# Notes to financial statements for the year ended March 31, 2021

## 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 Company deals in Consumer Segments (CP) (which includes appliances, fan and consumer lighting products). The Company also deals in Engineering and projects (EPC) (which includes transmission line towers, power distribution and Illumination Projects). The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The financial statements are presented in Indian Rupee (INR).

The financial statements are approved for issue by the Company's Board of Directors on May 25, 2021.

### 1B SIGNIFICANT ACCOUNTING POLICIES

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

#### 1 Basis of preparation

The 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 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 financial statements and disclosures are based upon management's evaluation of the relevant facts and circumstances as of the date of the 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 Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be 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 are 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 Company has identified twelve months as its operating cycle.

#### 2 Revenue from contract with customers:

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

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

(1) Sale of products

Revenue from sale of products is recognized 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 Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points and warranties).

# Notes to financial statements for the year ended March 31, 2021

In determining the transaction price for the sale of product, the Company considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

The Company 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 Company 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 Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company 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 Company 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 recognized as deferred revenue until the points are redeemed. Revenue is recognized upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company 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 Company 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 Company creates an asset that the customer control and the Company 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 Company pays insurance and bank guarantee charges for each contract that they obtain for supply of materials and erection services. The Company amortizes the same over the period of the contract. The Company 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 Company 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 Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Trade receivables

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

# Notes to financial statements for the year ended March 31, 2021

### Contract liabilities

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

## 3 Leases:

As a lessee:

### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company 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 Company 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 Company 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 Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The 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 Company 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 Company 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 low-value 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.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company 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.

## 4 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 Company estimates the expected cash flows by considering all the contractual terms of the financial instruments.

(2) Others:

The Company 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.

# Notes to financial statements for the year ended March 31, 2021

## 5 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 Company 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 Company 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 statement of profit or 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 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.

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 Company, 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 | 2 to 30 |
| Ownership Premises | 60 |
| Plant & Machinery | 1 to 22 |
| Furniture & Fixtures | 1 to 24 |
| Electric Installations | 1 to 25 |
| Office Equipment | 1 to 10 |
| Vehicles | 8 to 10 |
| Dies & Jigs | 1 to 10 |
| Leasehold Improvements | 2 to 10 |
| Roads & Borewell | 3 to 21 |
| IT hardware | 1 to 10 |
| Laboratory equipments | 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.

## 6 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 Company; and

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

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

# Notes to financial statements for the year ended March 31, 2021

Asset class & depreciation:

Computer software / 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.

## 7 Investment property:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Company does not charge depreciation to investment property land which is held for future undetermined use. Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use.

## 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 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 recognized 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:

- Debt instruments at amortised cost

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 Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the 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.

# Notes to financial statements for the year ended March 31, 2021

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

  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 recognized 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 statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- 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 categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

  In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the 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 AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

  Equity instruments included within the FVTPL category are measured at fair value with all changes recognized 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 Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

# Notes to financial statements for the year ended March 31, 2021

D) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated 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 Company 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 Company 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 profit or 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 recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

- Loans and Borrowings

This is the category most relevant to the Company. 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 statement of profit and loss.

- Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative 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 statement of profit or loss.

# Notes to financial statements for the year ended March 31, 2021

### 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 Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations.

### IV. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the 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 Company or the counterparty.

### V. Derivatives and hedging activities

The company 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 statement of profit and loss. Further, the Company has also entered into put and call options in respect of its investment in its subsidiary which are initially recognised at fair value with subsequent changes in fair value recognised in the 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 statement of profit and loss.

## 10. Fair value measurements:

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the 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 financial statements on a recurring basis, the Company 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 Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

# Notes to financial statements for the year ended March 31, 2021

## 11. Cash and cash equivalents:

Cash and cash equivalents in the balance sheet and for the purpose of the 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.

## 12. 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.

## 13. Foreign currency transactions:

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

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 Statement of Profit and Loss.

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

## 14. 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 recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized 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 Company 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 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.

# Notes to financial statements for the year ended March 31, 2021

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.

## 15. 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 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.

## 16. Provisions, contingent liabilities and contingent assets

### A. Provisions

A provision is recognised if

- the Company 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 Company 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 entity.

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

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

# Notes to financial statements for the year ended March 31, 2021

C. Post-employment obligations

The company 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 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 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 statement of changes in equity and in the balance sheet.

Insurance policy held by the company 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 profit or loss as past service cost.

Defined contribution plans :

In respect of certain employees, the Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company 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 Company. 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 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 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.

## 18. Segment reporting

An operating segment is a component of the Company 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.

# Notes to financial statements for the year ended March 31, 2021

Operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. Two or more operating segments are aggregated by the Company 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 Company 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 Company believes that information about the segment would be useful to users of the 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.

### 19. 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.

### 20. 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 Company'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.

**21.** All amounts disclosed in the 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.

## 1C ACCOUNTING STANDARDS ISSUED BUT NOT YET 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, 2021

## 1D SUMMARY OF CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of 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 Company'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 Company generally offers 1 to 2 year standard 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 Company 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 Company provides warranties beyond fixing defects that existed at the time of sale. Basis this, the Company 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 Company 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, Company makes specific assessment of the overdue balances by considering the customer's historical payment patterns, latest

# Notes to financial statements for the year ended March 31, 2021

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 Company 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 balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments. Refer Note 34 of 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

Estimates are required to determine the appropriate discount rate used to measure lease liabilities. The Company 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 Company 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 Company '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 Company estimates the IBR using observable inputs (such as market interest rates, bank rates to the Company for a loan of a similar tenure, etc). The Company 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

In case of non-financial assets company 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.

## 8 Retailer Bonding Program

The Company 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 recognized as deferred revenue until the points are redeemed. Revenue is recognized upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company considers various judgement and estimates like determination of fair value, redeemed points, etc. The Company updates its estimates on a quarterly basis and any adjustments to the deferred revenue are charged against revenue.

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

# Notes to financial statements for the year ended March 31, 2021

## 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 2019** | **3,728.06** | **2,822.49** | **4,179.10** | **11,228.42** | **7,904.82** | **1,748.04** | **594.77** | **1,558.83** | **923.36** | **2,731.09** | **194.02** | **120.66** | **126.66** | **7,058.70** | **44,919.02** |
| Additions | - | - | 4.45 | - | 134.28 | 538.98 | 19.71 | 134.49 | 58.23 | 568.95 | 187.49 | 5.18 | 3.41 | 958.80 | 2,613.97 |
| Disposals | - | - | - | (5.73) | (52.13) | (30.58) | - | (7.23) | (15.51) | (40.67) | - | - | - | (63.62) | (215.47) |
| Asset classified as held for sale | - | - | (35.23) | - | - | - | - | - | - | - | - | - | - | - | (35.23) |
| Reclassified to Right of Use Asset | - | (2,822.49) | - | - | - | - | - | - | - | - | - | - | - | - | (2,822.49) |
| **Closing gross block as at 31st March 2020** | **3,728.06** | **-** | **4,148.32** | **11,222.69** | **7,986.97** | **2,256.44** | **614.48** | **1,686.09** | **966.08** | **3,259.37** | **381.51** | **125.84** | **130.07** | **7,953.88** | **44,459.80** |
| Additions | - | - | 97.94 | - | 220.68 | 71.04 | 213.84 | 75.24 | 12.92 | 948.60 | - | 0.75 | - | 149.80 | 1,790.81 |
| Disposals | - | - | - | (156.84) | (9.96) | (24.53) | (8.14) | (29.36) | (34.53) | (46.43) | (2.70) | - | - | (59.94) | (372.43) |
| Acquired on demerger of Hind Lamps Limited (refer note 44) | - | - | 800.00 | - | 166.00 | 35.82 | 30.00 | 1.63 | 9.21 | - | - | - | - | - | 1,042.66 |
| Asset classified as held for sale | - | - | - | (78.00) | - | - | - | - | - | - | - | - | - | - | (78.00) |
| **Closing gross block as at 31st March 2021** | **3,728.06** | **-** | **5,046.26** | **10,987.85** | **8,363.69** | **2,338.77** | **850.18** | **1,733.60** | **953.68** | **4,161.54** | **378.81** | **126.59** | **130.07** | **8,043.74** | **46,842.84** |
| **Opening accumulated depreciation as at 1st April 2019** | **-** | **166.44** | **509.98** | **842.20** | **3,436.47** | **699.37** | **185.00** | **629.19** | **217.38** | **1,559.56** | **140.98** | **120.66** | **45.90** | **3,835.27** | **12,388.40** |
| Depreciation charge during the year | - | - | 154.20 | 200.96 | 740.31 | 257.53 | 60.32 | 235.35 | 92.27 | 571.81 | 31.83 | 5.18 | 9.93 | 1,236.18 | 3,595.87 |
| Disposals | - | - | - | (0.45) | (18.07) | (17.44) | - | (7.15) | (3.55) | (39.29) | - | - | - | (60.50) | (146.45) |
| Asset classified as held for sale | - | - | (4.45) | - | - | - | - | - | - | - | - | - | - | - | (4.45) |
| Reclassified to Right of Use Asset | - | (166.44) | - | - | - | - | - | - | - | - | - | - | - | - | (166.44) |
| **Closing accumulated depreciation as at 31st March 2020** | **-** | **-** | **659.73** | **1,042.71** | **4,158.71** | **939.46** | **245.32** | **857.39** | **306.10** | **2,092.08** | **172.81** | **125.84** | **55.83** | **5,010.95** | **15,666.93** |
| Depreciation charge during the year | - | - | 295.90 | 198.61 | 655.24 | 237.95 | 70.23 | 236.66 | 90.96 | 558.11 | 32.47 | 0.75 | 8.48 | 1,151.58 | 3,536.94 |
| Disposals | - | - | - | (21.99) | (9.75) | (12.60) | (3.08) | (25.68) | (21.46) | (44.81) | (2.70) | - | - | (59.93) | (202.00) |
| Asset classified as held for sale | - | - | - | (10.39) | - | - | - | - | - | - | - | - | - | - | (10.39) |
| **Closing accumulated depreciation as at 31st March 2021** | **-** | **-** | **955.63** | **1,208.94** | **4,804.20** | **1,164.81** | **312.47** | **1,068.37** | **375.60** | **2,605.38** | **202.58** | **126.59** | **64.31** | **6,102.60** | **18,991.48** |
| **Impairment allowance as on March 31, 2019** | **-** | **-** | **-** | **-** | **729.36** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **729.36** |
| Impairment charge / (reversal)during the year (Refer Note v below) | - | - | - | - | (24.60) | - | - | - | - | - | - | - | - | - | (24.60) |
| **Impairment allowance as on March 31, 2020** | **-** | **-** | **-** | **-** | **704.76** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **704.76** |
| Impairment charge during the year (Refer Note v below) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Impairment allowance as on March 31, 2021** | **-** | **-** | **-** | **-** | **704.76** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **704.76** |
| **Closing Net carrying amount as at 31st March 2020** | **3,728.06** | **-** | **3,488.59** | **10,179.98** | **3,123.50** | **1,316.98** | **369.16** | **828.70** | **659.98** | **1,167.29** | **208.70** | **-** | **74.24** | **2,942.93** | **28,088.11** |
| **Closing Net carrying amount as at 31st March 2021** | **3,728.06** | **-** | **4,090.63** | **9,778.91** | **2,854.73** | **1,173.96** | **537.71** | **665.23** | **578.08** | **1,556.16** | **176.23** | **-** | **65.76** | **1,941.14** | **27,146.60** |

