created a provision of ₹ 109.55 lakhs relating to expected sales returns in the retained earnings as on the date of transition, with a corresponding increase in Inventories of ₹ 296.19 lakhs and reduction in Trade Receivables of ₹ 405.74 lakhs. There was no material impact on the statement of profit & loss for the year ended March 31, 2017.

### 3 Channel Financing

The Company has arranged a channel financing facility from banks under which certain dealers and distributors can pay the Company for the sales made to them using such bank loans. This facility had a 25% recourse to the Company. Under Previous GAAP, the same was disclosed as contingent liability. Under Ind AS, trade receivables should be derecognised only if it meets the derecognition requirements of Ind AS. Accordingly, trade receivables have increased by ₹ 1,057.50 lakhs with a corresponding increase in current borrowings as at April 1, 2016. There are no such arrangements as at March 31, 2017.

### 4 Trade Receivables

Under Previous GAAP, the Company provided for doubtful receivables on assessment of aged balances. Under Ind AS the Company opted to apply the simplified approach of impairing its trade receivables by considering the past trend of behaviour of similar customers under ECL. Due to ECL, the Company has recorded an impairment of ₹ 193.29 lakhs as of April 1, 2016. There was no impact on the statement of profit & loss for the year ended March 31, 2017 under the ECL model.

### 5 Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments lead to different temporary differences on which deferred tax adjustments amounting to ₹ 145.04 lakhs have been recognised in correlation to the underlying transaction in retained earnings.

### 6 Proposed dividend

Under Previous GAAP, proposed dividends including dividend distribution tax were recognised as a liability in the period to which they relate, irrespective of when they are declared and approved. Under Ind AS, dividend is recognised as a liability in the period in which it is declared by the Board of Directors in case of interim dividends or approved by the shareholders of the Company in case of final dividends. Therefore, the liability of ₹ 905.25 lakhs as at March 31, 2016 recorded for dividend (including dividend distribution tax) proposed by the Board of Directors after the end of the year was reduced from Provisions with a corresponding impact in the retained earnings.

### 7 Revenue from operations

Under Previous GAAP, revenue from operations was presented net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods under Ind AS has increased by ₹ 2,856.45 lakhs with a corresponding increase in excise duty expense for the year ended March 31, 2017.

Further, under Previous GAAP, certain sale promotion expenses linked to the volume of sales achieved were recognised as Advertisement and business promotion expenses under Other Expenses. Under Ind AS, revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any volume rebates allowed by the Company. Thus, Other Expenses have been reduced by ₹ 6,498.40 lakhs with a corresponding reduction in sale of goods for the year ended March 31, 2017.

### 8 Share-based payments

Under Previous GAAP, the Company recognised the intrinsic value of the employee stock option plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. Accordingly, an additional expense of ₹ 663.47 lakhs has been recognised by reducing the retained earnings as on the date of transition and ₹ 903.35 lakhs has been recognised in Statement of profit and loss for the year ended March 31, 2017. The corresponding credit has been adjusted in a separate component of equity.

### 9 Defined benefit obligation

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit & loss. Under Ind AS, remeasurements comprising of actuarial gains and losses on the net defined benefit liability and the return on plan assets are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income. Thus, the employee benefits expense is reduced by ₹ 259.66 lakhs and is recognised in other comprehensive income (net of tax of ₹ 74.78 lakhs) for the year ended March 31, 2017.

### 10 Other comprehensive income

Under Previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit to profit as per Ind AS. Further, Previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

### 11 Statement of cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

### 12 Previous GAAP figures have been reclassified / regrouped wherever necessary to confirm with financial statements prepared under Ind AS.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 52. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

During the year ended March 31, 2018, 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 53. 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 115 Revenue from Contracts with Customers

Ind AS 115 was issued in March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018. The Company plans to adopt the new standard on the required effective date using modified retrospective method. The Company assessed the impact of Ind AS 115 and expects that it will have no material effects on the results of the operations of the Company.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. The Appendix is effective for annual periods beginning on or after April 1, 2018. The Company has assessed the impact of the Appendix and expects that it will have no material effects on the results of the operations of the Company.

As per our report of even date

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

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

Place : Kochi  
Date : May 30, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : May 30, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**V-Guard Industries Limited**

## REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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, 2018, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) 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; the 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 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## OPINION

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, the aforesaid consolidated Ind AS financial statements give the information required

by 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, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### 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 ₹ 2,530.45 lakhs and net assets of ₹ 166.16 lakhs as at March 31, 2018, total revenues (including other income) of ₹ 2,973.32 lakhs for the period ended March 31, 2018 and net cash outflows of ₹ 235.44 lakhs for the period ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports 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.

### 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 the 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 auditor 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 purpose 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, 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 Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary, none of the directors of the Group's companies is disqualified as on March 31, 2018 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) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us 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 – Refer Note 39 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, 2018;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2018. 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, 2018.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Kochi  
May 30, 2018

**per Aditya Vikram Bhauwala**

Partner

Membership No.: 208382



# ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED 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 financial statements of V-Guard Industries Limited as of and for the year ended March 31, 2018, 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 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 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 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 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 financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated 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 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 FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, 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 financial statements of the Holding Company, insofar as it relates to the subsidiary, is based on the corresponding report of the auditor of such subsidiary.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Aditya Vikram Bhauwala**

Partner

Membership No.: 208382

Kochi  
May 30, 2018

# CONSOLIDATED BALANCE SHEET

as at 31st March, 2018

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A. ASSETS</b>				
<b>1. Non-current assets</b>				
Property, plant & equipment	3	20,735.58	16,368.08	15,520.00
Capital work-in-progress	3	746.42	1,041.64	7.72
Investment property	4	27.90	27.00	-
Goodwill	5	366.40	-	-
Other intangible assets	5	639.48	469.50	581.51
Financial assets				
(a) Loans	6	732.49	674.41	578.81
(b) Other financial assets	7	707.85	606.58	562.90
Income tax assets (net)	8	713.30	713.24	612.30
Deferred tax asset (net)	9	0.40	-	-
Other non-current assets	10	782.58	1,349.21	298.64
		<b>25,452.40</b>	<b>21,249.66</b>	<b>18,161.88</b>
<b>2. Current assets</b>				
Inventories	11	31,649.18	27,433.44	20,765.37
Financial assets				
(a) Investments	12	7,516.04	8,887.02	1,939.05
(b) Trade receivables	13	44,927.84	31,211.81	28,266.27
(c) Cash and cash equivalents	14A	505.36	1,466.66	643.68
(d) Other bank balances	14B	33.05	29.71	46.89
(e) Loans	15	250.81	271.51	102.70
(f) Other financial assets	16	112.72	461.62	132.84
Other current assets	17	6,629.80	2,415.72	2,192.36
		<b>91,624.80</b>	<b>72,177.49</b>	<b>54,089.16</b>
<b>TOTAL ASSETS</b>		<b>117,077.20</b>	<b>93,427.15</b>	<b>72,251.04</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
Equity Share capital	18	4,256.76	4,246.54	3,008.52
Other Equity *		70,707.39	59,189.53	44,699.69
Equity attributable to equity holders of the parent		74,964.15	63,436.07	47,708.21
Non Controlling interest *		168.72	-	-
<b>TOTAL EQUITY</b>		<b>75,132.87</b>	<b>63,436.07</b>	<b>47,708.21</b>
<b>2. Non-current liabilities</b>				
Financial liabilities				
(a) Borrowings	19	-	240.00	560.00
(b) Other financial liabilities	20	333.81	-	-
Provisions	21	873.49	671.59	546.29
Deferred tax liabilities (net)	9	241.88	398.64	601.42
		<b>1,449.18</b>	<b>1,310.23</b>	<b>1,707.71</b>
<b>3. Current liabilities</b>				
Financial liabilities				
(a) Borrowings	22	468.87	6.33	1,211.11
(b) Trade payables	23	33,604.84	21,861.05	15,110.61
(c) Other financial liabilities	24	2,056.02	1,991.68	1,800.69
Other current liabilities	25	828.50	2,298.26	2,226.75
Provisions	26	3,021.56	2,476.64	2,019.16
Current tax liabilities (net)	27	515.36	46.89	466.80
		<b>40,495.15</b>	<b>28,680.85</b>	<b>22,835.12</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>117,077.20</b>	<b>93,427.15</b>	<b>72,251.04</b>
*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

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

Place : Kochi  
Date : 30th May, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : 30th May, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Notes	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>1 Income</b>			
(a) Revenue from operations	28	233,526.07	211,420.40
(b) Other income	29	738.12	858.86
(c) Finance Income	30	366.23	487.27
<b>Total Income</b>		<b>234,630.42</b>	<b>212,766.53</b>
<b>2 Expenses</b>			
(a) Cost of raw materials consumed	31	65,715.75	58,546.55
(b) Purchase of stock in trade		98,992.80	94,520.12
(c) (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	32	(2,846.94)	(5,268.66)
(d) Excise duty on sale of goods		953.42	2,856.45
(e) Employee benefits expense	33	17,197.18	14,394.70
(f) Depreciation and amortisation expense	3 & 5	1,967.76	1,623.53
(g) Finance costs	34	204.07	210.06
(h) Other expenses	35	34,477.65	25,510.34
<b>Total expenses</b>		<b>216,661.69</b>	<b>192,393.09</b>
<b>3 Profit before tax (1 - 2)</b>		<b>17,968.73</b>	<b>20,373.44</b>
<b>4 Tax expenses</b>	<b>37</b>		
(a) Current tax expense		4,486.30	6,071.67
(b) Deferred tax		(91.74)	(202.78)
(c) Current tax relating to earlier years		68.84	43.02
<b>Total Income Tax</b>		<b>4,463.40</b>	<b>5,911.91</b>
<b>5 Profit for the year (3 - 4)</b>		<b>13,505.33</b>	<b>14,461.53</b>
<b>6 Other Comprehensive income/ (loss)</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
(a) Re-measurement gains/ (losses) on defined benefit plans		(9.89)	(259.66)
(b) Income tax effect		2.61	74.78
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(7.28)</b>	<b>(184.88)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>13,498.05</b>	<b>14,276.65</b>
<b>7 Profit for the year, net of tax attributable to:</b>			
Equity holders of the parent company		13,426.01	14,461.53
Non controlling interest		79.32	-
<b>8 Total comprehensive income for the year, net of tax attributable to:</b>			
Equity holders of the parent company		13,417.82	14,276.65
Non controlling interest		80.23	-
<b>9 Earnings per equity share (basic and diluted) (₹) :</b>	<b>44</b>		
(Nominal value of equity share - ₹ 1)			
Basic earnings per share		3.16	3.42
Diluted earnings per share		3.10	3.37
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

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

Place : Kochi  
Date : 30th May, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : 30th May, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2018

## A) Equity Share Capital

Particulars	No. of shares	₹ in lakhs
<b>As at 1st April, 2016</b>	<b>30,085,244</b>	<b>3,008.52</b>
Add Equity shares issued under ESOS 2013 (Face value of ₹ 10 per share)	95,275	9.53
Add Increase on account of sub-division of shares	271,624,671	-
Add Equity shares issued under ESOS 2013 (Face value of ₹ 1 per share)	1,519,425	15.19
Add Increase on account of bonus issue	121,329,846	1,213.30
<b>As at 31st March, 2017</b>	<b>424,654,461</b>	<b>4,246.54</b>
Add Equity shares issued under ESOS 2013	1,021,170	10.22
<b>As at 31st March, 2018</b>	<b>425,675,631</b>	<b>4,256.76</b>

