Independent Auditor's Report

To the Members of Bajaj Electricals Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bajaj Electricals Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), its associate and joint venture comprising of the consolidated Balance sheet as at 31 March 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate financial statements of the associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at 31 March 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
A. Cost to complete estimates in the EPC business segment (Refer Note 1D(3) of the consolidated Ind AS financial statements)	
Revenue from construction contracts is recognised based on the stage of completion determined with reference to the actual costs incurred up to reporting date on the construction contract and the estimated cost to complete the project. Cost estimates involves judgments including those relating to cost escalations; assessment of technical, political, regulatory and other related contract risks and their financial estimation; scope of deliveries and services required for fulfilling the contractually defined obligations and expected delays, if any. Accordingly, cost to complete estimates have been considered as a key audit matter.	Our audit procedures included the following: • Performed procedures to test the design and operating effectiveness of controls relating to cost estimation; • Selected projects by applying audit sampling techniques and examined whether the cost estimates for these projects are in line with the supplier quotations obtained by the management and other internal estimates where latest supplier quotations are not available. • Examined whether the future supply quantities are in line with the contractual BOQ / survey conducted by the management. Further, also performed audit tests in respect of erection and other overhead costs considered in the project. • Examined the contingencies identified by the management in these projects and corroborated the same with internal / external evidence available with the management. • Examined project contractual terms and customer correspondences to determine any adjustments to be considered to the project margins. • Evaluated management impact on account of COVID-19 on potential delays and cost increases.
B. Impairment allowance on trade receivables pertaining to operationally closed projects in Power Distribution (PD) and Transmission Line Tower (TLT) business (Refer Note 1D(2) and Note 6 of the consolidated Ind AS financial statements)	
As at 31 March 2020, trade receivables of ₹18,580 lakhs (net of impairment allowance of ₹5,727 lakhs) related to amounts collectible in respect of operationally closed projects in the PD and TLT business. In determining whether an impairment allowance is required, the management takes into consideration the ageing status and likelihood of collection based on contractual terms, past experience, customer correspondences etc. Based on such assessment, specific allowances are made for receivables that are unlikely to be collected. Due to the involvement of high level of management judgement and materiality of the amounts involved, we have considered the same as a key audit matter.	Our audit procedures included the following • Examined management basis for identification of amounts which are 'overdue' and 'not due' for operationally closed projects where the receivables were material. For these samples, assessed whether the rationale behind the management's judgment in determining the impairment provisions are adequate. • Examined the provisions made for these receivables by evaluating the overdue balances through customer correspondences, material reconciliations (where done during the year) and post year-end payments. Additionally, we also examined corroborative evidence including correspondence supporting any disputes between the parties involved.

Key audit matters	How our audit addressed the key audit matter
C. Recoverability of advances to joint venture and recognition of liability for guarantee given for loans taken by the joint venture (Refer Notes 5.1, 5.2, 7, 10, 14 and 40a(ix) of the consolidated Ind AS financial statements)	
As at 31 March 2020, the Company has the following exposure in respect of Starlite Lighting Limited ('SLL'), other than those provided for in the books: - • Trade advances of ₹5,215 lakhs • Financial guarantee given by the Company for loans taken by SLL from the banks (outstanding balance of such loans taken by SLL is ₹21,665 lakhs as on 31 March 2020) SLL has been making losses over the past several years. Management has performed a fair value assessment by forecasting and discounting future cash flows which involve significant estimates and judgment and determined that: - a) No further impairment is required to be recorded for the year ended 31 March 2020. b) No liability is probable on the financial guarantee given by the Company for loans taken by SLL. Accordingly, it has been determined as a key audit matter.	Our audit procedures included the following: • Obtained management's future cash flow forecasts (including COVID 19 considerations) along with the discounted cash flow working for SLL and tested the mathematical accuracy of the underlying calculations. • Compared historical actual results to those budgeted and inquired with management on the reasons for significant deviations, to assess the quality of management's forecasts. • Assessed the key assumptions used in the fair value assessment, comprising sales growth rates with reference to the contractual arrangements with SLL, gross profit margin, net profit margin, perpetual growth rate and discount rates. • Examined the valuation report obtained by the management from external valuation specialists. Also, examined the independence and objectivity of the specialists involved. • Assessed the headroom calculation by reviewing the sensitivity analysis of key assumptions used, including management assessment on the impact on change in assumptions.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the business responsibility report, corporate governance report and management discussion and analysis but does not include the consolidated Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the message from chairman and directors' report, which is expected to be made available to us after that date.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and of its associate and joint venture 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 of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint venture of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended 31 March 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated Ind AS financial statements also include the Group's share of net loss of ₹285.22 lakhs for the year ended 31 March 2020, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements have been audited by the other auditor and whose report has 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 this associate and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of such other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of an associate, 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 purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on

31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary Company, associate Company and joint venture, none of the directors of the Group's companies, its associate and joint venture, incorporated in India, is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary Company, associate Company and joint venture, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, associate and joint venture incorporated in India, the managerial remuneration for the year ended 31 March 2020 has been paid / provided by the Holding Company, its subsidiary, associate and joint venture incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements, as 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, its associate and joint venture in its consolidated Ind AS financial statements – Refer Note 40 to the consolidated Ind AS financial statements;

ii. The Group, its associate and joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2020;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary, associate and joint venture, incorporated in India during the year ended 31 March 2020.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 20105938AAAACR4516
Place of signature: Mumbai
Date: 19 June 2020

Annexure 1 referred to in Paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

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 Bajaj Electricals Limited as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of Bajaj Electricals Limited (hereinafter referred to as the "Holding Company") and its subsidiary Company, its associate Company and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary Company, its associate Company and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)." These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 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 auditor in terms of their report referred to in the Other Matters 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 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 has, 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 31 March 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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 insofar as it relates to the subsidiary Company, associate Company and joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, 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, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 31 March 2020 consolidated financial statements of the Holding Company and this report does not affect our report dated 19 June 2020, which expressed an unqualified opinion on these financial statements.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938
UDIN: 20105938AAAACR4516
Place of signature: Mumbai
Date: 19 June 2020

Consolidated Balance Sheet as at 31st March 2020

(₹ in Lakhs)

Particulars	Notes	As at 31-Mar-20	As at 31-Mar-19
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	30,554.92	34,634.31
Capital work in progress	2	939.27	705.67
Right-of-use assets	3	12,047.28	-
Intangible assets	4	1,617.96	2,149.81
Intangible assets under development	4	156.70	239.31
Goodwill	44	2,644.36	2,494.39
Investments in associate and joint venture	5.1	-	-
Financial Assets			
i) Investments	5.2	1,287.94	1,076.62
ii) Trade receivables	6	48,754.67	51,962.54
iii) Loans	7	1,586.80	6.76
iv) Other financial assets	8	2,512.27	2,258.11
Deferred tax assets (net)	9	4,509.70	5,754.93
Non-current tax assets (net)		9,752.74	5,370.66
Other non-current assets	10	10,454.09	12,192.95
Total Non-Current Assets		**126,818.70**	**118,846.06**
Current Assets			
Inventories	11	69,886.72	83,024.82
Financial Assets			
i) Trade receivables	6	204,899.08	262,419.92
ii) Cash and cash equivalents	12	10,163.33	1,120.72
iii) Bank balances other than (ii) above	12	309.61	518.48
iv) Loans	7	2.57	2.02
v) Other current financial assets	13	479.57	259.74
Other current assets	14	33,317.29	32,498.48
Contract assets		10,592.55	18,987.43
Assets classified as held for sale	15	250.19	219.41
Total Current Assets		**329,900.91**	**399,051.02**
Total Assets		**456,719.61**	**517,897.08**
EQUITY & LIABILITIES			
Equity			
Equity share capital	16	2,275.35	2,047.99
Other Equity	17	132,549.72	103,537.05
Share application money pending allotment		0.02	7.84
Total Equity		**134,825.09**	**105,592.88**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	18	7,991.45	21,262.12
ii) Lease liabilities	3	7,316.57	-
iii) Other financial liabilities	19	891.81	1,245.33
Provisions	20	2,292.81	1,698.71
Employee benefit obligations	21	7,295.15	6,300.05
Total Non-Current Liabilities		**25,787.79**	**30,506.21**
Current Liabilities			
Financial Liabilities			
i) Borrowings	18	66,244.42	137,269.94
ii) Lease liabilities	3	2,546.31	-
iii) Trade payables	22		
Total Outstanding dues of micro enterprises & small enterprises		7,797.99	2,241.67
Total Outstanding dues of other than micro enterprises & small enterprises		83,189.08	108,166.82
iv) Other current financial liabilities	19	63,298.90	38,390.15
Provisions	20	8,750.39	8,977.60
Employee benefit obligations	21	5,904.57	6,216.61
Current tax liabilities (net)		962.62	962.72
Contract liabilities		37,050.83	63,123.25
Other current liabilities	23	20,361.62	16,449.23
Total Current Liabilities		**296,106.73**	**381,797.99**
Total Liabilities		**321,894.52**	**412,304.20**
Total Equity & Liabilities		**456,719.61**	**517,897.08**
Summary of significant accounting policies	1B		
The accompanying notes are an integral part of the Consolidated Financial Statements			

As per our report attached of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.105938
Mumbai, June 19, 2020

For and on behalf of the Board of directors

Shekhar Bajaj
Chairman & Managing Director
DIN: 00089358

Anuj Poddar
Executive Director
DIN: 01908009

Ajay Nagle
Executive Vice President
Legal & Company Secretary
Mumbai, June 19, 2020

Anant Purandare
President &
Chief Financial Officer

Shailesh Haribhakti
Chairman - Audit Committee
DIN: 00007347

Consolidated Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Notes	31-Mar-20	31-Mar-19
Income:			
Revenue from operations	24	498,723.44	667,941.20
Other income	25	4,615.15	6,494.98
Total Income		**503,338.59**	**674,436.18**
Expenses:			
Cost of raw materials consumed	26	34,236.90	49,735.15
Purchases of traded goods		289,838.76	444,142.70
Changes in inventories of work-in-progress, finished goods, traded goods	26	8,886.05	(21,909.04)
Erection & subcontracting expenses	27	31,066.35	44,375.75
Employee benefit expenses	28	38,894.45	36,056.09
Depreciation and amortisation expense	29	7,367.03	4,394.39
Other expenses	30	74,969.67	81,530.16
Finance cost	31	17,078.46	11,759.53
Total Expenses		**502,337.67**	**650,084.73**
Profit before share of profit / (loss) of an associate and a joint venture and tax		**1,000.92**	**24,351.45**
Share of profit / (loss) of associate and joint venture		(285.22)	(238.97)
Profit before tax		**715.70**	**24,112.48**
Income tax expense:			
Current tax		119.00	7,965.00
Deferred tax	9	1,617.01	779.80
Adjustment of tax relating to earlier periods		8.44	9.75
Total tax expenses		**1,744.45**	**8,754.55**
(Loss) / Profit for the year		**(1,028.75)**	**15,357.93**
Other comprehensive income			
Items that will not be reclassified to profit and loss in subsequent periods			
Remeasurement (gains)/losses on defined benefit plans	21	1,157.11	665.72
Tax impacts on above	9	(291.22)	(232.39)
Share of other comprehensive income of associates and joint ventures after tax accounted for using equity method		24.96	-
Other comprehensive income, net of tax		**890.85**	**433.33**
Total Comprehensive Income, net of tax		**(1,919.60)**	**14,924.60**
(Loss) / Profit for the year attributable to			
Shareholders of the company		(928.04)	15,639.54
Non-controlling interest		(100.71)	(281.61)
Other comprehensive income for the year attributable to			
Shareholders of the company		888.39	432.50
Non-controlling interest		2.46	0.83
Total comprehensive income for the year attributable to			
Shareholders of the company		(1,816.43)	15,207.04
Non-controlling interest		(103.17)	(282.44)
Earnings per equity share (face value per share ₹ 2)	39		
Basic		(0.99)	14.87
Diluted		(0.99)	14.83
Summary of significant accounting policies	1B		
The accompanying notes are an integral part of the Consolidated Financial Statements			

As per our report attached of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of directors

Shekhar Bajaj
Chairman & Managing Director
DIN: 00089358

Anuj Poddar
Executive Director
DIN: 01908009

per Vikram Mehta
Partner
Membership No.105938
Mumbai, June 19, 2020

Ajay Nagle
Executive Vice President
Legal & Company Secretary
Mumbai, June 19, 2020

Anant Purandare
President &
Chief Financial Officer

Shailesh Haribhakti
Chairman - Audit Committee
DIN: 00007347

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

A. Equity share capital (Note 16)

(₹ in Lakhs)

Particulars	Year Ended 31st March 2020	Year Ended 31st March 2019
At the beginning of the year	2,047.99	2,040.75
Issue of equity share capital during the year	227.36	7.24
At the end of the year	**2,275.35**	**2,047.99**

B. Other equity (Note 17)

(₹ in Lakhs)

Particulars	Reserves and surplus						Other reserves		Total
	Securities premium reserve	Debenture Redemption Reserve	Shares Option Outstanding	General Reserve	Retained earnings	Total	Capital Redemption Reserve	Capital Reserve	
Balance at 31st March 2019	**25,461.14**	**4,625.00**	**913.77**	**43,163.78**	**29,227.65**	**103,391.34**	**135.71**	**10.00**	**103,537.05**
Profit for the year	-	-	-	-	(928.04)	(928.04)	-	-	(928.04)
Other comprehensive income	-	-	-	-	(888.39)	(888.39)	-	-	(888.39)
Total comprehensive income for the year	**25,461.14**	**4,625.00**	**913.77**	**43,163.78**	**27,411.22**	**101,574.91**	**135.71**	**10.00**	**101,720.62**
Exercise of options - proceeds received	200.66	-	-	-	-	200.66	-	-	200.66
Exercise of options - transferred from shares options outstanding account	81.36	-	(81.36)	-	-	-	-	-	-
Securities premium proceeds received on issue of equity shares (Note 16(iii))	34,766.71	-	-	-	-	34,766.71	-	-	34,766.71
Rights issue expenses	(370.08)	-	-	-	-	(370.08)	-	-	(370.08)
Employee stock option expense for the year	-	-	521.24	-	-	521.24	-	-	521.24
Transferred to General reserve for vested cancelled options	-	-	(92.56)	92.56	-	-	-	-	-
Dividend on equity shares	-	-	-	-	(3,585.26)	(3,585.26)	-	-	(3,585.26)
Dividend distribution tax	-	-	-	-	(737.08)	(737.08)	-	-	(737.08)
Fair value of non-controlling interest put option (Note 44)	-	-	-	-	32.91	32.91	-	-	32.91
Balance at 31st March 2020	**60,139.79**	**4,625.00**	**1,261.09**	**43,256.34**	**23,121.79**	**132,404.01**	**135.71**	**10.00**	**132,549.72**

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

B. Other equity (Note 17)

(₹ in Lakhs)

Particulars	Reserves and surplus						Other reserves		Total
	Securities premium reserve	Debenture Redemption Reserve	Shares Option Outstanding	General Reserve	Retained earnings	Total	Capital Redemption Reserve	Capital Reserve	
Balance at 31st March 2018	**24,139.09**	**-**	**958.15**	**47,725.16**	**18,620.90**	**91,443.30**	**135.71**	**10.00**	**91,589.01**
Profit for the year	-	-	-	-	15,639.54	15,639.54	-	-	15,639.54
Other comprehensive income	-	-	-	-	(432.50)	(432.50)	-	-	(432.50)
Total comprehensive income for the year	**24,139.09**	**-**	**958.15**	**47,725.16**	**33,827.94**	**106,650.34**	**135.71**	**10.00**	**106,796.05**
Exercise of options - proceeds received	951.99	-	-	-	-	951.99	-	-	951.99
Exercise of options - transferred from shares options outstanding account	370.06	-	(370.06)	-	-	-	-	-	-
Employee stock option expense for the year	-	-	389.30	-	-	389.30	-	-	389.30
Transferred to General reserve for vested cancelled options	-	-	(63.62)	63.62	-	-	-	-	-
Dividend on equity shares	-	-	-	-	(3,574.96)	(3,574.96)	-	-	(3,574.96)
Dividend distribution tax	-	-	-	-	(735.01)	(735.01)	-	-	(735.01)
Transfer from General reserve to Debenture redemption reserve	-	4,625.00	-	(4,625.00)	-	-	-	-	-
Fair value of non-controlling interest put option	-	-	-	-	(126.90)	(126.90)	-	-	(126.90)
Call option on non-controlling interest	-	-	-	-	(163.42)	(163.42)	-	-	(163.42)
Balance at 31st Mar 2019	**25,461.14**	**4,625.00**	**913.77**	**43,163.78**	**29,227.65**	**103,391.34**	**135.71**	**10.00**	**103,537.05**

Summary of significant accounting policies **1B**

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report attached of even date
For S R B C & CO LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.105938
Mumbai, June 19, 2020

Ajay Nagle
Executive Vice President
Legal & Company Secretary
Mumbai, June 19, 2020

For and on behalf of the Board of directors

Shekhar Bajaj
Chairman & Managing Director
DIN: 00089358

Anuj Poddar
Executive Director
DIN: 01908009

Anant Purandare
President &
Chief Financial Officer

Shailesh Haribhakti
Chairman - Audit Committee
DIN: 00007347

Cash Flow Statement for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Cash flow from operating activities		
Profit before income tax	**715.70**	**24,112.48**
Adjustments for:		
Depreciation and amortisation expense	7,367.03	4,394.39
Employee share-based payment expense	521.24	389.30
(Gain)/Loss on disposal of property, plant and equipment	(27.86)	31.37
Measurement of financial assets held at fair value through Profit or Loss	38.13	28.54
Measurement of financial assets and liabilities held at amortised cost	(462.51)	(407.23)
Measurement of provisions at fair value	(309.51)	(162.65)
Share of loss of associate and joint venture	285.22	238.97
Income from financial guarantee contracts	-	(676.01)
Impairment of property, plant and equipment	(24.61)	729.36
Finance costs	17,078.46	11,759.53
Interest income	(1,373.63)	(1,176.33)
Impairment allowance for doubtful debts & advances (net of write back)	(1,955.57)	(2,218.04)
Bad debts and other irrecoverable debit balances written off	369.92	1,607.67
	22,222.01	**38,651.35**
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables (current & non-current)	62,654.96	(109,595.44)
(Increase)/decrease in financial and other assets (current & non-current)	11,021.01	(21,851.73)
(Increase)/decrease in inventories	13,138.10	(24,028.76)
Increase/(decrease) in trade payables , provisions, employee benefit obligations, other financial liabilities and other liabilities (current & non-current)	(41,881.51)	68,661.10
Cash generated from / (used in) operations	**67,154.57**	**(48,163.98)**
Income taxes paid (net of refunds)	(4,510.36)	(13,886.84)
Net cash inflow / (outflow) from operating activities	**62,644.21**	**(62,050.82)**
Cash flows from investing activities		
Purchase of property, plant and equipment including capital work in progress and capital advances	(3,082.55)	(5,480.63)
Purchase of intangible assets including intangible assets under development	(17.91)	(245.19)
Proceeds from sale of property, plant and equipment including advances received	119.00	98.69
Loans and advances (given) / repaid by associate and joint venture (net)	(1,577.00)	(1,342.21)
Acquisitions by Group	-	(3,070.42)
Purchase of investments	(160.73)	(259.93)
(Increase)/decrease in bank deposits	150.29	(117.96)
Interest received	495.22	16.65
Net cash inflow / (outflow) from investing activities	**(4,073.68)**	**(10,400.01)**

Cash Flow Statement for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Cash flows from financing activities		
Proceeds from issues of shares (net of issue expenses)	34,816.83	945.62
Proceeds from borrowings	29,518.69	101,671.25
Repayment of borrowings	(92,919.31)	(16,032.16)
Payment of lease liabilities	(2,201.97)	-
Interest paid	(14,419.82)	(10,960.89)
Dividends paid to Company's shareholders	(3,585.26)	(3,569.06)
Tax on dividend paid	(737.08)	(735.01)
Net cash inflow / (outflow) from financing activities	**(49,527.92)**	**71,319.76**
Net increase / (decrease) in cash and cash equivalents	**9,042.61**	**(1,131.06)**
Cash and cash equivalents at the beginning of the financial year	1,120.72	2,181.97
Acquired on business combination	-	69.62
Cash and cash equivalents at the end of the financial year	**10,163.33**	**1,120.53**

(₹ in Lakhs)

Change in liability arising from financing activities	Year Ended 31-Mar-20
Borrowings as on April 1, 2019	**158,998.48**
Proceeds from borrowings *	29,518.69
Repayment of borrowings	(92,919.31)
Foreign exchange movement	604.61
Borrowings as on March 31, 2020	**96,202.47**

* Proceeds from borrowings includes ₹ 6,500.00 lakhs towards non-current borrowings.

Summary of significant accounting policies (Note 1B)
The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report attached of even date
For S R B C & CO LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of directors

Shekhar Bajaj
Chairman & Managing Director
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Anuj Poddar
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DIN: 01908009

per Vikram Mehta
Partner
Membership No.105938
Mumbai, June 19, 2020

Ajay Nagle
Executive Vice President
Legal & Company Secretary
Mumbai, June 19, 2020

Anant Purandare
President &
Chief Financial Officer

Shailesh Haribhakti
Chairman - Audit Committee
DIN: 00007347

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note : 1

1A GENERAL INFORMATION.