# Notes to financial statements for the year ended March 31, 2021

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

### (i) Leased assets

The Company has given few 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-21 | 31-Mar-20 |
|---|---|---|
| Plant and Machinery | | |
| Cost / Deemed cost | 637.91 | 718.52 |
| Accumulated depreciation | 319.61 | 289.76 |
| Net carrying amount | 318.30 | 428.76 |

### (ii) Property, plant and equipment pledged as security

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

### (iii) Contractual obligations

Refer to note 40(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 ₹ 314.20 lakhs (March 31, 2020 - ₹ 501.22 lakhs) and ₹ 543.13 lakhs (March 31, 2020 - ₹ 245.21 lakhs) respectively, pending for installation.

### (v) Impairment

The operations at Kosi unit have been discontinued since 2016. The Company is evaluating potential use of the existing facili-ties 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 previous year, the Company 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 rec-ognised.

### (vi) Title deeds

The title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

## Note 3 : Right of use assets and Lease liabilities

The details of the right-of-use asset held by the Company is as fol-lows:

**Right-of-use assets**

(₹ in Lakhs)

| Particulars | Buildings | Equipments | Leasehold land | Total |
|---|---|---|---|---|
| **Gross block recognised on transition date (April 1, 2019)** | **7,564.10** | **-** | **2,822.49** | **10,386.59** |
| Additions for the year | 5,141.48 | - | - | 5,141.48 |
| Asset classified as held for sale | - | - | (16.80) | (16.80) |
| Deletions for the year | (458.97) | - | - | (458.97) |
| **Gross block as on March 31, 2020** | **12,246.61** | **-** | **2,805.69** | **15,052.30** |
| Adjustments | 57.63 | - | - | 57.63 |
| Additions for the year | 2,802.33 | - | - | 2,802.33 |
| Acquired on demerger of Hind Lamps Limited (refer note 44) | - | 22.72 | - | 22.72 |
| Asset classified as held for sale | - | - | - | - |
| Reassessments (modifications) * | (5,687.71) | - | - | (5,687.71) |
| Deletions for the year | (3,184.22) | - | - | (3,184.22) |
| **Closing gross block as on March 31, 2021** | **6,234.64** | **22.72** | **2,805.69** | **9,063.05** |

# Notes to financial statements for the year ended March 31, 2021

## Note 3 : Right of use assets and Lease liabilities (Contd..)

(₹ in Lakhs)

| Particulars | Buildings | Equipments | Leasehold land | Total |
|---|---|---|---|---|
| **Accumulated depreciation recognised on transi-tion date (April 1, 2019)** | **-** | **-** | **166.44** | **166.44** |
| Depreciation for the year | 2,930.54 | - | 37.38 | 2,967.92 |
| Asset classified as held for sale | - | - | (16.80) | (16.80) |
| Deletions for the year | (112.54) | - | - | (112.54) |
| **Accumulated depreciation as on March 31, 2020** | **2,818.00** | **-** | **187.02** | **3,005.02** |
| Adjustments | (3.96) | - | - | (3.96) |
| Depreciation for the year | 3,076.45 | 9.33 | 37.38 | 3,123.16 |
| Asset classified as held for sale | - | - | - | - |
| Deletions for the year | (3,184.22) | - | - | (3,184.22) |
| **Closing accumulated depreciation as on March 31, 2021** | **2,706.27** | **9.33** | **224.40** | **2,940.00** |
| **Net carrying value of right of use assets as on March 31, 2020** | **9,428.61** | **-** | **2,618.67** | **12,047.28** |
| **Net carrying value of right of use assets as on March 31, 2021** | **3,528.37** | **13.39** | **2,581.29** | **6,123.05** |

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

**Lease liabilities**

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|
| **Opening lease liabilities** | **9,862.88** | **7,354.86** |
| Additions for the period | 2,784.65 | 5,077.80 |
| Deletions / Modifications for the period* | (6,100.87) | (363.13) |
| Acquired on demerger of Hind Lamps Limited | 25.15 | - |
| Finance cost for the period | 944.13 | 1,073.96 |
| Lease instalments paid for the period | (3,652.65) | (3,280.61) |
| **Closing lease liabilities** | **3,863.29** | **9,862.88** |
| - classified as current | 1,652.70 | 2,546.31 |
| - classified as non-current | 2,210.59 | 7,316.57 |

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

*Modification in right of use assets and lease liabilities are mainly due to migration / termination of leases due to the new logis-tics agreement entered by the Company.

## Note 4: Other Intangible Assets

(₹ in Lakhs)

| Particulars | Trade Marks | Computer Software | Total |
|---|---|---|---|
| **Opening gross block as at 1st April 2019** | **0.51** | **666.79** | **667.30** |
| Additions | - | 96.43 | 96.43 |
| **Closing gross block as at 31st March 2020** | **0.51** | **763.22** | **763.73** |
| Additions | - | 193.75 | 193.75 |
| **Closing gross block as at 31st March 2021** | **0.51** | **956.97** | **957.48** |
| **Opening accumulated amortization as at 1st April 2019** | **0.20** | **239.68** | **239.88** |
| Amortisation charge for the year | 0.05 | 238.52 | 238.57 |
| **Closing accumulated amortization as at 31st March 2020** | **0.25** | **478.20** | **478.45** |
| Amortisation charge for the year | 0.05 | 265.97 | 266.02 |
| **Closing accumulated amortization as at 31st March 2021** | **0.30** | **744.17** | **744.47** |
| **Closing Net carrying amount as at 31st March 2020** | **0.26** | **285.02** | **285.28** |
| **Closing Net carrying amount as at 31st March 2021** | **0.21** | **212.80** | **213.01** |

**Note**

Intangible assets under development mainly comprises of IT softwares license cost amounting to ₹ 781.50 lakhs (March 31, 2020 - ₹ 156.70 lakhs).

# Notes to financial statements for the year ended March 31, 2021

## Note 4.1 : Investment property

(₹ in Lakhs)

| Particulars | Land | Total |
|---|---|---|
| **Closing gross block as at 31st March 2020** | - | - |
| Acquired on demerger of Hind Lamps Limited (refer note 44) | 12,600.00 | 12,600.00 |
| **Closing gross block as at 31st March 2021** | **12,600.00** | **12,600.00** |
| **Closing accumulated depreciation as at 31st March 2020** | - | - |
| Amortisation charge for the year | - | - |
| **Closing accumulated depreciation as at 31st March 2021** | - | - |
| **Closing net carrying amount as at 31 March 2020** | - | - |
| **Closing net carrying amount as at 31 March 2021** | **12,600.00** | **12,600.00** |

The amounts recorded above are fair values on acquisition date based on valuation performed by an accredited independent valuer. The Company has no restrictions on the realisability of its investment property. There is no significant change in the fair value as at March 31, 2021.

## Note 5.1 : Investments in subsidiary, associate and joint venture

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Investment in equity instruments of subsidiary, associate & joint venture (fully paid up)** | | |
| **Unquoted** | | |
| **Measured at cost** | | |
| Non-current equity investments (unquoted) in Nirlep Appliances Pvt Ltd | | |
| - 593,724 (March 31, 2020 - 593,724) equity shares of ₹ 100 each | 3,070.42 | 3,070.42 |
| Fair Value of the call and put options on equity shares of Nirlep Appliances Pri-vate Ltd held by non-controlling shareholders*** | 244.90 | 244.90 |
| | **3,315.32** | **3,315.32** |
| Non-current equity investments (unquoted) in Hind Lamps Limited. | | |
| - 1,140,000 (March 31, 2020 - 1,140,000) equity shares of ₹ 25 each ** | - | 1,684.53 |
| Accumulated impairment allowance in value of investments in Hind Lamps Limited | - | (1,000.00) |
| | - | **684.53** |
| Non-current equity investments (unquoted) in Starlite Lighting Ltd. | | |
| - 5,875,000 (March 31, 2020 - 5,875,000) equity shares of ₹ 10 each | 1,637.19 | 1,637.19 |
| Accumulated impairment allowance in value of investments in Starlite Lighting Ltd | (1,637.19) | (1,637.19) |
| | - | - |
| | | |
| **Total investments in subsidiary, associate & joint venture** | **3,315.32** | **3,999.85** |

## Note 5.2 : Financial assets (Investments)

### 5.2 (a) Investment in equity instruments

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Investment in equity shares** | | |
| **Unquoted** | | |
| **Measured at fair value through profit and loss** | | |
| Non-current equity investments (unquoted) in M. P. Lamps Limited * | - | - |

# Notes to financial statements for the year ended March 31, 2021

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

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| - 48,000 (March 31, 2020 - 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, 2020 - 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. | | |
| - 100 (March 31, 2020 - 100) equity shares of ₹ 100/- each. | 0.10 | 0.10 |
| **Total equity instruments** | **0.10** | **0.10** |

### 5.2 (b) Investment in debt instruments

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Investment in venture capital fund** | | |
| **Unquoted** | | |
| **Measured at fair value through profit and loss** | | |
| Units of Bharat Innovation Fund | 469.27 | 352.27 |
| **Investment in other securities** | | |
| **Unquoted** | | |
| Gold coins | 0.37 | - |
| **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 |
| 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** | **469.64** | **1,286.13** |
| **Total non-current investments** | **469.74** | **1,286.23** |
| **Aggregate value of quoted investments** | **-** | **-** |
| **Aggregate value of unquoted investments** | **469.74** | **1,286.23** |

*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 Company. On principles of prudence the entire investment in M.P. Lamps Ltd. is considered as impaired and accordingly carried at ₹ NIL.