## B) Other Equity

Particulars	Attributable to the equity holders of the parent company						Non	(₹ in lakhs)
	Securities Premium	General Reserve	Retained Earnings	Share based payment reserve	Put Option Liability	Total	Controlling Interests	Total
<b>As at 1st April, 2016</b>	<b>6,373.62</b>	<b>6,489.01</b>	<b>30,801.31</b>	<b>1,035.75</b>	-	<b>44,699.69</b>	-	<b>44,699.69</b>
Net profit for the year	-	-	14,461.53	-	-	14,461.53	-	14,461.53
Other comprehensive income for the year	-	-	(184.88)	-	-	(184.88)	-	(184.88)
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	<b>14,276.65</b>	-	-	<b>14,276.65</b>	-	<b>14,276.65</b>
Issue of bonus shares	-	-	(1,213.30)	-	-	(1,213.30)	-	(1,213.30)
Dividends (cash):	-	-	-	-	-	-	-	-
Final	-	-	(752.53)	-	-	(752.53)	-	(752.53)
Corporate Dividend Tax	-	-	(153.20)	-	-	(153.20)	-	(153.20)
Equity shares issued under ESOS 2013	899.27	-	-	-	-	899.27	-	899.27
Transfer from Share based payments reserve on exercise of options under ESOS 2013	390.51	-	-	(390.51)	-	-	-	-
Compensation on stock option granted	-	-	-	1,432.95	-	1,432.95	-	1,432.95
<b>As at 31st March, 2017</b>	<b>7,663.40</b>	<b>6,489.01</b>	<b>42,958.93</b>	<b>2,078.19</b>	-	<b>59,189.53</b>	-	<b>59,189.53</b>
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	-	-	(8.19)	-	-	(8.19)	0.91	(7.28)
Remeasurement gain/(loss) on defined benefit plans (net of taxes)	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	<b>13,417.82</b>	-	-	<b>13,417.82</b>	<b>80.23</b>	<b>13,498.05</b>
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 option granted	-	-	-	1,731.01	-	1,731.01	-	1,731.01
<b>As at 31st March, 2018</b>	<b>8,407.51</b>	<b>6,489.01</b>	<b>52,799.01</b>	<b>3,329.01</b>	<b>(317.15)</b>	<b>70,707.39</b>	<b>168.72</b>	<b>70,876.11</b>

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

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

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

**Kochouseph Chittilappilly**  
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DIN: 00020512

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Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

Place : Kochi  
Date : 30th May, 2018

Place : Kochi  
Date : 30th May, 2018

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
<b>A. Cash flow from operating activities</b>		
Profit before tax	17,968.73	20,373.44
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1,967.76	1,623.53
Loss on disposal of Property, Plant and Equipment (net)	77.71	133.87
Interest expense	100.20	96.92
Interest income	(106.29)	(137.08)
Carrying value adjustment of put option liability	16.65	-
Dividend income on current investments	(483.40)	(417.60)
Net gain on sale of current investments	-	(86.41)
Trade and other receivables, loans and advances written off	33.05	46.46
Liabilities / provisions no longer required written back	(3.40)	(15.35)
Impairment allowance for receivables, loans and advances considered doubtful	384.18	670.44
Share based payments expense	1,731.01	1,432.95
	3,717.47	3,347.73
Operating profit before working capital changes	<b>21,686.20</b>	<b>23,721.17</b>
Movement in working capital		
(Increase)/Decrease in inventories	(3,692.33)	(6,668.07)
(Increase)/Decrease in trade receivables	(13,675.37)	(3,682.44)
(Increase)/Decrease in loans	(112.38)	(264.41)
(Increase)/Decrease in other financial and non financial assets	(3,928.98)	(645.70)
Increase/(Decrease) in trade payables	11,039.81	6,628.85
Increase/(Decrease) in provisions	366.43	323.12
Increase/(Decrease) in other financial and non financial liabilities	(2,375.66)	133.50
	(12,378.48)	(4,175.15)
Cash generated from operations	9,307.72	19,546.02
Income tax paid (net of refunds)	(4,082.80)	(6,560.76)
<b>Net cash flow from operating activities (A)</b>	<b>5,224.92</b>	<b>12,985.26</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment including Capital Work in Progress	(4,178.64)	(4,300.26)
Proceeds from sale of Property, plant and equipment	32.02	80.44
Acquisition of/ Addition to investment property	(0.90)	(27.00)
Acquisition of subsidiary (net of cash acquired) (Refer note 40)	(348.31)	-
Purchase of current investments	(101,225.00)	(153,200.40)
Sale of current investments	102,595.98	146,338.84
Repayment of Inter corporate loan received	75.00	-
Interest income received - from banks, others	104.88	137.08
Dividend income on current investments	483.40	417.60
<b>Net cash flow used in investing activities (B)</b>	<b>(2,461.57)</b>	<b>(10,553.70)</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2018 [Contd...]

(₹ in lakhs)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of share options	274.14	923.99
Proceeds/ (repayment) of short term borrowings (net)	60.59	(1,204.78)
Repayment of long term borrowings	(381.37)	(325.14)
Interest paid	(100.27)	(96.92)
Dividends paid on equity shares(including Corporate Dividend Tax)	(3,577.74)	(905.73)
<b>Net cash flow used in financing activities (C)</b>	<b>(3,724.65)</b>	<b>(1,608.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(961.30)</b>	<b>822.98</b>
Cash and cash equivalents at the beginning of the year	1,466.66	643.68
<b>Cash and cash equivalents at the end of the year</b>	<b>505.36</b>	<b>1,466.66</b>
<b>Components of cash and cash equivalents</b>		
(a) Cash on hand	7.14	3.70
(b) Balances with bank:		
In Current accounts	498.22	462.96
Fixed deposits with original maturity less than 3 months	-	1,000.00
	<b>505.36</b>	<b>1,466.66</b>

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

per **Aditya Vikram Bhauwala**

Partner

Membership No. : 208382

For and on behalf of the Board of Directors of

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Managing Director

DIN: 00027610

**Jayasree K**

Company Secretary

Place : Kochi

Date : 30th May, 2018

Place : Kochi

Date : 30th May, 2018



# 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, 2018. 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, LT 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 research and development facilities located at Head office of the Company in Kochi (Kerala) have been approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, New Delhi. The Company's shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The Consolidated Financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on May 30, 2018.

## 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).

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 ('₹') and all values are rounded to nearest lakhs (₹ 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, 2018. 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. 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 intra-Group 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured

at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 ₹ 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ('ICAI'), the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and is measured at fair value of consideration received/receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

### 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 consolidated 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 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 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:

<b>Asset Category</b>	<b>Useful life estimated by the management (in years)</b>
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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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, 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

#### 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 through 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 consolidated statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to consolidated statement of profit and loss at the reclassification date.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Offsetting of financial instruments

Financial 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 consolidated statement of profit and 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 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 consolidated 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 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 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.
- 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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

Cost	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital Work in progress
Deemed cost as at April 1, 2016	1,916.14	463.96	7,357.52	4,968.74	220.13	86.89	278.16	257.92	15,549.46	7.72
Additions	-	-	2.05	422.75	63.55	13.15	160.92	179.81	842.23	2,495.76
Disposals	-	-	-	(54.56)	(0.42)	(28.48)	(0.37)	(1.66)	(85.49)	-
Transfers	-	-	60.39	1,340.90	10.22	-	14.29	36.04	1,461.84	(1,461.84)
At March 31, 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
Depreciation as at April 1, 2016	-	29.46	-	-	-	-	-	-	29.46	-
Charge for the year	-	4.69	221.61	801.85	77.64	16.74	101.12	154.97	1,378.62	-
Disposals	-	-	-	(4.92)	(0.05)	(1.44)	(0.13)	(1.58)	(8.12)	-
At March 31, 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	-
Net Block	-	-	-	-	-	-	-	-	-	-
At April 01, 2016	1,916.14	434.50	7,357.52	4,968.74	220.13	86.89	278.16	257.92	15,520.00	7.72
At March 31, 2017	1,916.14	429.81	7,198.35	5,880.90	215.89	56.26	352.01	318.72	16,368.08	1,041.64
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

### Notes:

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

Particulars	Deemed Cost	Accumulated Depreciation	Net Book Value
As at 1st April, 2016	707.38	-	707.38
Additions/ Depreciation	-	30.64	-
As at 31st March, 2017	707.38	30.64	676.74
Additions/ Depreciation	1,000.65	45.39	-
Addition on acquisition of subsidiary	64.68	-	-
As at 31st March, 2018	1,772.71	76.03	1,696.68

- Leasehold land represents land obtained on long term lease from State Industries Promotion Corporation of Tamilnadu Limited and considered as finance lease.
- The Group has not capitalised any borrowing cost in the current and previous year.
- Capital work in progress as at March 31, 2018 includes ₹ 435.01 lakhs which represents assets under constructions at various plants, warehouses and office buildings
- Land, buildings and plant (including movable assets) with a carrying amount of ₹ 2,347 lakhs as at March 31, 2018 (March 31, 2017 - ₹ 2,070 lakhs, April 1, 2016 - ₹ 2,471 lakhs) are subject to a hypothecation to secure the Group's bank loans (Refer Note 19).
- During the previous year, the Group had capitalised 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 capitalised by the Group. No expenses of revenue nature is capitalised during the year ended March 31, 2018.

Particulars	(₹ in lakhs)
Rent	62.33
Power and fuel	36.61
Repairs and maintenance	25.18
Rates & Taxes	8.52
Others	26.26
Total	158.90



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4 : INVESTMENT PROPERTY (AT COST)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Opening balance at 1 April 2016	-	-	-
Additions (subsequent expenditure)	-	27.00	-
Closing balance at 31 March 2017	27.00	27.00	-
Additions (subsequent expenditure)	0.90	-	-
Closing balance at 31 March 2018	27.90	27.00	-

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
<b>Cost</b>						
Deemed cost as at April 1, 2016	576.91	4.60	-	-	581.51	-
Purchase / additions	132.90	-	-	-	132.90	-
<b>At March 31, 2017</b>	<b>709.81</b>	<b>4.60</b>	<b>-</b>	<b>-</b>	<b>714.41</b>	<b>-</b>
Addition on acquisition of subsidiary (Refer note 40)	-	-	153.69	90.77	244.46	366.40
Purchase / additions	138.86	-	-	-	138.86	-
Disposals	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>848.67</b>	<b>4.60</b>	<b>153.69</b>	<b>90.77</b>	<b>1097.73</b>	<b>366.40</b>
<b>Amortisation</b>						
<b>As at April 1, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	242.00	2.91	-	-	244.91	-
<b>At March 31, 2017</b>	<b>242.00</b>	<b>2.91</b>	<b>-</b>	<b>-</b>	<b>244.91</b>	<b>-</b>
Charge for the year	192.28	1.69	8.39	10.98	213.34	-
Disposals	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>434.28</b>	<b>4.60</b>	<b>8.39</b>	<b>10.98</b>	<b>458.25</b>	<b>-</b>
<b>Net block</b>						
<b>At April 01, 2016</b>	<b>576.91</b>	<b>4.60</b>	<b>-</b>	<b>-</b>	<b>581.51</b>	<b>-</b>
<b>At March 31, 2017</b>	<b>467.81</b>	<b>1.69</b>	<b>-</b>	<b>-</b>	<b>469.50</b>	<b>-</b>
<b>At March 31, 2018</b>	<b>414.39</b>	<b>-</b>	<b>145.30</b>	<b>79.79</b>	<b>639.48</b>	<b>366.40</b>

### NOTE 6: LOANS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Inter corporate loan (Refer Note (i) below)	350.00	425.00	500.00
(b) Loans and advances to employees	60.38	69.75	78.81
(c) Other loans (Refer Note (ii) below)	322.11	179.66	-
<b>Total</b>	<b>732.49</b>	<b>674.41</b>	<b>578.81</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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. with effect from October 31, 2016 (March 31, 2016: 18% 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 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 7: OTHER FINANCIAL ASSETS

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Security deposits (unsecured, considered good) (carried at amortised cost)	621.36	524.87	487.45
(b) Fixed deposits with banks (carried at amortised cost)	86.49	81.71	75.45
<b>Total</b>	<b>707.85</b>	<b>606.58</b>	<b>562.90</b>

### NOTE 8: INCOME TAX ASSETS (NET)

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance Income Tax (net of provisions)	713.30	713.24	612.30
<b>Total</b>	<b>713.30</b>	<b>713.24</b>	<b>612.30</b>