Bajaj Electricals Limited ('the Company') is an existing public limited company incorporated on 14th July 1938 under the provisions of the Indian Companies Act, 1913 and deemed to exist within the purview of the Companies Act, 2013, having its registered office at 45/47, Veer Nariman Road, Mumbai-400 001.

The Group deals in Consumer Segments (CP) (which includes appliances, fan and consumer lighting products). The Group also deals in Engineering and projects (EPC) (which includes supply and erection of transmission line towers, high masts, poles, special projects including rural electrification projects and luminaires). The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The consolidated financial statements are presented in Indian Rupee (INR).

The consolidated financial statements are approved for issue by the Company's Board of Directors on June 19, 2020

1B SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented.

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

The consolidated financial statements are prepared under the historical cost convention except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- assets held for sale which are measured at lower of carrying value and fair value less cost to sell;
- defined benefit plans where plan assets are measured at fair value; and
- share-based payments at fair value as on the grant date of options given to employees.

Estimates, judgements and assumptions used in the preparation of the consolidated financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements, which may differ from the actual results at a subsequent date. The critical estimates, judgements and assumptions are presented in Note no. 1D.

The Group 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 realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised 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 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 as classified as non-current.

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Basis of consolidation

The consolidated financial statements includes financial statements of Bajaj Electricals Limited and its subsidiary (together referred as a Group) and results of an associate and a joint venture, consolidated in accordance with Ind AS 28 - Investments in associate and joint venture, Ind AS 111 – Joint Arrangements and Ind AS 110 – Consolidated financial statements as given below:

Name of the Company	Country of Incorporation	% share holding of the Company	Consolidated / Equity accounted as
Starlite Lighting Limited	India	47%	Joint Venture
Hind Lamps Limited	India	19%	Associate
Nirlep Appliances Pvt Ltd	India	79.85%	Subsidiary

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases 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 polices other than those adopted in the consolidated financial statements for like transactions and other 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 statement of all entities used for the purpose of consolidation are drawn upto same reporting date as that of the parent company i.e year ended 31st March .

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) 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.

(c) 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). 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.

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases, the Group consolidates the non-controlling interest's share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is derecognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not 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 considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

Interest in associate and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the groups share of profit and loss and OCI of equity accounted investee until the date on which significant influence or joint control ceases

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values (including related deferred tax). 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.

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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. 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.

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 recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

3 Revenue from contract with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for sale of products and construction contracts is described below

(1) Sale of products

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product to the customer's destination. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points and warranties). In determining the transaction price for the sale of product, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group has a loyalty points program, "Retailer Bonding Program", which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as deferred revenue until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the deferred revenue are charged against revenue.

The Group provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are bundled together with the sale of products. Contracts for bundled sales of products and a service-type warranty comprise two performance obligations because the product and service-type warranty are both sold on a stand-alone basis and are distinct within the context of contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as deferred revenue. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

(2) Construction contracts

Performance obligation in case of construction contracts is satisfied over a period of time, as the Group creates an asset

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

that the customer control and the Group has an enforceable right to payment for performance completed to date if it meets the agreed specifications. Revenue from construction contracts is recognised based on the stage of completion determined with reference to the actual costs incurred up to reporting date on the construction contract and the estimated cost to complete the project. Cost estimates involves judgments including those relating to cost escalations; assessment of technical, political, regulatory and other related contract risks and their financial estimation; scope of deliveries and services required for fulfilling the contractually defined obligations and expected delays, if any. Provision for foreseeable losses/ construction contingencies on said contracts is made based on technical assessments of costs to be incurred and revenue to be accounted for. The Group pays insurance and bank guarantee charges for each contract that they obtain for supply of materials and erection services. The Group amortises the same over the period of the contract. The Group has long-term receivables from customers. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component

(3) Contract balances

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

4 Leases:

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under Ind AS 116 is substantially unchanged under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

As a lessee:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment test.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Group has determined leasehold lands also as, right of use assets and hence the same has been classified from property, plant and equipment to right of use assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of lowvalue assets recognition exemption to leases that are considered of low value (i.e., below ₹ 5,00,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Transition to Ind AS 116

The Group has adopted modified retrospective approach as per para C8 (c) (ii) of IND AS 116 - Leases, effective from annual reporting period beginning 1st April, 2019. This has resulted in recognising a right of use asset of ₹ 10,220.16 lakhs (adjusted by the prepaid lease rent of ₹ 209.24 lakhs) and lease liability of ₹ 7,354.86 lakhs, as at 1st April, 2019.

As a lessor:

The Group has leased certain tangible assets and such leases where the Group has not substantially transferred all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit & Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which are they are incurred.

For the year ended March 31, 2019, the lease accounting has been done as per Ind AS 17 as stated below:

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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

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 the ownership to the Group are classified as a finance lease. Payments made under operating leases are charged to the Statement of Profit & Loss on a straight line basis over the period of the lease.

As a lessor

The Group has leased certain tangible assets and such leases where the Group has not substantially transferred all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit & Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which are they are incurred.

5 Other income:

(1) Interest income on financial asset is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instruments.

(2) Others:

The Group recognises other income (including rent, income from sale of power generated, income from scrap sales, income from claims received, etc.) on accrual basis. However, where the ultimate collection of the same is uncertain, revenue recognition is postponed to the extent of uncertainty.

6 Property, plant and equipment :

A) Asset class:

i) Freehold land is carried at historical cost including expenditure that is directly attributable to the acquisition of the land.

ii) All other items of property, plant and equipment (including capital work in progress) are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

iii) Capital goods manufactured by the Group for its own use are carried at their cost of production (including duties and other levies, if any) less accumulated depreciation and impairment losses if any.

iv) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit and loss during the year in which they are incurred.

v) Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipments which are carried at cost are recognised in the consolidated statement of profit and loss.

B) Depreciation:

i) Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Premium of Leasehold land and leasehold improvements cost are amortised over the primary period of lease.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

ii) 100% depreciation is provided in the month of addition for temporary structure cost at project site

iii) Where a significant component (in terms of cost) of an asset has an economic useful life different than that of it's corresponding asset, the component is depreciated over it's estimated useful life.

iv) The Group, based on internal technical assessments and management estimates, depreciates certain items of property, plant & equipment over the estimated useful lives and considering residual value which are different from the one prescribed in Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

v) Useful life of asset is as given below:

Asset block	Useful Lives (in years)
Leasehold Land	Over the period of the lease
Building - Office	5 to 70
Building - Factory	3 to 30
Ownership Premises	60
Plant & Machinery	1 to 22
Furniture & Fixtures	1 to 15
Electric Installations	1 to 10
Office Equipment	2 to 10
Vehicles	8 to 10
Dies & Jigs	1 to 10
Leasehold Improvements	5 to 10
Roads & Borewell	3 to 21
IT hardware	2 to 10
Laboratory Equipment	1 to 10

vi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

7 Intangible assets:

An intangible asset shall be recognised if, and only if:

(a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and

(b) the cost of the asset can be measured reliably.

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

Asset class & depreciation:

Computer softwares / licenses are carried at historical cost. They have an expected finite useful life of 3 years and are carried at cost less accumulated amortisation and impairment losses. Computer licenses which are purchased on annual subscription basis are expensed off in the year of purchase.

Trademarks are carried at historical cost. They have an registered finite useful life of 10 years and are carried at cost less accumulated amortisation and impairment losses.

Brand (Nirlep) is recognised on business combination and is amortised over a period of 5 years.

8 Impairment of non-financial assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Impairment loss is charged to the Statement of Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in the prior accounting periods is reversed if there has been change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised.

9 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.

I. Financial Assets

A) 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.

B) Subsequent measurement

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

- <u>Debt instruments at amortised cost</u>

  A 'debt instrument' is measured at the 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 the 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 the EIR. The EIR amortisation is included in other income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- <u>Debt instruments at fair value through other comprehensive income (FVTOCI)</u>

  A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

  - The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
  - The asset's contractual cash flows represent SPPI.

  Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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for the year ended 31st March 2020

- Debt instruments at fair value through profit or loss (FVTPL)

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

  In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised 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'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

  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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income 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 P&L, 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 P&L.

C) Derecognition

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 consolidated 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.

D) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated

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with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

II. Financial Liabilities

A) 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.

B) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

- Loans and Borrowings

  This is the category most relevant to the Group. 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 amortisation is included as finance costs in the consolidated 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

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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 amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the contractual payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

C) 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 derecognition 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 or loss.

III. Reclassification of financial assets / liabilities

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.

IV. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of Group or the counterparty.

V. Derivatives and hedging activities

The Group enters derivatives like forwards contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently marked to market at the end of each reporting period with profit/loss being recognised in consolidated statement of profit and loss. Derivative assets/liabilities are classified under "other financial assets/other financial liabilities". Profits and losses arising from cancellation of contracts are recognised in the consolidated statement of profit and loss.

9. Fair value measurements:

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

Notes to Consolidated Financial Statements

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The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a 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 minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

10. Cash and cash equivalents:

Cash and cash equivalents in the consolidated balance sheet and for the purpose of the consolidated statement of cash flows, include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

11. Inventories:

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12. Foreign currency transactions:

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (INR), which is the Group functional and presentation currency.

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a) On initial recognition, all foreign currency transactions are recorded at the functional currency spot rate at the date the transaction first qualifies for recognition.

b) Monetary assets and liabilities in foreign currency outstanding at the close of reporting date are translated at the functional currency spot rates of exchange at the reporting date.

c) Exchange differences arising on settlement of translation of monetary items are recognised in the consolidated Statement of Profit and Loss.

13. Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for the jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and unabsorbed depreciation.

Current and deferred tax is recognised in the consolidated Statement of Profit and Loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

A. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Group establishes provisions, wherever appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

B. Deferred tax

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or 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.

14. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs also include exchange difference arising from foreign currency borrowings to the extent they are regarded as

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an adjustment to interest costs. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

15. Provisions, contingent liabilities and contingent assets

A. Provisions

A provision is recognised if

- the Group has present legal or constructive obligation as a result of an event in the past;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount of the obligation has been reliably estimated.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The estimate of warranty related costs is revised annually.

B. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

C. Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognised but disclosed where an inflow of economic benefit is probable.

16. Employee benefits

A. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the same period in which the employees renders the related service and are measured at the amounts expected to be paid when the liabilities are settled.

B. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in

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actuarial assumptions are recognised in the consolidated statement of profit or loss.

C. Post-employment obligations

The Group operates the following post-employment schemes

(a) defined benefit plans - gratuity and obligation towards shortfall of Provident Fund Trusts

(b) defined contribution plans - Provident fund (RPFC Contributions), superannuation and pension

Defined benefit plans :

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets excluding non-qualifying asset (reimbursement right). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the balance sheet.

Insurance policy held by the Group from insurers who are related parties are not qualifying insurance policies and hence the right to reimbursement is recognised as a separate assets under other non-current and/or current assets as the case may be.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in consolidated profit or loss as past service cost.

Defined contribution plans :

In respect of certain employees, the Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group y has no further payment obligations once the contributions have been paid. Such contributions are accounted for as employee benefit expense when they are due. Defined contribution to superannuation fund is being made to Life Insurance Corporation of India (LIC) as per the scheme of the Group.. Defined contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority whereas the contributions for National Pension Scheme is made to Stock Holding Corporation of India Limited

D. Employee stock option scheme

The Company operates a number of equity settled, employee share based compensation plans, under which the Company receives services from employees as consideration for equity shares of the Company.

The fair value of the employee services received in exchange for the grant of the options is determined by reference to the fair value of the options as at the Grant Date and is recognised as an 'employee benefits expense' with a corresponding increase

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in equity. The total expense is recognised over the vesting period which is the period over which the applicable vesting condition is to be satisfied. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any service vesting conditions.

At the end of each year, the entity revises its estimates of the number of options that are expected to vest based on the service vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated profit or loss, with a corresponding adjustment to equity.

If at any point of time after the vesting of the share options, the right to the same expires (either by virtue of lapse of the exercise period or the employee leaving the Company), the fair value of the options accruing in favour of the said employee are written back to the General Reserve in the reporting period in which the right expires.

17. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. Two or more operating segments are aggregated by the Group into a single operating segment if aggregation is consistent with the core principle of Ind AS 108, the segments have similar economic characteristics, and the segments are similar in aspects as defined by Ind AS.

The Group reports separately, information about an operating segment that meets any of quantitative thresholds as defined by Ind AS. Operating segments that do not meet any of the quantitative thresholds, are considered reportable and separately disclosed, only if management of the Group believes that information about the segment would be useful to users of the consolidated financial statements

Information about other business activities and operating segments that are not reportable separately are combined and disclosed in an 'all other segments' category

18. Dividends

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised and 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. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

19. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group 's earnings per share is the net profit for the period. The weighted average number equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 of loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

20. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakh (upto two decimals) as per the requirement of Schedule III, unless otherwise stated.

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1C ACCOUNTING STANDARDS ISSUES BUT NOT EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

1D SUMMARY OF CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included below.

1 Warranty provision

The Group generally offers 1 to 2 year warranties for its consumer products. Based on the evaluation of the past warranty trends, management has estimated that warranty costs for 25% of sales arises in the year of sale itself, warranty costs for 50% of the sales in Year 1 and the balance 25% in Year 2. Based on the same, the related provision for future warranty claims has been determined.

The Group also sells lighting fitting to its customers. In few lighting fittings products, the drivers are an essential part and are expected to last for a longer period. In such cases, the Group provides warranties beyond fixing defects that existed at the time of sale. Basis this, the Group recognises this as a separate performance obligation and recognises revenue only in the period in which such service is provided based on time elapsed.

The assumptions made in relation to serviceable sales and related standard or serviceable warranty provision for the current period are consistent with those in the prior years.

2 Impairment allowance for trade receivables

The Group makes allowances for doubtful accounts receivable using a simplified approach which is a dual policy of an ageing based provision and historical / anticipated customer experience. Management believes that this simplified model closely represents the expected credit loss model to be applied on financial assets as per Ind AS 109. Further, in case of operationally closed projects, Group makes specific assessment of the overdue balances by considering the customer's historical payment patterns, latest correspondences with the customers for recovery of the amounts outstanding and credit status of the significant counterparties where available. Accordingly, a best judgment estimate is made to record the impairment allowance in respect of operationally closed projects

3 Project revenue and costs

Revenue from construction contracts is recognised based on the stage of completion determined with reference to the actual costs incurred up to reporting date on the construction contract and the estimated cost to complete the project. The percentage-of-completion method places considerable importance on accurate estimates to the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. The Group re-assesses these estimates on periodic basis and makes appropriate revisions accordingly.

4 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the consolidated 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

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

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 affect the reported fair value of financial instruments. Refer Note 34 of consolidated financial statements for the fair value disclosures and related sensitivity.

5 Employee benefits

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 are based on expected future inflation rates. Refer note 21

6 Leases

The application of Ind AS 116 requires Group to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) have to be considered.

Assessing whether a contract includes a lease also requires judgement. As per Ind AS 116, the Group has used the practical expedient available and has not applied this standard to contracts that were not previously identified as containing a lease as per Ind AS 17

Estimates are required to determine the appropriate discount rate used to measure lease liabilities. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates, bank rates to the Group for a loan of a similar tenure, etc). The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

7 Impairment of non-financial assets and goodwill

In case of non-financial assets, the Group estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using 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. Refer note 44.

8 For judgements relating to contingent liabilities, refer note 40(a).

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 2 : Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold Land	Lease hold Land	Building	Ownership Premises	Plant & Machinery	Furniture & Fixtures	Electrical Installations	Office Equipment	Vehicles	Dies & Jigs	Leasehold Improvements	Temporary Structures	Roads & Borewell	IT Hardware	Total
Opening gross block as at 1st April 2018	**2,098.22**	**2,822.49**	**4,166.88**	**11,228.42**	**7,560.16**	**1,660.66**	**571.04**	**1,261.36**	**622.33**	**2,120.87**	**194.02**	**106.25**	**123.77**	**5,538.17**	**40,074.64**
Additions	1,629.84	-	12.22	-	351.44	142.08	25.24	311.73	384.62	610.22	-	14.41	2.89	1,577.35	5,062.04
Disposals	-	-	-	-	(6.78)	(54.70)	(1.51)	(14.26)	(83.59)	-	-	-	-	(56.82)	(217.66)
Acquired in business combination	523.38	-	778.18	-	1,530.56	-	12.15	17.86	-	67.39	-	-	-	-	2,929.52
Closing gross block as at 31st March 2019	**4,251.44**	**2,822.49**	**4,957.28**	**11,228.42**	**9,435.38**	**1,748.04**	**606.92**	**1,576.69**	**923.36**	**2,798.48**	**194.02**	**120.66**	**126.66**	**7,058.70**	**47,848.54**
Additions	-	-	22.21	-	140.55	538.98	20.70	135.05	58.23	593.37	187.49	5.18	3.41	971.97	2,677.14
Disposals	-	-	-	(5.73)	(52.15)	(45.24)	(0.37)	(13.85)	(15.51)	(54.78)	-	-	-	(66.95)	(254.58)
Asset classified as held for sale	-	-	(35.23)	-	-	-	-	-	-	-	-	-	-	-	(35.23)
Adjusted in business combination (Note 44)	16.62	-	(38.18)	-	(277.56)	23.00	30.85	(2.86)	-	17.61	-	-	-	-	(230.52)
Reclassified to Right of Use Asset	-	(2,822.49)	-	-	-	-	-	-	-	-	-	-	-	-	(2,822.49)
Adjustment *	-	-	-	-	(15.35)	-	-	(13.12)	-	-	-	-	-	13.32	(15.15)
Closing gross block as at 31st March 2020	**4,268.06**	**-**	**4,906.08**	**11,222.69**	**9,230.87**	**2,264.78**	**658.10**	**1,681.91**	**966.08**	**3,354.68**	**381.51**	**125.84**	**130.07**	**7,977.04**	**47,167.71**
Opening accumulated depreciation as at 1st April 2018	**-**	**129.06**	**353.86**	**641.13**	**2,523.87**	**509.16**	**126.02**	**415.20**	**144.13**	**1,054.50**	**123.44**	**106.25**	**36.33**	**2,656.70**	**8,819.65**
Depreciation charge during the year	-	37.38	163.59	201.07	990.48	210.87	61.07	224.59	81.19	510.79	17.54	14.41	9.57	1,230.27	3,752.82
Disposals	-	-	-	-	(1.94)	(20.66)	(0.33)	(5.03)	(7.94)	-	-	-	-	(51.70)	(87.60)
Closing accumulated depreciation as at 31st March 2019	**-**	**166.44**	**517.45**	**842.20**	**3,512.41**	**699.37**	**186.76**	**634.76**	**217.38**	**1,565.29**	**140.98**	**120.66**	**45.90**	**3,835.27**	**12,484.87**
Depreciation charge during the year	-	-	196.19	200.96	826.41	264.00	74.19	235.72	92.27	589.70	31.83	5.18	9.93	1,241.55	3,767.93
Disposals	-	-	-	(0.45)	(18.09)	(22.33)	(0.25)	(12.06)	(3.55)	(43.41)	-	-	-	(63.28)	(163.42)
Asset classified as held for sale	-	-	(4.44)	-	-	-	-	-	-	-	-	-	-	-	(4.44)
Reclassified to Right of Use Asset	-	(166.44)	-	-	-	-	-	-	-	-	-	-	-	-	(166.44)
Adjustment *	-	-	-	-	(3.24)	-	-	(14.85)	-	-	-	-	-	7.62	(10.47)
Closing accumulated depreciation as at 31st March 2020	**-**	**-**	**709.20**	**1,042.71**	**4,317.49**	**941.04**	**260.70**	**843.57**	**306.10**	**2,111.58**	**172.81**	**125.84**	**55.83**	**5,021.16**	**15,908.03**
Impairment allowance as on April 1, 2019	**-**	**-**	**-**	**-**	**729.36**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**729.36**
Impairment charge during the year (Refer Note v below)	-	-	-	-	(24.60)	-	-	-	-	-	-	-	-	-	(24.60)
Impairment allowance as on March 31, 2020	**-**	**-**	**-**	**-**	**704.76**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**704.76**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 2 : Property, plant and equipment (Contd..)

(₹ in Lakhs)

Particulars	Freehold Land	Lease hold Land	Building	Ownership Premises	Plant & Machinery	Furniture & Fixtures	Electrical Installations	Office Equipment	Vehicles	Dies & Jigs	Leasehold Improvements	Temporary Structures	Roads & Borewell	IT Hardware	Total
Closing Net carrying amount as at 31st March 2019	**4,251.44**	**2,656.05**	**4,439.83**	**10,386.22**	**5,193.61**	**1,048.67**	**420.16**	**941.93**	**705.98**	**1,233.19**	**53.04**	**-**	**80.76**	**3,223.43**	**34,634.31**
Closing Net carrying amount as at 31st March 2020	**4,268.06**	**-**	**4,196.88**	**10,179.98**	**4,208.62**	**1,323.74**	**397.40**	**838.34**	**659.98**	**1,243.10**	**208.70**	**-**	**74.24**	**2,955.88**	**30,554.92**

* Adjustment includes few assets which have been moved from property, plant and equipment block to intangible block, due to migration of assets to fixed assets module

(i) Leased assets

The Company has given following assets on operating lease to third parties, the gross block, accumulated depreciation and net book value is as mentioned below:

(₹ in Lakhs)

Particulars	**31-Mar-20**	**31-Mar-19**
Plant and Machinery		
Cost / Deemed cost	718.52	718.52
Accumulated depreciation	289.76	220.40
Net carrying amount	428.76	498.12

(ii) Property, plant and equipment pledged as security

Refer to note 18 for information on property, plant and equipment pledged as security by the Group.