**During the year, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 21, 2020 had approved the scheme of arrangement for demerger of the manufacturing undertaking of the Hind Lamps Limited (associate of the Company) into the Company, which has been filed with the Registrar of Companies on June 30, 2020. The Company has accounted for the demerger as a business combination under Ind AS 103 as per the Scheme and accounted for the fair value of assets and liabilities acquired. Consequently, the Company has derecognised

# Notes to financial statements for the year ended March 31, 2021

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

its existing 19% of the proportionate investment in the manufacturing undertaking of Hind Lamps Limited. Refer note 44 for more details

***During the financial year 2019, Company had acquired 79.85% equity shares in Nirlep Appliances Private Limited, for a cash consideration of ₹ 30.70 crores. The Company has a call option to purchase another 20% equity shares or part thereof in the future at an option price. Further, the non controlling shareholders have a put option to sell balance 20% equity shares or part thereof anytime within 60 business days post expiry of 3 years of closing date i.e. Aug 31, 2018 at an option price. The option price formula is the same for the call and the put option and is as mentioned in the agreement. As the option does not give present access to the returns associated with the ownership interest, the call and put option over the shares in the acquired subsidiary has been initially recognised at its fair value, with subsequent changes in the fair value recognised in the statement of profit and loss.

For fair value measurement disclosures, refer note 34.

## Note 6 : Trade receivables

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Current | 151,150.52 | 204,898.71 |
| Non-current | 40,470.53 | 48,754.67 |
| | **191,621.05** | **253,653.38** |
| Unsecured, considered good | 191,621.05 | 253,653.38 |
| Unsecured, credit impaired | 11,822.36 | 12,791.43 |
| **Total** | **203,443.41** | **266,444.81** |
| Impairment allowance, credit impaired (allowance for bad and doubtful debts) | (11,822.36) | (12,791.43) |
| **Total trade receivables (net of impairment allowance)** | **191,621.05** | **253,653.38** |

**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 company. The Company 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)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Unsecured borrowing (Note 18) | - | 788.22 |
| Other financial liabilities (Note 19) | 37,849.71 | 34,263.18 |
| **Total transferred receivables** | **37,849.71** | **35,051.40** |

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 38.

## Note 7 : Loans

**(Unsecured, considered good unless otherwise stated)**

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Non Current** | | |
| Unsecured, considered good | 11,144.74 | 4,186.80 |
| Unsecured, credit impaired | 280.00 | 280.00 |
| **Total** | **11,424.74** | **4,466.80** |
| Impairment allowance, credit impaired | (280.00) | (280.00) |
| **Total Non-current loans** | **11,144.74** | **4,186.80** |

Unsecured, considered good, consists of loans given to Nirlep Appliances Pvt Limited (Subsidiary of the Company) for meeting its capex and working capital requirements.

# Notes to financial statements for the year ended March 31, 2021

## Note 7 : Loans (Contd..)

Unsecured, considered good also includes loan is given to Starlite Lighting Limited (Joint Venture of the Company), for meeting its capex and working capital requirements.

| Particulars | Amount (₹ in Lakhs) | Interest Rate | Tenure |
|---|---|---|---|
| Nirlep Appliances Pvt Ltd - repayment in 8 equal instalments of ₹ 200 lakhs each commencing from June 30, 2022 till March 31, 2024. | 1,600.00 | 11.0% | 5 years |
| Nirlep Appliances Pvt Ltd - repayment in 8 equal instalments of ₹ 50 lakhs each commencing from June 30, 2022 till March 31, 2024. | 400.00 | 11.0% | 5 years |
| Nirlep Appliances Pvt Ltd - bullet repayment in FY2025 | 600.00 | 11.0% | 5 years |
| Nirlep Appliances Pvt Ltd - bullet repayment in FY2026 | 1,300.00 | 10.3% | 5 years |
| Starlite Lighting Ltd - bullet repayment in FY2026 | 7,240.00 | 10.3% | 5 years |

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| Secured, considered good | 1.02 | 2.57 |
| **Total current loans** | **1.02** | **2.57** |

## Note 8 : Other financial assets

**(Unsecured, considered good unless otherwise stated)**

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Security deposits, considered good | 1,798.52 | 2,407.73 |
| Security deposits, credit impaired | 586.50 | 623.64 |
| Impairment allowance for credit impaired security deposits | (586.50) | (623.64) |
| | **1,798.52** | **2,407.73** |
| Fixed deposit under lien | 1,019.88 | 62.58 |
| Fair value of call option (Refer Note 5.1) | 110.11 | 213.00 |
| Interest accrued on fixed deposits | 17.63 | 1.15 |
| **Total non-current other financial assets** | **2,946.14** | **2,684.46** |

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

## Note 9 : Deferred tax assets (net)

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Deferred tax assets | 11,649.70 | 7,482.55 |
| Deferred tax liabilities | (6,400.35) | (2,951.98) |
| **Total deferred tax assets (net)** | **5,249.35** | **4,530.57** |

# Notes to financial statements for the year ended March 31, 2021

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

**Deferred tax assets comprise of the following:**

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Employee benefit obligations (gratuity) | 128.63 | 162.83 |
| Employee benefit obligations (leave obligations) | 384.64 | 803.28 |
| Impairment allowance (allowance for doubtful debts and advances) | 3,883.18 | 4,140.20 |
| Financial assets measured at amortised cost | 0.62 | 31.49 |
| Assets held for sale | 501.77 | 542.95 |
| Carried forward losses* | 3,880.71 | - |
| Others | 2,870.15 | 1,801.80 |
| **Total deferred tax assets** | **11,649.70** | **7,482.55** |

*Acquired on demerger of Hind Lamps Limited (refer note 44). The appointed date of scheme being March 1, 2014, the Company is in the process of revising its tax returns for the earlier years. Accordingly, these losses will be utilised when the revised returns are filed.

**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 | Carried forward losses | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **At 31st March, 2019** | **206.65** | **966.80** | **6,295.07** | **143.60** | **466.76** | **-** | **1,631.21** | **9,710.09** |
| (Charged) / Credited : | | | | | | | | |
| to statement of profit and loss | (129.52) | (163.52) | (2,154.87) | (112.11) | 76.19 | - | (30.83) | (2,514.66) |
| to other comprehensive income | 85.70 | - | - | - | - | - | 201.42 | 287.12 |
| **At 31st March, 2020** | **162.83** | **803.28** | **4,140.20** | **31.49** | **542.95** | **-** | **1,801.80** | **7,482.55** |
| (Charged) / Credited : | | | | | | | | |
| to statement of profit and loss | (43.87) | (462.68) | (299.86) | (30.87) | (41.18) | - | 613.18 | (265.28) |
| to other comprehensive income | (201.23) | - | - | - | - | - | (32.38) | (233.61) |
| acquired on demerger of Hind Lamps Ltd (Refer note 44) | 210.90 | 44.04 | 42.84 | - | - | 3,880.71 | 487.55 | 4,666.04 |
| **At 31st March, 2021** | **128.63** | **384.64** | **3,883.18** | **0.62** | **501.77** | **3,880.71** | **2,870.15** | **11,649.70** |

**Deferred tax liabilities comprise of the following:**

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Property, plant and equipment | 2,384.17 | 2,114.38 |
| Financial assets measured at amortised cost | 77.12 | 100.86 |
| Financial liabilities measured at amortised cost | 120.43 | 89.98 |
| Investment property* | 2,473.20 | - |
| Others** | 1,345.43 | 646.76 |
| **Total deferred tax liabilities** | **6,400.35** | **2,951.98** |

*Acquired on demerger of Hind Lamps Limited (refer note 44)

**Mainly includes deferred tax liabilities on lease liabilities of ₹ 1,328.44 lakhs (March 31, 2020 - ₹ 646.76 lakhs)

# Notes to financial statements for the year ended March 31, 2021

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

**Movement in deferred tax liabilities**

(₹ in Lakhs)

| Particulars | Property, plant and equipment | Financial Assets measured at Amortised Cost | Financial Liabilities measured at Amortised Cost | Employee benefit obligations (gratuity) | Investment property | Others | Total |
|---|---|---|---|---|---|---|---|
| **At 31st March, 2019** | **3,147.54** | **106.93** | **78.96** | **-** | **-** | **-** | **3,333.43** |
| Charged / (credited) : | | | | | | | |
| to Statement of Profit or Loss | (1,033.16) | (6.07) | 11.02 | - | - | 646.76 | (381.45) |
| to other comprehensive income | - | - | - | - | - | - | - |
| **At 31st March, 2020** | **2,114.38** | **100.86** | **89.98** | **-** | **-** | **646.76** | **2,951.98** |
| Charged / (credited) : | | | | | | | |
| to Statement of Profit or Loss | 21.79 | (23.74) | 30.45 | - | - | 698.67 | 727.17 |
| to other comprehensive income | - | - | - | - | | - | - |
| acquired on demerger of Hind Lamps Ltd (Refer note 44) | 248.00 | - | - | - | 2,473.20 | - | 2,721.20 |
| **At 31st March, 2021** | **2,384.17** | **77.12** | **120.43** | **-** | **2,473.20** | **1,345.43** | **6,400.35** |

## Note 10 : Other non-current assets

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Capital advances | 719.80 | 430.22 |
| Impairment allowance for credit impaired capital advances | (21.56) | (21.56) |
| | **698.24** | **408.66** |
| Sales tax recoverables | 4,080.81 | 3,891.93 |
| Balances with government authorities | - | 15.00 |
| Right to reimbursement against employee benefit obligations for insurers who are related parties (Non-qualifying insurance policies) | 3,654.02 | 3,389.61 |
| Advance to Starlite Lighting Limited | 2,200.00 | 2,200.00 |
| Others * | 3,078.62 | 3,168.06 |
| | **13,711.69** | **13,073.26** |
| Impairment allowance for doubtful advances | (517.27) | (532.27) |
| Impairment allowance for advances to Starlite Lighting Limited | (2,200.00) | (2,200.00) |
| **Total other non-current assets** | **10,994.42** | **10,340.99** |

*Others mainly include prepaid expenses of ₹ 53.66 lakhs (March 31, 2020 ₹ 41.03 lakhs) and advances to suppliers of ₹ 3,023.71 lakhs (31 March 31, 2020 ₹ 3,104.57 lakhs).

## Note 11 : Inventories

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Raw material | 8,724.63 | 7,696.46 |
| Work-in-progress | 1,531.03 | 1,303.95 |
| Finished goods | 1,921.75 | 3,627.10 |
| Traded goods | 83,502.08 | 52,657.14 |
| Material in Transit (traded goods) | 1,155.20 | 3,551.44 |
| Stores and spares | 270.17 | 241.04 |
| **Total Inventories** | **97,104.86** | **69,077.13** |

**Amounts recognised in profit or loss**

Write-down of inventories to net realisable value amounting to ₹ 13,454.64 lakhs (March 31, 2020 - ₹ 898.40 lakhs) was recognised as an expense during the year.