### NOTE 9: DEFERRED TAX

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<u>Tax effect of items constituting deferred tax liability</u>			
On difference between book balance and tax balance of plant, property and equipments	1,792.24	1,470.81	1,366.35
	1,792.24	1,470.81	1,366.35
<u>Tax effect of items constituting deferred tax assets</u>			
Impairment allowance for trade receivables	1,030.78	614.82	382.80
Disallowances under Section 43B of the Income Tax Act, 1961	429.45	245.41	170.19
Others	90.53	211.94	211.94
	1,550.76	1,072.17	764.93
<b>Net Total</b>	<b>241.48</b>	<b>398.64</b>	<b>601.42</b>
Disclosed as:			
Deferred tax asset	0.40	-	-
Deferred tax liability	241.88	398.64	601.42

### NOTE 10: OTHER NON-CURRENT ASSETS

Particulars	(₹ in lakhs)		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good unless other wise stated			
(a) Capital advances	517.51	1,169.00	185.49
Considered good	-	-	20.00
Considered doubtful	517.51	1,169.00	205.49
Less: Provision for doubtful advances	-	-	(20.00)
	517.51	1,169.00	185.49
(b) Deposits with statutory/government authorities	228.35	165.20	106.65
(c) Prepaid Expenses	36.72	15.01	6.50
<b>Total</b>	<b>782.58</b>	<b>1,349.21</b>	<b>298.64</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Raw Materials	4,548.08	3,341.59	2,050.66
(b) Work-in-Progress	1,719.91	1,464.44	1,022.97
(c) Finished Goods	7,714.61	5,837.06	5,148.61
(d) Stock-in-Trade	16,018.32	15,210.33	11,079.29
(e) Stores and Spares	1,161.15	1,119.37	1,111.67
(f) Packing Materials and Consumables	487.11	460.65	352.17
<b>Total</b>	<b>31,649.18</b>	<b>27,433.44</b>	<b>20,765.37</b>

#### Notes:

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

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials	567.20	581.20	280.65
Stock in Trade	1,289.50	1,527.35	1,084.04
Stores and Spares	72.24	9.21	18.20
Packing Materials and Consumables	27.34	26.24	14.76
<b>Total</b>	<b>1,956.28</b>	<b>2,144.00</b>	<b>1,397.65</b>

(b) During the year ended 31st March, 2018, ₹ 211 lakhs (31st March, 2017: Nil) was recognised as an expense for inventories carried at net realisable value.

(c) Inventories are hypothecated with the banks against working capital limits. Refer note 22.

### NOTE 12: INVESTMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investments at fair value through profit or loss			
Investments in Mutual Funds (unquoted)			
(a) Birla Sunlife Liquid Fund Daily Dividend Reinvestment 25.99 lakhs [31st March, 2017: 24.75 lakhs, 1st April, 2016: 5.34 lakhs] units of ₹ 100 each fully paid-up	2,606.87	2,479.69	535.47
(b) HDFC Liquid Fund Daily Dividend Reinvestment 1.52 lakhs [31st March, 2017: 2.06 lakhs, 1st April, 2016: 0.30 lakhs] units of ₹ 1000 each fully paid-up	1,552.07	2,103.79	300.28
(c) Reliance Liquid Fund Daily Dividend Reinvestment 0.07 lakhs [31st March, 2017: 0.07 lakhs, 1st April 2016: 0.59 lakhs] units of ₹ 1000 each fully paid-up	100.15	100.40	900.91

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(d) SBI Liquid Fund Daily Dividend Reinvestment 0.70 lakhs [31st March, 2017: 1.89 lakhs, 1st April 2016: 0.20 lakhs] units of ₹ 1000 each fully paid-up	701.12	1,900.58	202.39
(e) ICICI Liquid Fund Daily Dividend Reinvestment 24.52 lakhs [31st March, 2017: 22.01 lakhs, 1st April 2016: NIL] units of ₹ 100 each fully paid-up	2,455.83	2,202.56	-
(f) HDFC Charity Debt Fund 10.00 lakhs [31st March, 2017: 10.00 lakhs, 1st April, 2016: NIL] units of ₹ 10 each fully paid-up	100.00	100.00	-
<b>Total</b>	<b>7,516.04</b>	<b>8,887.02</b>	<b>1,939.05</b>

Note:

The aggregate book value and market value of unquoted investments as on 31st March, 2018 amounted to ₹ 7,516.04 lakhs (31st March, 2017: ₹ 8,887.02 lakhs, 1st April 2016 : ₹ 1,939.05 lakhs)

### NOTE 13: TRADE RECEIVABLES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured, considered good	1,632.86	1,232.46	1,298.07
Unsecured, considered good	43,294.98	29,979.35	26,968.20
Considered doubtful	2,626.11	2,141.39	1,450.95
	47,553.95	33,353.20	29,717.22
Less: Impairment allowance for trade receivables	(2,626.11)	(2,141.39)	(1,450.95)
<b>Total</b>	<b>44,927.84</b>	<b>31,211.81</b>	<b>28,266.27</b>

Notes:

- Trade receivables are generally on terms of 15 to 90 days and are non-interest bearing except in case of overdue payments.
- 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.
- 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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>14A. Cash and cash equivalents</b>			
(a) Cash on hand	7.14	3.70	3.97
(b) Balances with Banks			
In Current accounts	498.22	462.96	239.71
Fixed deposits with original maturity less than 3 months	-	1,000.00	400.00
<b>Total</b>	<b>505.36</b>	<b>1,466.66</b>	<b>643.68</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>14B. Other bank balances</b>			
(a) Unpaid dividend accounts	33.05	29.71	46.89
(b) Fixed deposits (Refer note (i) below)	86.49	81.71	75.45
<b>Total</b>	<b>119.54</b>	<b>111.42</b>	<b>122.34</b>
Less: Amount disclosed under other non-current financial assets	(86.49)	(81.71)	(75.45)
<b>Total</b>	<b>33.05</b>	<b>29.71</b>	<b>46.89</b>

Notes:

- (i) Includes deposits of ₹ 77.75 lakhs (31st March, 2017: ₹ 72.98 lakhs, 1st April 2016 : ₹ 68.03 lakhs) provided as security against bank guarantees.
- (ii) At 31 March 2018, the Group had available ₹ 25,889 lakhs (31st March, 2017: ₹ 14,993.67 lakhs, 1st April 2016: ₹ 14,846.39 lakhs) of undrawn committed borrowing/credit facilities.
- (iii) Changes in liabilities arising from financing activities are as follows:

(₹ in lakhs)						
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	Long Term Borrowings		Current maturities of Long Term Borrowings		Short Term Borrowings	
Balance outstanding as at 1st April	240.00	560.00	320.00	325.14	6.33	1,211.11
Acquired in business combination (Refer note 40)	7.04	-	64.36	-	401.95	-
Other*	(247.04)	(320.00)	247.04	320.00	-	-
Cash Flows from Proceeds/ (Repayments)	-	-	(381.37)	(325.14)	60.59	(1,204.78)
<b>Balance outstanding as at 31st March</b>	<b>-</b>	<b>240.00</b>	<b>250.03</b>	<b>320.00</b>	<b>468.87</b>	<b>6.33</b>

\* reclassification to current maturities

### NOTE 15: LOANS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Inter corporate loan (Refer Note 6(i))	75.00	75.00	-
(b) Loans and advances to employees	89.82	98.16	102.70
(c) Other loans (Refer Note 6(ii))	85.99	98.35	-
<b>Total</b>	<b>250.81</b>	<b>271.51</b>	<b>102.70</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 16: OTHER CURRENT FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good (carried at amortised cost)			
(a) Security deposits	93.74	86.66	35.20
(b) Other receivables	18.98	374.96	97.64
<b>Total</b>	<b>112.72</b>	<b>461.62</b>	<b>132.84</b>

### NOTE 17: OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good unless other wise stated			
(a) Advance to suppliers			
Considered good	1,485.09	1,758.90	1,605.10
Considered doubtful	44.35	21.73	21.73
	<b>1,529.44</b>	<b>1,780.63</b>	<b>1,626.83</b>
Less: Provision for doubtful advances	(44.35)	(21.73)	(21.73)
	<b>1,485.09</b>	<b>1,758.90</b>	<b>1,605.10</b>
(b) Balances with government authorities	4,323.44	198.18	130.75
(c) Prepaid expenses	729.97	417.60	286.30
(d) Others	91.30	41.04	170.21
<b>Total</b>	<b>6,629.80</b>	<b>2,415.72</b>	<b>2,192.36</b>

### NOTE 18: SHARE CAPITAL

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)	Number of shares	(₹ in lakhs)
<b>(a) Authorised:</b>						
Equity shares of ₹ 1/- (31st March 2017: ₹ 1/-, 1st April 2016 - ₹ 10/-) each with voting rights (Refer Note (i) below)	500,000,000	5,000.00	500,000,000	5,000.00	35,000,000	3,500.00
<b>(b) Issued, subscribed and fully paid-up:</b>						
Equity shares of ₹ 1/- (31st March 2017: ₹ 1/-, 1st April 2016 - ₹ 10/-) each with voting rights (Refer Note (i) below)	425,675,631	4,256.76	424,654,461	4,246.54	30,085,244	3,008.52

#### Note (i) - Increase in Authorised Share Capital

The Company increased its Authorised Share Capital from ₹ 3,500 lakhs to ₹ 4,000 lakhs vide shareholders' approval at the Annual General Meeting held on 26th July 2016. In the Extra Ordinary General Meeting (EGM) held on 6th March, 2017 vide shareholders' approval, the Company further increased the Authorised Share Capital from ₹ 4,000 lakhs to ₹ 5,000 lakhs.

#### Note (ii) - Sub division of equity shares

Pursuant to shareholders' approval at the Annual General Meeting held on 26th July 2016, the Company sub-divided the face value of equity shares of ₹ 10 each into ten equity shares of ₹ 1 each on the record date of 31st August, 2016.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Note (iii) - Issue of Bonus shares

The Company has allotted 121,329,846 fully paid up equity shares of ₹ 1 each on 17th March, 2017 pursuant to 2:5 bonus share issue approved by the shareholders in the Extra Ordinary General Meeting (EGM) held on 6th March, 2017, by capitalising the Surplus in the statement of profit and loss amounting to ₹ 1,213.30 lakhs.

#### (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the period	424,654,461	4,246.54	30,085,244	3,008.52
Issued during the period – ESOP (Pre Share split)	-	-	95,275	9.53
Increase on account of Share Split	-	-	271,624,671	-
Issued during the period – ESOP (Post Share split)	1,021,170	10.22	1,519,425	15.19
Issued during the period – Bonus issue	-	-	121,329,846	1,213.30
<b>Outstanding at the end of the period</b>	<b>425,675,631</b>	<b>4,256.76</b>	<b>424,654,461</b>	<b>4,246.54</b>

#### (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 (31st March 2017: ₹ 1 per share, 1st April 2016: ₹ 10 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 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Number of shares held	% holding in that class of shares	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	79,343,252	18.64%	82,323,252	19.39%	7,366,518	24.49%
Ms. Sheela Kochouseph	46,484,578	10.92%	46,484,578	10.95%	3,320,327	11.04%
Mr. Arun K Chittilappilly	55,575,758	13.06%	55,575,758	13.09%	3,969,697	13.19%
Mr. Mithun K Chittilappilly	71,551,452	16.81%	71,551,452	16.85%	5,110,318	16.99%

\*adjusted for sub division of shares and issue of bonus shares

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	Year ended 31st March, 2018	Year ended 31st March, 2017
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of profits	-	121,329,846

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

In addition, the Company has issued 3,398,410 shares of face value of ₹ 1 each (31st March 2017: 2,37,724 shares of face value of ₹ 10 each, 31st March 2016: 125,621 shares of face value of ₹ 10 each) 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 31st March, 2018	For the year ended 31st March, 2017
Cash dividend on equity shares declared and paid:		
Final dividend for the year ended March 31, 2017 - ₹ 0.70 per share of face value of ₹ 1 each (March 31, 2016 - ₹ 2.50 per share of face value of ₹ 10 each)	2,972.58	752.53
Dividend distribution tax on final dividend	605.16	153.20
	<b>3,577.74</b>	<b>905.73</b>
Proposed dividends on equity shares:		
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)	2,979.73	2,972.58
Dividend distribution tax (DDT) on proposed dividend	606.61	605.16
	<b>3,586.34</b>	<b>3,577.74</b>

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.