(iii) Contractual obligations

Refer to note 35(b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iv) Capital work-in-progress

Capital work-in-progress mainly comprises of Electrical installations and Dies & Jigs amounting to ₹ 501.22 lakhs and ₹ 245.21 lakhs respectively, pending for installation. For the previous year, capital work-in-progress mainly comprises of Furnitures & Fixtures and IT Hardware amounting to ₹ 441.44 lakhs and ₹ 119.18 lakhs respectively, pending for installation.

(v) Impairment

The operations at Kosi unit have been discontinued since 2016. The Group is evaluating potential use of the existing facilities and is also exploring selling opportunities. Accordingly, based on assessment performed, the plant and machinery amounting to ₹ 729.36 lakhs has been impaired in financial year 2019. In the current year, the Group has sold few of these assets and accordingly, the impairment charge of ₹ 24.60 lakhs has been reversed and profit on sale of assets has been recognised.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 3: Right of use assets and Lease liabilities

The details of the right-of-use asset held by the Group is as follows:

Right-of-use assets

(₹ in Lakhs)

Particulars	Buildings	Leasehold land	Total
Gross block recognised on transition date (April 1, 2019)	**7,564.10**	**2,822.49**	**10,386.59**
Additions for the period	5,141.48	-	5,141.48
Asset classified as held for sale	-	(16.80)	(16.80)
Deletions for the period	(458.97)	-	(458.97)
Closing gross block as on Mar 31, 2020	**12,246.61**	**2,805.69**	**15,052.30**
Accumulated amortisation recognised on transition date (April 1, 2019)	**-**	**166.44**	**166.44**
Depreciation for the period	2,930.54	37.38	2,967.92
Asset classified as held for sale	-	(16.80)	(16.80)
Deletions for the period	(112.54)	-	(112.54)
Closing accumulated amortisation as on March 31, 2020	**2,818.00**	**187.02**	**3,005.02**
Net carrying value of right of use assets as on March 31, 2020	**9,428.61**	**2,618.67**	**12,047.28**

The details of the lease liabilities held by the Group is as follows:

Lease liabilities

(₹ in Lakhs)

Particulars	Amounts
Amount recognised on transition date (April 1, 2019)	**7,354.86**
Additions for the period	5,077.80
Deletions for the period	(363.13)
Finance cost for the period	1,073.96
Lease instalments paid for the period	(3,280.61)
Closing lease liabilities as on Mar 31, 2020	**9,862.88**
- *classified as current*	*2,546.31*
- *classified as non-current*	*7,316.57*

For maturity profile of lease liabilities, refer Note 35(B)(ii)

Note 4: Other Intangible Assets

(₹ in Lakhs)

Particulars	Trade Marks	Computer Software	Brand	Distributor / Dealer Network	Customer relationships	Total
Opening gross block as at 1st April 2018	**0.51**	**377.39**	**-**	**-**	**-**	**377.90**
Additions	-	289.40	-	-	-	289.40
Acquired in business combination	-	-	1,952.33	195.57	26.10	2,174.00
Closing gross block as at 31st March 2019	**0.51**	**666.79**	**1,952.33**	**195.57**	**26.10**	**2,841.30**
Additions	-	96.43	-	-	-	96.43

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 4: Other Intangible Assets (Contd..)

(₹ in Lakhs)

Particulars	Trade Marks	Computer Software	Brand	Distributor / Dealer Network	Customer relationships	Total
Disposals	-	(8.97)	-	-	-	(8.97)
Adjustment *	-	15.17	-	-	-	15.17
Closing gross block as at 31st March 2020	**0.51**	**769.42**	**1,952.33**	**195.57**	**26.10**	**2,943.93**
Opening accumulated amortisation as at 1st April 2018	0.15	49.77	-	-	-	49.92
Amortisation charge for the year	0.05	189.91	229.94	195.57	26.10	641.57
Closing accumulated amortisation as at 31st March 2019	**0.20**	**239.68**	**229.94**	**195.57**	**26.10**	**691.49**
Amortisation charge for the year	0.05	241.85	390.47	-	-	632.37
Disposals	-	(8.36)	-	-	-	(8.36)
Adjustment	-	10.47	-	-	-	10.47
Closing accumulated amortisation as at 31st March 2020	**0.25**	**483.64**	**620.41**	**195.57**	**26.10**	**1,325.97**
Closing Net carrying amount as at 31st March 2019	**0.31**	**427.11**	**1,722.39**	**-**	**-**	**2,149.81**
Closing Net carrying amount as at 31st March 2020	**0.26**	**285.78**	**1,331.92**	**-**	**-**	**1,617.96**

*Adjustment includes few assets which have been moved from property, plant and equipment block to intangible block, due to migration of assets to fixed assets module

Note

Intangible assets under development mainly comprises of IT softwares amounting to ₹ 156.70 lakhs (March 31, 2019 - ₹ 239.31 lakhs).

Note 5.1 : Investments in associate and joint venture

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Investment in equity instruments of associate & joint venture (fully paid up)		
Unquoted		
Measured at cost		
Non-current equity investments (unquoted) in Hind Lamps Limited.	1,000.00	1,000.00
- 1,140,000 (March 31, 2019 - 1,140,000) equity shares of ₹ 25 each **		
Accumulated impairment allowance in value of investments in Hind Lamps Limited	(1,000.00)	(1,000.00)
	-	-
Non-current equity investments (unquoted) in Starlite Lighting Ltd.	579.42	579.42
- 5,875,000 (March 31, 2019 - 5,875,000) equity shares of ₹ 10 each		
Accumulated impairment allowance in value of investments in Starlite Lighting Ltd	(579.42)	579.42)
	-	-
Total investments in associate & joint venture	**-**	**-**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 5.2 : Financial assets (Investments)

5.2 (a) Investment in equity instruments

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Investment in equity shares		
Unquoted		
Measured at fair value through profit and loss		
Non-current equity investments (unquoted) in M. P. Lamps Limited *	-	-
- 48,000 (March 31, 2019 - 48,000) equity shares of ₹ 10/- each; (Partly paid shares - ₹ 2.50/- Per share paid up, Called up ₹ 5.00/- per share)		
- 95,997 (March 31, 2019 - 95,997) equity shares of ₹ 10/- each; (Partly paid shares - ₹ 1.25 Per share paid up, Called up ₹ 5 per share).		
Non-current equity investments (unquoted) in Mayank Electro Ltd.	0.10	0.10
- 100 (March 31, 2019 - 100) equity shares of ₹ 100/- each.		
Investment in equity shares of co-operative banks	1.71	2.29
Total equity instruments	**1.81**	**2.39**

5.2 (b) Investment in debt instruments

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Investment in venture capital fund		
Unquoted		
Measured at fair value through profit and loss		
Units of Bharat Innovation Fund	352.27	229.10
Investment in preference shares (fully paid up)		
Unquoted		
Measured at fair value through profit and loss		
10,000,000 - 9% cumulative redeemable preference shares (unquoted) of ₹ 10/- each of Starlite Lighting Ltd, redeemable on June 30, 2024	950.83	950.83
Accumulated Impairment Allowance on Preference Shares	(950.83)	(950.83)
	-	-
5,000,000 - 9% cumulative redeemable preference shares (unquoted) of ₹ 10/- each of Starlite Lighting Ltd, redeemable on June 30, 2025	406.79	406.79
Accumulated Impairment Allowance on Preference Shares	(406.79)	(406.79)
	-	-
Measured at amortised cost		
2,800,000 - 0% redeemable preference shares (Unquoted) of ₹25/- each of Hind Lamps Ltd, redeemable at the end of term of 10 years, at a premium of ₹ 20/- per share (date of allotment December 26, 2012)**	933.86	845.13

Notes to Consolidated Financial Statements

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Note 5.2 : Financial assets (Investments) (Contd..)

5.2 (b) Investment in debt instruments (Contd..)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
30,000,000 - 0% redeemable preference shares (unquoted) of ₹ 10/- each of Starlite Lighting Ltd, redeemable in 3 equal tranches at an yield of 10% on June 30, 2026, 30 June, 2027 and June 30, 2028 respectively	4,294.18	4,294.18
Accumulated Impairment Allowance on Preference Shares	(4,294.18)	(4,294.18)
	-	-
Total debt instruments	**1,286.13**	**1,074.23**
Total non-current investments	**1,287.94**	**1,076.62**

* In respect of Investments made in M. P. Lamps Ltd., calls of ₹ 2.50 per share on 48,000 equity shares and ₹ 3.75 per share on 95,997 Equity Shares aggregating to ₹ 4.80 Lakhs have not been paid by the Group. On principles of prudence the entire investment in M.P. Lamps Ltd. is considered as impaired and accordingly carried at ₹ NIL.

** The Board of Directors of Bajaj Electricals Limited ("BEL", "the Company", "the Resulting Company"), on their meeting held on November 23, 2015, had approved the proposed Scheme of Arrangement for Demerger of the manufacturing undertaking of the Company's associate Hind Lamps Limited ("HLL", "the Demerged Company") into the Company under section 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. In this regard, the Scheme of Arrangement was filed by the Company before the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT Mumbai") and Hon'ble National Company Law Tribunal, Allahabad Bench ("NCLT Allahabad") in the year 2018. The NCLT Allahabad, by its order dated January 07, 2020 had approved the Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders and creditors.

Subsequent to the balance sheet date, The NCLT Mumbai, by its order dated May 21, 2020 has now approved the same. Pursuant to the provisions of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has made necessary disclosures to BSE Limited and National Stock Exchange of India Limited. The Company has obtained True Copy of the said Order duly certified by the Assistant Registrar of NCLT Mumbai on June 09, 2020. We have been directed by NCLT Mumbai to lodge the certified copy of this Order along with a copy of the Scheme of Arrangement with the concerned Registrar of Companies, Mumbai electronically in e-form INC-28 on a date ("effective date") within 60 days from the issuance of a certified copy of this Order and the Company is in the process of completing the filing requirements as instructed by NCLT Mumbai. As a result of this, the proposed Scheme of Arrangement stands duly approved and sanctioned from the Appointed Date i.e., from March 31, 2014 for all tax and other regulatory purposes and the scheme shall be accounted in the books of the Company in accordance with the accounting treatment included in the Scheme i.e basis Indian Accounting Standard (IND AS) 103 – Business Combination from the effective date.

Note 6 : Trade receivables

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current	204,899.08	262,419.92
Non-current	48,754.67	51,962.54
	253,653.75	**314,382.46**
Unsecured, considered good	253,653.75	314,382.46
Unsecured, credit impaired	13,211.62	14,758.88
Total	**266,865.37**	**329,141.34**
Impairment allowance, credit impaired (allowance for bad and doubtful debts)	(13,211.62)	(14,758.88)
Total trade receivables (net of impairment allowance)	**253,653.75**	**314,382.46**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 6 : Trade receivables (Contd..)

Transferred receivables

The carrying amount of trade receivables, include receivables which are subject to factoring arrangements and channel financing facilities. Under this arrangement the Company has transferred the relevant receivables to the factor in exchange for cash. The said facilities are with recourse to Group. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as unsecured borrowings / other financial liabilities.

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Transferred receivables	35,051.40	37,503.83
Unsecured borrowing (Note 18)	788.22	5,411.14
Other financial liabilities (Note 19)	34,263.18	32,092.69

Trade receivable are non-interest bearing and are generally on term of 30-90 days from the time they are contractually due. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. For trade and other receivables due from firms or private companies in which any director is a partner, a director or a member, refer note 33.

Note 7 : Loans

(Unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Non Current		
Unsecured, considered good	1,586.80	6.76
Unsecured, credit impaired	280.00	280.00
Total	**1,866.80**	**286.76**
Impairment allowance, credit impaired	(280.00)	(280.00)
Total Non-current loans	**1,586.80**	**6.76**

Unsecured, considered good, consists of loan given Hind Lamps Limited (Associate of the Company), for meeting its working capital requirements. The maximum term of the loan is 5 years and the rate of interest charged is 6% as mandated by BIFR (pursuant to scheme of demerger)

Unsecured, credit impaired loan is given to Starlite Lighting Limited (Joint Venture of the Company), for meeting its working capital requirements.

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current		
Secured, considered good	2.57	2.02
Total current loans	**2.57**	**2.02**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 8 : Other financial assets

(Unsecured, considered good unless otherwise stated)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Security deposits, considered good	2,448.54	2,242.33
Security deposits, credit impaired	623.64	642.95
Impairment allowance for credit impaired security deposits	(623.64)	(642.95)
	2,448.54	**2,242.33**
Fixed deposit under lien	62.58	12.93
Interest accrued on fixed deposits	1.15	2.85
Total non-current other financial assets	**2,512.27**	**2,258.11**

For breakup of financial assets carried at amortised cost, refer note 34

Note 9 : Deferred tax assets (net)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Deferred tax assets	8,172.61	10,319.26
Deferred tax liabilities	(3,662.91)	(4,564.33)
Total deferred tax assets (net)	**4,509.70**	**5,754.93**

Deferred tax assets comprise of the following:

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Employee benefit obligations (gratuity)	212.96	252.32
Employee benefit obligations (leave obligations)	809.08	972.53
Impairment allowance (allowance for doubtful debts and advances)	4,279.08	6,429.01
Financial assets measured at amortised cost	31.49	143.60
Assets held for sale	542.95	466.76
Others	1,824.69	1,658.48
Carry forward losses of Subsidiary	472.36	396.56
Total deferred tax assets	**8,172.61**	**10,319.26**

Movement in deferred tax assets

(₹ in Lakhs)

Particulars	Employee benefit obligations (gratuity)	Employee benefit obligations (leave obligations)	Impairment allowance (allowance for doubtful debts and advances)	Financial assets measured at amortised cost	Assets held for sale	Others	Carry forward losses of Subsidiary	Total
At 31st March, 2018	**-**	**1,307.72**	**7,133.17**	**267.94**	**485.09**	**1,314.63**	**-**	**10,508.55**
(Charged) / Credited :								
to statement of profit and loss	216.88	(335.19)	(704.16)	(124.34)	(18.33)	146.90	396.56	(421.68)

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 9 : Deferred tax assets (net) (Contd..)

Movement in deferred tax assets (Contd..)

(₹ in Lakhs)

Particulars	Employee benefit obligations (gratuity)	Employee benefit obligations (leave obligations)	Impairment allowance (allowance for doubtful debts and advances)	Financial assets measured at amortised cost	Assets held for sale	Others	Carry forward losses of Subsidiary	Total
to other comprehensive income	35.44	-	-	-	-	196.95	-	232.39
At 31st March, 2019	**252.32**	**972.53**	**6,429.01**	**143.60**	**466.76**	**1,658.48**	**396.56**	**10,319.26**
(Charged) / Credited :								
to statement of profit and loss	(129.16)	(163.45)	(2,149.93)	(112.11)	76.19	(35.21)	75.80	(2,437.87)
to other comprehensive income	89.80	-	-	-	-	201.42	-	291.22
At 31st March, 2020	**212.96**	**809.08**	**4,279.08**	**31.49**	**542.95**	**1,824.69**	**472.36**	**8,172.61**

Deferred tax liabilities comprise of the following:

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Property, plant and equipment	2,490.09	3,776.57
Intangible assets on business combination	335.22	601.87
Financial assets measured at amortised cost	100.86	106.93
Financial liabilities measured at amortised cost	89.98	78.96
Others	646.76	-
Total deferred tax liabilities	**3,662.91**	**4,564.33**

Movement in deferred tax liabilities

(₹ in Lakhs)

Particulars	Property, plant and equipment	Intangible assets	Financial Assets measured at Amortised Cost	Financial Liabilities measured at Amortised Cost	Employee benefit obligations (gratuity)	Others	Total
At 31st March, 2018	**2,977.35**	**-**	**79.76**	**66.53**	**31.73**	**-**	**3,155.37**
Charged / (credited) :							
to Statement of Profit or Loss	799.22	601.87	27.17	12.43	(31.73)	-	1,408.96
to other comprehensive income	-		-	-	-	-	-
At 31st March, 2019	**3,776.57**	**601.87**	**106.93**	**78.96**	**-**	**-**	**4,564.33**
Charged / (credited) :							
to Statement of Profit or Loss	(1,286.48)	(266.65)	(6.07)	11.02	-	646.76	(901.42)
to other comprehensive income							-
At 31st March, 2020	**2,490.09**	**335.22**	**100.86**	**89.98**	**-**	**646.76**	**3,662.91**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 10 : Other non-current assets

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Capital advances	530.98	358.93
Impairment allowance for credit impaired capital advances	(21.56)	-
	509.42	**358.93**
Sales tax recoverables	3,891.93	5,235.07
Balances with government authorities	15.00	15.00
Right to reimbursement against employee benefit obligations for insurers who are related parties (Non-qualifying insurance policies)	3,389.61	2,795.98
Advance to Starlite Lighting Limited	2,200.00	2,200.00
Others	3,310.47	4,435.98
	13,316.43	**15,040.96**
Impairment allowance for doubtful advances	(662.34)	(648.01)
Impairment allowance for advances to Starlite Lighting Limited	(2,200.00)	(2,200.00)
Total other non-current assets	**10,454.09**	**12,192.95**

*Others mainly include prepaid expenses of ₹ 41.03 lakhs (31 March 2019 ₹ 73.62 lakhs) and advances to suppliers of ₹ 3,246.98 lakhs (31 March 2019 ₹ 4,362.36 lakhs).

Note 11 : Inventories

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Raw material	8,356.33	12,633.01
Work-in-progress	1,400.01	1,844.66
Finished goods	3,751.63	3,157.82
Traded goods	52,579.64	61,907.91
Material in Transit (traded goods)	3,558.07	3,265.01
Stores and spares	241.04	216.41
Total Inventories	**69,886.72**	**83,024.82**

Amounts recognised in profit or loss

Write-down of inventories to net realisable value amounting to ₹ 886.01 lakhs (March 31, 2019 - ₹ 3,413.78 lakhs) was recognised as an expense during the year.

Note 12 : Cash and cash equivalents

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Balances with banks		
in current accounts	1,324.09	781.89
in cash credit accounts	8,765.37	29.40
Cheques in hand	-	214.63
Cash on hand	73.87	94.80
Total cash and cash equivalents	**10,163.33**	**1,120.72**

There are no restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior period

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 12 : Bank balances

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Unpaid Dividend Accounts	85.87	94.81
Deposits with maturity of more than three months & less than twelve months	223.40	423.67
Total other bank balances	**309.61**	**518.48**

Note 13 : Other current financial assets

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest accrued on fixed deposits	12.84	13.22
Security deposits	223.98	189.46
Receivable from Gratuity Fund	-	50.02
Derivative Asset	242.75	7.04
Total other current financial assets	**479.57**	**259.74**

Note 14 : Other current assets

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Advance to Hind Lamps Ltd (associate)	3,755.95	2,140.17
Advance to Starlite Lighting Limited (joint venture)	5,214.77	4,646.15
Export benefits	557.76	284.38
Balances with government authorities	15,436.30	19,032.71
Right to reimbursement against employee benefit obligations for insurers who are related parties (Non-qualifying insurance policies)	1,613.44	1,366.59
Others	6,739.07	5,028.48
Total other current assets	**33,317.29**	**32,498.48**

*Others mainly includes prepaid expenses of ₹ 1,982.09 lakhs (31 March 2019 ₹ 1,989.86) and advances to suppliers of ₹ 3,661.74 lakhs (31 March 2019 ₹ 1,742.17 lakhs)

Note 15 : Assets classified as held for sale

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Buildings	250.19	219.41
Total assets classified as held for sale	**250.19**	**219.41**

1) Upon relocation of Company's employees to new office premises in Mumbai, the erstwhile leasehold immovable property together with buildings and structure standing thereon was lying vacant. Therefore, the Board of Directors of the Company approved the sale and transfer of leasehold rights therein in favour of the purchaser vide Resolution dated March 23, 2015 subject to the permissions from the appropriate authorities and accordingly the said transaction of sale and transfer of leasehold rights was to be completed within one (1) year. However, on account of delay in getting the requisite permissions from the appropriate local / municipal authorities the transaction execution is pending. The purchaser and the Company are committed for the transaction to sail through. The asset held for sale are not attached to any reported business segment but part of other unallocable assets. The Company has received an advance of ₹ 800 lakhs from the purchaser in relation to this sale and is expected to be completed in FY 2020-21. The same is shown as a liability under other current liabilities.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 15 : Assets classified as held for sale (Contd..)

2) Further in the current year, the Board of Directors have passed resolutions on October 3, 2019 and November 30, 2019 to sell commercial premises at two locations. The Company has already identified the buyers and have also received part of the sale proceeds in advance. Both parties stay committed to close the transfer. The Company expects the same to be closed in the next financial year.