# Notes to financial statements for the year ended March 31, 2021

## Note 12 : Cash and cash equivalents

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Balances with banks | | |
| in current accounts | 2,198.96 | 1,323.43 |
| in cash credit accounts | 1,501.80 | 8,765.37 |
| Deposits with maturity of less than three months | 800.00 | - |
| Cash on hand | 62.15 | 71.84 |
| **Total cash and cash equivalents** | **4,562.91** | **10,160.64** |

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

## Note 12 : Bank balances

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Unpaid Dividend Accounts | 77.10 | 85.87 |
| Deposits with maturity of more than three months & less than twelve months | 1,515.39 | 221.34 |
| Others | 0.05 | 0.34 |
| **Total other bank balances** | **1,592.54** | **307.55** |

## Note 13 : Other current financial assets

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Interest accrued on fixed deposits | 12.28 | 12.82 |
| Security deposits | 371.79 | 223.98 |
| Receivable from gratuity fund | 3.71 | - |
| Derivative asset | 1.82 | 242.75 |
| **Total other current financial assets** | **389.60** | **479.55** |

## Note 14 : Other current assets

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Advance to Hind Lamps Ltd (associate) | - | 3,755.95 |
| Advance to Starlite Lighting Limited (joint venture) | 5,395.32 | 5,214.77 |
| Advance to Nirlep Appliance Pvt Ltd (subsidiary) | 314.04 | 155.86 |
| Export benefits | 664.63 | 552.73 |
| Balances with government authorities | 17,326.28 | 15,033.37 |
| Right to reimbursement against employee benefit obligations for insurers who are related parties (Non-qualifying insurance policies) | 1,706.56 | 1,613.44 |
| Others* | 7,636.13 | 6,722.78 |
| **Total other current assets** | **33,042.96** | **33,048.90** |

*Others mainly includes prepaid expenses of ₹ 1,791.23 lakhs (March 31, 2020 ₹ 1,977.89 lakhs) and advances to suppliers of ₹ 5,091.81 lakhs (March 31, 2020 ₹ 3,652.75 lakhs)

# Notes to financial statements for the year ended March 31, 2021

## Note 15 : Assets classified as held for sale

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Buildings | 219.41 | 250.19 |
| Ownership premises | 67.61 | - |
| **Total assets classified as held for sale** | **287.02** | **250.19** |

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 2021-22. The same is shown as a liability under other current liabilities.

Further in the current year, the Board of Directors have passed resolutions on February 24, 2021 to sell ownership premises at Bangalore. The Company has already identified the buyer and has 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)

| | 31-Mar-21 Amount | 31-Mar-20 Amount |
|---|---|---|
| **Authorised** | | |
| 20,00,00,000 equity shares (March 31, 2020 - 20,00,00,000) of ₹ 2/- each. | **4,000.00** | **4,000.00** |

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

(₹ in Lakhs)

| | No of Shares | Amount |
|---|---|---|
| **Issued capital** | | |
| **As at 31st March 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** |
| Exercise of Options under employee stock option scheme | 297,485 | 5.95 |
| Issued pursuant to the scheme of arrangement for demerger of the manufacturing undertaking of the Hind Lamps Limited (associate of the Company) into the Company (refer note vi below) | 471,420 | 9.43 |
| Issued under rights issue (refer note iii below) | 7 | 0.00 |
| **As at 31st Mar 2021** | **114,536,619** | **2,290.73** |
| **Paid-up capital** | | |
| Calls in arrears @ ₹ 2 per share, under rights issue (refer note iii below) | (55) | (0.00) |
| **As at 31st Mar 2021** | **114,536,564** | **2,290.73** |

### 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.

# Notes to financial statements for the year ended March 31, 2021

## Note 16 : Equity share capital (Contd..)

### iii) Issue of shares under Rights Issue:

In the previous year, Board of Directors of the Company at their meeting 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 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 55 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:

(₹ in Lakhs)

| Name of the Shareholder | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Jamnalal Sons Private Limited | 22,443,275 | 19.59 | 22,395,260 | 19.69 |
| Bajaj Holdings & Investment Limited | 18,793,840 | 16.41 | 18,793,840 | 16.52 |
| Kiran Bajaj | 7,545,224 | 6.59 | 5,912,179 | 5.20 |
| HDFC Small Cap Fund | 6,775,359 | 5.92 | 8,769,682 | 7.71 |
| Smallcap World Fund, Inc | 7,218,607 | 6.30 | 3,931,964 | 3.46 |

### 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.

### vi) Issue of shares under demerger scheme

During the year, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 21, 2020 had approved the scheme of arrangement for demerger of the manufacturing undertaking of the Hind Lamps Limited (associate of the Company) into the Company, which has been filed with the Registrar of Companies on June 30, 2020. The Company has issues 471,420 shares to the shareholders of Hind Lamps Limited on December 15, 2020.

## Note 17 : Other Equity

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| i) Securities premium reserve | 63,391.97 | 60,139.79 |
| ii) Debenture redemption reserve | 3,750.00 | 4,625.00 |
| iii) General reserve | 45,967.75 | 43,256.34 |
| iv) Share options outstanding account | 1,181.39 | 1,261.09 |
| v) Retained earnings | 43,568.03 | 26,223.02 |
| vi) Capital reserve | 175.18 | 10.00 |
| vii) Capital redemption reserve | 135.71 | 135.71 |
| **Total reserves and surplus** | **158,170.03** | **135,650.95** |

# Notes to financial statements for the year ended March 31, 2021

## Note 17 : Other Equity (Contd..)

### i) Securities premium reserve

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening Balance** | 60,139.79 | 25,461.14 |
| Exercise of options - proceeds received | 1,030.84 | 200.66 |
| Exercise of options - transferred from shares options outstanding account | 378.98 | 81.36 |
| Securities premium proceeds received on issue of equity shares (Note 16(iii)) | 0.05 | 34,766.71 |
| Rights issue expenses | - | (370.08) |
| Securities premium on issue of shares on demerger (refer note 44) | 1,842.31 | - |
| **Closing Balance** | **63,391.97** | **60,139.79** |

### ii) Debenture redemption reserve

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening Balance** | 4,625.00 | 4,625.00 |
| Add / (Less): Transferred from / to General Reserve | (875.00) | - |
| **Closing Balance** | **3,750.00** | **4,625.00** |

### iii) General Reserve

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening Balance** | 43,256.34 | 43,163.78 |
| Add : Transferred from debenture redemption reserve | 875.00 | - |
| Add : Transferred from stock options reserve for vested cancelled options | - | 92.56 |
| Add : Transferred from retained earnings | 1,836.41 | - |
| **Closing Balance** | **45,967.75** | **43,256.34** |

### iv) Shares options outstanding account

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening Balance** | 1,261.09 | 913.77 |
| Add : Employee stock option expense | 421.99 | 521.24 |
| Less : Transferred to retained earnings / general reserve for vested cancelled options | (122.71) | (92.56) |
| Less : Transferred to securities premium for exercise of options | (378.98) | (81.36) |
| **Closing Balance** | **1,181.39** | **1,261.09** |

### v) Retained earnings

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening Balance** | 26,223.02 | 31,412.21 |
| Net profit for the period | 18,364.10 | (13.16) |
| Other comprehensive income (net of tax) | 694.61 | (853.69) |
| Add : Transferred from stock options reserve for vested cancelled options | 122.71 | - |
| Less: Dividend on equity shares | - | (3,585.26) |
| Less: Dividend distribution tax | - | (737.08) |
| Less: Transferred to general reserve | (1,836.41) | - |
| **Closing Balance** | **43,568.03** | **26,223.02** |

# Notes to financial statements for the year ended March 31, 2021

## Note 17 : Other Equity (Contd..)

### vi) Capital reserve

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Opening Balance | 10.00 | 10.00 |
| Gain on bargain purchase on demerger (note 44) | 165.18 | - |
| **Closing Balance** | **175.18** | **10.00** |

### vii) Capital redemption reserve

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| 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 Company creates DRR at 25% in the penultimate year to the year in which the repayment obligation arises on the Company. 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-21 | 31-Mar-20 |
|---|---|---|
| ***Cash dividends on equity shares declared and paid:*** | | |
| Final dividend paid for the year ended March 31, 2020 of NIL per share (March 31, 2019 - ₹ 3.5 per share) | - | 3,585.26 |
| Dividend distribution tax on final dividend | - | 737.08 |
| ***Dividend not recognised at the end of the reporting period (*)*** | | |
| Proposed dividend of ₹ Nil (March 31, 2020 - NIL per share) | - | - |
| Dividend distribution tax on proposed divident | - | - |

*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 financial statements for the year ended March 31, 2021

## Note 18 : Borrowings

(₹ in Lakhs)

| | Note No. | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| **Non-current** | | | |
| **Unsecured** | | | |
| Sales tax deferral liability | Note a | 124.28 | 352.78 |
| Foreign currency term loan | Note c | - | 1,138.67 |
| Rupee term loans | Note d | 2,333.33 | 6,500.00 |
| **Total unsecured non-current borrowings** | | **2,457.61** | **7,991.45** |
| **Total non-current borrowings** | | **2,457.61** | **7,991.45** |
| **Current** | | | |
| **Secured** | | | |
| Cash credits | Note b | 215.85 | 1,513.82 |
| Working capital rupee loan | Note e | 11,200.00 | 15,771.49 |
| **Total secured current borrowings** | | **11,415.85** | **17,285.31** |
| **Unsecured** | | | |
| Short term borrowings | Note f | 9,500.00 | 5,000.00 |
| Sales bills discounting | | - | 788.22 |
| Buyer's credit (foreign currency loan) | | - | 6,551.26 |
| Hundi acceptances | Note g | 2,504.31 | 36,132.38 |
| **Total unsecured current borrowings** | | **12,004.31** | **48,471.86** |
| **Total current borrowings** | | **23,420.16** | **65,757.17** |

Refer Note H 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)

| | 31-Mar-21 |
|---|---|
| **Non-current** | |
| FY 2022-23 | 107.63 |
| FY 2023-24 | 16.65 |
| | **124.28** |
| **Current (note 19)** | |
| FY 2021-22 | 228.50 |
| | **352.78** |

**Note b:**

Cash credits are secured, repayable on demand and bear interest in the range of 7.90% to 13.00%.