## NOTE 19: BORROWINGS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Term loans			
From banks - secured	-	240.00	560.00
(b) Current maturities of long-term borrowings			
From banks - secured	240.00	320.00	324.37
From others - secured	-	-	0.77
From others - unsecured	10.03	-	-
	<b>250.03</b>	<b>560.00</b>	<b>885.14</b>
Less: Amount disclosed under the head "other current financial liabilities" (note 24)	(250.03)	(320.00)	(325.14)
<b>Total</b>	<b>-</b>	<b>240.00</b>	<b>560.00</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>From banks</b>			
Axis Bank Ltd. The term loan was secured by hypothecation of the vehicle financed. Repayment term was in 60 equated monthly installments of ₹ 0.40 lakhs from 15.04.2012 to 15.03.2017. Interest rate was 10.69% p.a.	-	-	4.37
Development Bank of Singapore (DBS) Term Loan drawn in two tranches, is 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). Interest rate is 10.70% p.a for the first drawdown of ₹ 1,000 lakhs and 11.20% for the second drawdown of ₹ 600 lakhs.	240.00	560.00	880.00
<b>Total (A)</b>	<b>240.00</b>	<b>560.00</b>	<b>884.37</b>
<b>From others</b>			
BMW India Financial Services Private Limited The term loan was secured by hypothecation of the vehicle financed. Repayment term was 60 equated monthly installments of ₹ 0.78 lakhs from 01.05.2011 to 01.04.2016. The loan has been fully repaid as on 31st March, 2017. Interest rate was 9.60% p.a.	-	-	0.77
Fullerton India Credit Company Limited The term loan of ₹ 20.48 lakhs carries interest rate of 18.50% p.a. and is repayable in 24 installments of ₹ 1.03 lakhs. The loan is guaranteed by the Managing Director of the subsidiary in his personal capacity.	10.03	-	-
<b>Total (B)</b>	<b>10.03</b>	<b>-</b>	<b>0.77</b>
<b>Total (A + B)</b>	<b>250.03</b>	<b>560.00</b>	<b>885.14</b>

- (ii) The secured loan from DBS contains certain debt covenants relating to limitation on indebtedness and debt service coverage ratio. The Group has satisfied the debt covenants prescribed in the terms of bank loan. The other loans do not carry any debt covenant. The Group has not defaulted on any loans payable.

### NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Put Option liability (carried at amortised cost) (Refer Note 40)	333.81	-	-
<b>Total</b>	<b>333.81</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 21: PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Provision for employee benefits	19.42	-	-
(i) Provision for Gratuity (Refer Note 41)			
(b) Other provisions			
(i) Provision for warranty (Refer Note 26)	844.48	671.59	546.29
(ii) Provision for decommissioning (Refer Note 26)	9.59	-	-
<b>Total</b>	<b>873.49</b>	<b>671.59</b>	<b>546.29</b>

### NOTE 22: BORROWINGS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Cash credit from banks-Secured (Refer Note (a) below)	468.87	6.33	153.61
(b) Other working capital facilities from banks - Unsecured (Refer Note (b) below)	-	-	1,057.50
<b>Total</b>	<b>468.87</b>	<b>6.33</b>	<b>1,211.11</b>

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 8.70% to 11.40% p.a. (March 31, 2017: 9.63% to 11.40% p.a., April 1, 2016: varying from 9.65% to 11.40% p.a.)
- (b) The Group 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 which varies from 0% to 25% of the respective sanctioned limit. As at March 31, 2018 and March 31, 2017, based on the revised terms of the facilities, there is no recourse on the Company. The total amount guaranteed by the Company towards such recourses under the Channel Financing Facilities as at March 31, 2018 is Nil (March 31, 2017: Nil, March 31, 2016: ₹ 1,057.50 lakhs) and is included under Borrowings.

### NOTE 23: TRADE PAYABLES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(carried at amortised cost)			
(a) Dues to micro enterprises and small enterprises	5,214.85	2,904.62	2,413.51
(b) Others	28,389.99	18,956.43	12,697.10
<b>Total</b>	<b>33,604.84</b>	<b>21,861.05</b>	<b>15,110.61</b>

- (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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(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	5,214.85	2,904.62	2,413.51
Interest due on above	0.02	-	0.01
	<b>5,214.87</b>	<b>2,904.62</b>	<b>2,413.52</b>
(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	1.04	1.77	1.24
(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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(Carried at amortised cost)			
(a) Current maturities of long-term borrowings (Refer Note 19)	250.03	320.00	325.14
(b) Interest accrued but not due on borrowings	0.14	0.02	-
(c) Unpaid dividends (unpresented dividend warrants)	33.05	29.71	46.89
(d) Trade / Security Deposits received	1,304.12	1,291.70	1,209.86
(e) Capital creditors	314.09	223.94	89.82
(f) Other Payables	154.59	126.31	128.98
<b>Total</b>	<b>2,056.02</b>	<b>1,991.68</b>	<b>1,800.69</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 25: OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Statutory dues	493.06	2,159.88	2,104.12
(b) Advances from customers	293.62	107.11	122.38
(c) Others	41.82	31.27	0.25
<b>Total</b>	<b>828.50</b>	<b>2,298.26</b>	<b>2,226.75</b>

### NOTE 26: PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(a) Provision for employee benefits			
(i) Provision for leave benefits	822.60	709.14	491.77
(ii) Provision for gratuity (Refer note 41)	98.98	210.14	-
(b) Other provisions			
(i) Provision for warranty (Refer note below)	1,780.05	1,557.36	1,527.39
(ii) Provision for Others (Refer note below)	319.93	-	-
<b>Total</b>	<b>3,021.56</b>	<b>2,476.64</b>	<b>2,019.16</b>

#### Note: Movement in provisions for warranty, decommissioning and others.

(₹ in lakhs)

Particulars	Provision for Warranty	Provision for Decommissioning	Provision for Others*
Balance as on April 1, 2016 (current + non current)	2,073.68	-	-
Additions	1,682.66	-	-
Utilisation/ Reversal/ Payments	(1,527.39)	-	-
<b>Balance as on March 31, 2017 (current + non current)</b>	<b>2,228.95</b>	<b>-</b>	<b>-</b>
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)	-	-
<b>Balance as on March 31, 2018 (current + non current)</b>	<b>2,624.53</b>	<b>9.59</b>	<b>319.93</b>

\* 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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Income Tax	515.36	46.89	466.80
<b>Total</b>	<b>515.36</b>	<b>46.89</b>	<b>466.80</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 28: REVENUE FROM OPERATIONS

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Sale of products (inclusive of excise duty) (Refer note (i) below)	230,726.69	210,312.05
(b) Other operating revenues:		
Service charges	18.60	24.04
Sale of scrap	1,487.86	1,084.31
Government Budgetary support (Refer note (ii) below)	1,292.92	-
	<b>2,799.38</b>	<b>1,108.35</b>
<b>Total</b>	<b>233,526.07</b>	<b>211,420.40</b>

Notes:

- (i) Sale of products includes excise duty collected from customers of ₹ 953.42 lakhs (Year ended 31st March, 2017: ₹ 2,856.45 lakhs). Sale of products net of excise duty is ₹ 229,773.27 lakhs (Year ended 31st March, 2017: ₹ 207,455.60 lakhs). Sales for periods up to 30th June, 2017 includes excise duty. From 1st July, 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 31st March, 2018 is strictly not comparable with Sales for the year ended 31st March, 2017.
- (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.

### NOTE 29: OTHER INCOME

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Other non-operating Income (Refer Note (i) below)	738.12	858.86
<b>Total</b>	<b>738.12</b>	<b>858.86</b>

Note(i) Other non-operating income comprises:

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Dividend income on current investments	483.40	417.60
Net gain on sale of current investments	-	86.41
Mould hire charges	41.72	63.11
Liabilities / provisions no longer required written back	3.40	15.35
Miscellaneous income	209.60	276.39
<b>Total</b>	<b>738.12</b>	<b>858.86</b>

### NOTE 30: FINANCE INCOME

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest Income comprises:		
Interest income on overdue trade receivable	259.94	350.19
From banks on deposits	7.00	30.67
On loans and advances	99.29	106.41
	<b>366.23</b>	<b>487.27</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 31: COST OF RAW MATERIALS CONSUMED

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Inventory at the beginning of the year	3,341.59	2,050.66
Add: Inventory on acquisition of subsidiary (Refer note 40)	387.56	-
Add: Purchases	66,534.68	59,837.48
	<b>70,263.83</b>	<b>61,888.14</b>
Less: Inventory at the end of the year	4,548.08	3,341.59
<b>Total</b>	<b>65,715.75</b>	<b>58,546.55</b>

### NOTE 32: (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Inventories at the end 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
<b>Total (A)</b>	<b>26,613.99</b>	<b>23,631.20</b>
Inventories at the beginning of the year:		
Finished goods	5,837.06	5,148.61
Work-in-progress	1,464.44	1,022.97
Traded goods (including spares)	16,329.70	12,190.96
<b>Total (B)</b>	<b>23,631.20</b>	<b>18,362.54</b>
Inventories on acquisition of subsidiary (Refer note 40)		
Finished goods	20.81	-
Work-in-progress	107.79	-
Traded goods (including spares)	7.25	-
<b>Total (C)</b>	<b>135.85</b>	<b>-</b>
(Increase)/Decrease in inventories		
Finished goods	(1,856.74)	(688.45)
Work-in-progress	(147.68)	(441.47)
Traded goods (including spares)	(842.52)	(4,138.74)
<b>Net (increase) / decrease (B + C - A)</b>	<b>(2,846.94)</b>	<b>(5,268.66)</b>

### NOTE 33: EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a) Salaries, wages and bonus (Refer Note 38)	13,907.13	11,656.26
(b) Contributions to provident and other funds	722.22	580.13
(c) Share based payment expense (Refer Note 45)	1,731.01	1,432.95
(d) Gratuity expense (Refer Note 41)	214.82	176.41
(e) Staff welfare expenses	622.00	548.95
<b>Total</b>	<b>17,197.18</b>	<b>14,394.70</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 34: FINANCE COSTS

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Interest expense on:</b>		
(i) Borrowings	100.20	95.42
(ii) Others		
- Interest on deposits from distributors	99.80	113.14
- Other interest	4.07	1.50
<b>Total</b>	<b>204.07</b>	<b>210.06</b>

### NOTE 35: OTHER EXPENSES

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Consumption of stores and spare parts	469.03	648.33
Consumption of packing materials	1,970.85	1,690.23
Power and fuel	1,358.36	1,121.47
Rent	1,486.85	1,057.61
Repairs and maintenance - Buildings	47.88	57.01
Repairs and maintenance - Plant and machinery	263.40	175.75
Repairs and maintenance - Others	1,157.67	888.93
Insurance	205.36	74.35
Rates and taxes	286.80	570.30
Communication costs	384.98	363.09
Travelling and conveyance	2,261.88	1,862.91
Printing and stationery	67.81	61.58
Freight and forwarding charges	2,812.21	2,467.29
Commission/ Brokerage	341.03	366.87
Advertisement and business promotion expenses	9,913.19	5,290.52
Donations and contributions	1.05	5.38
CSR expenditure (refer note 36)	318.08	239.13
Legal and professional fees	1,587.59	754.29
Directors' sitting fees	8.60	11.90
Payments to statutory auditors (refer note (i) below)	63.25	63.39
Trade and other receivables, loans and advances written off	33.05	46.46
Loss on foreign currency transactions and translation (net)	28.71	29.93
Loss on property, plant and equipment sold / scrapped / written off (net)	77.71	133.87
Impairment allowance for doubtful trade and other receivables, loans and advances (net)	384.18	670.44
Increase/ (decrease) of excise duty on inventory	(113.17)	38.08
Outsourced manpower cost	2,715.03	2,005.08
Warranty expenses	3,644.11	3,066.16
Contributions to political parties (Refer note (ii) below)	0.18	1.08
Miscellaneous expenses	2,701.98	1,748.91
	<b>34,477.65</b>	<b>25,510.34</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>(i) Payments to Statutory Auditors comprises:</b>		
Statutory Audit Fees	35.00	30.00
Tax Audit Fees	3.50	2.50
Limited Review Fees	15.00	14.00
Fees for Other Services (certifications)	4.00	3.55
Reimbursement of Expenses	5.75	5.09
Service Tax	-	8.25
<b>Total</b>	<b>63.25</b>	<b>63.39</b>
<b>(ii) Contribution to political parties</b>		
United Democratic Front	-	0.40
Bharatiya Janatha Party	0.07	0.33
Communist Party of India (Marxist)	0.06	0.20
Indian National Congress	-	0.05
Indian National Congress (I)	-	0.10
Bhartiya Mazdoor Sangh	0.05	-
<b>Total</b>	<b>0.18</b>	<b>1.08</b>