Note 16 : Equity share capital

(₹ in Lakhs)

Particulars	31-Mar-20 Amount	31-Mar-19 Amount
Authorised		
20,00,00,000 equity shares (March 31, 2019 - 20,00,00,000) of ₹ 2/- each.	**4,000.00**	**4,000.00**

i) Movement in Issued, Subscribed and Paid up Equity Share Capital

(₹ in Lakhs)

Particulars	No. of shares	Total
As at 31st Mar 2018	**102,037,501**	**2,040.75**
Exercise of Options under employee stock option scheme	362,100	7.24
As at 31st Mar 2019	**102,399,601**	**2,047.99**
Exercise of Options under employee stock option scheme	80,150	1.60
Issued under rights issue (refer note iii below)	11,287,956	225.76
As at 31st Mar 2020	**113,767,707**	**2,275.35**
Calls in arrears @ ₹ 2 per share, under rights issue (refer note iii below)	(63)	(0.00)
As at 31st Mar 2020	**113,767,644**	**2,275.35**

ii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Issue of shares under Rights Issue:

The meeting of the Board of Directors of the Company held on January 6, 2020, approved the offer and issue of 11,290,142 fully paid-up equity shares of the Company by way of a rights issue to eligible shareholders of the Company as on the record date in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018, as amended and other applicable laws, at a price of ₹ 310 per share including a premium of ₹ 308 per share.

Pursuant to the finalisation of the basis of allotment of the Issue in consultation with BSE Limited, the designated stock exchange for the Issue, the Rights Issue Committee at its meeting held on March 13, 2020 considered and approved the allotment of 11,287,956 Rights Equity Shares, at an issue price of ₹310 per Rights Equity Share, including a premium of ₹308 per Rights Equity Share to the eligible applicants in the Issue.

In light of the Ministry of Finance (Department of Financial Services) (Banking Division) and Reserve Bank of India imposing a moratorium on Yes Bank Limited ("Yes Bank") with effect from 18.00 hours on March 5, 2020 until April 3, 2020, 2186 Rights Equity Shares of applicants who have made application in the Rights Equity Shares using Applications Supported by Blocked Amount ("ASBA") facility of Yes Bank, have been kept in abeyance which shall

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 16 : Equity share capital (Contd..)

iii) Issue of shares under Rights Issue: (Contd..)

be allotted post receipt of the requisite funds. The Company has received funds for 7 shares, which is lying in share application money pending allotment account. The Company has allotted these shares at the subsequent rights issue committee meeting held on May 14, 2020. The Company has forfeited the remainder 2,179 shares.

Further, with regards to 63 shares, the Company has received final certificates from the Banks who have blocked the funds using ASBA Facility. However these Banks are yet to transfer the funds to the Company.

iv) The Details of Shareholders holding more than 5% Shares

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Nos.	% Holding	Nos.	% Holding
Jamnalal Sons Private Limited	22,395,260	19.69	20,172,830	19.70
Bajaj Holdings & Investment Limited	18,793,840	16.52	16,697,840	16.31
Kiran Bajaj	5,912,179	5.20	5,252,819	5.13
HDFC Small Cap Fund	8,769,682	7.71	720,000	0.70

v) Share reserved for issue under employee stock option scheme

For details of shares reserved for issue under the employee share based payment plan of the Company, please refer Note 33.

Note 17 : Other Equity

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
i) Securities premium reserve	60,139.79	25,461.14
ii) Debenture redemption reserve	4,625.00	4,625.00
iii) General reserve	43,256.34	43,163.78
iv) Share options outstanding account	1,261.09	913.77
v) Retained earnings	23,121.79	29,227.65
vi) Capital reserve	10.00	10.00
vii) Capital redemption reserve	135.71	135.71
Total reserves and surplus	**132,549.72**	**103,537.05**

i) Securities premium reserve

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	25,461.14	24,139.09
Exercise of options - proceeds received	200.66	951.99
Exercise of options - transferred from shares options outstanding account	81.36	370.06
Securities premium proceeds received on issue of equity shares (Note 16(iii))	34,766.71	-
Rights issue expenses	(370.08)	-
Closing Balance	**60,139.79**	**25,461.14**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 17 : Other Equity (Contd..)

ii) Debenture redemption reserve

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	4,625.00	-
Less: Transferred to General Reserve	-	4,625.00
Closing Balance	**4,625.00**	**4,625.00**

iii) General Reserve

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	43,163.78	47,725.16
Add : Transferred from debenture redemption reserve	-	(4,625.00)
Add : Transferred from stock options reserve for vested cancelled options	92.56	63.62
Closing Balance	**43,256.34**	**43,163.78**

iv) Shares options outstanding account

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	913.77	958.15
Add : Employee stock option expense	521.24	389.30
Less : Transferred to general reserve for vested cancelled options	(92.56)	(63.62)
Less : Transferred to securities premium for exercise of options	(81.36)	(370.06)
Closing Balance	**1,261.09**	**913.77**

v) Retained earnings

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	29,227.65	18,620.90
Net profit for the period	(928.04)	15,639.54
Other comprehensive income (net of tax)	(888.39)	(432.50)
Less: Dividend on equity shares	(3,585.26)	(3,574.96)
Less: Dividend distribution tax	(737.08)	(735.01)
Less: Fair value of non-controlling interest put option	32.91	(126.90)
Less: Call option on non-controlling interest	-	(163.42)
Closing Balance	**23,121.79**	**29,227.65**

vi) Capital reserve

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	10.00	10.00
Closing Balance	**10.00**	**10.00**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 17 : Other Equity (Contd..)

vii) Capital redemption reserve

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening Balance	135.71	135.71
Closing Balance	**135.71**	**135.71**

Nature and purpose of reserves

Securities Premium

Securities Premium Reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

Debenture Redemption Reserve

The Indian Companies Act requires companies that issue debentures to create a debenture redemption reserve (DRR) from annual profits until such debentures are redeemed. Companies are required to maintain 25% as a reserve of outstanding redeemable debentures. Accordingly, the Group creates DRR at 25% in the penultimate year to the year in which the repayment obligation arises on the Group. The amounts credited to the debenture redemption reserve will not be utilised except to redeem debentures.

General Reserve

General Reserve is used from time to time to transfer profits from Retained Earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit and loss.

Share options outstanding account

The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

Dividends paid and proposed

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Cash dividends on equity shares declared and paid:		
Final dividend paid for the year ended 31 March 2019 of ₹3.5 per share (31 March 2018 - ₹3.5 per share)	3,585.26	3,574.96
Dividend distribution tax on final dividend	737.08	735.01
Dividend not recognised at the end of the reporting period (*)		
Proposed dividend of ₹ Nil (31 March 2019 - ₹3.5 per share)	-	3,583.99
Dividend distribution tax on proposed dividend	-	736.87

* The proposed dividend on equity shares is subject to the approval of shareholders in the ensuing annual general meeting and hence is not recognised as a liability (including DDT thereon) at the end of the reporting period.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 18 : Borrowings

(₹ in Lakhs)

Particulars	Note No.	31-Mar-20	31-Mar-19
Unsecured			
Sales tax deferral liability	Note a	352.78	680.71
Non-convertible redeemable debentures *	Note c	-	18,500.00
Foreign currency term loan	Note d	1,138.67	2,081.41
Rupee Loans	Note e	6,500.00	-
Total unsecured non-current borrowings		**7,991.45**	**21,262.12**
Current			
Secured			
Cash credits	Note b	2,001.07	9,960.57
Supplier's credit (foreign currency loan)		-	1,517.67
Working capital rupee loan	Note f	15,771.49	1,500.00
Rupee Loans	Note e	-	178.82
Total secured current borrowings		**17,772.56**	**13,157.06**
Unsecured			
Short term borrowings	Note g	5,000.00	29,000.00
Sales bills discounting	Note i	788.22	5,411.14
Commercial papers		-	22,202.50
Packing credit rupee loan		-	13,500.00
Buyer's credit (foreign currency loan)	Note h	6,551.26	-
Foreign currency term loan	Note d	-	-
Hundi acceptances	Note i	36,132.38	53,999.24
Total unsecured current borrowings		**48,471.86**	**124,112.88**
Total current borrowings		**66,244.42**	**137,269.94**

* In respect of the non-convertible redeemable debentures, the Company has to comply with certain loan covenants as per the terms of issue of debentures. At the end of the reporting period, the Company has not met some of the debt covenants as required by the debenture trust deed. The Company has written to the lender for waiver of these debt covenants. Pending the receipt of such confirmation from the lender as on the reporting date, the Company has classified the 15,000 lakhs of non convertible redeemable debentures as part of other current financial liabilities (refer note 19).

Refer Note J for security details. The maturity dates of the loans and their interest rates are as given below:

Note a:

Sales tax deferral liability is interest free and repayable over predefined instalments from the initial date of deferment of liability, as per the respective schemes as given below:

(₹ in Lakhs)

Particulars	31-Mar-20
Non-current	
FY 2021-22	228.51
FY 2022-23	107.63
FY 2023-24	16.64
	352.78
Current (note 19)	
FY 2020-21	327.93
	680.71

Note b:

Cash credits are secured, repayable on demand and bear interest in the range of 9.15% to 13.35%.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 18 : Borrowings (Contd..)

Note c: Unsecured NonConvertible Redeemable Debentures

Lending Bank	Maturity Date	Interest rate % *	Liability In ₹ Lakhs as on 31-Mar-20
HFDC Mutual Fund (face value of ₹ 10,00,000 per debenture)	₹ 7500 Lakhs - 18-02-2022 **	Redeemable at premium at ₹ 13,81,775.74 per debenture	18,500.00
	₹ 7500 Lakhs - 20-08-2021 **	Redeemable at premium at ₹ 13,08,774.70 per debenture	
	₹ 3500 Lakhs - 19-02-2021 **	Redeemable at premium at ₹ 12,39,630.40 per debenture	

* NCD's are issued at Zero Coupon corresponding to YTM of 11.50% p.a. compounded annually. Post downgrading of credit rating by ICRA Ltd. the YTM has been increased by 0.50% p.a. with effect from 18th November 2019.

** shown under current maturities of long term borrowings (note 19)

Note d: Foreign currency term loans is as per the following terms

Lending Bank	Maturity Date	Interest rate % *	Liability In ₹ Lakhs as on 31-Mar-20
Kotak Mahindra Bank Ltd	9-Nov-20	6M LIBOR + 225 bps	2,277.34
	9-May-21		

The foreign currency term loan is to be repaid in two equal instalment of USD 15,04,884.10 each. Of the above, ₹ 1,138.67 lakhs is shown under other current financial liabilities.

Note e: Rupee term loan is as per the following terms

Lending Bank	Maturity Date	Interest rate % *	Liability In ₹ Lakhs as on 31-Mar-20
IDFC First Bank Ltd *	23-Oct-20	10.75%	665.00
IDFC First Bank Ltd *	23-Jan-21	10.75%	1,335.00
IDFC First Bank Ltd	23-May-21	10.75%	3,000.00
Bank of Bahrain & Kuwait B.S.C.	17-Aug-21	9.25%	1,167.00
Bank of Bahrain & Kuwait B.S.C.	17-Aug-22	9.25%	1,167.00
Bank of Bahrain & Kuwait B.S.C.	17-Aug-23	9.25%	1,166.00
		Total	**8,500.00**

* shown under current maturities of long term borrowings (note 19)

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 18 : Borrowings (Contd..)

Note f: Working capital (rupee loan) is as per the following terms

Lending Bank	Maturity Date	Interest rate %	Liability In ₹ Lakhs as on 31-Mar-20
State Bank of India	17-Apr-20	9.25%	4,000.00
HDFC Bank Ltd.	19-Apr-20	8.15%	71.49
State Bank of India	22-Apr-20	9.25%	1,700.00
ICICI Bank Ltd.	21-May-20	9.45%	1,819.00
ICICI Bank Ltd.	21-May-20	9.45%	1,181.00
HDFC Bank Ltd.	26-May-20	8.50%	1,800.00
HDFC Bank Ltd.	11-Jun-20	8.15%	2,200.00
Union Bank of India	17-Jun-20	10.50%	3,000.00
		Total	**15,771.49**

Note g: Short term borrowings is as per the following terms

Name of the Subscriber	Date of Maturity	Interest rate %	Liability In ₹ Lakhs as on 31-Mar-20
Axis Bank Ltd.	11-Sep-20	8.20%	2,500.00
Axis Bank Ltd.	23-Sep-20	8.20%	2,500.00
		Total	**5,000.00**

Note f: Working capital (rupee loan) is as per the following terms

Name of the Subscriber	Date of Maturity	Interest rate %	Liability In ₹ Lakhs as on 31-Mar-20
SCB UK	6-Apr-20	3.39%	372.29
SCB UK	10-Apr-20	3.43%	442.48
SCB UK	17-Apr-20	3.38%	629.81
SCB UK	21-Apr-20	3.38%	386.78
SCB UK	30-Apr-20	3.37%	759.79
SCB UK	11-May-20	3.37%	685.24
SCB UK	15-May-20	3.37%	365.48
SCB UK	19-Jun-20	4.42%	361.05
SCB UK	22-Jun-20	4.42%	372.40
SCB UK	2-Jul-20	4.39%	682.40
SCB UK	13-Jul-20	4.37%	408.92
SCB UK	17-Jul-20	4.33%	447.43
SCB UK	31-Jul-20	4.26%	637.19
			6,551.26

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 18 : Borrowings (Contd..)

Note i: Sales bill discounting and Hundi acceptances

The Company has arrangements with Banks for sales bill discounting . These loans are unsecured and carry interest of 8.50% to 9.25% and for a period of 45 to 60 days.

The Company also has arrangement with various banks for purchase bill discounting. These are also unsecured and carry an interest rate in the range of 7.50% p.a. to 8.50% p.a. and are for a period of upto 90 days

Note J : Charge on secured borrowings is as given below

a First pari passu charge by way of hypothecation of inventories, book debts and all movable assets under the head 'property, plant and equipment'.

b First pari passu charge on the Company's immovable properties at

i) Wardha premises - Plot no. 36, Block no. 17, Mouza no. 225, Bacharaj road, Gandhi Chowk, Wardha

ii) Hari Kunj - Flat No. 103 and 104, 'B' wing, Sindhi Society, Chembur East, Mumbai - 400071

c Second pari passu charge over present and future property, plant and equipment of the Company, situated at;

i) Ranjangaon Units : Village Dhoksanghvi, Taluka Shirur, Ranjangaon, Dist. Pune - 412210;

ii) Chakan Unit : Village Mahalunge, Chakan Talegaon Road, Khed, Pune - 410501;

iii Wind Farm : Village Vankusawade, Tal. Patan, Dist. Satara, Maharashtra 415206;

iv) Showroom on Ground floor and Office Premises on Second Floor at Bajaj Bhawan 226, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021.

v) Delhi Office : No. DSM-514 to DSM-521, DLF Tower, 5th Floor, 15 Shivaji Marg, Nazafgarh Road Industrial Area, Delhi - West, Delhi -110015

vi) Office Premises No : 001, 502, 701 and 801, 'Rustomjee Aspiree', Bhanu Shankar Yagnik Marg, Off Eastern Highway, Sion (East), Mumbai - 400 022

vii) Kosi Factory Unit at Khasra No.647,648, NH 02, Km 109 Mile Stone, Village Dautana, Chhatta, Kosi Kallan, Mathura 281403.

viii) R & D centre at Plot no. 27/ pt 2/ at Millennium Business Park, TTC Industrial area, Mahape, Navi Mumbai

d The below assets of the subsidiary have been kept on charge for the secured borrowings.

i) First and exclusive charge by way of mortgage of Non-Agriculture factory land and building at Plot No B - 5,6,7, MIDC, Railway Station Aurangabad owned by Umasons Equipment and Accessories and exclusive charge by way of mortgage land & building at Gut No. 16Naigavhan, Khandewadi, Tq. Paithan, Paithan Road, Aurangabad.

ii) First and exclusive charge by way of mortgage of open land at Gut No 09, situated at Naighavan Khandewadi, Paithan District, Aurangabad

iii) First and exclusive charge by way of hypothecation of plant and machinery at Gut No 16, Naighavan Khandewadi, Paithan , Aurnagabad

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 18 : Borrowings (Contd..)

Note J : Charge on secured borrowings is as given below (Contd..)

iv) First and exclusive charge by way of hypothecation of inventory and receivables of the company.

All the above loans are also secured by the personal guarantee of Director - Shri Mukund N. Bhogale and ex-directors Mr Ramchandra N Bhogale & Mr Nityanand J Bhogale.

e These securities also extend to the various credit facilities including Bank Guarantees and Letters of Credit of ₹ 176,924.16 lakhs (Previous year ₹229,208.96 lakhs) executed on behalf of the Company in the normal course of business.

The Group has not defaulted on any loans which were due for repayment during the year.

Note 19 : Other Financial Liabilities

(₹ in Lakhs)

Non Current	31-Mar-20	31-Mar-19
Deposits received	6.05	6.05
Accrued premium on redemption of non convertible debenture but not due	-	217.44
Redemption liability of non-controlling interest at fair value	885.76	1,021.84
Total other non-current financial liabilities	**891.81**	**1,245.33**

(₹ in Lakhs)

Current	31-Mar-20	31-Mar-19
Current maturities of Non Convertible Debenture (NCD) *	18,500.00	-
Current maturities of foreign currency loan	1,138.67	-
Accrued interest on Non Convertible Debenture but not due	2,320.73	-
Current maturities of sales tax deferral liability (Note 18)	327.93	466.42
Current maturities of long term rupee loans	2,000.00	-
Capital creditors	28.62	427.53
Unpaid dividends	85.87	94.81
Trade deposits (dealers, vendors etc.)	1,005.09	959.82
Interest (payable) accrued and not due	208.08	407.57
Interest accrued and due on borrowings	167.53	189.01
Channel financing liability (Note 6)	34,263.18	32,092.69
Derivative liability	-	146.93
Other payables	3,253.20	3,605.37
Total other current financial liabilities	**63,298.90**	**38,390.15**

All the above financial liabilities are carried at amortised cost except for derivative liabilities (forward exchange contracts) which are fair valued through profit and loss and financial guarantee contracts which are initially recognised at fair value.

* Includes current maturities of 3,500 lakhs which are to be paid in Feb 2021. The balance ₹ 15,000 lakhs have been reclassified from non-current borrowings to current maturities as the Company has not met some of the debt covenants as required by the debenture trust deed . (Refer Note 18)

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 20 : Provisions

(₹ in Lakhs)

	31-Mar-20			31-Mar-19		
	Current	Non Current	Total	Current	Non Current	Total
Service warranties*	6,870.10	2,292.81	9,162.91	5,393.86	1,698.71	7,092.57
Legal claims	545.04	-	545.04	542.92	-	542.92
Other matters**	1,291.50	-	1,291.50	3,040.82	-	3,040.82
E-Waste Management	43.75	-	43.75	-	-	-
Total Provisions	**8,750.39**	**2,292.81**	**11,043.20**	**8,977.60**	**1,698.71**	**10,676.31**

Movement in provisions is as given below:

Particulars	E - Waste Provision	Service Warranties	Legal Claims	Other matters
Opening balance as on 1st April, 2018	**-**	**5,723.20**	**525.17**	**1,350.00**
Arising during the year	-	5,362.91	17.75	1,690.82
Unwinding of discount (finance cost)	-	92.09	-	-
Utilised during the year	-	(4,085.63)	-	-
Closing balance as on 31st March, 2019	**-**	**7,092.57**	**542.92**	**3,040.82**
Arising during the year	43.75	6,749.17	2.12	189.24
Unwinding of discount (finance cost)	-	166.78	-	-
Utilised during the year	-	(4,845.61)	-	(1,938.56)
Closing balance as on 31st March, 2020	**43.75**	**9,162.91**	**545.04**	**1,291.50**

*Refer note 1C(1)

**The Company has made provisions for litigation cases and pending assessments in respect of taxes, the outflow of which would depend on the cessation of the respective events.

Note 21 : Employee Benefit Obligations

(₹ in Lakhs)

	31-Mar-20			31-Mar-19		
	Current	Non Current	Total	Current	Non Current	Total
Leave obligations	789.72	2,424.99	3,214.71	590.71	2,198.09	2,788.80
Interest rate guarantee on provident fund	-	319.73	319.73	-	230.08	230.08
Gratuity	1,325.14	4,493.84	5,818.98	1,070.58	3,829.02	4,899.60
Employee benefit liabilities	3,789.71	56.59	3,846.30	4,555.32	42.86	4,598.18
Total employee benefit obligations	**5,904.57**	**7,295.15**	**13,199.72**	**6,216.61**	**6,300.05**	**12,516.66**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Disclosure of defined benefit plans are as given below :

A. Gratuity :

The Company has a defined benefit gratuity plan in India (Funded) for its employees, which requires contribution to be made to a separately administered fund. The gratuity liability of subsidiary is unfunded.

The gratuity benefit payable to the employees of the Company is greater of the two : (i) The provisions of the Payment of Gratuity Act, 1972 or (ii) The Company's gratuity scheme as described below.