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

| Lending Bank | Maturity Date | Interest rate % | Liability In ₹ Lakhs as on 31-Mar-21 |
|---|---|---|---|
| Kotak Mahindra Bank Ltd | 9-May-21 | 6M LIBOR + 225 bps | 1,100.22 |

*shown under other current financial liabilities as current maturities (note 19)

# Notes to financial statements for the year ended March 31, 2021

## Note 18 : Borrowings (Contd..)

**Note d: Rupee term loan is as per the following terms**

| Lending Bank | Maturity Date | Interest rate % | Liability In ₹ Lakhs as on 31-Mar-21 |
|---|---|---|---|
| IDFC First Bank Ltd* | 23-May-21 | 9.00% | 3,000.00 |
| Bank of Bahrain & Kuwait B.S.C.* | 17-Aug-21 | 7.85% | 1,167.00 |
| Bank of Bahrain & Kuwait B.S.C. | 17-Aug-22 | 7.85% | 1,167.00 |
| Bank of Bahrain & Kuwait B.S.C. | 17-Aug-23 | 7.85% | 1,166.00 |
| **Total** | | | **6,500.00** |

*shown under other current financial liabilities as current maturities (note 19)

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

| Lending Bank | Maturity Date | Interest rate % | Liability In ₹ Lakhs as on 31-Mar-21 |
|---|---|---|---|
| State Bank of India | 6-Apr-21 | 7.90% | 4,000.00 |
| HDFC Bank Ltd | 8-Apr-21 | 6.00% | 2,200.00 |
| State Bank of India | 13-Apr-21 | 7.90% | 1,700.00 |
| HDFC Bank Ltd. | 22-Apr-21 | 6.00% | 900.00 |
| HDFC Bank Ltd | 28-Apr-21 | 6.00% | 1,800.00 |
| IDBI Bank Ltd. | 30-Apr-21 | 7.55% | 600.00 |
| **Total** | | | **11,200.00** |

**Note f: 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-21 |
|---|---|---|---|
| Kotak Mahindra Bank Ltd | 17-Apr-21 | 4.95% | 1,200.00 |
| Kotak Mahindra Bank Ltd | 28-Apr-21 | 4.95% | 1,300.00 |
| Kotak Mahindra Bank Ltd | 4-May-21 | 4.95% | 1,100.00 |
| Kotak Mahindra Bank Ltd | 11-May-21 | 4.95% | 1,400.00 |
| Kotak Mahindra Bank Ltd | 12-May-21 | 4.90% | 1,000.00 |
| Kotak Mahindra Bank Ltd | 18-May-21 | 4.90% | 1,000.00 |
| CTBC BANK CO. LTD | 1-Jun-21 | 4.45% | 1,200.00 |
| CTBC BANK CO. LTD | 8-Jun-21 | 4.45% | 1,300.00 |
| **Total** | | | **9,500.00** |

**Note g: Hundi acceptances**

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 5.25 % p.a. to 9.70 % p.a. and are for a period of upto 90 days.

**Note H: 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

# Notes to financial statements for the year ended March 31, 2021

## Note 18 : Borrowings (Contd..)

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) Office Premises No : 001, 502, 701 and 801, 'Rustomjee Aspiree', Bhanu Shankar Yagnik Marg, Off Eastern Highway, Sion (East), Mumbai - 400 022
- vi) Kosi Factory Unit at Khasra No.647,648, NH 02, Km 109 Mile Stone, Village Dautana, Chhatta, Kosi Kallan, Mathura 281403.
- vii) R & D centre at Plot no. 27/ pt 2/ at Millennium Business Park, TTC Industrial area, Mahape, Navi Mumbai

d These securities also extend to the various credit facilities including Bank Guarantees and Letters of Credit of ₹ 163,010.45 lakhs (Previous year ₹ 176,904.53 lakhs) executed on behalf of the Company in the normal course of business.

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

## Note 19 : Other Financial Liabilities

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Non Current** | | |
| Deposits received | - | 6.05 |
| Fair value of put option (Note 5.1) | 84.37 | 153.56 |
| Employee benefit liabilities | - | 41.41 |
| **Total other non-current financial liabilities** | **84.37** | **201.02** |

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| Current maturities of Non Convertible Debenture (NCD) * | 15,000.00 | 18,500.00 |
| Current maturities of foreign currency loan (Note 18 c) | 1,100.22 | 1,138.67 |
| Accrued interest on Non Convertible Debenture but not due | 3,823.22 | 2,320.73 |
| Current maturities of sales tax deferral liability (Note 18 a) | 228.50 | 327.93 |
| Current maturities of long term rupee loans (Note 18 d) | 4,166.67 | 2,000.00 |
| Capital creditors | 1,096.80 | 23.31 |
| Unpaid dividends | 77.10 | 85.87 |
| Trade deposits (dealers, vendors etc.) | 972.67 | 996.62 |
| Interest (payable) accrued and not due | 18.78 | 208.08 |
| Interest accrued and due on borrowings | 75.54 | 167.53 |
| Channel financing liability (Note 6) | 37,849.71 | 34,263.18 |
| Derivative liability | 74.67 | - |
| Other payables | 5,082.55 | 3,280.12 |
| Employee benefit liabilities | 4,620.35 | 3,715.51 |
| **Total other current financial liabilities** | **74,186.78** | **67,027.55** |

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.

# Notes to financial statements for the year ended March 31, 2021

## Note 19 : Other Financial Liabilities (Contd..)

*Details of the current maturities of NCD are as below

| Interest rate | Maturity Date | Lending Bank |
|---|---|---|
| Redeemable at premium at ₹ 13,08,774.70 per debenture (face value of ₹ 10,00,000 per debenture) | ₹ 7500 Lakhs - 20-08-2021 | HDFC Mutual Fund |
| Redeemable at premium at ₹ 13,81,775.74 per debenture (face value of ₹ 10,00,000 per debenture) | ₹ 7500 Lakhs - 18-02-2022 | |

## Note 20 : Provisions

(₹ in Lakhs)

| | 31-Mar-21 | | | 31-Mar-20 | | |
|---|---|---|---|---|---|---|
| | Current | Non Current | Total | Current | Non Current | Total |
| Service warranties* | 7,018.58 | 2,094.64 | 9,113.22 | 6,870.10 | 2,238.43 | 9,108.53 |
| Legal claims | 543.80 | - | 543.80 | 545.04 | - | 545.04 |
| Other matters** | 1,360.14 | - | 1,360.14 | 1,275.90 | - | 1,275.90 |
| E-Waste Management | 43.75 | - | 43.75 | 43.75 | - | 43.75 |
| **Total Provisions** | **8,966.27** | **2,094.64** | **11,060.91** | **8,734.79** | **2,238.43** | **10,973.22** |

**Movement in provisions is as given below:**

| Particulars | E - Waste Provision | Service Warranties | Legal Claims | Other matters |
|---|---|---|---|---|
| **Opening balance as on 1st April, 2019** | **-** | **7,038.19** | **542.92** | **3,027.00** |
| Arising during the year | 43.75 | 6,749.17 | 2.12 | 187.46 |
| 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** | **9,108.53** | **545.04** | **1,275.90** |
| Arising during the year | - | 5,606.81 | - | 84.24 |
| Unwinding of discount (finance cost) | - | 215.87 | - | - |
| Utilised during the year | - | (5,817.99) | (1.24) | |
| **Closing balance as on 31st March, 2021** | **43.75** | **9,113.22** | **543.80** | **1,360.14** |

*Refer note 1D(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

| Particulars | 31-Mar-21 | | | 31-Mar-20 | | |
|---|---|---|---|---|---|---|
| | Current | Non Current | Total | Current | Non Current | Total |
| Leave obligations | 306.82 | 1,221.45 | 1,528.27 | 785.75 | 2,405.93 | 3,191.68 |
| Interest rate guarantee on provident fund | - | 547.21 | 547.21 | - | 319.73 | 319.73 |
| Gratuity | 876.22 | 4,995.44 | 5,871.66 | 1,276.25 | 4,374.00 | 5,650.25 |
| **Total employee benefit obligations** | **1,183.04** | **6,764.10** | **7,947.14** | **2,062.00** | **7,099.66** | **9,161.66** |

**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 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.

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

(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 | ₹ 20 lakhs |

(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 |

| 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.

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Present Value of Obligation as at the beginning** | **5,983.39** | **5,074.42** |
| Current Service Cost | 618.67 | 677.81 |
| Interest Cost | 351.06 | 368.68 |
| **Re-measurement (gain) / loss arising from:** | | |
| - change in demographic assumptions | - | (0.71) |
| - change in financial assumptions | 34.65 | 257.97 |
| - experience adjustments (i.e. Actual experience vs assumptions) | (102.95) | 34.46 |
| Benefits Paid | (1,024.58) | (429.24) |
| Acquisition Adjustment ( HLL Mfg Undertaking absorbed in Demerger ) | 837.85 | - |
| **Present Value of Obligation as at the end** | **6,698.09** | **5,983.39** |

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Fair Value of Plan Assets as at the beginning** | **337.18** | **322.80** |
| Investment Income | 21.40 | 23.45 |
| Employer's Contribution | 574.96 | 7.00 |
| Benefits Paid | (107.18) | (16.41) |
| Return on plan assets , excluding amount recognised in interest (expense)/income | 3.97 | 0.34 |
| **Fair Value of Plan Assets as at the end** | **830.33** | **337.18** |

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Fair Value of Reimbursement Right as at the beginning** | **5,003.05** | **4,162.57** |
| Investment Income | 317.47 | 302.43 |
| Employer's Contribution | - | 1,000.00 |
| Benefits Paid | (687.22) | (412.83) |
| Return on plan assets , excluding amount recognised in interest (expense)/income | 727.28 | (49.12) |
| **Fair Value of Reimbursement Right as at the end** | **5,360.58** | **5,003.05** |

*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

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

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Present Value of Obligation | 6,698.09 | 5,983.39 |
| Fair Value of Plan Assets | 830.33 | 337.18 |
| **Surplus / (Deficit)** | **(5,867.76)** | **(5,646.21)** |

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Effects of Asset Ceiling, if any | - | - |
| **Net Actuarially Valued Asset / (Liability)** | **(5,867.76)** | **(5,646.21)** |
| **Liability on an actual basis for employees at foreign branches** | **(3.91)** | **(4.04)** |
| **Total Net Asset / (Liability)** | **(5,871.67)** | **(5,651.25)** |