### NOTE 36: DETAILS OF CSR EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a) Gross amount required to be spend during the year	316.95	238.74
b) Amount spent during the year:		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	318.08	239.13
(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, 2018 and March 31, 2017 are:

#### (a) Consolidated statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Current income tax</b>		
Current income tax charge	4,486.30	6,071.67
Adjustment of tax relating to earlier years	68.84	43.02
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	(91.74)	(202.78)
<b>Income tax expense reported in the consolidated statement of profit and loss</b>	<b>4,463.40</b>	<b>5,911.91</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (b) OCI section

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Re-measurement (gains)/losses on defined benefit plans	(9.89)	(259.66)
Income tax related to items recognised in OCI during the year	2.61	74.78

### (c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Accounting profit before income tax	17,968.73	20,373.44
Applicable tax rate	34.608%	34.608%
Computed tax expense at statutory rate	6,218.62	7,050.84
Adjustments in respect of current income tax of previous years	68.84	43.02
Tax benefits under sections 80IC and 80IE of the Income Tax Act, 1961	(1,483.22)	(1,113.54)
Tax benefits under section 35(2AB)	(217.51)	(381.69)
Income exempted from tax	(167.30)	(144.52)
Ind-AS transition adjustment - ESOP Cost	-	312.63
Other non-deductible expenses	43.97	145.17
<b>Income tax charged to the consolidated statement of profit and loss at the effective income tax rate of 25% (31 March 2017: 29%)</b>	<b>4,463.40</b>	<b>5,911.91</b>

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

Particulars	(₹ in lakhs)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Accelerated Depreciation for tax purposes	123.48	104.46
Impairment allowance for trade receivables	(384.31)	(232.02)
Disallowances under Section 43B of the Income Tax Act, 1961	(79.22)	(75.22)
Others	248.31	-
<b>Total</b>	<b>(91.74)</b>	<b>(202.78)</b>

### (e) Reconciliation of deferred taxes:

Particulars	(₹ in lakhs)	
	As at 31st March, 2018	As at 31st March, 2017
<b>Opening balance as of 1 April - DTL/(DTA)</b>	<b>398.64</b>	<b>601.42</b>
Deferred taxes acquired in business combinations (refer Note 40)	(66.63)	-
Tax income/(expense) during the period recognised in statement of profit and loss (refer note 37 (d) above)	(91.74)	(202.78)
Tax income/(expense) during the period recognised in other comprehensive income	1.21	-
<b>Closing balance as at 31 March - DTL/(DTA)</b>	<b>241.48</b>	<b>398.64</b>
<b>Disclosed as:</b>		
Deferred tax asset	0.40	-
Deferred tax liability	241.88	398.64
<b>Total</b>	<b>241.48</b>	<b>398.64</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 38: DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Materials	159.99	120.28
Employee benefits expense	910.48	739.21
Travelling expenses	88.69	80.92
Fixed Assets	77.77	133.46
Others	19.71	17.59
	<b>1,256.64</b>	<b>1,091.46</b>

### 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 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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Payable not later than one year	454.95	543.68	116.35
Payable later than one year and not later than five years	556.63	1,011.58	288.56
Payable later than five years	-	-	-
<b>Total</b>	<b>1,011.58</b>	<b>1,555.26</b>	<b>404.91</b>

#### B) Capital Commitments (Net of advances)

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	475.32	636.92	201.62

#### C) Contingent Liabilities

(₹ in lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(i) Litigations (see note below)</b>			
(a) Claims against the Group not acknowledged as debt	256.67	299.72	302.22
(b) Direct tax matters under dispute / pending before Income Tax Authorities	1,835.29	639.86	399.66
(c) Indirect tax matters for demands raised by sales tax / VAT department pending before various appellate authorities	1,050.88	1,001.58	1,006.55
(d) Others	6.82	6.82	6.82
	<b>3,149.66</b>	<b>1,947.98</b>	<b>1,715.25</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(ii) Others</b>			
Guarantees other than financial guarantees	4,169.10	3,156.24	1,850.93
<b>Total</b>	<b>4,169.10</b>	<b>3,156.24</b>	<b>1,850.93</b>

Note:

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.

### NOTE 40: BUSINESS COMBINATION

With effect from August 31st, 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:

Particulars	Amount recognised on acquisition (₹ In lakhs)
<b>Assets</b>	
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
	<b>2,795.18</b>
<b>Liabilities</b>	
Borrowings	408.99
Provisions	370.50
Trade payables	660.81
Other financial liabilities	89.16
Other current liabilities	925.37
	<b>2,454.83</b>
Total identifiable net assets at fair value	340.35
Non-controlling interest (26% of net assets)	(88.49)
Goodwill arising on acquisition	366.40
<b>Purchase consideration transferred</b>	<b>618.26</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Cash flow on acquisition
Net cash with the subsidiary on the date of acquisition	269.95
Cash paid	(618.26)
<b>Net cash flow on acquisition</b>	<b>(348.31)</b>

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 will be amortised over an estimated useful life of 5 years. The share purchase agreements entered into with the promoter of Guts for the acquisition of 74% stake includes a non-compete clause. The same has been valued at ₹ 90.77 lakhs and is amortised over a useful life of 5 years.

The 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 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, 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 consolidated 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. If the combination had taken place at the beginning of year, Guts' contribution towards the Group's revenue from operations would have been ₹ 2,205.72 lakhs and the profit before tax from would have been ₹ 55.08 lakhs, after elimination.



## 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 ₹ 650.30 lakhs (year ended 31st March, 2017: ₹ 537.83 lakhs) towards PF contributions (included in note 33(b)) and ₹ 50.52 lakhs (year ended 31st March, 2017: ₹ 27.79 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 31st March, 2018	For the year ended 31st March, 2017
<b>Components of employer expense:</b>		
Current service cost	212.16	143.17
Net interest expense / (income) on net defined benefit liability/asset	2.66	(10.89)
Past service cost	-	44.13
<b>Total expense recognised in the Consolidated Statement of Profit and Loss</b>	<b>214.82</b>	<b>176.41</b>
<b>Actual contribution and benefit payments for the year:</b>		
Actual benefit payments	59.11	49.45
Actual contributions	344.53	175.84
<b>Net asset / (liability) recognised in the Consolidated Balance Sheet:</b>		
Present value of defined benefit obligation	(1,736.50)	(1,442.26)
Fair value of plan assets	1,618.10	1,232.12
Funded status [Surplus / (Deficit)]	(118.40)	(210.14)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Consolidated Balance Sheet</b>	<b>(118.40)</b>	<b>(210.14)</b>
<b>Change in defined benefit obligations (DBO) during the year:</b>		
Present value of DBO at beginning of the year	1,442.26	975.89
On acquisition of subsidiary (Refer note 40)	37.09	-
Current service cost	212.16	143.17
Interest cost	99.20	75.14
Actuarial (gains) / losses	4.90	253.37
Past service cost	-	44.14
Benefits paid	(59.11)	(49.45)
<b>Present value of DBO at the end of the year</b>	<b>1,736.50</b>	<b>1,442.26</b>
<b>Change in fair value of assets during the year:</b>		
Plan assets at beginning of the year	1,232.12	1,025.98
Return on plan assets greater/ (lesser) than discount rate	(4.99)	(6.28)
Actual company contributions	344.53	175.84
Interest income on plan assets	96.54	86.03
Benefits paid	(50.10)	(49.45)
<b>Plan assets at the end of the year</b>	<b>1,618.10</b>	<b>1,232.12</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>Composition of the plan assets is as follows:</b>		
Insurer Managed Assets	100%	100%
<b>Remeasurement gains/(losses) in other comprehensive income</b>		
Return in plan assets	(4.99)	(6.28)
Actuarial gain / (loss) due to DBO experience	(78.01)	(61.59)
Actuarial gain / (loss) due to DBO demographic assumption changes	-	3.64
Actuarial gain / (loss) due to DBO financial assumption changes	73.11	(195.43)
<b>Total amount recognised in OCI</b>	<b>(9.89)</b>	<b>(259.66)</b>

### 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, 2018	For the year ended March 31, 2017
Defined Benefit Obligation	1,736.50	1,442.26

(₹ in lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Impact on defined benefit obligation due to change in Discount rate	168.52	(146.57)	126.28	(109.21)
Impact on defined benefit obligation due to change in Salary Escalation Rate	(146.16)	165.46	(108.47)	122.83

### 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Expected Cash Flows (value on undiscounted basis)	Amount (₹ in lakhs)	
March 31, 2019	187.03	
March 31, 2020	181.88	
March 31, 2021	208.98	
March 31, 2022	239.14	
March 31, 2023	267.48	
March 31, 2024 to March 31, 2028	1,568.56	

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
<b>Actuarial assumptions:</b>		
Discount rate	7.50%	7.00%
Expected return on plan assets	8.00%	8.00%
Actual return on plan assets	8.25%	8.25%
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)	93.63	217.64

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, LT 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

### Year ended March 31st, 2018

(₹ in lakhs)

Particulars	Electronics	Electrical	Consumer Durables	Eliminations	Total
<b>Revenue</b>					
External customers	72,919.66	103,110.05	57,496.36	-	233,526.07
Inter-segment	-	-	-	-	-
<b>Total revenue</b>	<b>72,919.66</b>	<b>103,110.05</b>	<b>57,496.36</b>	<b>-</b>	<b>233,526.07</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(153.90)	(829.15)	(279.21)	-	(1,262.26)
Segment profit	7,975.24	7,852.60	2,072.19	-	17,900.03
<b>Total assets</b>	<b>30,384.44</b>	<b>40,560.46</b>	<b>26,347.61</b>	<b>-</b>	<b>97,292.51</b>
<b>Total liabilities</b>	<b>10,535.27</b>	<b>10,494.57</b>	<b>12,659.39</b>	<b>-</b>	<b>33,689.23</b>
<b>Other disclosure</b>					
Capital Expenditure incl. CWIP	672.87	814.30	1,813.33	-	3,300.50

### Year ended March 31st, 2017

(₹ in lakhs)

Particulars	Electronics	Electrical	Consumer Durables	Eliminations	Total
<b>Revenue</b>					
External customers	66,480.39	94,093.61	50,846.40	-	211,420.40
Inter-segment	-	-	-	-	-
<b>Total revenue</b>	<b>66,480.39</b>	<b>94,093.61</b>	<b>50,846.40</b>	<b>-</b>	<b>211,420.40</b>
<b>Income/(Expenses)</b>					
Depreciation and amortisation	(75.38)	(678.51)	(209.18)	-	(963.07)
Segment profit	8,785.73	7,715.81	3,547.03	-	20,048.57
<b>Total assets</b>	<b>19,942.41</b>	<b>31,603.32</b>	<b>21,699.51</b>	<b>-</b>	<b>73,245.24</b>
<b>Total liabilities</b>	<b>6,366.51</b>	<b>8,819.61</b>	<b>9,127.11</b>	<b>-</b>	<b>24,313.23</b>
<b>Other disclosure</b>					
Capital Expenditure incl. CWIP	482.51	1,526.56	639.81	-	2,648.88

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

As at April 1st, 2016

(₹ in lakhs)					
Particulars	Electronics	Electrical	Consumer Durables	Eliminations	Total
Total assets	16,752.29	26,200.91	15,076.02	-	58,029.22
Total liabilities	5,437.53	6,212.79	6,038.71	-	17,689.03

### Reconciliation of amount reflected in the financial statements

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>(a) Reconciliation of profit</b>		
Segment Profit	17,900.03	20,048.57
Other Unallocable income	1,105.24	1,312.07
Other Unallocable expenses	(832.47)	(777.14)
Finance cost	(204.07)	(210.06)
<b>Profit before tax</b>	<b>17,968.73</b>	<b>20,373.44</b>