The gratuity liability of subsidiary is guided by provisions of the Payment of Gratuity Act, 1972, refer (i) below

(i) The provisions of the Payment of Gratuity Act, 1972 :

Benefits as per the Payment of Gratuity Act, 1972	
Salary for calculation of Gratuity (GS)	Last drawn basic salary including dearness allowance (if any)
Gratuity Service (SER)	Completed years of Continuous Service with part thereof in excess of six months
Vesting period	5 Years #
Benefit on normal retirement	15/26 * GS * SER
Benefit on early retirement / termination / resignation / withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹ 2,000,000

(ii) The Company's gratuity scheme :

Benefits as per the Company's Gratuity Scheme for HO Employees (Category S - Staff)	
Salary for calculation of Gratuity (GS)	Basic Salary + Special Pay + Personal Pay + Variable Dearness Allowance + Fixed Dearness Allowance
Gratuity Service (SER)	Completed years of Continuous Service with part thereof in excess of six months
Vesting period	5 Years #
Benefit on normal retirement	21/26 * GS * SER
Benefit on early retirement / termination / resignation / withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	No Limit

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Benefits as per the Company's Gratuity Scheme for HO (Category E - Executives, Category PSG - Project Services Group and Category Factory Staff - Chakan & Ranjangaon Employees)		
Salary for calculation of Gratuity (GS)	HO Category E & PSG: Basic Salary Factory Staff : Basic Salary + DA, if any	
Gratuity Service (SER)	Completed years of Continuous Service with part thereof in excess of six months	
Vesting period	5 Years #	
Benefit on normal retirement	**Service**	**Benefits**
	Between 5 & 9 years	60% x GS x SER
	Between 10 & 14 years	70% x GS x SER
	Between 15 & 24 years	80% x GS x SER
	25 years & Above	GS x SER
Benefit on early retirement / termination / resignation / withdrawal	**Service**	**Benefits**
	Between 5 & 9 years	60% x GS x SER
	Between 10 & 14 years	70% x GS x SER
	Between 15 & 24 years	80% x GS x SER
	25 years & Above	90% x GS x SER
Benefit on death in service	HO Category E & PSG: GS x SER Factory Staff : Same as normal retirement benefit based on the service upto the date of exit.	
Limit	No Limit	

Completion of 240 days during the 5th year can be treated as completion of 1 year of continuous service.

In case of employees with age above the retirement age, the retirement is assumed to happen immediately and valuation is done accordingly.

Changes in the Present Value of Obligation are as given below (Amounts in INR) :

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Present Value of Obligation as at the beginning	**522,007,382**	**507,974,047**
Current Service Cost	68,578,493	61,755,035
Interest Cost	37,991,691	38,597,019
Re-measurement (gain) / loss arising from:		
- change in demographic assumptions	(75,021)	(720,276)
- change in financial assumptions	26,792,643	8,483,622
- experience adjustments (i.e. Actual experience vs assumptions)	4,085,101	1,013,615
Benefits Paid	(44,167,264)	(95,095,680)
Present Value of Obligation as at the end	**615,213,025**	**522,007,382**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Changes in the Fair Value of Plan Assets is as given below (Amounts in INR) :

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Fair Value of Plan Assets as at the beginning	**32,280,217**	**32,114,822**
Investment Income	2,345,291	2,438,993
Employer's Contribution	700,000	219,245
Benefits Paid	(1,640,592)	(1,664,365)
Return on plan assets , excluding amount recognised in interest (expense)/ income	34,260	(828,478)
Fair Value of Plan Assets as at the end	**33,719,176**	**32,280,217**

Subsidiary's gratuity liability is unfunded

Changes in the Fair Value of Reimbursement Right is as given below * (Amounts in INR) :

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Fair Value of Reimbursement Right as at the beginning	**416,256,896**	**466,633,252**
Investment Income	30,242,791	35,438,954
Employer's Contribution	100,000,000	1,614,032
Benefits Paid	(41,282,947)	(86,824,447)
Return on plan assets , excluding amount recognised in interest (expense)/ income	(4,911,749)	(604,895)
Fair Value of Reimbursement Right as at the end	**500,304,991**	**416,256,896**

* Reimbursement right is a non-qualifying insurance policy under Ind AS 19 as it is with Bajaj Allianz Life Insurance Co. Ltd (a related party of Bajaj Electricals Limited). The same has been disclosed in Note 10 and Note 14 of the financials statements

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Amount recognised in balance sheet is as given below (Amounts in INR) :

Particulars	As on	
	31-Mar-20	31-Mar-19
Present Value of Obligation	615,213,025	522,007,382
Fair Value of Plan Assets	33,719,176	32,280,217
Surplus / (Deficit)	**(581,493,849)**	**(489,727,165)**
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	**(581,493,849)**	**(489,727,165)**
Liability on an actual basis for employees at foreign branches	**(404,135)**	**(233,575)**
Total Net Asset / (Liability)	**(581,897,984)**	**(489,960,740)**

Amount recognised in statement of profit and loss and other comprehensive income is as given below (Amounts in INR) :

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Costs charged to statement of profit and loss :		
Current Service Cost	68,578,493	61,755,035
Interest Expense or Cost	37,991,691	38,597,019
Investment Income	(32,588,082)	(37,877,947)
Expense recognised in statement of profit and loss	**73,982,102**	**62,474,107**
Re-measurement (gain) / loss arising from:		
Change in demographic assumptions	(75,021)	(720,276)
Change in financial assumptions	26,792,643	8,483,622
Experience adjustments (i.e. Actual experience vs assumptions)	4,085,101	1,013,615
Return on plan assets , excluding amount recognised in interest expense/(income)	4,877,489	1,433,372
(Income) / Expense recognised in Other Comprehensive Income	**35,680,212**	**10,210,333**
Total Expense Recognised during the year	**109,662,314**	**72,684,440**

Major categories of Plan Assets & Reimbursement Right (as percentage of Total Assets)

Particulars	As on	
	31-Mar-20	31-Mar-19
Funds managed by Insurer	100%	100%
Total	**100%**	**100%**

As the funds are managed wholly by the insurance company, the break-up of the plan assets is unavailable

The significant actuarial assumptions are as follows:

Financial Assumptions - Group

Particulars	As on	
	31-Mar-20	31-Mar-19
Discount rate (per annum)	6.35% - 6.70%	7.25% - 7.70%
Salary growth rate (per annum)	5.00% - 8.50%	5.00% - 8.50%

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Demographic Assumptions - BEL

Particulars	As on 31-Mar-20	As on 31-Mar-19
Mortality Rate	(%100 of IALM 12-14)	(100% of IALM 06-08)
Withdrawal rates, based on age: (per annum) : *		
Up to 30 years	21.00%	21.00%
31 - 44 years	14.00%	14.00%
Above 44 years	12.00%	12.00%

*For the subsidiary, it is 1.6% across all categories

Summary of Membership Status - Company

Particulars	As on 31-Mar-20	As on 31-Mar-19
Number of employees	3,035	3,206
Total monthly salary (₹)	85,678,134	83,044,768
Average past service (years)	6.01	5.29
Average age (years)	35.88	35.32
Average remaining working life (years)	22.13	22.69
Number of completed years valued	18,232	16,966
Decrement adjusted remaining working life (years)	6.03	6.01
Normal retirement age	58 years *	58 years *

* The standard retirement date for executive employees is June 30 and the April 1st for the staff employees. In case of employees with age above the normal retirement age indicated above, the retirement is assumed to happen immediately and valuation is done accordingly.

Summary of Membership Status - Subsidiary (Nirlep)

Particulars	As on 31-Mar-20	As on 31-Mar-19
Number of employees	129	122
Total monthly salary (₹)	2,233,162	1,953,778
Average past service (years)	12.97	13.77
Average age (years)	41.46	41.66
Average remaining working life (years)	16.57	16.35
Number of completed years valued	1,673	1,680
Decrement adjusted remaining working life (years)	13.30	13.09
Normal retirement age	58 years #	58 years #

The retirement date for Nirlep employee is the 58th date of birth of the employee

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

Sensitivity Analysis

The sensitivity analysis is determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. (Amounts in INR)

Particulars	31-Mar-20	31-Mar-19
Defined Benefit Obligation (Base)	615,213,025	522,007,382

	31-Mar-20		31-Mar-19	
	Result of decrease	Result of increase	Result of decrease	Result of increase
Discount Rate (- / + 1%)	648,413,132	585,654,720	549,013,839	497,871,965
(% change compared to base due to sensitivity)	5.4%	-4.8%	5.2%	-4.6%
Salary Growth Rate (- / + 1%)	587,694,457	645,431,638	499,465,463	546,692,262
(% change compared to base due to sensitivity)	-4.5%	4.9%	-4.3%	4.7%
Attrition Rate (- / + 50% of attrition rates)	684,708,842	578,849,379	568,811,942	496,708,754
(% change compared to base due to sensitivity)	11.3%	-5.9%	9.0%	-4.8%
Mortality Rate (- / + 10% of mortality rates)	615,101,799	615,323,856	521,856,913	522,157,310
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

The description of plans ability to affect the amount, timing and uncertainty of the Company's future cash flows.

a) *Funding arrangements and Funding Policy*

The scheme is managed on funded basis. Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully covers the same under Cash Accumulation Policies of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). 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.

b) *Expected Contribution during the next annual reporting period*

Particulars	31-Mar-20	31-Mar-19
The Company's best estimate of Contribution during the next year	125,815,561	114,335,594

c) *Maturity Profile of Defined Benefit Obligation*

Particulars	31-Mar-20	31-Mar-19
Weighted average duration (based on discounted cashflows)	5 years for BEL and 6 years for Nirlep	5 years for BEL and 6 years for Nirlep

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

c) *Maturity Profile of Defined Benefit Obligation (Contd..)*

Expected cash flows over the next (valued on undiscounted basis):	**31-Mar-20**	**31-Mar-19**
1 year	166,233,037	139,338,612
More than 1 and upto 2 years	65,165,954	56,493,041
More than 2 and upto 5 years	159,262,018	152,872,404
More than 5 and upto 10 years	222,244,288	194,860,580
More than 10 years	308,427,472	279,838,522

d) *Asset liability matching strategies*

For gratuity, 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 terms, 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)

B. Provident Fund (Defined Benefit Plan) :

Bajaj Electricals Limited operates in two schemes for the compliance of provident fund statute - (i) Bajaj Electricals Limited Employees' Provident Fund Trust & Matchwel Electricals (India) Ltd Employees' Provident Fund Trust (defined benefit plan) and (ii) RPFC Contributions for provident fund (defined contribution plan).

For exempt provident fund, the defined benefit obligation of the Company arises from the possibility that during anytime in the future, the scheme may earn insufficient investment income to meet the guaranteed interest rate declared by government / EPFO / relevant authorities as well as for fund assets shortfall as against the liabilities of the Trusts. The subsidiary operates in only one scheme via RPFC Contributions for provident fund (defined contribution plan)

The net defined benefit obligation as at the valuation date represents the excess of accumulated fund value (determined on actuarial basis) plus interest rate guaranteed liability over the fair value of plan assets or vice-a-versa

The benefit valued under PF obligation are summarised below:

Normal Retirement Age	58 Years *
Benefit on normal retirement	Accrued Account Value
Benefit on early retirement / termination / resignation / withdrawal	Accrued Account Value
Benefit on death in service	Accrued Account Value

* The standard retirement date for executive employees is June 30th of every year and the same is April 1st of every year for the staff employees. The retirement date for Nirlep employee is the 58th date of birth of the employee

The company's compliances for provident fund is governed by Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Responsibility for governance of the plans, including investment decisions and contribution schedules lies jointly with the company and the board of trustees. The board of trustees are composed of representatives of the company and plan participants in accordance with the plan's regulations

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

B. Provident Fund (Defined Benefit Plan) : (Contd..)

Changes in the Present Value of Obligation of Trusts are as given below (Amounts in INR) :

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Present Value of Obligation as at the beginning	**1,356,553,733**	**1,254,066,329**
Interest Cost	114,531,031	102,653,602
Current Service Cost	66,495,243	63,439,084
Employee's Contributions	147,904,847	135,903,838
Transfer In / (out) of the liability	51,180,535	34,455,692
Benefits Paid	(173,963,577)	(236,529,317)
Re-measurement (gain) / loss arising from:		
- experience variance (i.e. Actual experience vs assumptions), loss if positive	8,964,885	2,564,505
Present Value of Obligation as at the end	**1,571,666,697**	**1,356,553,733**

Changes in the Fair Value of Plan Assets of Trusts are as given below (Amounts in INR) :

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Fair Value of Plan Assets as at the beginning	**1,315,938,179**	**1,283,207,575**
Investment Income	113,828,652	97,523,776
Employer's Contributions	66,495,243	63,439,084
Employee's Contributions	147,904,847	135,903,838
Transfers In	51,180,535	37,532,807
Benefits Paid	(173,963,577)	(236,529,317)
Return on plan assets , excluding amount recognised in interest (expense)/income	(67,065,054)	(65,139,584)
Fair Value of Plan Assets as at the end	**1,454,318,825**	**1,315,938,179**

A deterministic approach is considered to estimate the value of Interest Rate Guarantee on the Exempt Provident Fund. The per annum cost of guarantee at which Interest Rate Guarantee Liability has been valued is mentioned below

Amount recognised in balance sheet of Trusts is as given below:

Matchwel Electricals (India) Ltd Employees' Provident Fund Trust (for Chakan unit employees) (Amounts in INR) :

Particulars	As on	
	31-Mar-20	31-Mar-19
Present Value of Obligation	35,138,231	28,545,685
Fair Value of Plan Assets	73,912,596	64,286,938
Surplus / (Deficit)	**38,774,365**	**35,741,253**
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	**38,774,365**	**35,741,253**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

B. Provident Fund (Defined Benefit Plan) : (Contd..)

Matchwel Electricals (India) Ltd Employees' Provident Fund Trust (for Chakan unit employees) (Amounts in INR) :(Contd..)

The present value of obligation of Matchwel Electricals (India) Ltd Employees' Provident Fund Trust represents the aggregate of accumulated fund value of ₹ 34,423,393 (As on March 31, 2019 - ₹ 28,061,523) and interest rate guarantee ₹ 714,838 (As on March 31, 2019 - ₹ 484,162). Of the above, the interest rate guarantee is recognised as provision in the Company's books, while the accumulated fund value is recognised by the Trust. The interest rate guarantee so recognised in the Company's books is considered as non-current liability

Bajaj Electricals Limited Employees' Provident Fund Trust (for H.O. employees) (Amounts in INR) :

Particulars	As on	
	31-Mar-20	31-Mar-19
Present Value of Obligation	1,536,528,466	1,328,008,048
Fair Value of Plan Assets	1,380,406,362	1,251,651,241
Surplus / (Deficit)	**(156,122,104)**	**(76,356,807)**
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	**(156,122,104)**	**(76,356,807)**

The present value of obligation of Bajaj Electricals Limited Employees' Provident Fund Trust represents the aggregate of accumulated fund value of ₹ 1,505,269,970 (As on March 31, 2019 - ₹ 1,305,483,761) and interest rate guarantee ₹ 31,258,496 (As on March 31, 2018 - ₹ 22,524,287). Of the above, the interest rate guarantee is recognised as provision in the Company's books, while the accumulated fund value is recognised by the Trust. The interest rate guarantee so recognised in the Company's books is considered as non-current liability.

Since interest rate guarantee is already accounted in BEL's books, the liability of ₹ 124,863,608 which is Accumulated Fund Value of ₹ 1,505,269,970 in excess of Fair Value of Plan Assets of ₹ 1,380,406,362 is accounted by BEL as payable to Trust on shortfall of plan assets. This liability has arisen mainly on account of negative return on plan assets contributed by negative return on Trust's investment in IL&FS as well as DHFL (including interest foregone by Trust) and the same is recognised as actuarial loss in the Other Comprehensive Income of BEL

Bajaj Electricals Limited can offset an asset relating to one plan against a liability relating to another plan when, and only when, Bajaj Electricals Limited has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously. However the two trusts namely Matchwel Electricals (India) Ltd Employees' Provident Fund Trust (for Chakan employees) and Bajaj Electricals Limited Employees' Provident Fund Trust (for H.O. employees) are independent trusts. Accordingly, surplus assets of trust for Chakan employees cannot be offset against liability relating to trust for H.O. employees

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

B. Provident Fund (Defined Benefit Plan) : (Contd..)

Amount recognised in statement of profit and loss and other comprehensive income of Trusts is as given below:

Amounts in ₹

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Costs charged to statement of profit and loss :		
Current Service Cost	66,495,243	63,439,084
Interest Cost	114,531,031	102,653,602
Investment Income	(113,828,652)	(97,523,776)
Expense recognised in statement of profit and loss	**67,197,622**	**68,568,910**
Re-measurement (gain) / loss arising from:		
Experience variance (i.e. Actual experience vs assumptions)	8,964,885	2,564,505
Return on plan assets , excluding amount recognised in interest expense/(income) *	67,065,054	65,139,584
Expense recognised in Other Comprehensive Income	**76,029,939**	**67,704,089**
Total Expense Recognised during the year	**143,227,561**	**136,272,999**

* included in other comprehensive income in the statement of profit and loss

The significant actuarial assumptions are as follows :

Financial and Demographic Assumptions

Particulars	As on 31-Mar-20		As on 31-Mar-19	
	HO Unit	Chakan Unit	HO Unit	Chakan Unit
Discount rate (per annum)	6.65%	6.65%	7.63%	7.63%
Interest rate guarantee (per annum)	8.50%	8.50%	8.65%	8.65%
Discount Rate for the Remaining Term to Maturity of the Investment (p.a.)	6.65%	6.65%	7.63%	7.63%
Average Historic Yield on the Investment (p.a.)	8.44%	8.44%	8.62%	8.62%
Mortality Rate	100% of IALM 2012-14		100% of IALM 2006-08	

Particulars	As on 31-Mar-20 Live Employees	As on 31-Mar-19 Live Employees
Attrition Rate, based on ages:		
- Upto 30 years	4.99%	3.33%
- 31 to 44 years	3.63%	4.21%
- 45 to 57 years	3.62%	3.69%
- Above 57 years	0.38%	0.73%

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

B. Provident Fund (Defined Benefit Plan) : (Contd..)

Summary of Membership Status :

Particulars	As on 31-Mar-20	As on 31-Mar-19
Dormant/Inoperative Employees	3,300	3,192
Live Number of employees	1,928	2,096
Total Number of employees	5,228	5,288
Average age (years)	39.24	37.36

Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As on 31-Mar-20	As on 31-Mar-19
Government of India securities	5.7%	3.6%
State Government securities	40.0%	36.8%
High quality corporate bonds	34.5%	40.0%
Equity shares of listed companies	0.0%	0.0%
Public Sector Bonds	0.0%	0.0%
Special Deposit Scheme	10.5%	11.6%
Funds managed by Insurer	0.0%	0.0%
Bank balance	1.0%	0.2%
Other Investments	8.5%	7.7%
Total	**100%**	**100%**

Sensitivity Analysis

The sensitivity analysis is determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	31-Mar-20	31-Mar-19
Defined Benefit Obligation (Base)	1,571,666,697	1,356,553,733

	31-Mar-20		31-Mar-19	
	Result of decrease	Result of increase	Result of decrease	Result of increase
Discount Rate (- / + 1%)	1,588,146,964	1,555,856,820	1,374,962,805	1,337,124,861
(% change compared to base due to sensitivity)	1.05%	-1.01%	1.36%	-1.43%
Interest rate guarantee (- / + 1%)	1,539,693,363	1,664,883,954	1,329,870,110	1,292,815,528
(% change compared to base due to sensitivity)	-2.03%	5.93%	-1.97%	-4.70%

Notes to Consolidated Financial Statements
for the year ended 31st March 2020

Note 21 : Employee Benefit Obligations (Contd..)

B. Provident Fund (Defined Benefit Plan) : (Contd..)

The description of plans ability to affect the amount, timing and uncertainty of the entity's future cash flows

a) *Funding arrangements and Funding Policy*

The scheme is managed on funded basis. Payment for present liability of future payment of PF is made by the Company towards shortfall of Bajaj Electricals Limited Employees' Provident Fund Trust and Matchwel Electricals (India) Ltd Employees' Provident Fund Trust. The investments for the same are managed by Trustees as per advice and recommendations of a professional consultant and in compliance of obligatory pattern of investments as per government notification in official gazette for the pattern of investment for EPF exempted establishments. Any deficit in the assets of PF Trusts is funded by the Company. The provident fund for certain employees is a defined contribution plans covered under RPFC Contributions

b) *Expected contribution during the next annual reporting period*

Particulars	31-Mar-20	31-Mar-19
The Trusts' best estimate of Contribution during the next year	69,820,005	66,611,038

This has been calculated assuming that the employer's contribution next year shall increase by 5%.

c) *Asset liability matching strategies*

For PF Trust Investments, the same are managed by Trustees as per advice and recommendations of a professional consultant. The Employees' Provident Fund Organisation, Ministry of Labour, Government of India, vide its notification in official gazette notified the pattern of investment for EPF exempted establishments, which depicts the obligatory pattern of investments of PF contributions and interests. The pattern mandates to invest as below :

Category No.	Category / Sub-Category	Percentage of amount to be invested
(i)	Government Securities and Related Investments	Minimum 45% and upto 50%
(ii)	Debt Instruments and Related Investments	Minimum 35% and upto 45%
(iii)	Short-Term Debt Instruments and Related Investments	Upto 5%
(iv)	Equity and Related Investments	Minimum 5% and upto 15%
(v)	Asset Backed, Trust Structured and Miscellaneous Investments	Upto 5%

C. Expenses Recognised during the year (Defined Contribution Plan) :

(Amount in ₹)

Particulars	Provident Fund		Superannuation		Pension	
	For the year ended		For the year ended		For the year ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Expense recognised in the statement of Profit & Loss	16,244,455	17,220,513	26,050,276	24,414,964	62,152,045	56,267,971

The leave encashment schemes, superannuation and pension schemes are managed on unfunded basis, hence Asset Liability Matching Strategies are not applicable

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 22 : Trade Payables

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current		
Trade payable	77,997.00	102,814.72
Dues to micro, small and medium enterprises *	7,797.99	2,241.67
Acceptances	5,192.08	5,352.10
Total current trade payables	**90,987.07**	**110,408.49**

Trade payables are non-interest bearing and are normally settled within 60 days from the time they are contractually due.

* Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:

(₹ in Lakhs)

	Particulars	31-Mar-20	31-Mar-19
	Principal	7,462.91	2,209.36
	Interest	335.08	32.31
i)	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 during each accounting year.	13.98	21.98
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
iii)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	335.08	32.31
iv)	The amount of further interest remaining due and payable even in the succeeding years, 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 23 : Other Current Liabilities

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Statutory liabilities payable	3,611.69	5,706.47
Deferred revenue *	14,226.21	8,155.15
Others	2,523.72	2,587.61
Total other current liabilities	**20,361.62**	**16,449.23**

* Deferred revenue includes ₹ 13,886.31 lakhs (March 31, 2019 - ₹ 8,155.15 lakhs) for accrual of points under the Retailer Bonding Program and ₹ 339.90 lakhs (March 31, 2019 - ₹ NIL) for warranty provision considered as a separate performance obligation.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 24 : Revenue from operations

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Sale of products	361,425.83	328,499.58
Contract Revenue	132,464.18	335,389.38
Other operating revenue *	4,833.43	4,052.24
Total revenue from operations (Refer Note 41(i))	**498,723.44**	**667,941.20**

** Other operating revenue mainly comprises of scrap sales, insurance claims and writeback of provisions amounting to ₹ 997.90 lakhs (March 31, 2019 - ₹ 1,966.63 lakhs), ₹ 388.62 lakhs (March 31, 2019 - ₹ 1,157.89 lakhs) and ₹ 1929.65 lakhs (March 31, 2019 - ₹ NIL) respectively.

Note 25 : Other income

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest income on bank deposits and others	959.69	1,176.33
Interest income from financial assets at amortised cost	1,348.92	1,161.03
Interest on income tax refund	120.15	-
Income on financial guarantees issued	-	676.01
Rental income	279.10	235.37
Net gain / (losses) on disposal of property, plant & equipment	27.86	(31.37)
Others *	1,879.43	3,277.61
Total other income	**4,615.15**	**6,494.98**

* Others mainly includes excess debtors provision written back and sundry balance appropriated of ₹ 1,058.08 lakhs (March 31, 2019 - ₹ 2,809.20 lakhs) and ₹ 420.14 lakhs (March 31, 2019 - ₹ 289.87 lakhs) respectively.

Note 26 : Cost of raw materials consumed

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Raw materials at the beginning of the year	12,633.01	9,447.80
Add : Purchases	29,960.22	52,920.36
Less : Raw materials at the end of the year	8,356.33	12,633.01
Total cost of raw material consumed	**34,236.90**	**49,735.15**

Note 26 : Changes in inventories of work-in-progress, finished goods, traded goods

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Opening balance		
Work in progress	1,844.66	1,195.61
Finished Goods	3,157.82	7,006.62
Traded goods	65,172.92	40,064.13
Total opening balance	**70,175.40**	**48,266.36**
Closing balance		
Work in progress	1,400.01	1,844.66
Finished Goods	3,751.63	3,157.82
Traded goods	56,137.71	65,172.92
Total Closing balance	**61,289.35**	**70,175.40**
Total Changes in inventories of work in progress, traded goods and finished goods	**8,886.05**	**(21,909.04)**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 27 : Erection & subcontracting expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Erection and subcontracting expense	31,066.35	44,375.75
Total Erection & subcontracting expense	**31,066.35**	**44,375.75**

Note 28 : Employee benefit expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Salaries, wages and bonus	35,383.05	32,880.56
Contribution to provident and other funds (Note 21)	1,767.49	1,662.67
Employees share based payment expense (Note 33)	521.24	389.30
Gratuity (Note 21)	741.28	617.30
Staff welfare expenses	481.39	506.26
Total employee benefit expense	**38,894.45**	**36,056.09**

Note 29 : Depreciation and amortisation expense

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Depreciation of property, plant and equipment (Note 2)	3,767.93	3,752.82
Amortisation of intangible assets (Note 4)	632.37	641.57
Amortisation of Right of Use assets (Note 3)	2,966.73	-
Total depreciation and amortisation expense	**7,367.03**	**4,394.39**

Note 30 : Other expenses

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Consumption of stores & spares	927.31	1,113.00
Packing material consumed	887.42	982.30
Power and fuel	1,385.84	1,434.33
Rent	2,272.26	4,902.87
Repairs and maintenance		
Plant and machinery	1,096.62	872.79
Buildings	9.54	9.21
Others	375.28	278.01
Telephone and communication charges	986.81	995.08
Rates and taxes	70.31	105.26
Lease rent	170.53	191.89
Travel and conveyance	6,918.97	8,560.86

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 30 : Other expenses (Contd..)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Insurance	1,438.33	2,225.20
Printing and stationery	238.74	345.64
Directors fees & travelling expenses	77.52	92.12
Non executive directors commission	18.97	67.00
Advertisement & publicity	9,397.95	9,938.08
Freight & forwarding	11,130.54	9,921.29
Product promotion & service charges	9,345.39	8,817.12
Sales commission	1,789.30	2,299.31
Provisions		
Service warranties	1,903.59	1,222.90
Impairment allowance for doubtful debts and advances	1,032.17	591.16
Bad debts and other irrecoverable debit balances written off	369.92	1,606.87
Payments to auditors	178.22	161.68
Corporate social responsibility expenditure	514.38	239.84
Fair value loss on financial instruments at fair value through profit and loss	38.13	28.54
Impairment of property, plant and equipment (Note 2(v))	-	729.36
E-Waste Management	43.75	-
Legal and Professional Fees	4,030.65	4,680.56
Site support charges	4,528.60	5,187.71
Sales tax expenses	210.13	1,705.39
Security service charges	2,169.20	2,176.60
Miscellaneous expenses	11,413.30	10,048.19
Total other expenses	**74,969.67**	**81,530.16**

Note 31 : Finance cost

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest expense on borrowings	13,090.85	9,501.92
Interest expense on mobilisation advances	2,233.83	1,683.72
Interest expense on lease liability	1,073.96	-
Unwinding of discount on provisions	171.71	100.21
Exchange differences regarded as an adjustment to borrowing costs	283.65	284.04
Other borrowing costs	224.46	189.64
Total	**17,078.46**	**11,759.53**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 32 : Income Tax Expense

(a) Income Tax Expense

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Current Tax		
Current income tax charge	119.00	7,965.00
Adjustments of tax relating to earlier periods	8.44	9.75
Total Current tax expense	**127.44**	**7,974.75**
Deferred Tax (Note 9)		
Decrease / (increase) in deferred tax assets	2,518.43	554.63
(Decrease) / increase in deferred tax liabilities	(901.42)	225.17
Total deferred tax expense / (benefit)	**1,617.01**	**779.80**
Income tax expense in the statement of profit and loss	**1,744.45**	**8,754.55**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-19
Profit / (Loss) from continuing operations before income tax expense	715.66	24,112.37
Income Tax @ standard tax rate of 25.168% (March 31, 2019 - 34.944%)	180.12	8,425.83
Tax effect of amounts which are not deductible in calculating taxable income :		
- Corporate Social responsibility Expenditure	88.65	71.32
- Estimated expenditure to earn tax exempt Income	-	71.46
- Employee Share based payment expense	-	136.04
Other items affecting effective tax rate:		
- Share of results of associates and joint ventures (net of tax)	71.78	83.51
- Effects of changes in statutory tax rate	1,395.29	-
- Deferred Tax Asset recognised on Asset held for Sale	(76.19)	18.34
- Others	84.80	(51.95)
Income Tax Expense reported in statement of profit and loss	**1,744.45**	**8,754.55**

The Group has computed the tax expense for the current period as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17%, and (b) the deferred tax assets and deferred tax liabilities as on 1st April 2019 have been restated at the rate of 25.17% (March 31, 2019 – 34.94%). As a result, the tax expense for the year ended March 31, 2020 is higher by ₹ 1,395.29 lakhs.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 33 : Employee stock options :

A. Summary of Status of ESOPs Granted :

The position of the existing schemes is summarised as under :

	Particulars	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
I.	**Details of the ESOS :**			
1	Date of Shareholder's Approval	Originally approved in AGM held on 26 Jul 2007 and revised in AGM held on 28 Jul 2010		As per the Postal Ballot dated 21 Jan 2016
2	Total Number of Options approved	Bajaj Growth 2007 Scheme approved 4,321,440 shares of face value ₹2 each (erstwhile 864,288 shares of ₹10 each prior to share-split) equivalent to 5% of paid up equity shares i.e. 86,428,800 shares as at the date of the announcement of scheme. The ESOP 2011 being the modified ESOP 2007 Scheme approved aggregate of 78,03,560 shares of face value ₹2 each equivalent to 8% of paid up equity shares i.e. 97,544,495 as at the date of the announcement of scheme.		30,27,073 shares of face value ₹2 each equivalent to 3% of paid up equity i.e. 100,902,426 shares as at the date of the announcement of scheme.
3	Vesting Requirements & Exercise Period	Options vesting happens only on continuation of employment being the vesting requirement. The options are granted to employees with grade Assistant General Manager and above. As per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and SEBI (Share Based Employee Benefits) (Amendment) Regulations, 2015, there is a minimum period of one year between the grant of options and vesting of option observed by the Company. The vested options can be exercised anytime upto 3 years from date of vesting. Options granted under the plan carry no dividend or voting rights till the options are exercised and duly allotted to the employees. When exercisable, each option is convertible into one equity share.		
4	The Pricing Formula	Closing price on the stock exchange where there is highest traded volume on working day prior to the date of grant.		
5	Maximum term of Options granted (years)	7 Years	7 Years	7 Years
6	Method of Settlement	Equity settled	Equity settled	Equity settled
7	Source of shares	Fresh Issue	Fresh Issue	Fresh Issue
8	Variation in terms of ESOP	Nil	Nil	Nil
9	Equity shares reserved for issue under Employee Stock Option Scheme and Outstanding as at March 31, 2020	The Company has 10,830,633 Equity Shares of ₹2/- each available to issue as Employees Stock Options as its Total Pool Size as of March 31, 2020, of which number of stock options not yet granted under ESOP 2015 scheme are 1,600,098, number of stock options vested & exercisable under ESOP 2011 & ESOP 2015 schemes are 440,675 and number of stock options unvested under ESOP 2015 scheme are 959,625. Thus, total equity shares reserved for issuance under ESOP Scheme outstanding as at March 31, 2020 are 3,000,398.		

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 33 : Employee stock options :

A. Summary of Status of ESOPs Granted : (Contd..)

The position of the existing schemes is summarised as under : (Contd..)

II. Option Movement during the year ended March 31, 2020 :

Sr. No.	Particulars	BAJAJ GROWTH 2007		ESOP 2011		ESOP 2015	
		No. of options	Wt. avg exercise price	No. of options	Wt. avg exercise price	No. of options	Wt. avg exercise price
1	No. of Options Outstanding at the beginning of the year	-	-	237,975	281.66	1,013,450	456.71
2	Options Granted during the year	-	-	-	-	465,000	357.09
3	Options Forfeited / Surrendered during the year	-	-	26,950	297.81	184,775	438.55
4	Options Expired (Lapsed) during the year	-	-	24,250	281.84	-	-
5	Options Exercised during the year	-	-	54,275	263.11	25,875	229.79
6	Number of options outstanding at the end of the year	-	-	132,500	282.71	1,267,800	422.99
7	Number of options exercisable at the end of the year	-	-	132,500	282.71	308,175	394.81

Option Movement during the year ended March 31, 2019 :

Sr. No.	Particulars	BAJAJ GROWTH 2007		ESOP 2011		ESOP 2015	
		No. of options	Wt. avg exercise price	No. of options	Wt. avg exercise price	No. of options	Wt. avg exercise price
1	No. of Options Outstanding at the beginning of the year	-	-	603,325	274.41	787,250	332.72
2	Options Granted during the year	-	-	-	-	467,500	599.74
3	Options Forfeited / Surrendered during the year	-	-	48,750	281.51	159,750	368.85
4	Options Expired (Lapsed) during the year	-	-	36,050	261.04	-	-
5	Options Exercised during the year	-	-	280,550	268.74	81,550	251.74
6	Number of options outstanding at the end of the year	-	-	237,975	281.66	1,013,450	456.71
7	Number of Options exercisable at the end of the year	-	-	170,475	290.02	133,200	328.31

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 33 : Employee stock options :

A. Summary of Status of ESOPs Granted : (Contd..)

The position of the existing schemes is summarised as under : (Contd..)

III. Weighted Average remaining contractual life

	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
Range of Exercise Price	**Weighted average contractual life (years) as on March 31, 2020**		
0 to 100	Nil	Nil	Nil
No. of Options Outstanding	Nil	Nil	Nil
101 to 200	Nil	0.62	2.87
No. of Options Outstanding	Nil	6,400	9,750
201 to 300	Nil	1.75	2.54
No. of Options Outstanding	Nil	79,250	183,175
301 to 400	Nil	0.86	4.71
No. of Options Outstanding	Nil	46,850	537,375
401 to 500	Nil	Nil	3.51
No. of Options Outstanding	Nil	Nil	155,000
501 to 600	Nil	Nil	4.41
No. of Options Outstanding	Nil	Nil	90,000
601 to 700	Nil	Nil	4.01
No. of Options Outstanding	Nil	Nil	292,500
Range of Exercise Price	**Weighted average contractual life (years) as on March 31, 2019**		
0 to 100	Nil	Nil	Nil
No. of Options Outstanding	Nil	Nil	Nil
101 to 200	Nil	1.18	3.30
No. of Options Outstanding	Nil	16,625	20,375
201 to 300	Nil	2.43	3.54
No. of Options Outstanding	Nil	139,300	221,875
301 to 400	Nil	1.56	4.05
No. of Options Outstanding	Nil	82,050	141,200
401 to 500	Nil	Nil	4.90
No. of Options Outstanding	Nil	Nil	187,500
501 to 600	Nil	Nil	5.41
No. of Options Outstanding	Nil	Nil	102,500
601 to 700	Nil	Nil	5.01
No. of Options Outstanding	Nil	Nil	340,000

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 33 : Employee stock options :

A. Summary of Status of ESOPs Granted : (Contd..)

The position of the existing schemes is summarised as under : (Contd..)

IV Weighted Average Fair Value of Options Granted during the year ended March 31, 2020 whose,

	Particulars	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
(a)	Exercise price equals market price	No options were granted during the year	No options were granted during the year	131.15
(b)	Exercise price is greater than market price			None
(c)	Exercise price is less than market price			None

Weighted Average Fair Value of Options Granted during the year ended March 31, 2019 whose,

	Particulars	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
(a)	Exercise price equals market price	No options were granted during the year	No options were granted during the year	238.53
(b)	Exercise price is greater than market price			None
(c)	Exercise price is less than market price			None

V The weighted average market price of options exercised :

Particulars	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
During the year ended March 31, 2020	Nil	463.37	422.14
During the year ended March 31, 2019	Nil	544.76	544.17

VI Method and Assumptions used to estimate the Fair Value of Options Granted during the year ended March 31, 2020 :

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Particulars	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
1. Risk Free Interest Rate	No options granted during the year	No options granted during the year	6.08%
2. Expected Life (in years)			4.15
3. Expected Volatility			38.38%
4. Dividend Yield			0.96%
5. Exercise Price (₹)			363.27
6. Price of the underlying share in market at the time of the option grant. (₹)			363.27

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 33 : Employee stock options :

A. Summary of Status of ESOPs Granted : (Contd..)

The position of the existing schemes is summarised as under : (Contd..)

VI Method and Assumptions used to estimate the Fair Value of Options Granted during the year ended March 31, 2020 : (Contd..)

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

(₹ in Lakhs)

Variables	BAJAJ GROWTH 2007	ESOP 2011	ESOP 2015
	Weighted Average	Weighted Average	Weighted Average
1. Risk Free Interest Rate	No options granted during the year	No options granted during the year	7.62%
2. Expected Life (in years)			4.15
3. Expected Volatility			38.77%
4. Dividend Yield			0.59%
5. Exercise Price (₹)			599.74
6. Price of the underlying share in market at the time of the option grant. (₹)			599.74

Assumptions:

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

Volatility: The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. The volatility is calculated considering the daily volatility of the stock prices on National Stock Exchange of India Ltd. (NSE), over a period prior to the date of grant corresponding with the expected life of the options.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant

VII Effect of Share-Based Payment Transactions on the Entity's Profit or Loss for the year :

(₹ in Lakhs)

	Particulars	31-Mar-20	31-Mar-19
1	Employee Stock Option Plan Expense	521.24	389.30
2	Total ESOP Reserve at the end of the year	1,261.09	913.77

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 34 : Fair value measurements

(i) Financial instruments by category

The carrying amounts of financial instruments by class are as follows

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
A. Financial assets		
I. Measured at amortised cost		
Investments	933.86	845.14
Trade Receivables	253,653.75	314,382.46
Loans	1,589.37	8.78
Cash and Cash Equivalents	10,163.33	1,120.72
Bank Balances other than above	309.61	518.48
Other Financial Assets	2,749.10	2,510.80
II. Measured at fair value through profit and loss (FVTPL)		
Other Financial Assets (Derivative Assets)	242.75	7.04
Investments	354.08	231.49
	269,995.85	**319,624.91**
B. Financial liabilities *		
I. Measured at amortised cost		
Borrowings	74,235.87	158,532.06
Trade Payables	90,987.07	110,408.49
Lease Liabilities	9,862.88	-
Other Financial Liabilities	63,304.95	38,466.71
II. Measured at fair value through profit and loss (FVTPL)		
Other Financial Liabilities (Derivative Liability)	-	146.93
	238,390.77	**307,554.19**

* Does not include redemption liability of non-controlling interest of ₹ 885.76 lakhs (March 31, 2019 - ₹ 1,021.84 Lakhs), changes of which are recognised directly in equity.

(ii) Set out below, is a fair value measurement hierarchy and comparison by class of carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts which are reasonable approximations of their fair values:

Particulars	Valuation Techniques	Carrying values	Fair Values	Fair Values Measurement using		
				Level 1	Level 2	Level 3
As at March 31, 2020						
Other Financial Assets (Derivative Assets)	Mark to Market	242.75	242.75		242.75	
Investments	Discounted Cash Flow / Net Asset Value (note a)	354.08	354.08			354.08
Other Financial Liabilities (Derivative Liability)	Mark to Market	-	-		-	-
Redemption liability of non-controlling interest	Note b	885.76	885.76			885.76
		1,482.59	**1,482.59**	**-**	**242.75**	**1,239.84**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 34 : Fair value measurements (Contd..)

(ii) Set out below, is a fair value measurement hierarchy and comparison by class of carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts which are reasonable approximations of their fair values: (Contd..)

Particulars	Valuation Techniques	Carrying values	Fair Values	Fair Values Measurement using		
				Level 1	Level 2	Level 3
As at March 31, 2019						
Other Financial Assets (Derivative Assets)	Mark to Market	7.04	7.04		7.04	
Investments	Discounted Cash Flow / Net Asset Value (note a)	231.49	231.49			231.49
Other Financial Liabilities (Derivative Liability)	Mark to Market	146.93	146.93		146.93	
Redemption liability of non-controlling interest	Note b	1,021.84	1,021.84			1,021.84
		1,407.30	**1,407.30**	**-**	**153.97**	**1,253.33**

There have been no transfers between Level 1 and Level 2 during the period.

Note a:

In case of Bharat Innovation Fund, the fair value has been determined based on the NAV (net asset value) as per the statement issued by Bharat Innovation Fund.

The fair value of shares Starlite Lighting Limited is less than its face value and the entire amount has been fully impaired in the books. The Company has given guarantees for loans taken by Starlite Lighting Limited from the external lenders. The Company has determined the amount of loss allowance as per impairment requirements of Ind AS 109. Based on independent valuation performed by an external valuer based on the discounted cash flow model, the Company has determined that no liability has materialised as at March 31, 2020. The valuation has been performed using the below stated significant unobservable inputs as at March 31, 2020.

Significant unobservable inputs used in Level 3 fair values as at March 31, 2020

Particulars	Significant Unobservable Inputs	Sensitivity
Investments (Equity and Preference shares of Starlite Lighting Limited)	Discount rate – 17.22% Terminal value growth rate – 3%	The preference shares and equity instruments in Starlite Lighting Limited are fully impaired in the books. 1% increase in discount rate will decrease fair value by ₹ 2,117.58 lakhs. 1% decrease in discount rate will increase the fair value by ₹ 2,426.89 lakhs. 1% increase in terminal value growth rate will increase fair value by ₹ 1,408.30 lakhs. 1% decrease in terminal value growth rate will decrease the fair value by ₹ 1,230.72 lakhs.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 34 : Fair value measurements (Contd..)

(ii) Set out below, is a fair value measurement hierarchy and comparison by class of carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts which are reasonable approximations of their fair values: (Contd..)

The Board of Directors of the Company have approved a take or pay contract with Starlite Lighting Limited for a period of 5 years in line with the revenue projections used in the aforesaid discounted cash flow model. Accordingly, considering the headroom available, the Company has determined that the sensitivity on sales growth and terminal value growth rate will not materialise.