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Costs charged to statement of profit and loss :** | | |
| Current Service Cost | 618.67 | 677.81 |
| Interest Expense or Cost | 351.06 | 368.68 |
| Investment Income | (338.87) | (325.88) |
| **Expense recognised in statement of profit and loss** | **630.86** | **720.61** |
| **Re-measurement (gain) / loss arising from:** | | |
| Change in demographic assumptions | - | (0.71) |
| Change in financial assumptions | 34.65 | 257.97 |
| Experience adjustments (i.e. Actual experience vs assumptions) | (102.95) | 34.46 |
| Return on plan assets , excluding amount recognised in interest expense/(income) | (731.25) | 48.77 |
| **(Income) / Expense recognised in Other Comprehensive Income** | **(799.55)** | **340.49** |
| **Total Expense Recognised during the year** | **(168.69)** | **1,061.10** |

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

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| 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

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Discount rate (per annum) | 6.20% | 6.35% |
| Salary growth rate (per annum) | For HLL- 8.00%<br>For Others - 8.50% | 8.50% |

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

Demographic Assumptions

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Mortality Rate | 100% of IALM 12-14 | 100% of IALM 12-14 |
| Withdrawal rates, based on age: (per annum) : | | |
| Up to 30 years | For HLL- 4.00%<br>For Others - 21.00% | 21.00% |
| 31 - 44 years | For HLL- 4.00%<br>For Others - 14.00% | 14.00% |
| Above 44 years | For HLL- 4.00%<br>For Others - 12.00% | 12.00% |

Summary of Membership Status

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Number of employees | 2,966 | 3,035 |
| Total monthly salary (₹ in Lakhs) | 873.54 | 856.78 |
| Average past service (years) | 8.17 | 6.01 |
| Average age (years) | 37.67 | 35.88 |
| Average remaining working life (years) | 20.34 | 22.13 |
| Number of completed years valued | 24,229 | 18,232 |
| Decrement adjusted remaining working life (years) | 6.24 | 6.03 |
| 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.

### 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 ₹ Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Defined Benefit Obligation (Base) | 6,698.09 | 5,983.39 |

(₹ in Lakhs)

| Particulars | 31-Mar-21 | | 31-Mar-20 | |
|---|---|---|---|---|
| | Result of decrease | Result of increase | Result of decrease | Result of increase |
| Discount Rate (- / + 1%) | 7,070.72 | 6,365.66 | 6,303.81 | 5,697.89 |
| (% change compared to base due to sensitivity) | 5.6% | -5.0% | 5.4% | -4.8% |
| Salary Growth Rate (- / + 1%) | 6,389.38 | 7,036.17 | 5,718.35 | 6,274.09 |
| (% change compared to base due to sensitivity) | -4.6% | 5.0% | -4.4% | 4.9% |
| Attrition Rate (- / + 50% of attrition rates) | 7,428.19 | 6,312.66 | 6,679.46 | 5,618.76 |
| (% change compared to base due to sensitivity) | 10.9% | -5.8% | 11.6% | -6.1% |
| Mortality Rate (- / + 10% of mortality rates) | 6,697.23 | 6,698.97 | 5,982.33 | 5,984.47 |
| (% change compared to base due to sensitivity) | 0.0% | 0.0% | 0.0% | 0.0% |

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (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 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 (Amounts in ₹ Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| The Company's best estimate of Contribution during the next year | 1,098.66 | 1,258.16 |

c) Maturity Profile of Defined Benefit Obligation

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Weighted average duration (based on discounted cashflows) | 6 years | 5 years |

(₹ in Lakhs)

| Expected cash flows over the next (valued on undiscounted basis) : | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| 1 year | 1,706.56 | 1,613.44 |
| More than 1 and upto 2 years | 593.73 | 623.89 |
| More than 2 and upto 5 years | 1,813.51 | 1,561.14 |
| More than 5 and upto 10 years | 2,524.63 | 2,167.66 |
| More than 10 years | 3,336.44 | 2,953.36 |

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 a 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 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

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

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 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

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Present Value of Obligation as at the beginning** | **15,716.67** | **13,565.54** |
| Interest Cost | 1,296.82 | 1,145.31 |
| Current Service Cost | 864.85 | 664.95 |
| Employee's Contributions | 1,401.26 | 1,479.05 |
| Transfer In / (out) of the liability | 302.80 | 511.81 |
| Benefits Paid | (2,576.04) | (1,739.64) |
| **Re-measurement (gain) / loss arising from:** | | |
| - experience variance (i.e. Actual experience vs assumptions), loss if positive | 122.54 | 89.65 |
| **Present Value of Obligation as at the end** | **17,128.90** | **15,716.67** |

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Fair Value of Plan Assets as at the beginning** | **14,543.19** | **13,159.38** |
| Investment Income | 1,236.17 | 1,138.29 |
| Employer's Contributions | 864.85 | 664.95 |
| Employee's Contributions | 1,401.26 | 1,479.05 |
| Transfers In | 302.80 | 511.81 |
| Benefits Paid | (2,576.04) | (1,739.64) |
| Return on plan assets , excluding amount recognised in interest (expense)/income | 483.81 | (670.65) |
| **Fair Value of Plan Assets as at the end** | **16,256.04** | **14,543.19** |

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 ₹ Lakhs) :

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Present Value of Obligation | 423.00 | 351.38 |
| Fair Value of Plan Assets | 820.27 | 739.13 |
| **Surplus / (Deficit)** | **397.27** | **387.75** |

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Effects of Asset Ceiling, if any | - | - |
| **Net Asset / (Liability)** | **397.27** | **387.75** |

The present value of obligation of Matchwel Electricals (India) Ltd Employees' Provident Fund Trust represents the aggregate of accumulated fund value of ₹ 412.07 lakhs (As on March 31, 2020 - ₹ 344.23 lakhs) and interest rate guarantee ₹ 10.92 lakhs (As on March 31, 2020 - ₹ 7.15 lakhs). 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 ₹ Lakhs) :

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Present Value of Obligation | 16,705.89 | 15,365.28 |
| Fair Value of Plan Assets | 15,435.77 | 13,804.06 |
| **Surplus / (Deficit)** | **(1,270.12)** | **(1,561.22)** |
| Effects of Asset Ceiling, if any | - | - |
| **Net Asset / (Liability)** | **(1,270.12)** | **(1,561.22)** |

The present value of obligation of Bajaj Electricals Limited Employees' Provident Fund Trust represents the aggregate of accumulated fund value of ₹ 16,274.54 lakhs (As on March 31, 2020 - ₹ 15,052.70 lakhs) and interest rate guarantee ₹ 431.35 lakhs (As on March 31, 2020 - ₹ 312.58 lakhs). 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 ₹ 838.77 lakhs which is Accumulated Fund Value of ₹ 16,274.54 lakhs in excess of Fair Value of Plan Assets of ₹ 15,435.77 lakhs 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 in the year in which the Investments were impaired

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 realize 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

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

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| **Costs charged to statement of profit and loss :** | | |
| Current Service Cost | 864.85 | 664.95 |
| Interest Cost | 1,296.82 | 1,145.31 |
| Investment Income | (1,236.17) | (1,138.29) |
| **Expense recognised in statement of profit and loss** | **925.50** | **671.97** |
| **Re-measurement (gain) / loss arising from:** | | |
| Experience variance (i.e. Actual experience vs assumptions) * | 122.54 | 89.65 |
| Return on plan assets , excluding amount recognised in interest expense/(income) | (483.81) | 670.65 |
| **Expense recognised in Other Comprehensive Income** | **(361.27)** | **760.30** |
| **Total Expense Recognised during the year** | **564.23** | **1,432.27** |

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

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

The significant actuarial assumptions are as follows :

### Financial and Demographic Assumptions

| Particulars | As on | | | |
|---|---|---|---|---|
| | 31-Mar-21 | | 31-Mar-20 | |
| | HO Unit | Chakan Unit | HO Unit | Chakan Unit |
| Discount rate (per annum) | 6.52% | 6.52% | 6.65% | 6.65% |
| Interest rate guarantee (per annum) | 8.50% | 8.50% | 8.50% | 8.50% |
| Discount Rate for the Remaining Term to Maturity of the Investment (p.a.) | 6.52% | 6.52% | 6.65% | 6.65% |
| Average Historic Yield on the Investment (p.a.) | 8.06% | 8.06% | 8.44% | 8.44% |
| Mortality Rate | 100% of IALM 2012-14 | | 100% of IALM 2012-14 | |

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| | Live Employees | Live Employees |
| Attrition Rate, based on ages: | | |
| - Upto 30 years | 4.99% | 4.99% |
| - 31 to 44 years | 3.63% | 3.63% |
| - 45 to 57 years | 3.62% | 3.62% |
| - Above 57 years | 0.38% | 0.38% |

### Summary of Membership Status :

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Dormant/Inoperative Employees | 3,371 | 3,300 |
| Live Number of employees | 1,714 | 1,928 |
| **Total Number of employees** | **5,085** | **5,228** |
| Average age (years) | 40.19 | 39.24 |

### Summary of Membership Status :

| Particulars | As on | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Government of India securities | 4.5% | 5.7% |
| State Government securities | 36.6% | 40.0% |
| High quality corporate bonds | 28.7% | 34.5% |
| Equity shares of listed companies | 0.0% | 0.0% |
| Public Sector Bonds | 0.0% | 0.0% |
| Special Deposit Scheme | 8.8% | 10.5% |
| Funds managed by Insurer | 0.0% | 0.0% |
| Bank balance | 0.2% | 1.0% |
| Other Investments | 21.3% | 8.5% |
| **Total** | **100%** | **100%** |

# Notes to financial statements for the year ended March 31, 2021

## 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 ₹ Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Defined Benefit Obligation (Base) | 17,128.90 | 15,716.67 |

| Particulars | 31-Mar-21 | | 31-Mar-20 | |
|---|---|---|---|---|
| | Result of decrease | Result of increase | Result of decrease | Result of increase |
| Discount Rate (- / + 1%) | 17,302.81 | 16,961.50 | 15,881.47 | 15,558.57 |
| (% change compared to base due to sensitivity) | 1.02% | -0.98% | 1.05% | -1.01% |
| Interest rate guarantee (- / + 1%) | 16,686.61 | 18,144.23 | 15,396.93 | 16,648.84 |
| (% change compared to base due to sensitivity) | -2.58% | 5.93% | -2.03% | 5.93% |

### 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 (Amounts in ₹ Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| The Trusts' best estimate of Contribution during the next year | 908.09 | 698.20 |

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% |

# Notes to financial statements for the year ended March 31, 2021

## Note 21: Employee Benefit Obligations (Contd..)

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

(₹ in Lakhs)

| Particulars | Provident Fund | | Superannuation | | Pension | |
|---|---|---|---|---|---|---|
| | For the year ended | | For the year ended | | For the year ended | |
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| Expense recognised in the statement of Profit & Loss | 344.57 | 146.93 | 240.76 | 260.50 | 581.64 | 603.95 |