(₹ in lakhs)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(b) Reconciliation of assets</b>			
Segment operating assets	97,292.51	73,245.24	58,029.22
Investment property	27.90	27.00	-
Investments - Current	7,516.04	8,887.02	1,939.05
Cash and cash equivalent	505.36	1,466.66	643.68
Income Tax assets (net)	713.30	713.24	612.30
Tangible & Other intangible assets	8,495.02	7,554.40	7,421.73
Other unallocable assets	2,527.07	1,533.59	3,605.06
<b>Total assets</b>	<b>117,077.20</b>	<b>93,427.15</b>	<b>72,251.04</b>
<b>(c) Reconciliation of liabilities</b>			
Segment operating liabilities	33,689.23	24,313.23	17,689.03
Deferred tax liabilities	241.88	398.64	601.42
Borrowings	468.87	246.33	1,771.11
Current tax liabilities	515.36	46.89	466.80
Other unallocable liabilities	7,028.99	4,985.99	4,014.47
<b>Total liabilities</b>	<b>41,944.33</b>	<b>29,991.08</b>	<b>24,542.83</b>

### Revenue from External Customer

(₹ in lakhs)		
Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
India	232,657.03	211,252.21
Outside India	869.04	168.19

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
	Mr. Mithun K. Chittilappilly - Managing Director and Son of Mr. Kochouseph Chittilappilly
	Mr. Ramachandran Venkataraman - Director and Chief Operating Officer w.e.f June 1, 2016 (Director - Marketing and Strategy up to May 31, 2016)
	Mr. Sudarshan Kasturi - Chief Financial Officer w.e.f 1st June, 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

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 31st March, 2018	For the Year ended 31st March, 2017
Mr. Kochouseph Chittilappilly	Rent Paid	32.94	47.92
	Dividends Paid	576.26	184.16
	Remuneration	26.68	58.06
	Commission	105.78	108.49
	Issue of Bonus Shares	-	294.66
	Sitting Fees	0.80	-
Mr. Mithun K Chittilappilly	Dividends Paid	500.86	127.76
	Salaries and allowances	108.75	75.54
	Company contribution to provident fund	9.72	6.48
	Commission	137.68	162.73
	Issue of Bonus Shares	-	204.43
Mr. Arun K Chittilappilly	Dividends Paid	389.03	99.24
	Issue of Bonus Shares	-	158.79
Ms. Sheela Kochouseph	Dividends Paid	325.39	83.01
	Issue of Bonus Shares	-	132.81

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)			
Name of the Related Party	Nature of Transactions	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Mr. Ramachandran Venkataraman	Dividends Paid	6.62	0.92
	Salaries and allowances	183.00	166.13
	Company contribution to provident fund	20.75	19.11
	Commission	-	23.66
	Employee stock compensation expense	685.43	755.78
	Issue of Bonus Shares	-	2.70
	Issue of Equity shares including premium	80.72	74.32
Ms. Joshna Johnson Thomas	Commission	45.89	54.24
	Sitting Fees	0.80	1.10
Mr. Jacob Kuruvilla *	Dividends Paid	-	0.13
	Salaries and allowances	16.20	33.30
	Company contribution to provident fund	0.22	1.26
	Issue of Bonus Shares	-	0.51
	Issue of Equity shares including premium	-	27.60
Mr. Sudarshan Kasturi *	Salaries and allowances	124.86	-
	Company contribution to provident fund	6.89	-
	Employee stock compensation expense	200.07	-
	Issue of Equity shares including premium	0.15	-
Ms. Jayasree K	Dividends Paid	0.44	0.07
	Salaries and allowances	22.53	19.79
	Company contribution to provident fund	1.06	0.76
	Employee stock compensation expense	15.95	12.88
	Issue of Bonus Shares	-	0.18
	Issue of Equity shares including premium	0.08	11.40

\* 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 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Mr. Kochouseph Chittilappilly	Commission payable	105.78	108.49	125.60
Mr. Mithun K Chittilappilly	Commission payable	137.68	162.73	125.60
Mr. Ramachandran Venkataraman	Commission payable	-	23.66	44.42
Ms. Joshna Johnson Thomas	Commission payable	45.89	54.24	-

Notes:

- 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.
- Represents additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year.

### NOTE 44: EARNINGS PER SHARE

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
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)	13,426.01	14,461.53
Weighted average number of equity shares outstanding	424,829,052	422,557,217
Basic earnings per share (₹)	3.16	3.42
Net profit for the year attributable to equity holders of the parent (₹ in lakhs)	13,426.01	14,461.53
Weighted average number of equity shares outstanding	432,427,004	428,693,320
Diluted earnings per share (₹)	3.10	3.37
Weighted average number of equity shares in calculating basic EPS	424,829,052	422,557,217
Effect of dilution:- Stock options granted under Employees Stock Option Scheme	7,597,952	6,136,103
Weighted average number of equity shares in calculating diluted EPS	432,427,004	428,693,320

## 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 options granted under ESOS 2013 and their exercise prices disclosed below are adjusted for the sub-division and bonus issue of shares made in the previous year. The number of shares allocated for allotment under the ESOS 2013 is 18,090,234 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	3,025,932 9,816,576	1.00 34.64	Over 3 years	Two third of total entitlements are time based grants and the remaining one third are based on the performance of the Company and the Individual employee.
Grant II	2015	04-May-15	310,534 958,258 420,000	1.00 71.36 1.00	Over 3 years Over 4 years	
Grant III	2016	04-May-16	3,780,000	68.75		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.
Grant IV	2016	16-Jun-16	259,504 1,261,246	1.00 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	08-Aug-16	49,280 280,000 1,120,000	1.00 1.00 121.79	Over 4 years	100% of the entitlements are time based grants which will vest 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
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
Grant VIII	2017	19-May-17	201,100	1.00	Over 4 years	and the balance 25% will vest at the end of fourth year based on the performance of the Company.
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	

## 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 (1.00) 34.64 (34.64)	90,426 (790,460) 3,290,168 (4,452,890)	- (25,836) - (940,048)	- (121,710) - (395,850)	5,642 (604,160) 435,744 (1,706,920)	84,784 (90,426) 2,854,424 (3,290,168)	84,784 (90,426) 2,854,424 (3,290,168)	4.20 (5.20) 4.05 (4.96)
Grant II	1.00 (1.00) 71.36 (71.36)	208,098 (221,810) 826,329 (684,470)	- (59,552) - (236,094)	1,456 (1,634) 4,482 (4,770)	60,306 (71,630) 166,762 (89,465)	33,875 - 308,154 (184,289)	146,336 (208,098) 655,085 (826,329)	5.81 (6.60) 5.56 (6.27)
Grant III	1.00 (1.00) 68.75 (68.75)	420,000 - 3,780,000 -	- (420,000) - (3,780,000)	- - - -	63,000 - - -	- - 567,000 -	357,000 (420,000) 3,780,000 (3,780,000)	7.57 (8.20) 7.20 (8.20)
Grant IV	1.00 (1.00)	259,504 -	- (259,504)	- -	48,651 -	- -	210,853 (259,504)	7.44 (8.02)
Grant V	1.00 (1.00) 1.00 (1.00) 1.00 (1.00) 121.79 (121.79)	1,261,246 - 49,280 - 280,000 - 1,120,000 -	- (1,261,246) - (49,280) - (280,000) - (1,120,000)	- - 26,992 - - -	162,126 - 12,320 - 42,000 - -	74,358 - - - - - 168,000 -	1,099,120 (1,261,246) 9,968 (49,280) 238,000 (280,000) 1,120,000 (1,120,000)	7.39 (8.09) 7.39 (8.09) 7.39 (8.09) 7.48 (8.39)
Grant VI	1.00 (1.00)	115,976 -	- (115,976)	- -	9,159 -	19,835 -	106,817 (115,976)	7.12 (8.00)
Grant VII	1.00 (1.00)	82,460 -	- (82,460)	- -	15,460 -	- -	67,000 (82,460)	9.07 (9.46)
Grant VIII	1.00 (1.00)	- -	201,100 -	- -	- -	- -	201,100 -	8.01 -
Grant IX	1.00 (1.00)	- -	154,854 -	- -	- -	- -	154,854 -	8.24 -
Grant X	1.00 (1.00)	- -	250,768 -	- -	- -	- -	250,768 -	8.59 -

Note: The numbers in parenthesis pertains to the previous year ended March 31, 2017.

Weighted average fair value of the options granted during the year was ₹ 214.47 (2016-17: ₹ 83.88).

Weighted average equity share price at the date of exercise of options during the year was ₹ 235.83 (2016-17: ₹ 171.58).

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 31st March, 2018	For the year ended 31st March, 2017
Risk-free interest rate (%)	6.65% to 7.72%	6.65% to 7.72%
Expected life of options (years)	5.01 to 7.01	5.01 to 6.11
Expected volatility (%)	31.25% to 33.93%	31.25% to 32.28%
Dividend yield	0.29% to 0.47%	0.34% 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 consolidated 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 affected in future periods.

#### a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### Operating lease commitments

The Group has taken various commercial properties on leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### b) Estimates and assumptions

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.

##### 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 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 consolidated 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 ₹ 333.81 lakhs as at the reporting date.

## NOTES FORMING PART OF THE CONSOLIDATED 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 transactions requires 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 and dividend yield 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		
	March 31st, 2018	March 31st, 2017	April 1st, 2016	March 31st, 2018	March 31st, 2017	April 1st, 2016
<b>Financial assets</b>						
Investments	7,516.04	8,887.02	1,939.05	7,516.04	8,887.02	1,939.05
Loans	983.30	945.92	681.51	983.30	945.92	681.51
<b>Total</b>	<b>8,499.34</b>	<b>9,832.94</b>	<b>2,620.56</b>	<b>8,499.34</b>	<b>9,832.94</b>	<b>2,620.56</b>
<b>Financial liabilities</b>						
Long Term Borrowings	250.03	560.00	885.14	250.03	560.00	885.14
Short Term Borrowings	468.87	6.33	1,211.11	468.87	6.33	1,211.11
Put Option Liability	333.81	-	-	333.81	-	-
<b>Total</b>	<b>1,052.71</b>	<b>566.33</b>	<b>2,096.25</b>	<b>1,052.71</b>	<b>566.33</b>	<b>2,096.25</b>

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 Company's assets and liabilities, measured at fair value on the balance sheet date:

Particulars	Date of valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Fair Value of Financial Assets disclosed					
Investments	31-Mar-18	7,516.04	7,516.04	-	-
	31-Mar-17	8,887.02	8,887.02	-	-
	01-Apr-16	1,939.05	1,939.05	-	-

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 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, 2018 and March 31, 2017. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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
<b>As at March 31st, 2018</b>				
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
	<b>36,379.76</b>	<b>409.72</b>	-	<b>36,789.48</b>
<b>As at March 31st, 2017</b>				
a) Borrowings	326.33	240.00	-	566.33
b) Trade Payables	21,861.05	-	-	21,861.05
c) Other Financial Liabilities	1,991.68	-	-	1,991.68
	<b>24,179.06</b>	<b>240.00</b>	-	<b>24,419.06</b>
<b>As at April 1st, 2016</b>				
a) Borrowings	1,536.25	560.00	-	2,096.25
b) Trade Payables	15,110.61	-	-	15,110.61
c) Other Financial Liabilities	1,800.69	-	-	1,800.69
	<b>18,447.55</b>	<b>560.00</b>	-	<b>19,007.55</b>

### 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.

#### 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 Group has hedged 64% of foreign currency exposure as on March 31, 2018. 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:

Particulars	(₹ in lakhs)	
	Effect on profit before tax	
	1% increase	1% decrease
March 31st 2018	(32.03)	32.03
March 31st 2017	(42.91)	42.91



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Commodity Price risk

The Group 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 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.

### 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Group monitors Capital using Gearing ratio, which is net debt divided by total capital plus net debt.

(₹ in lakhs)

Particulars	As at March 31st, 2018	As at March 31st, 2017	As at April 1st, 2016
Borrowings	718.90	566.33	2,096.25
Less: Cash and cash equivalents, other bank balances and mutual fund investments	8,054.45	10,383.39	2,629.62
Net debt (A)	(7,335.55)	(9,817.06)	(533.37)
Equity	74,964.15	63,436.07	47,708.21
Capital and Net Debt (B)	67,628.60	53,619.01	47,174.84
Gearing ratio (A/B)	-	-	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31st 2018 and March 31st 2017.