Note b:

Valued by applying the Black & Scholes Model considering risk free rate of 6.55%, time to maturity of 1.42 years and annualised volatility of 40.48%.The management believes that any reasonably possible change in the key assumptions would not cause any significant impact on the fair value.

All other current financial assets and current financial liabilities have fair values that approximate to their carrying amounts due to their short term nature. Further all other non-current financial assets and non-current financial liabilities have fair values that approximates to their carrying amounts as it is based on the net present value of the anticipated future cash flows.

(iii) Reconciliation of level 3 fair value measurement

(₹ in Lakhs)

Particulars	31-Mar-20
Opening balance as on 31st March 2019	**1,253.33**
Additions made during the year	161.30
Loss recognised in the statement of profit and loss	(38.71)
Changes in fair value recorded in equity	(136.08)
Closing balance as on 31st March 2020	**1,239.84**

Note 35: Financial risk management objectives and policies

The Group's principal financial liabilities comprise of borrowings, trade and other payables, channel financing liability and financial guarantee contracts. The main purpose of these financial liabilities is to finance the entity's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds investments (measured at FVTPL and amortised cost) and enters into derivative transactions (other than for speculative purposes).

The risk management committee of the Company lays down appropriate policies and procedures to ensure that financial risks are identified, measured and managed in accordance with the entity's policies and risk objectives.

The Group is exposed to credit risk, liquidity risk and market risk, which are explained in detail below:

A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses the direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. The Group is exposed to credit risk from its operating activities mainly in relation to trade and other receivables and bank deposits. Further, the Group is also exposed to credit risk arising from its loans, advances and investment in preference shares of its affiliate companies.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 35: Financial risk management objectives and policies (Contd..)

A) Credit risk (Contd..)

Trade and other receivables

Trade and other receivables of the Group are typically unsecured and credit risk is managed through credit approvals and periodical monitoring of the creditworthiness of customers to which the Group grants credit terms.

In respect of trade receivables, the Group typically operates in two segments:

Consumer products

The Group sells the consumer products mainly through three channels i.e. dealers and distributors, institutions and e-commerce and through government sector. The appointment of dealers, distributors, institutions is strictly driven as per the standard operating procedures and credit policy followed by the Group. In case of government sector, the credit risk is low.

Engineering and projects

The Group undertake projects for government institutions (including local bodies) and private institutional customers. The credit concentration is more towards government institutions. These projects are normally of long term duration of two to three years. Such projects normally are regular tender business with the terms and conditions agreed as per the tender. These projects are fully funded by the government of India through Rural Electrification Corporation, Power Finance Corporation, and Asian Development Bank etc. The Group enters into such projects after careful consideration of strategy, terms of payment, past experience etc.

In case of private institutional customers, before tendering for the projects Group evaluate the creditworthiness, general feedback about the customer in the market, past experience, if any with customer, and accordingly negotiates the terms and conditions with the customer.

The Group assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from such trade and other receivables. In respect of trade receivables the Group has a provisioning policy that is commensurate to the expected losses. The provisioning policy is based on past experience, customer creditability, and also on the nature and specifics of business especially in the engineering and projects division. In case of engineering projects, the Group also provides on more case-to-case basis, since they are large projects in individuality.

The maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is the carrying value of such trade and other receivables as shown in note 6, 8 and 13 of the financials.

Reconciliation of impairment allowance on trade and other receivables

(₹ in Lakhs)

Particulars	31-Mar-20
Impairment allowance on 31 March 2019	**16,049.85**
Created during the year	1,032.17
Reversed during the year	(2,562.85)
Impairment allowance on 31 March 2020	**14,519.17**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 35: Financial risk management objectives and policies (Contd..)

A) Credit risk (Contd..)

Bank deposits

The Group maintains its cash and bank balances with credit worthy banks and financial institutions and reviews it on an on-going basis. Moreover, the interest-bearing deposits are with banks and financial institutions of reputation, good past track record and high-quality credit rating. Hence, the credit risk is assessed to be low. The maximum exposure to credit risk as at 31 March 2020 and 31 March 2019 is the carrying value of such cash and cash equivalents and deposits with banks as shown in note 12 of the financials.

Loans, advances and investments in preference shares with affiliate companies

The Company has given loans and advances to its affiliate companies (Starlite Lighting Limited and Hind Lamps Limited). Further, the Company also has made strategic investments (equity and preference investments) in these entities. All such loans / advances / investments and their respective terms and conditions are duly approved by the Board of Directors of the Company. These entities also act as a strategic source of product supply to the Company.

The exposure on these loans / advances / investments are reviewed on regular basis for their recoverability on the basis of their business plan, future profitability, cash flow projections, market value of the assets, etc. Such assessment is performed by the management through an independent external valuer based on which any expected credit losses are provided for in the books. (Refer Note 5, 10 and 14).

(B) Liquidity risk

The Group has a central treasury department, which is responsible for maintaining adequate liquidity in the system to fund business growth, capital expenditures, as also ensure the repayment of financial liabilities. The department obtains business plans from business units including the capex budget, which is then consolidated and borrowing requirements are ascertained in terms of Long term funds and short-term funds. Considering the peculiar nature of EPC business, which is very working capital intensive, treasury maintains flexibility in funding by maintaining availability under committed credit lines in the form of fund based and non-fund based (LC and BG) limits.

The limits sanctioned and utilised are then monitored monthly, fortnightly and daily basis to ensure that mismatches in cash flows are taken care of, all operational and financial commitments are honoured on time and there is proper movement of funds between the banks from cashflow and interest arbitrage perspective.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
Floating / Fixed Rate		
- Expiring within One year (Bank overdraft and other facilities)	205,741	106,081

Bank overdraft facilities are sanctioned for a period of one year which are then enhanced / renewed from time to time. Though the Bank overdrafts are repayable on demand as per the terms of sanction, these are usually renewed by all banks in normal circumstances. Hence Bank overdraft facilities are available for use throughout the year.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 35: Financial risk management objectives and policies (Contd..)

(B) Liquidity risk (Contd..)

(ii) Maturities of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

	Carrying value as at March 31, 2020	upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Borrowings	74,235.87	66,244.42	5,533.18	2,458.27	-	74,235.87
Trade payables	90,987.07	90,987.07	-	-	-	90,987.07
Lease liabilities	9,862.88	3,518.01	2,702.53	4,553.50	2,372.19	13,146.23
Other financial liabilities *	64,190.71	66,779.23	891.81	-	-	67,671.04
Total	**239,276.53**	**227,528.73**	**9,127.52**	**7,011.77**	**2,372.19**	**246,040.21**

* Refer Note 19

(₹ in Lakhs)

	Carrying value as at March 31, 2019	upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Borrowings	158,532.05	137,269.94	4,637.94	22,425.24	-	164,333.12
Trade payables	110,408.49	110,408.49	-	-	-	110,408.49
Other financial liabilities	39,635.49	38,390.17	47.18	1,198.14	-	39,635.49
Total	**308,576.03**	**286,068.60**	**4,685.12**	**23,623.38**	**-**	**314,377.10**

(C) 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, currency risk and other price risk such as commodity risk.

(i) 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 operates in the global market and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar ('USD'), Euro ('EUR'), Great Britain Pound ('GBP'), Chinese Yuan Renminbi ('RMB'), United Arab Emirates Dirham ('AED'), Kenyan Shillings ('KES'), Zambian Kwacha ('ZMW') and Canadian Dollar ('CAD'). Apart from exports receivables and Imports payables arising out of trade in the normal course of business, the company also has foreign exchange exposures in terms of buyer's credit, packing credit, foreign currency term loans, etc. As these commercial transactions are recorded in currency other than the functional currency (INR), the company is exposed to Foreign Exchange risk arising from future commercial transactions and recognised assets and liabilities. The company is a net importer as its imports and other forex liabilities exceeds the exports. It ascertains its forex exposure and bifurcates the same into forex receivables and payables. These exposures are covered by taking appropriate forward cover from the banks.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 35: Financial risk management objectives and policies (Contd..)

(C) Market Risk (Contd..)

(i) Foreign currency risk (Contd..)

The Group has a forex policy, which is duly approved by the Board of Directors. All forex hedging is done as per the said approved forex policy. The company has also taken Board approval for authorising certain company officials for entering into hedge transactions. The forex policy is flexible in terms of the hedging the overall forex exposure, as also the instrument to be used for hedging. The company takes a forward cover for the period which matches the maturity date of the forex liability which is proposed to be hedged. On maturity date, the forward contracts are utilised for settlement of the underlying transactions.

(a) Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows :

Particulars	31-Mar-20		31-Mar-19	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
USD	2,968.89	10,666.75	93.95	5,367.62
EUR	-	37.92	-	47.20
CAD	-	-	-	10.97
RMB	62.63	-	-	-
CFA	51.55	-	-	-
GBP	42.16	-	3.19	2.21
RMB	-	-	52.70	-
KES	178.93	-	74.45	-
ZMW	1.79	-	11.44	-
AED	0.66	0.39	22.69	0.39

Further, the Company has open foreign exchange forward contracts amounting to USD 110.74 lakhs (March 31, 2019 - USD 80.03 lakhs)

b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments is given below

(₹ in Lakhs)

Particulars	Impact on profit after tax & Equity	
	31-Mar-20	31-Mar-19
USD sensitivity		
INR appreciates by 5% (31 March 2019 - 4%)	384.89	210.95
INR depreciated by 5%(31 March 2019 - 4%)	(384.89)	(210.95)

In respect of exposure in other currencies, the impact of sensitivity of which is very negligible.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 35: Financial risk management objectives and policies (Contd..)

(C) Market Risk (Contd..)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has foreign currency Term Loan and interest on the same is linked to LIBOR rate. However the amount of interest thereon is not significant and hence the interest rate risk is negligible. The Company also has Non-Convertible Debentures outstanding, but these are Zero Coupon corresponding to 11.5% p.a. and fixed in nature. During the year, as some of the debt covenants were not met as at the reporting date and downfall in credit rating, the interest rate on the NCD's has increased from 11.00% to 11.50% p.a. on account of the same.

(iii) Price risk

In case of the consumer product business, the company manufactures LED bulbs and Tubes and small quantity of ceiling fans. All other products are procured from the vendors. The terms of payment with vendors is on cost plus basis. Hence, the price risk is assessed to be low.

The Group is also into EPC segment, wherein it takes turnkey contracts for transmission line towers, rural electrification, high masts and poles, street lighting, etc. This exposes the Group to commodity price risk for products such as copper, aluminium, plastic, steel, zinc etc. The company has contractual right to pass the commodity price risk to the customer, hence the price risk is assessed to be low.

Note 36: Capital Management

For the purpose of capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders.

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. Management considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders (buy-back) or issue new shares.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Total debt (total borrowings including current maturities of long term borrowings) divided by total equity (as shown in the balance sheet). The Group's strategy is to maintain a gearing ratio within 2 times. The Debt Equity ratio is as follows:

Particulars	31-Mar-20	31-Mar-2019
Total debt	96,202.47	158,998.48
Total equity	134,825.09	105,592.98
Total debt to equity ratio	0.71	1.51

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 37: Segment reporting

The Group has, pursuant to the provisions of Ind AS 108, identified its business segments as its primary reportable segments, which comprises of Consumer Products; Engineering & Projects and Others. “Consumer Products” includes Appliances, Fans and Consumer Lighting Products; “Engineering & Projects” includes Transmission Line Towers, High Masts, Poles, Special Projects including Rural Electrification Projects and Luminaires; and “Others” includes Wind Energy.

1) Segment Results

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
a) Consumer Products	20,039.80	16,586.37
b) EPC	(3,462.24)	19,530.98
c) Others	(15.28)	(34.26)
Operating Segment profit	**16,562.28**	**36,083.09**
Unallocated income / (expenses)		
Depreciation & amortisation expenses	(26.89)	(159.14)
Finance Cost	(17,078.46)	(11,759.54)
Interest income on financial assets measured at amortised cost	88.74	80.31
Profit / (Loss) on sale of Property, plant & equipment	(17.19)	(34.86)
Impairment allowance on property, plant and equipment	-	(729.36)
Rent received	258.61	230.12
Employee share based payment expenses	-	(389.30)
Interest on Income Tax refund	120.15	-
Share of profit / (loss) of associate and joint venture	(285.22)	(238.97)
Others	1,093.68	1,030.13
Profit before income tax	**715.70**	**24,112.48**

The operating segment results includes depreciation and amortisation of ₹ 5,246.04 (March 31, 2019 – ₹ 2,225.80) for consumer products, ₹ 2,055.84 (March 31, 2019 – ₹ 1,971.13) for EPC and ₹ 38.26 (March 31, 2019 – ₹ 38.33) for others.

2) Segment Revenue:

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
a) Consumer Products	309,477.18	274,702.80
b) EPC	189,175.59	393,188.47
c) Others	70.67	49.93
Sub-total	**498,723.44**	**667,941.20**
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	**498,723.44**	**667,941.20**

There is no single customer which is more than 10% of the entity’s revenues. The amount of its revenue from external customers broken down by location of the customers is shown in table below:

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
India	482,872.99	658,306.50
Outside India	15,850.45	9,634.70
Total	**498,723.44**	**667,941.20**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 37: Segment reporting

3) Segment Assets

Segment assets are measured on the same principles as they have been for the purpose of these financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Consumer Products	149,277.79	138,971.29
b) EPC	251,816.13	337,480.14
c) Others	128.08	247.82
Total Segment Assets	**401,222.00**	**476,699.25**
Unallocated		
Deferred tax assets	4,509.70	5,754.93
Income tax assets (net)	9,752.80	5,370.66
Investments	1,287.92	1,076.61
Property, Plant & Equipments, Capital work in progress, Intangible assets and Intangible assets under development	20,578.39	23,993.78
Cash & cash equivalents	10,472.94	1,639.21
Others	8,895.86	3,363.64
Total assets as per balance sheet	**456,719.61**	**517,898.08**

The total of non-current assets other than financial instruments, investments and deferred tax assets, broken down by location of the assets, is shown below:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
India	68,079.92	34,632.38
Outside India	87.40	1.93
Total	**68,167.32**	**34,634.31**

The capital expenditure incurred for consumer products is ₹ 670.78 lakhs (March 31, 2019 754.74 lakhs), for EPC is ₹ 180.38 lakhs (March 31, 2019 – 2,561.46) and for others is ₹ 1,922.41 lakhs (March 31, 2019 – 2,035.24)

4) Segment Liabilities

Segment liabilities are measured on the same principles as they have been for the purpose of these financial statements. The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but are managed by the treasury function.

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Consumer Products	107,149.80	91,439.93
b) EPC	110,444.91	156,641.77
c) Others	-	-
Total Segment Liabilities	**217,594.71**	**248,081.70**
Unallocated		
Borrowings	96,202.47	158,998.48
Others	8,072.34	5,224.02
Total liabilities as per balance sheet	**321,869.52**	**412,304.20**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 38: Disclosure of transactions with related parties

(₹ in Lakhs)

Name of Related Party and Nature of relationship	Nature of Transaction	2019-20 Transaction Value for the year	2019-20 Outstanding receivable / (payable) carried in the Balance Sheet	2018-19 Transaction Value for the year	2018-19 Outstanding receivable / (payable) carried in the Balance Sheet
(A) Parent Entities					
	Not Applicable				
(B) Associate - Hind Lamps Limited					
	Purchases	6,190.50	(215.19)	5,806.60	(128.64)
	Trade Advance Given	-	3,755.95	3,107.00	2,140.17
	Loan given	1,577.00	1,577.00	-	-
	Interest on loan and advance	225.82	40.32	142.53	25.47
	Sales	4,609.15	42.22	1,184.65	36.29
	Rent Received	24.78	-	6.20	6.09
	0% Non Convertible Redeemable Preference Shares	-	933.86	-	845.13
	Finance Income of preference shares (financial asset at amortised cost)	88.74	-	80.31	-
(C) Joint Venture - Starlite Lighting Limited					
	Purchases	14,945.29	(105.41)	11,141.02	(757.28)
	Trade Advance Given *	550.00	5,214.77	-	4,646.15
	Interest on loan and advance	806.85	64.20	790.43	73.10
	Interest Paid	21.75	(19.58)	25.78	(23.20)
	Sales of Components	1,734.32	-	3,279.67	0.95
	Finance income on Corporate Guarantee given	-	-	676.01	-
(D) Key Management Personnel #					
	Short-term employee benefits	941.82	(54.71)	1,562.25	(657.30)
	Gratuity Settlement	-	-	647.00	-
	Post- employment benefits (contribution to super annunation fund)	54.48	-	51.63	-
	Long-term employee benefits (contribution to provident fund)	40.84	-	39.22	-
	Perquisite value of ESOPs exercised during the year	8.34	-	7.34	-
	Total Compensation	**1,045.48**	**(54.71)**	**2,307.43**	**(657.30)**
	Dividend paid	**708.50**	**-**	**718.88**	**-**
	Right Shares Issued	**7,641.87**	**-**	**-**	**-**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 38: Disclosure of transactions with related parties (Contd..)

(₹ in Lakhs)

Name of Related Party and Nature of relationship	Nature of Transaction	2019-20		2018-19	
		Transaction Value for the year	Outstanding receivable / (payable) carried in the Balance Sheet	Transaction Value for the year	Outstanding receivable / (payable) carried in the Balance Sheet
(E) Transactions with the Entities which is Controlled or Jointly Controlled by a person identified in para 9 (a) of Ind AS 24 - Related Party Disclosures					
	Reimbursement of Expenses	229.08	(45.09)	407.00	(76.81)
	Services Received	147.11	(71.37)	166.05	(16.31)
	CSR Contribution	32.13	-	-	-
	Right Shares Issued	260.53	-	-	-
	Rent Paid	54.75	-	54.00	-
	Deposits given	-	29.70	-	23.78
	Dividend Paid	59.17	-	58.59	-
	Sales	664.15	160.62	795.70	306.44
	Purchases	312.29	(42.88)	1,048.19	(187.31)
	Interest	-	-	33.64	-
	Unsecured loan	-	-	185.90	-
	Sale of property	-	-	1,014.57	-
(F) Transactions with the entities in which a person identified in para 9 (a) (i) of Ind AS 24 - Related Party Disclosures is a member of the KMP of the entity					
	Advance for Insurance premium	-	605.36	-	647.78
	Claims Received	34.57	-	157.31	-
	Insurance Premium paid	971.52	-	754.21	-
	Other Expenses	3.28	-	3.49	(3.43)
	Contribution to Gratuity Fund	1,000.00	5,003.05	16.14	4,115.88
	CSR Contribution	436.70	-	-	-
	Sales	146.38	67.11	64.00	32.83
	Advance for Capital Asset	0.97	-	291.76	14.06
	Right Shares Issued	15,114.24	-	-	-
	Reimbursement of Expenses	5.59	0.03	7.26	(6.77)
	Rent Deposit Advanced	-	150.00	50.00	150.00
	Rent Paid	35.40	(2.70)	33.04	(2.70)
	Fixed Assets Purchase	0.59	-	17.17	(17.17)
	Dividend Paid	1,453.83	-	1,443.33	-
	Inter Corporate Deposit taken	20,000.00	-	-	-
	Interest on Inter Corporate Deposit	676.44	-	-	-
	Services Received	11.69	(0.43)	9.44	(0.32)

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 38: Disclosure of transactions with related parties (Contd..)

(₹ in Lakhs)

Name of Related Party and Nature of relationship	Nature of Transaction	2019-20		2018-19	
		Transaction Value for the year	Outstanding receivable / (payable) carried in the Balance Sheet	Transaction Value for the year	Outstanding receivable / (payable) carried in the Balance Sheet
(G) Transactions with the entities in which a person identified in para 9 (a) (i) of Ind AS 24 - Related Party Disclosures has significant influence over the entities					
	Right Shares Issued	311.31	-	-	-
	Dividend Paid	28.00	-	28.00	-
(H) Transactions with the entities which are the post employment benefit plans as identified in para 9 (b) (v) of Ind AS 24 - Related Party Disclosures					
	Trustees Bajaj Electricals Ltd Employees Provident Fund	2,097.93	(176.57)	1,959.98	(162.46)
	Matchwel Electrical India Limited Employees Provident Fund Trust	46.34	(3.97)	33.62	(2.97)
(I) Transactions with the persons identified in para 9 (a) (i) of Ind AS 24 - Related Party Disclosures					
	Refund of Advance Rent	-	(15.00)	242.15	(15.00)
	Sales Of Furniture	-	-	17.15	-

* Outstanding balance Is net of impairment allowance created in the books.

As the future liability for defined benefit obligations and other long term employment benefits is provided on an actuarial basis for the Company as a whole, the amounts pertaining to key managerial personnel is not ascertainable and hence not included above.

Transactions with related parties have been made on an arm length basis and are in the ordinary course of the business of the Company. All outstanding balances are unsecured and are repayable in cash.