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

## Note 22 : Trade Payables

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current** | | |
| Trade payable | 81,032.73 | 77,278.91 |
| Dues to micro and small enterprises* | 10,977.22 | 7,420.99 |
| Acceptances | 2,260.08 | 5,192.08 |
| Trade payable to related parties | 141.32 | 137.60 |
| **Total current trade payables** | **94,411.35** | **90,029.58** |

*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)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Principal | 10,649.17 | 7,085.91 |
| Interest | 328.05 | 335.08 |
| 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. | 335.08 | 13.98 |
| ii) 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. | 328.05 | 335.08 |
| 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)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Statutory liabilities payable | 3,639.27 | 2,897.63 |
| Deferred revenue* | 18,611.33 | 1,4226.21 |
| Others | 1,925.25 | 1,790.81 |
| **Total other current liabilities** | **24,175.85** | **18,914.65** |

*Deferred revenue includes ₹ 18,261.64 lakhs (March 31, 2020 - ₹ 13,886.31 lakhs) for accrual of points under the Retailer Bonding Program and ₹ 349.70 lakhs (March 31, 2020 - ₹ 339.90) for warranty provision considered as a separate performance obligation

# Notes to financial statements for the year ended March 31, 2021

## Note 24 : Revenue from operations

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Sale of products | 376,857.97 | 360,461.77 |
| Contract Revenue | 76,705.89 | 132,464.18 |
| Other operating revenue* | 3,742.48 | 4,782.63 |
| **Total revenue from operations (Refer Note 41(i))** | **457,306.34** | **497,708.58** |

*Other operating revenue mainly comprises of scrap sales, insurance claims and writeback of provisions amounting to ₹ 2,614.88 lakhs (March 31, 2020 - ₹ 1,876.32 lakhs), ₹ 757.98 lakhs (March 31, 2020 - ₹ 388.62 lakhs) and ₹ NIL (March 31, 2020 - ₹ 1929.65) respectively.

## Note 25 : Other income

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Interest income on bank deposits and others | 1,516.41 | 1,246.60 |
| Interest income from financial assets at amortised cost | 676.94 | 1,348.92 |
| Interest on income tax refund | 394.85 | 120.15 |
| Rental income | 268.38 | 279.10 |
| Net gain / (losses) on disposal of property, plant & equipment | 1,782.25 | 27.86 |
| Others* | 2,629.81 | 2,240.69 |
| **Total other income** | **7,268.64** | **5,263.32** |

*Others mainly includes excess impairment allowance on trade receivables and others written back, credit balance written back and gain on termination of right-of-use assets of ₹ 746.37 lakhs (March 31, 2020 - ₹ 1,058.08 lakhs), ₹ 1,324.72 lakhs (March 31, 2020 - ₹ 420.14 lakhs) and ₹ 474.56 lakhs (March 31, 2020 - 16.70 lakhs) respectively.

## Note 26 : Cost of raw materials consumed

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Raw materials at the beginning of the year | 7,696.46 | 11,949.33 |
| Add : Purchases | 30,406.68 | 23,089.16 |
| Less : Raw materials at the end of the year | 8,724.63 | 7,696.46 |
| **Total cost of raw material consumed** | **29,378.51** | **27,342.03** |

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

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Opening balance** | | |
| Work in progress | 1,303.95 | 1,764.60 |
| Finished Goods | 3,627.10 | 2,951.14 |
| Traded goods | 56,208.58 | 65,221.37 |
| **Total opening balance** | **61,139.63** | **69,937.11** |
| **Closing balance** | | |
| Work in progress | 1,531.03 | 1,303.95 |
| Finished Goods | 1,921.75 | 3,627.10 |
| Traded goods | 84,657.28 | 56,208.58 |
| **Total Closing balance** | **88,110.06** | **61,139.63** |
| **Total Changes in inventories of work in progress, traded goods and finished goods** | **(26,970.43)** | **8,797.48** |

# Notes to financial statements for the year ended March 31, 2021

## Note 27 : Erection & subcontracting expenses

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Erection and subcontracting expense | 24,368.64 | 31,063.45 |
| **Total Erection & subcontracting expense** | **24,368.64** | **31,063.45** |

## Note 28 : Employee benefit expenses

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Salaries, wages and bonus | 35,144.44 | 35,425.18 |
| Contribution to provident and other funds (Note 21) | 1,628.48 | 1,728.09 |
| Employees share based payment expense (Note 33) | 421.99 | 521.24 |
| Gratuity (Note 21) | 630.87 | 722.07 |
| Staff welfare expenses | 1,002.01 | 1,204.96 |
| **Total employee benefit expense** | **38,827.79** | **39,601.54** |

## Note 29 : Depreciation and amortisation expense

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Depreciation of property, plant and equipment (Note 2) | 3,536.94 | 3,595.87 |
| Amortisation of intangible assets (Note 4) | 266.02 | 238.57 |
| Depreciation of Right of Use assets (Note 3) | 3,123.16 | 2,966.73 |
| **Total depreciation and amortisation expense** | **6,926.12** | **6,801.17** |

## Note 30 : Other expenses

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Consumption of stores & spares | 608.87 | 840.07 |
| Packing material consumed | 1,122.85 | 887.42 |
| Power and fuel | 970.99 | 1,197.64 |
| Rent | 1,607.89 | 2,268.08 |
| Repairs and maintenance | | |
| Plant and machinery | 1,053.98 | 1,044.00 |
| Buildings | 1.85 | 9.54 |
| Others | 421.21 | 365.73 |
| Telephone and communication charges | 700.31 | 766.31 |
| Rates and taxes | 226.66 | 69.22 |
| Travel and conveyance | 3,283.43 | 6,028.50 |
| Insurance | 1,168.33 | 1,429.04 |
| Printing and stationery | 151.35 | 234.88 |
| Directors fees & travelling expenses | 92.79 | 74.59 |
| Non executive directors commission | 77.00 | 18.97 |
| Advertisement & publicity | 11,237.39 | 9,436.00 |
| Freight & forwarding | 10,156.75 | 11,122.18 |
| Product promotion & service charges | 10,502.49 | 9,345.34 |
| Sales commission | 1,267.13 | 1,786.80 |
| Provision for service warranties | (211.18) | 1,903.59 |

# Notes to financial statements for the year ended March 31, 2021

## Note 30 : Other expenses (Contd..)

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Impairment allowance for doubtful debts and advances (net of reversals) | (477.93) | 997.04 |
| Bad debts and other irrecoverable debit balances written off | 3,019.62 | 348.61 |
| Payments to auditors (refer note 30(a)) | 166.35 | 161.91 |
| Corporate social responsibility expenditure (refer note 43) | 384.91 | 514.38 |
| Fair value loss on financial instruments at fair value through profit and loss | - | 38.13 |
| E-Waste Management | - | 43.75 |
| Legal and professional fees | 2,300.56 | 4,030.65 |
| Site support charges | 3,303.39 | 4,528.60 |
| Sales tax expenses | 74.11 | 207.06 |
| Security service charges | 1,543.99 | 2,138.84 |
| Miscellaneous expenses | 9,547.00 | 11,375.51 |
| **Total other expenses** | **64,302.09** | **73,212.38** |

## Note 30(a) : Details of payment to auditors

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Payment to Auditors | | |
| As Auditor | | |
| Audit fee | 111.00 | 103.00 |
| Tax audit fee | 5.00 | 5.00 |
| Limited review fees | 44.00 | 40.00 |
| In other capacities | | |
| Certification fees | 4.00 | 7.45 |
| Re-imbursement of expenses | 2.35 | 6.46 |
| **Total payment to auditors*** | **166.35** | **161.91** |

For the previous year, the Company has paid ₹ 75.35 lakhs towards issue expenses for rights issue. This amount has been debited to equity and does not form part of profit and loss account.

## Note 31 : Finance cost

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Interest expense on borrowings | 6,095.64 | 12,991.76 |
| Interest expense on mobilization advances | 88.84 | 2,182.20 |
| Interest expense on lease liability | 944.13 | 1,073.96 |
| Unwinding of discount on provisions | 225.50 | 171.71 |
| Exchange differences regarded as an adjustment to borrowing costs | 54.19 | 283.65 |
| Other borrowing costs | 146.86 | 212.25 |
| **Total** | **7,555.16** | **16,915.53** |

# Notes to financial statements for the year ended March 31, 2021

## Note 32 : Income Tax Expense

### (a) Income Tax Expense

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Current Tax** | | |
| Current income tax charge | 4,761.14 | 119.00 |
| **Total Current tax expense** | **4,761.14** | **119.00** |
| **Deferred Tax (refer note 9)** | | |
| Decrease / (increase) in deferred tax assets | (2,455.94) | 2,514.66 |
| (Decrease) / increase in deferred tax liabilities | 3,448.39 | (381.45) |
| **Total deferred tax expense / (benefit)** | **992.45** | **2,133.21** |
| **Income tax expense in the statement of profit and loss** | **5,753.59** | **2,252.21** |

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

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Profit / (Loss) from continuing operations before income tax expense | 24,117.69 | 2,239.04 |
| Income Tax @ standard tax rate of 25.168% (March 31, 2020 - 25.168%) | 6,069.94 | 563.52 |
| **Tax effect of amounts which are not deductible in calculating taxable income :** | | |
| - Corporate Social responsibility Expenditure | 47.40 | 88.65 |
| **Other items affecting effective tax rate:** | | |
| - Effects of changes in statutory tax rate | - | 1,662.82 |
| - Deferred Tax Asset recognised on Asset held for Sale | - | (76.19) |
| - Exceptional items pursuant to demerger of Hind Lamps Limited | (296.01) | - |
| - Others | (67.74) | 13.41 |
| **Income Tax Expense reported in statement of profit and loss** | **5,753.59** | **2,252.21** |

The Company had computed the tax expense for the previous 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 were determined at the rate of 25.17%, and (b) the deferred tax assets and deferred tax liabilities as on 1st April 2019 were 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 was higher by ₹ 1,662.82 lakhs.