### NOTE 51: FIRST-TIME ADOPTION OF IND AS

These consolidated financial statements, for the year ended March 31, 2018, are the first consolidated financial statements of the Group consequent to the acquisition of Guts as further discussed in note 40, prepared in accordance with Ind AS.

Accordingly, the Group has prepared consolidated financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind AS. Since no consolidated financial statements were prepared under the Companies (Accounts) Rules, 2014 (Previous GAAP), disclosures of the reconciliation from Previous GAAP to Ind AS does not arise.

### NOTE 52: 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 assets	₹ In lakhs	As % of consolidated net assets	₹ In lakhs
<b>Parent Company</b>						
V-Guard Industries Limited						
<b>Balance as at 31 March, 2018</b>	<b>98.07%</b>	<b>73,684.26</b>	<b>97.74%</b>	<b>13,200.27</b>	<b>97.71%</b>	<b>13,189.50</b>
<b>Subsidiary (refer note 40)</b>						
Guts Electro-mech Limited						
<b>Balance as at 31 March, 2018</b>	<b>1.70%</b>	<b>1,279.89</b>	<b>1.67%</b>	<b>225.74</b>	<b>1.69%</b>	<b>228.32</b>
<b>Non-controlling interest in subsidiary</b>						
<b>Balance as at 31 March, 2018</b>	<b>0.23%</b>	<b>168.72</b>	<b>0.59%</b>	<b>79.32</b>	<b>0.60%</b>	<b>80.23</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 53: 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 115 Revenue from Contracts with Customers

Ind AS 115 was issued in March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1st, 2018. The Group plans to adopt the new standard on the required effective date using modified retrospective method. The Group assessed the impact of Ind AS 115 and expects that it will have no material effects on the results of the operations of the Group.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. The Appendix is effective for annual periods beginning on or after 1 April 2018. The Group has assessed the impact of the Appendix and expects that it will have no material effects on the results of the operations of the Group.

As per our report of even date

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

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

Place : Kochi  
Date : 30th May, 2018

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

**Kochouseph Chittilappilly**  
Chairman  
DIN: 00020512

**Sudarshan Kasturi**  
Chief Financial Officer

Place : Kochi  
Date : 30th May, 2018

**Mithun K. Chittilappilly**  
Managing Director  
DIN: 00027610

**Jayasree K**  
Company Secretary

## 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, 2018
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 and surplus*	(30.42)
3	Total assets	2,530.45
4	Total Liabilities	2,364.28
5	Investments	Nil
6	Turnover*	2,972.31
7	Profit before taxation*	418.27
8	Provision for taxation*	13.69
9	Profit after taxation.*	404.58

\*The amounts shown are post acquisition.

#### 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

## Notes

## Notes





## AWARDS AND RECOGNITIONS



Solar Water Heater, Perundurai facility of Mechanical & Electrical Division Bags Gold Award in the 3rd Maintenance Personnel Competition'2018, Organised by ABK - AOTS DOSOKAI Tamilnadu Centre



V-Guard Bags NIPM CSR Award



Wires & Cables Division Bags Par Excellence & Excellence awards in the 31st National Convention by QCFI

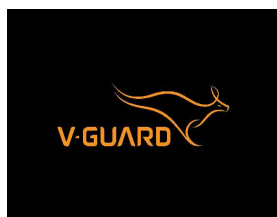


Wires & Cables Division Bags Par Excellence Award in National Conclave by QCFI



V-Guard Industries Ltd.  
CIN: L31200KL1996PLC010010  
Regd. Office: 42/962,  
Vennala High School Road,  
Vennala, Kochi-682028,  
Phone: +91 484 300 5000  
E-mail: mail@vguard.in

[www.vguard.in](http://www.vguard.in)



# V-Guard Industries Limited

CIN: L31200KL1996PLC010010

Registered Office: 42/962, Vennala High School Road,  
Vennala, Kochi - 682028; E-mail: mail@vguard.in;  
Web: www.vguard.in; Phone: 0484-3005000

## NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of V-Guard Industries Limited will be held on Tuesday, July 31, 2018, at 4.30 p.m., at Hotel "The Renai Cochin", Palarivattom P.O., Ernakulam - 682025, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of Auditors thereon.
2. To declare a final dividend of Rs. 0.70 (70 paise) per equity share of Re.1/- each for the Financial Year ended March 31, 2018.
3. To appoint a Director in place of Mr. Ramachandran V (DIN: 06576300), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

4. To re-appoint Mr. Mithun K Chittilappilly as Managing Director for a period of three years.

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

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (the Rules)

(including any statutory modification(s) or any amendment(s) thereto or any substitution(s) or any re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities, in granting such approvals, permissions and sanctions and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors vide resolutions dated March 23, 2018, the consent of the members of the Company be and is hereby accorded for the re-appointment of Mr. Mithun K Chittilappilly (DIN: 00027610), as Managing Director of the Company, whose office shall be liable to retire by rotation, for a period of three years with effect from April 01, 2018, on the following terms and conditions and remuneration which was recommended by the members of the Nomination and Remuneration Committee in their meeting held on March 23, 2018.

### Salary:

Rs. 8,00,000/- per month, with a power to the Board or any Committee thereof to give an annual increase upto 50% of the last drawn salary and also to alter or modify other terms and conditions of appointment including the remuneration payable subject to the limit specified herein above.

### Commission:

Not exceeding 1.25% of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act.

### Perquisites:

Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:

### CATEGORY 'A'

#### (1) Housing:

The Company shall provide rent free furnished residential accommodation, with free gas,

electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance up to a limit of 10% of his monthly salary and reimbursement of expenses incurred towards gas, electricity, water and salary of two servants. The Company shall also provide allowance towards furnishing upto one month salary per annum.

**(2) Medical Reimbursement:**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month salary in a year.

**(3) Leave Travel Concession:**

For self and family, once in a year incurred in accordance with the rules of the Company.

**(4) Club Fees:**

Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fee.

**(5) Personal Accident Insurance:**

Premium not to exceed 5% of Annual Salary.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the Managing Director.

**(6) Gratuity:**

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

**(7) Encashment of Leave:**

Unavailed leave can be encashed as per the rules of the Company.

**(8) Contribution to Provident Fund:**

Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company.

**CATEGORY 'B'**

**(9)** Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, where in any financial year, during the currency of the tenure of Mr. Mithun K Chittilappilly as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Mithun K Chittilappilly shall be governed by Section II of part II of Schedule V of the Act, or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Act and rules made thereunder or any statutory modification or re-enactment thereof.

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

5. To ratify the remuneration payable to Cost Auditors.

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

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or any amendment(s) thereto or any substitution(s) or any re-enactment(s) thereof for the time being in force), M/s. RA & Co., Cost Accountants, Mumbai, (Firm Registration No.: 000242) who were re-appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2019, be paid remuneration of Rs. 3,30,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

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

6. To continue the Directorship of Mr. A K Nair, Independent Director.

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

RESOLVED THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018



(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the members of the Company, be and is hereby accorded to continue the directorship of Mr. A K Nair (DIN: 00009148), as Non-Executive Independent Director, who will attain the age of 75 (Seventy Five) years on August 27, 2018, till the expiry of his present term of office, on the existing terms and conditions, as mentioned in the letter of appointment dated July 29, 2014, issued to him.

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

By Order of the Board  
For V-GUARD INDUSTRIES LIMITED

Sd/-

Place : Kochi

JAYASREE K

Date : July 03, 2018

Company Secretary  
(Membership No.: A15900)

#### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE TWENTY SECOND ANNUAL GENERAL MEETING ("the Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED ALONG WITH THIS NOTICE.
2. A PERSON SHALL ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.
3. If a Person is appointed as Proxy for more than 50 Members, he shall choose any 50 Members and confirm the same to the Company 24 hours before the commencement of the Meeting. In case, the Proxy fails to do so, the Company shall consider only the first 50 proxies received in respect of such person as valid.
4. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of Companies Act, 2013 ("the Act") are requested to send to the Company a certified copy of the Board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members and proxies who desire to attend the Annual General Meeting of the Company are requested to bring the attendance slip duly filled in and signed and hand over the same at the registration counter at the venue of the Annual General Meeting. Members who have opted physical copy are requested to bring their copies of the Notice and Annual Report.
6. The relative Statement setting out material facts pursuant to Section 102 of the Act, in respect of the Special Businesses under item nos. 4, 5 & 6 is annexed hereto. Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on General Meetings, brief resume and functional expertise of the Directors seeking appointment / re-appointment is furnished below along with the details of listed Companies in which they hold Directorship and the details of membership or chairmanship of sub-committees of Board.
7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act will be available for inspection by the members at the Annual General Meeting. The Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the Act will also be available for inspection by the members at the Annual General Meeting.
8. All documents referred to in the Notice will be available for inspection at the Company's Registered Office between 11:00 am to 1:00 pm upto the date of Annual General Meeting on all days (except Saturdays, Sundays and public holidays). Members may also note that the Notice and Annual Report of the Company for the Financial Year 2017-18 are available on Company's website at [www.vguard.in](http://www.vguard.in).
9. The Register of Members and Share Transfer Books of the Company will remain closed from July 25, 2018 to July 31, 2018 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
10. The dividend, as recommended by the Board, if approved at the Annual General Meeting, will be paid after July 31, 2018 but within the

statutory limit of 30 days to those Members or their mandates whose names are registered in the Company's Register of Members:

- a. As Beneficial Owners as at the end of business hours on July 24, 2018 as per the lists to be furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") in respect of the shares held in electronic form, and
  - b. As Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form which are lodged with the Company or its Registrar & Transfer Agent ("RTA") viz. Link Intime India Private Limited having their address at Surya, 35, 2nd Floor, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, on or before July 24, 2018.
11. Members holding shares in dematerialized form may, kindly note that their address and bank account details, as furnished by their depositories to the Company, shall be printed on the Dividend Warrants, as per applicable regulations of the depositories. Members who wish to change their address/bank account details are requested to advise their Depository Participants about such change on or before July 22, 2018.
  12. Members are requested to notify immediately any change of address:
    - a. to their Depository Participants ("DPs") in respect of the shares held in electronic form, and
    - b. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address of any of the documents viz., Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.
  13. Members who continue to hold shares in physical form, are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialized form. The shareholders have the option to hold Company's shares in demat form through NSDL or CDSL.
  14. Members who wish to seek/desire any further information/clarification on the audited financial statements are requested to send their queries at least 48 hours in advance of the date of the meeting to the Registered Office, by quoting the folio no./ client ID.
  15. The Notice of the Annual General Meeting along with the Annual Report for Financial Year 2017-18, is being sent by electronic mode to those members, whose e-mail ids are registered with the Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email ids, physical copies are being sent by the permitted mode.
  16. Members holding shares in physical form and not opted for NECS facility earlier, for receipt of Dividend are requested to fill up the NECS mandate form available in the website of the Company (<https://www.vguard.in/investor-relations/corporate-governance>) and forward the same to RTA latest by July 22, 2018 to avail the NECS facility. The members who have already availed the NECS facility may intimate RTA of any change in the Bank account details already furnished latest by July 22, 2018.
  17. Members who are holding shares in physical form and opts dividend warrant are also requested to intimate their Savings Account/Current Account No. and the name of the Bank & Branch with which such account is held or of any change in the information already furnished to the RTA latest by July 22, 2018 to enable the printing of the said details on the Dividend Warrant to avoid the incidence of fraudulent encashment of dividend warrants.
  18. Members who have not encashed their dividend warrants / Demand Drafts may, write to the Company, for claiming the same, by following the prescribed procedures, which is made available at <https://www.vguard.in/investor-relations/unpaid-dividend>.
  19. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF)**

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the IEPF established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. Members who have not encashed the dividend warrant(s) for the Financial Year 2010-11 and for consecutive 7 years from the Financial Year 2010-11, so

far, are requested to make their claim to the Secretarial Department of the Company, at the Registered Office or the office of the RTA on or before August 22, 2018, failing which the unpaid / unclaimed amount for the Financial Year 2010-11 and all the shares in respect of which dividend has unclaimed or unpaid shall be transferred to IEPF at an appropriate date. It may also be noted that unpaid / unclaimed dividend for the Financial Year 2009-10 has been transferred by the Company to the IEPF established by the Central Government. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

The Members/Claimants whose shares and unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund of dividend by making an application to IEPF Authority in Form IEPF - 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by it from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per IEPF Rules. Detailed instructions on making an application to IEPF Authority for claiming the shares or refund of dividend amount is given in the website of the Company, [www.vguard.in](http://www.vguard.in).