Note 39. Earnings per share:

Particulars	31-Mar-20	31-Mar-2019
(Loss) / Profit for the year (A) (₹ In Lakhs)	(1,028.75)	15,357.93
Weighted average number of equity shares for basic EPS (B)	103,879,353	103,288,285
Add: Effect of dilution (employee stock options - Refer Note 33)	109,139	269,158
Weighted average number of equity shares for diluted EPS (C)	103,988,492	103,557,443
Earnings Per Share in ₹ :-		
(a)Basic EPS (A/B)	(0.99)	14.87
(b)Diluted EPS (A/C)	(0.99)	14.83

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 40. Commitments and contingencies

a. Contingent liabilities

(₹ in Lakhs)

	Particulars	31-Mar-20	31-Mar-2019
	Contingent Liabilities not provided for :		
i)	Claims against the Company not acknowledged as debts (Refer Note x, xi, xii below)	2,228.95	799.64
ii)	Guarantees on behalf of Joint Venture ₹ 26,700.00 Lakhs (Previous Year ₹ 24,200.00 Lakhs) (refer note ix below)	22,890.44	23,491.94
iii)	Excise and Customs duty matters under dispute	15.49	15.49
iv)	Service Tax matters under dispute	149.40	149.40
v)	Income Tax matters under dispute	355.76	536.54
vi)	Sales Tax matters under dispute	9,454.14	4,136.86
vii)	Uncalled liability in respect of partly paid Shares held as investments	7.20	7.20

viii. The Company's fluorescent and mercury containing lamps (CFL/FTL) fall within the purview of the E-waste (Management) Rules, 2016 (the "E-waste Rules") which has come in force with effect from October 01, 2016. Under the E-waste Rules the Company is responsible for collection and safe disposal of end of life CFL/FTL in terms of Extended Producer Responsibility (EPR) obligation set out therein. In the 57th meeting of Technical Review Committee of Central Pollution Control Board ("CPCB"), the compliances and implementation of EPR Authorisation conditions including targets under the E-waste Rules for the existing producers of CFL/ FTL were deferred till May 01, 2017. Electric Lamp and Component Manufacturers Association of India (ELCOMA), on behalf of all its members, has filed the Writ Petition (C) 5461 of 2016 ("Writ Petition") in the Hon'ble Delhi High Court challenging the inclusion of 'fluorescent and mercury containing lamps' under E-waste Rules. The Hon'ble Delhi High Court by its order dated September 28, 2016, directed the producers of CFL/FTL, to apply for EPR Authorisation without prejudice to their rights and contentions in the said Writ Petition. Subsequently, vide a later order (dated August 5, 2019) the Hon'ble Delhi High Court directed that the said interim order (dated September 28, 2016) shall continue to be operative during the pendency of the Writ.

The matter is now expected to be listed after lockdown since courts are only taking up extremely urgent cases through video conferences.

The Company has been granted EPR authorisation under E-Waste (Management) Rules, 2016 by Central Pollution Control Board for Electricals and Electronic Equipment with a collection target of 986.67 MT for FY 2019-20. The Company has entered into agreements with Trans Thane Creek Waste Management Association and GATI Logistics for collection and disposal of E-waste

ix. The Company has given guarantees / letter of comfort for all borrowings (long term / short term) taken by its joint venture, Starlite Lighting Limited (SLL). As on March 31, 2020, the utilised amounts of fund based and non-fund based facilities were ₹21,655.14 lakhs and ₹1,225.30 lakhs respectively As at March 31, 2020, SLL is in breach of its loan covenants as per the terms of the loan agreements, resulting in the loans becoming payable on demand. However, as at the date of approval of these financial statements, the lenders of SLL have not called for the loan repayment. Management has determined the enterprise value of SLL based on the discounted cash flow projections for a period of 5 years and a discounting factor of 17.22%. The perpetuity value used in valuation is calculated under a 2-stage DCF model i.e. high growth phase and mature phase. The 5-year high growth period (FY26 – FY30) is considered which has contributed ₹ 43.95 crore to the enterprise value. Post high growth period, perpetuity sales growth rate is considered at 3%. The Company is entering into a take or pay agreement with SLL for the revenue projections considered in the valuation. The enterprise value is greater than the value of the external debt of SLL and considering the sensitivity around the assumptions used, the exposure in this regard is considered to be 'possible' and disclosed as contingent liability (Refer Note 34).

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 40. Commitments and contingencies (Contd..)

a. Contingent liabilities (Contd..)

x. These represent legal claims filed against the Company by various parties and these matters are in litigation. Management has assessed that in all these cases the outflow of resources embodying economic benefits is not probable.

xi. The Company had in earlier years terminated employment agreements of few die casting workmen at the Chakan plant. On 3rd July, 2018, the Honourable Hight Court of Bombay had awarded the appeal in favour of the Company. On 27th June, 2019, the appeal on the matter has been admitted in the Honourable Supreme Court. Management has assessed that the outflow of resources embodying economic benefits is not probable and has accordingly considered the claim of ₹ 258.44 lakhs as contingent liability.

xii. The Company has issued purchase orders to a vendor for procurement of "AB cables and service cables" to its Madhyanchal ("MVVNL") and Purvanchal ("PVVNL") projects site in UP. The vendor being a MSME registered party has filed the suit under MSMED Act, 2006 claiming interest as well as principal against the Company. Per the suit, vendor claims to have supplied consignments as per the terms and conditions mentioned in the purchase orders however payments have not been made by the Company. The management has filed a Statement of Defence and Counter Claim since the vendor has failed to comply with the terms and conditions in the purchase order (viz. timely supply of material, supply of the material as per specifications, making good of any short supply of material, providing replacement of material flagged as not meeting specifications or deficient in quality). Accordingly, the management has assessed the exposure in this regard to be not probable and disclosed ₹ 554.57 lakhs as contingent liability.

xiii. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated 28th February 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

b. Commitments

i. Estimated amounts of contracts remaining to be executed in capital account (net of capital advances) is ₹ 1,266.19 lakhs (March 31, 2019, ₹ 513.49 lakhs).

ii. During the previous year the Company has entered into an agreement with Bharat Innovation Fund (Category 1 Alternative Investment Fund – Venture Capital Fund) amongst IDBI Trusteeship Services Limited (the trustee) and CIIE Advisors Private Limited (the fund manager), for a contribution of ₹ 1,300 lakhs. As on March 31, 2020, only ₹ 418.94 Lakhs has been drawn down by Bharat Innovation Fund.

Note 41: Disclosures of revenue from contracts with customers

The disclosures as required for revenue from contracts with customers are as given below

(i) Disaggregation of revenue

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
A. Revenue from contracts with customers		
Consumer products (includes appliances, lighting and fans)	309,150.62	273,542.89
Engineering, procurement and construction (EPC) (includes power distribution, transmission line towers and illumination)	188,552.51	392,685.88
Others	70.67	49.93
	497,773.80	**666,278.70**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 41: Disclosures of revenue from contracts with customers (Contd..)

(i) Disaggregation of revenue (Contd..)

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
B. Reconciliation of contracted price with (A) above		
Revenue at contracted price	524,121.20	662,882.39
Unbilled on account of work under certification	(8,394.88)	11,353.23
Billing in excess of contract revenue	(5,147.68)	4,646.22
Revenue deferred on customer loyalty program and warranty provision	(6,071.15)	(4,913.95)
Discounts	(7,085.93)	(6,903.26)
Others	352.24	(785.93)
Revenue from contracts with customers (a)	**497,773.80**	**666,278.70**
Add: Other revenue (b)		
Claims received, export incentives, etc	**949.64**	**1,662.50**
Revenue from operations (a+b)	**498,723.44**	**667,941.20**

(₹ in Lakhs)

Particulars	For the year ended	
	31-Mar-20	31-Mar-19
Timing of revenue recognition		
At a point in time	309,547.85	274,752.73
Over a period of time	189,175.59	393,188.47
Revenue from operations	**498,723.44**	**667,941.20**

(ii) Contract balances

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
Contract assets	10,592.55	18,987.43
Contract liabilities	37,050.83	63,123.25
Accounts receivables	253,653.75	314,256.62
Revenue recognised in the period from:		
Amounts included in contract liability at the beginning of the period	42,354.30	24,622.11

The contract assets and contract liabilities balances mentioned above pertain to the EPC segment of the Group. The Group executes the work as per the terms and agreements mentioned in the contracts. The Group receives payments from the customers based on the milestone achievement and billing schedule as established in the contracts.

Contract assets are initially recognised for revenue earned from supply of materials and erection services provided when the performance obligation is met. Upon achievement and acceptance of milestones mentioned by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities are relates to payments received in advance of performance under the contract and billing in excess of contract revenue recognised. Contract liabilities are recognised as revenue when the Group satisfies the performance obligation under the contract.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 41: Disclosures of revenue from contracts with customers (Contd..)

(iii) Performance obligations

Information about the Group's performance obligations under CP and EPC segment are summarised below:

Consumer Product Segment:

a) Delivery of goods:

The Group sells fans, appliances and lighting products to the dealers and distributors. The performance obligation is satisfied and revenue is recognised on delivery of the goods to the dealer and distributor. The stand alone selling price of the performance obligation is determined after taking the variable consideration and right to return. The contracts do not have a significant financing component. The Group offers standard warranty on selected products. The Group makes provision for same as per the principles laid down under Ind AS 37. The payment is generally due within 30 to 60 days across various streams of dealers and distributors.

b) Loyalty program:

The Group operates a customer loyalty program (for retailers), where the customer is awarded certain points on purchase of selected products from the Group. The customer (retailer) can redeem these points in future. The Group treats the redemption of customer loyalty points as a separate performance obligation. Accordingly, the revenue is recognised by allocating the total transaction price on the stand alone selling prices of sale of goods and loyalty points.

c) Extended warranties:

The Group provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are bundled together with the sale of products. Contracts for bundled sales of products and a service-type warranty comprise two performance obligations because the product and service-type warranty are both sold on a stand-alone basis and are distinct within the context of contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as deferred revenue. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed

Engineering, procurement and construction:

The performance obligations in EPC segment is the supply of materials and erection services. The supply of materials and erection services are promised goods and services which are not individually distinct. Hence both of them are counted as a single performance obligation under the contract. The satisfaction of this performance obligation happens over time, as the performance or enhancement of the obligation is controlled by the customer. Also, the performance of the obligation creates an asset without any alternative use to the customer. The Group uses the input method to determine the progress of the satisfaction of the performance obligation and accordingly recognises revenue.

The standalone selling price of the performance obligation is determined after taking the variable consideration and significant financing component .

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 41: Disclosures of revenue from contracts with customers (Contd..)

(iv) Unsatisfied performance obligations

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
Consumer products	13,886.31	8,155.15
EPC	163,320.14	262,057.10
Total	**177,206.45**	**270,212.25**

(v) Assets recognised from the costs to obtain or fulfil a contract

(₹ in Lakhs)

Particulars	31-Mar-20	31-Mar-2019
Unamortised portion of cost to obtain a contract	153.18	434.92
Amount recognised in the profit and loss account	3,403.43	4,298.93

Note 42: Leases:

Ind AS 116 supersedes 'Ind AS 17 Leases' including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group for the consumer products segment, generally takes godowns on lease to store the goods at various locations. These godowns generally have a term of 1 year to 3 years. There are few godowns with a longer lease period of 5 years or more also. Similarly, the Group also takes on lease, storage places at various EPC sites to store the inventories which are used for construction. These leases are generally short term in nature, with very few contracts having a tenure of 1-2 years. Further, the Group has few guest houses, residential premises and office premises also on leases which generally for a longer period ranging from 2-5 years.

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, on the commencement of the lease. There are several lease contracts that include extension and termination options. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The leases which the Group enters, does not have any variable payments. The lease rents are fixed in nature with gradual escalation in lease rent.

Apart from the above, the Group also has various leases which are either short term in nature or the assets which are taken on the leases are generally low value assets (e.g. printers). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group has determined leasehold lands also as, right of use assets and hence the same has been classified from property, plant and equipment to right of use assets.

Transition to Ind AS 116

The Group has adopted modified retrospective approach as per para C8 (c)(ii) of IND AS 116 - Leases, effective from annual reporting period beginning April 1, 2019. This has resulted in recognising a right of use asset of ₹ 10,220.16 lakhs (adjusted by the prepaid lease rent of ₹ 209.24 lakhs) and lease liability of ₹ 7,354.86 lakhs, as at April 1, 2019.

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 42: Leases: (Contd..)

The Group has used the practical expedient available and has not applied this standard to contracts that were not previously identified as containing a lease as per Ind AS 17. The Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Disclosures under Ind AS 116

(₹ in Lakhs)

Particulars	31-Mar-20
Amortisation charge for right of use assets	2,966.73
Interest expense on lease liabilities	1,073.96
Lease rent expenses for short term leases	1,972.62
Lease rent expenses for low value assets	213.46
Cash outflow towards lease liabilities	3,280.61
- *as principal*	2,206.65
- *as interest*	1,073.96
Carrying amount of right of use assets	12,047.28
Carrying amount of lease liabilities	9,862.88

For movement of right of use assets, refer note 3

For movement of lease liability, refer note 3. For maturity profile of lease liabilities, refer note 35 (liquidity risk)

For significant judgements used for accounting right of use assets and lease liabilities, refer note 1D(6)

Note 43: Disclosure of interest in entities

i) Summarised financial information for joint venture and associate

The tables below provide summarised financial information for the Group's joint ventures and associates. The information disclosed reflects the amounts presented in the consolidated financial statements of the relevant associates and joint ventures and not Company's share of those amounts.

Summarised balance sheet

(₹ in Lakhs)

Particulars	Starlite Lighting Limited (Joint venture)		Hind Lamps Limited (Associate)	
	31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
Current assets				
Cash and cash equivalents	0.57	79.20	4.06	6.15
Other assets	7,154.21	8,511.65	1,575.85	1,642.96
Total current assets	**7,154.78**	**8,590.85**	**1,579.91**	**1,649.11**
Total non-current assets	**12,580.31**	**12,914.11**	**2,978.43**	**2,666.98**
Current liabilities				
Financial liabilities (excluding trade payables)	30,790.34	34,073.74	3,603.27	2,412.99
Other liabilities	3,215.43	3,776.06	4,568.13	4,347.89
Total Current liabilities	**34,005.77**	**37,849.80**	**8,171.40**	**6,760.88**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 43: Disclosure of interest in entities (Contd..)

i) Summarised financial information for joint venture and associate (Contd..)

Summarised balance sheet (Contd..)

(₹ in Lakhs)

Particulars	Starlite Lighting Limited (Joint venture)		Hind Lamps Limited (Associate)	
	31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
Non-current liabilities				
Financial liabilities (excluding trade payables)	15,795.84	8,809.86	3,213.90	3,042.88
Other liabilities	169.96	118.49	749.95	850.89
Total non-current liabilities	**15,965.80**	**8,928.35**	**3,963.85**	**3,893.77**
Net Assets	**(30,236.48)**	**(25,273.20)**	**(7,576.91)**	**(6,338.56)**

Reconciliation to carrying amounts

(₹ in Lakhs)

Particulars	Starlite Lighting Limited (Joint venture)		Hind Lamps Limited (Associate)	
	31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
Opening net assets	**579.42**	**579.42**	**1,000.00**	**1,000.00**
Profit / (Loss) for the year	-	-	(285.22)	(238.97)
Other comprehensive income	-	-	(24.96)	-
Less: Accumulated impairment	**(579.42)**	**(579.42)**	**(1,000.00)**	**(1,000.00)**
Closing net assets	**-**	**-**	**-**	**-**
Recognised as liability *	**-**	**-**	**310.18**	**238.97**

* As per the rehabilitation scheme approved by the BIFR, the Company has a legal or constructive obligation to support Hind Lamps Ltd. Accordingly, the group's share in losses of the associate in excess of the investment value has been recorded under 'Other current liabilities' in Note 23

Summarised statement of profit and loss

(₹ in Lakhs)

Particulars	Starlite Lighting Limited (Joint venture)		Hind Lamps Limited (Associate)	
	31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
Revenue from operations	17,289.56	13,884.61	5,864.11	5,737.50
Other income	54.83	61.35	44.83	33.96
Cost of manufacturing	13,556.28	11,888.16	4,810.10	4,261.43
Employee benefits expense	991.64	913.96	1,150.70	1,737.50
Depreciation and amortisation	1,089.23	1,610.28	64.22	28.11

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 43: Disclosure of interest in entities (Contd..)

i) Summarised financial information for joint venture and associate (Contd..)

Summarised statement of profit and loss (Contd..)

(₹ in Lakhs)

Particulars	Starlite Lighting Limited (Joint venture)		Hind Lamps Limited (Associate)	
	31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
Other expenses	1,983.44	2,018.18	723.48	406.26
Finance Cost	4,605.95	3,850.05	661.58	574.62
Exceptional items	46.90	3,416.99	-	-
Income tax expense	-	-	(394.88)	21.29
Profit/ (Loss) for the year from continuing operations	**(4,929.05)**	**(9,751.66)**	**(1,106.26)**	**(1,257.75)**
Other comprehensive income	(34.24)	(37.32)	(131.35)	20.54
Total comprehensive income	**(4,963.29)**	**(9,788.98)**	**(1,237.61)**	**(1,237.21)**
Dividends received	NIL	NIL	NIL	NIL

ii) Commitments and contingent liabilities in respect of associate

For commitment and contingencies relating to Starlite Lighting Limited, refer note 40.

iii) Disclosure in terms of Schedule III of the Companies Act, 2013 as at and for the year ended March 31, 2020.

(₹ in Lakhs)

Particulars	Net Assets (i.e Total assets minus total liabilities)		Share in Profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
1. Parent								
Bajaj Electricals Limited	102.30%	137,926.29	1.28%	(13.17)	95.83%	(853.69)	45.16%	(866.86)
2. Subsidiary								
Nirlep Appliances Pvt Ltd	(1.65%)	(2,224.70)	42.40%	(436.22)	1.37%	(12.20)	23.36%	(448.42)
3. Joint Venture								
Starlite Lighting Limited	-	-	-	-	-	-	-	-
4. Associate								
Hind lamps Limited	-	-	27.72%	(285.22)	2.80%	(24.96)	16.16%	(310.18)
5. Intercompany eliminations and consolidation adjustments	(0.65%)	(876.50)	28.59%	(294.14)	-	-	15.32%	(294.14)
Total	**100.00%**	**134,825.09**	**100.00%**	**(1,028.75)**	**100.00%**	**(890.85)**	**10.00%**	**(1,919.60)**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 44: Business Combinations

During the previous year, the Group had acquired controlling equity stake of 79.85% in Nirlep Appliances Private Limited ('Nirlep') to further augment the product range available under the consumer products segment. Further, in terms of the share purchase agreement, the Group has a perpetual call option to buy the remaining equity stake at an exercise price as determined in the agreement and the non-controlling interest (NCI) have a put option to sell the remaining equity stake for a period of 60 after expiry of 3 years from the closing date, at an exercise price as determined in the agreement.

As on March 31, 2019, pursuant to Ind AS 103 - Business Combinations, the Group had provisionally accounted the business combination due to measurement of the fair value of the property, plant and equipment. In the current financial year, the Group has finalised the accounting of the acquisition of Nirlep and adjustment has been made to property, plant and equipment of ₹ 230.52 lakhs and to goodwill (net of taxes) of ₹ 149.47 lakhs.

During the year ended March 31, 2020, the Group has performed its annual impairment test and determined that there is no impairment. The recoverable amounts of the CGU's have been determined on the basis of the value in use calculations. The calculation uses cash flow projections based on budgets approved by the management, discounting rate of 18.58% and terminal growth rate of 3%. Management believes that any reasonably possible change in the key assumptions on which the specific CGU's recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Movement in NCI from acquisition date to reporting date is as given below:

Particulars	₹ in Lakhs
Redemption liability of non-controlling interest as at March 31, 2019 (being the present value of the estimated future purchase price)	1,021.84
Share in profit / loss attributable to NCI as per the statement of profit and loss	(100.71)
Share in other comprehensive income attributable to NCI	(2.46)
Redemption liability of non-controlling interest after above adjustments (A)	**918.67**
Redemption liability of non-controlling interest as at March 31, 2020 (being the present value of the estimated future purchase price) (B)	885.76
Differential recognised in equity (A-B)	**32.91**

Notes to Consolidated Financial Statements

for the year ended 31st March 2020

Note 45: The outbreak of COVID-19 globally and in India has caused significant disturbances and slow-down of economic activity. The Group's operations have also been impacted in the months of March 2020 and April 2020 due to temporary suspension of manufacturing facilities, sales and distribution and execution of EPC contracts following nationwide lockdown announced by the Government of India in view of COVID-19. However, post the permission for operations of certain activities by the Government of India in non-containment zones, the Group has resumed operations at its manufacturing units at Chakan and Ranjangaon, branches, and at all warehouses across the country. Most of the Group's EPC sites are also operational now.

In assessing the recoverability of carrying amount of Group's assets such as investments, loans and advances, trade receivables, inventories etc., the Group has considered various internal and external information up to the date of approval of these financial statements. Based on such evaluation, including current indicators of future economic conditions, the Group has concluded that the carrying amounts of the assets are recoverable. However, since the impact assessment of COVID-19 is a continuing process, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

Note 46: Previous year's figures have been regrouped / reclassed wherever necessary to correspond with the current year's classification / disclosure.

Signature to note 1 to note 46
As per our report attached of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.105938
Mumbai, June 19, 2020

Ajay Nagle
Executive Vice President
Legal & Company Secretary
Mumbai, June 19, 2020

For and on behalf of the Board of directors

Shekhar Bajaj
Chairman & Managing Director
DIN: 00089358

Anuj Poddar
Executive Director
DIN: 01908009

Anant Purandare
President &
Chief Financial Officer

Shailesh Haribhakti
Chairman - Audit Committee
DIN: 00007347

Notes