## 20. Nomination Facility

As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

21. In compliance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by RTA. The facility for voting, through ballot paper / any other means, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper / any other means. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM, but shall not be entitled to cast their votes again.

22. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's RTA / their Depository Participants, in respect of shares held in physical/electronic mode, respectively.
23. The route map showing directions to reach the venue of the Annual General Meeting is annexed herewith.
24. The instructions for Shareholders to vote electronically are as under:
  - A. Log-in to e-Voting website of Link Intime India Private Limited (LIPL)
    1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
    2. Click on "Login" tab, available under 'Shareholders' section.
    3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
    4. Your User ID details are given below:
      - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
      - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
      - c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company
    5. Your Password details are given below:
 

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section, register your details and set the password of your choice and confirm (the password should contain minimum 8 characters, at least one special character, one numeric, one alphabet and one capital letter), by following the instructions given below;



For Shareholders holding shares in Demat Form or Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).  • Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the Sequence No./Default PAN Field.
DOB / DOI	Enter the DOB (Date of Birth)/ DOI (Date of Incorporation) as recorded with Depository Participant or in the Company record for the said demat account or folio number in dd/mm/yyyy format.
or	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or Folio.  Shareholders holding shares in physical form who has not registered the Dividend Bank details with the Company shall enter Event No. + Folio number in the Dividend Bank Details field.

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

**If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, one numeric, one alphabet and one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the Company in which they are a shareholder and eligible to vote, provided

that the Company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**B. Cast your vote electronically**

- After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the Company, you choose to vote.
- On the voting page, you will see "Resolution Description" and against the same the option "Favour / Against" for voting.

Cast your vote by selecting appropriate option i.e., Favour /Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour /Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour /Against'.

- If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- After selecting the appropriate option i.e., Favour /Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

**C. General Guidelines for shareholders:**

- Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of

the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of times till they have voted on the resolution(s) for a particular "Event No."
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or call at 022- 49186000.

#### **D. Other Instructions**

- a. The e-voting period commences on Saturday, July 28, 2018 (9.00 a.m. IST) and ends on Monday, July 30, 2018 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on July 24, 2018 i.e., cut-off date, may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.
- b. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting as well as voting at the meeting through ballot paper/ any other means.
- c. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on the cut-off date, may follow the aforesaid instructions to obtain the login ID and password.
- d. Mr. M D Selvaraj (Membership No. F960), FCS, MDS & Associates, Company Secretaries, Coimbatore, has been appointed as the scrutinizer to scrutinize both the remote e-voting process and voting through ballot

paper or any other means during the Annual General Meeting, in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than one day of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

- e. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vguard.in](http://www.vguard.in) and on the website of LIPL <https://instavote.linkintime.co.in/Result/Resultpage> immediately after the result is declared. The Company shall simultaneously forward the results to BSE Ltd ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

#### **Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 (the Act) in respect of the Special Businesses**

As required by Section 102 of the Act, the following statement sets out all material facts relating to the businesses mentioned under Item nos. 4, 5 & 6 of the accompanying Notice dated July 03, 2018.

#### **Item No. 4**

Mr. Mithun K Chittilappilly was re-appointed as a Managing Director of the Company for a period of three years from April 01, 2015. His term of office as Managing Director expired on March 31, 2018. As the Managing Director of the Company, since April 2012, he has been actively involved, in the overall management of the operations of the Company and putting up appropriate systems and processes for bringing in improvement in each of the functions of the Company. Under his leadership, the Company was able to achieve remarkable growth from Non-South markets and able to roll out various new products to the portfolio. He has played a critical role in Company unveiling a new brand identity and logo and transforming the Company into technology-driven smart organization with smart products.

Considering the active role played by him in the growth trajectory of the Company, the Nomination and Remuneration Committee, at its meeting held on March 23, 2018, recommended the re-appointment of Mr. Mithun K Chittilappilly (DIN: 00027610), as Managing

Director, for a term of three years effective from April 01, 2018, whose office shall be liable to retire by rotation. The Board of Directors in their meeting held on March 23, 2018, approved the re-appointment, subject to the approval of the members in the ensuing Annual General Meeting.

Detailed resume of Mr. Mithun K Chittilappilly, along with disclosures required under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Secretarial Standard - 2 on General Meeting issued by the Institute of Company Secretaries of India, is given in the Annexure accompanying this Notice.

Other than Mr. Mithun K Chittilappilly, Mr. Kochouseph Chittilappilly, Mrs. Joshna Johnson Thomas and their relatives, no other Director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in the Ordinary Resolution set out in item no. 4 of the accompanying Notice.

The Board seeks the consent of members of the Company for passing the resolution as set out in item no. 4 of the Notice for re-appointment of Mr. Mithun K Chittilappilly, as Managing Director of the Company for a period of three years.

#### Item No. 5

The Board on recommendation of the Audit Committee, has approved the re-appointment of M/s. RA & Co., Cost Accountants, Mumbai, (Firm Registration No.000242) as the Cost Auditors to conduct audit of the Cost Records of the Company for the Financial Year ending March 31, 2019. The Board has also approved payment of Rs.3,30,000/- as audit fee payable to the Cost Auditors plus applicable taxes and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Act, read with The Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors need to be ratified by the shareholders of the Company.

A certificate issued by M/s. RA & Co., Cost Accountants, regarding their eligibility for re-appointment as Cost Auditors will be available for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting and also at the venue of the Meeting.

Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year 2018-19 as set out in item no. 5 of the accompanying Notice.

None of the Directors or Key Managerial Personnel or their relatives is in any way concerned or interested,

financially or otherwise, in the resolution set out in the item no. 5 of the accompanying Notice.

#### Item No. 6

The Shareholders of the Company at the 18th Annual General Meeting held on July 29, 2014, had passed an Ordinary Resolution for appointment of Mr. A K Nair, as Non-Executive Independent Director of the Company, for a period of five years effective from July 29, 2014.

Mr. A K Nair, Non-Executive Independent Director, will attain the age of 75 years, on August 27, 2018. Pursuant to the provisions of Regulation 17A of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, ("Listing Regulations") approval of the members by way of a special resolution is required, effective from April 01, 2019, for appointment of a person who has attained the age of 75, as Non-Executive Director and to continue the existing tenure of a Non-Executive Director of a Company.

Mr. A K Nair, is on the Board of the Company in the Non-Executive Independent category since 2009 and has been contributing immensely to the Board deliberations and the Company is benefitted out of his vast experience in various fields of Management.

Considering the amendment made to the Listing Regulations, the Board at its meeting held on May 30, 2018, basis recommendation of the Nomination and Remuneration Committee, proposed seeking consent of the members by way of special resolution for continuation of office of directorship of Mr. A K Nair, in the Non-Executive Independent category, for the remaining period of current tenure of appointment from the date of attaining the age of 75 years.

A detailed resume of Mr. A K Nair is given in the Annexure accompanying this Notice.

The Board recommends the Special Resolution set out in Item No. 6 of the accompanying Notice for approval by the Members.

Except Mr. A K Nair, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the Resolution No. 6.

By Order of the Board  
For V-GUARD INDUSTRIES LIMITED

Place : Kochi  
Date : July 03, 2018

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

**Details of Directors seeking re-appointment at the ensuing Annual General Meeting in pursuance of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on General Meeting issued by Institute of Company Secretaries of India.**

Particulars	Mr. Ramachandran V	Mr. Mithun K Chittilappilly	*Mr. A K Nair
Date of birth & Age	27.10.1963 55 years	02.09.1980 37 years	27.08.1943 74 years
DIN & Nationality	06576300 Indian	00027610 Indian	00009148 Indian
Date of first appointment to the Board	01.06.2013	01.04.2003	27.05.2009
Qualification	Bachelor of Science Masters in Management Studies (Marketing)	Graduate in Commerce and MBA (Finance & Marketing)	BSC (Mechanical Engineering) MBA
Experience in specific functional areas	Having more than twenty five years of cross functional experience in Hindustan Unilever and L G Electronics. He was occupying the position of Director-Marketing and Strategy, of the Company from June 01, 2013 to May 31, 2016 and was heading sales and marketing activities of the Company. He was re-appointed as Director and Chief Operating Officer of the Company, effective from June 01, 2016.	He is in the Board of the Company for more than 14 years and has headed various strategic initiatives and lead the Organization to the next level by implementing various transformational activities in the functional areas of Supply Chain Management, Sales & Marketing and Customer Services. He has been instrumental in the Company going Digital and unveiling a new brand identity. He has taken an active role in increasing the manufacturing footprint of the Company in major products.	Having more than fifty years of experience in senior managerial positions in various industries, including as Managing Director of Kerala State Industrial Development Corporation Limited and Nitta Gelatin India Limited. He is occupying the position of Independent Director of the Company since 2009.
Relationship with any Director(s) or Manager or Key Managerial Personnel of the Company	Not related to any Director or Key Managerial Personnel of the Company.	Mr. Kochouseph Chittilappilly, Chairman, is his father and Mrs. Joshna Johnson Thomas, Director is his spouse.	Not related to any Director or Key Managerial Personnel of the Company.
Directorship held in other listed Companies	Nil	Nil	Nitta Gelatin India Ltd.
Memberships in the Committees of Board of other listed Companies.	Nil	Nil	Nitta Gelatin India Ltd Stakeholder Relationship Committee - Chairman Audit Committee - Member

Particulars	Mr. Ramachandran V	Mr. Mithun K Chittilappilly	*Mr. A K Nair
Membership and Chairmanship in the Committees of the Board of the Company.	Risk Management Committee - Member	CSR Committee - Member Stakeholders' Relationship & Share Transfer Committee - Member Audit Committee - Member Risk Management Committee - Chairman	Audit committee - Member Nomination and Remuneration Committee - Member
No. of shares held in the Company.	9,44,811	7,15,51,452	0
Number of meetings of the Board attended during the Financial Year 2017-18.	05	05	04
Terms and conditions of re-appointment along with details of remuneration sought to be paid.	He was re-appointed as a Whole-time Director of the Company effective from June 01, 2016, for a period of four years under the designation Director and Chief Operating Officer and is heading all the functions of the Company and leading several new initiatives in the Company. As per the terms of re-appointment, he is liable to retire by rotation as per the provisions of Section 152 of the Companies Act, 2013 and being eligible offers himself for re-appointment.	He has been re-appointed as the Managing Director of the Company for a period of three years effective from April 01, 2018 by the Board of Directors in their meeting held on March 23, 2018, subject to the approval of members of the Company in the ensuing Annual General Meeting. As per the terms of re-appointment, he is liable to retire by rotation as per the provisions of Section 152 of the Companies Act, 2013.	He was appointed as the Independent Director of the Company for a period of five years effective from July 29, 2014. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on May 30, 2018, proposed seeking approval of the members, for continuation of office of directorship of Mr. A K Nair, in the Non-Executive Independent category, who will attain the age of 75 years on August 27, 2018, , till the expiry of present term of appointment.
Details of last drawn remuneration	During the Financial Year 2017-18, an aggregate amount of Rs. 915.19 lakhs was paid as salary and other perquisites and 8,40,000 nos. of options were vested under ESOS 2013.	During the Financial Year 2017-18, an aggregate amount of Rs. 256.54 lakhs was paid as salary, commission and other perquisites.	During the Financial Year 2017-18, an aggregate amount of Rs. 1.65 Lakhs was paid towards the fee for attending Board/ Committee Meetings

\* The detailed profile of the Director is shown above, considering the resolution proposed under agenda item No. 6 of the AGM notice.

By Order of the Board  
For V-GUARD INDUSTRIES LIMITED

Place : Kochi  
Date : July 03, 2018

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