## Note 33 : Employee stock options :

**A. Summary of Status of ESOPs Granted :**

**The position of the existing schemes is summarized as under :**

| Sr. No. | 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. |

# Notes to financial statements for the year ended March 31, 2021

## Note 33 : Employee stock options : (Contd..)

| Sr. No. | Particulars | BAJAJ GROWTH 2007 | ESOP 2011 | ESOP 2015 |
|---|---|---|---|---|
| 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 | The Scheme was amended by shareholders at their Annual General Meeting held on 28 August 2020, by increasing the maximum number of employee stock options to be granted to an individual employee from 40,000 (Forty Thousand) Options to 1,00,000 (One Lakh) Options |
| 9 | Equity shares reserved for issue under Employee Stock Option Scheme and Outstanding as at March 31, 2021 | 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, 2021, of which number of stock options not yet granted under ESOP 2015 scheme are 1,166,013, number of stock options vested & exercisable under ESOP 2011 & ESOP 2015 schemes are 346,665 and number of stock options unvested under ESOP 2015 scheme are 784,875. Thus, total equity shares reserved for issuance under ESOP Scheme outstanding as at March 31, 2021 are 2,297,553. | | |

II. Option Movement during the year ended March 31, 2021 :

| 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 | - | - | 132,500 | 282.71 | 1,267,800 | 422.99 |
| 2 | Options Granted during the year | - | - | - | - | 207,500 | 610.57 |
| 3 | Options Forfeited / Surrendered during the year | - | - | 6,250 | 316.25 | 149,875 | 437.06 |
| 4 | Options Expired (Lapsed) during the year | - | - | 20,150 | 312.42 | 2,500 | 259.24 |
| 5 | Options Exercised during the year | - | - | 77,700 | 269.55 | 219,785 | 376.44 |
| 6 | Number of options outstanding at the end of the year | - | - | 28,400 | 290.26 | 1,103,140 | 466.01 |
| 7 | Number of options exercisable at the end of the year | - | - | 28,400 | 290.26 | 318,265 | 428.98 |

# Notes to financial statements for the year ended March 31, 2021

## Note 33 : Employee stock options : (Contd..)

**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 |

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, 2021** | | |
| 0 to 100 | Nil | Nil | Nil |
| No. of Options Outstanding | Nil | Nil | Nil |
| 101 to 200 | Nil | Nil | Nil |
| No. of Options Outstanding | Nil | Nil | Nil |
| 201 to 300 | Nil | 0.95 | 1.70 |
| No. of Options Outstanding | Nil | 17,900 | 69,175 |
| 301 to 400 | Nil | 0.27 | 4.00 |
| No. of Options Outstanding | Nil | 10,500 | 437,540 |
| 401 to 500 | Nil | Nil | 3.85 |
| No. of Options Outstanding | Nil | Nil | 198,800 |
| 501 to 600 | Nil | Nil | 3.48 |
| No. of Options Outstanding | Nil | Nil | 84,375 |
| 601 to 700 | Nil | Nil | 3.16 |
| No. of Options Outstanding | Nil | Nil | 200,750 |
| 701 to 800 | Nil | Nil | 5.50 |
| No. of Options Outstanding | Nil | Nil | 112,500 |
| **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 |

# Notes to financial statements for the year ended March 31, 2021

## Note 33 : Employee stock options : (Contd..)

| | BAJAJ GROWTH 2007 | ESOP 2011 | ESOP 2015 |
|---|---|---|---|
| 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 |

IV Weighted Average Fair Value of Options Granted during the year ended March 31, 2021 whose,

| | 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 | 240.38 |
| (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, 2020 whose,

| | 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 |

V The weighted average market price of options exercised :

| | BAJAJ GROWTH 2007 | ESOP 2011 | ESOP 2015 |
|---|---|---|---|
| During the year ended March 31, 2021 | Nil | 616.71 | 721.47 |
| During the year ended March 31, 2020 | Nil | 463.37 | 522.14 |

VI Method and Assumptions used to estimate the Fair Value of Options Granted during the year ended March 31, 2021 :

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

The Assumptions used in the model are as follows:

| | BAJAJ GROWTH 2007 | ESOP 2011 | ESOP 2015 |
|---|---|---|---|
| **Variables** | **Weighted Average** | **Weighted Average** | **Weighted Average** |
| 1. Risk Free Interest Rate | No options granted during the year | No options granted during the year | 5.14% |
| 2. Expected Life (in years) | | | 4.15 |
| 3. Expected Volatility | | | 41.35% |
| 4. Dividend Yield | | | 0.16% |
| 5. Exercise Price (₹) | | | 610.57 |
| 6. Price of the underlying share in market at the time of the option grant. (₹) | | | 610.57 |

# Notes to financial statements for the year ended March 31, 2021

## Note 33 : Employee stock options : (Contd..)

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:

| | BAJAJ GROWTH 2007 | ESOP 2011 | ESOP 2015 |
|---|---|---|---|
| **Variables** | **Weighted Average** | **Weighted Average** | **Weighted Average** |
| 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 |

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-21 | 31-Mar-20 |
|---|---|---|
| 1 Employee Stock Option Plan Expense | 421.99 | 521.24 |
| 2 Total ESOP Reserve at the end of the year | 1,181.39 | 1,261.09 |

## Note 34 : Fair value measurements

### (i) Financial instruments by category

The carrying amounts of financial instruments by class are as follows

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **A. Financial assets** | | |
| **I. Measured at amortized cost** | | |
| Investments | 0.00 | 933.86 |
| Trade Receivables | 191,621.05 | 253,653.38 |
| Loans | 11,145.76 | 4,189.37 |

# Notes to financial statements for the year ended March 31, 2021

## Note 34 : Fair value measurements (Contd..)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Cash and Cash Equivalents | 4,562.91 | 10,160.64 |
| Bank Balances other than above | 1,592.54 | 307.56 |
| Other Financial Assets | 3,223.80 | 2,708.25 |
| | | |
| **II. Measured at fair value through profit and loss (FVTPL)** | | |
| Other Financial Assets | | |
| - Forward contracts | 1.82 | 242.75 |
| - Fair value of call option | 110.11 | 213.00 |
| Investments | 469.74 | 352.37 |
| | **212,727.73** | **272,761.18** |
| | | |
| **B. Financial liabilities** | | |
| **I. Measured at amortized cost** | | |
| Borrowings | 25,877.78 | 73,748.62 |
| Trade Payables | 94,411.35 | 90,029.58 |
| Other Financial Liabilities | 74,112.10 | 67,075.01 |
| Lease Liabilities | 3,863.29 | 9,862.88 |
| | | |
| **II. Measured at fair value through profit and loss (FVTPL)** | | |
| Other Financial Liabilities | | |
| - Forward contracts | 74.67 | - |
| - Fair value of put option | 84.37 | 153.56 |
| | **198,423.56** | **240,869.65** |

**(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, 2021** | | | | | | |
| Other Financial Assets | | | | | | |
| - Forward contracts | Mark to Market | 1.82 | 1.82 | | 1.82 | |
| - Fair value of call option | Note b | 110.11 | 110.11 | | | 110.11 |
| Investments | Discounted Cash Flow / Net Asset Value (note a) | 469.74 | 469.74 | | | 469.74 |
| Other Financial Liabilities | | | | | | |
| - Forward contracts | Mark to Market | 74.67 | 74.67 | | 74.67 | |
| - Fair value of put option | Note b | 84.37 | 84.37 | | | 84.37 |
| | | **740.71** | **740.71** | **-** | **76.49** | **664.22** |
| | | | | | | |
| **As at March 31, 2020** | | | | | | |
| Other Financial Assets | | | | | | |
| - Forward contracts | Mark to Market | 242.75 | 242.75 | | 242.75 | |
| - Fair value of call option | Note b | 213.00 | 213.00 | | | 213.00 |
| Investments | Discounted Cash Flow / Net Asset Value (note a) | 352.37 | 352.37 | | | 352.37 |

# Notes to financial statements for the year ended March 31, 2021

## Note 34 : Fair value measurements (Contd..)

| Particulars | Valuation Techniques | Carrying values | Fair Values | Fair Values Measurement using | | |
|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 |
| Other Financial Liabilities | | | | | | |
| - Forward contracts | Mark to Market | - | - | | - | |
| - Fair value of put option | Note b | 153.56 | 153.56 | | | 153.56 |
| | | **961.69** | **961.68** | **-** | **242.75** | **718.93** |

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 long term loans and 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, 2021. The valuation has been performed using the below stated significant unobservable inputs as at March 31, 2021.

Significant unobservable inputs used in Level 3 fair values as at March 31, 2021

| Particulars | Significant Unobservable Inputs | Sensitivity |
|---|---|---|
| Investments (Equity and Preference shares of Starlite Lighting Limited) and Corporate guarantees given by the Company on behalf of Starlite Lighting Limited | Discount rate – 13.60%<br>Terminal value growth rate – 3% | The enterprise value is greater than the value of the external debt of SLL and considering the sensitivity around the assumptions used, there is no impairment required as on March 31, 2021<br>1% increase in discount rate will decrease fair value by ₹ 3,039.17 lakhs.<br>1% decrease in discount rate will increase the fair value by ₹ 3,647.67 lakhs<br>1% increase in terminal value growth rate will increase fair value by ₹ 2,395.07 lakhs.<br>1% decrease in terminal value growth rate will decrease the fair value by ₹ 1,992.71 lakhs |

### Note b

The call and put option has been valued by applying the Black & Scholes Model considering risk free rate of 3.48%, time to maturity of 0.42 years and annualised volatility of 37.07%

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

# Notes to financial statements for the year ended March 31, 2021

## Note 34 : Fair value measurements (Contd..)

**(iii) Reconciliation of Level 3 fair value measurement**

(₹ in Lakhs)

| Particulars | 31-Mar-21 |
|---|---|
| **Opening balance as on 31st March 2020** | 718.93 |
| Additions made during the period | 0.37 |
| Loss recognised in statement of profit and loss | (55.07) |
| **Closing balance as on 31st March 2021** | **664.23** |

## Note 35: Financial risk management objectives and policies

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

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 Company 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 Company 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 Company is exposed to credit risk from its operating activities mainly in relation to trade and other receivables and bank deposits. Further, the Company is also exposed to credit risk arising from its loans, advances and investment in preference shares of its affiliate companies.

**Trade and other receivables**

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

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

Consumer products

The company 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 company. In case of government sector, the credit risk is low.

Engineering and projects

The Company 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 Company 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 company 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.

# Notes to financial statements for the year ended March 31, 2021

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

The company 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 company 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 Company 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 Company also provides on more case-to-case basis, since they are large projects in individuality.

The maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 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 | Amount |
|---|---|
| **Impairment allowance on March 31, 2020** | **13,968.89** |
| Additions during the year | 2,362.09 |
| Reversals during the year since amounts are written off | (3,072.87) |
| Reversal during the year since provision no longer required | (750.65) |
| Acquired on demerger of Hind Lamps Limited | 170.23 |
| **Impairment allowance on March 31, 2021** | **12.947.69** |

### Bank deposits

The company 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 March 31, 2021 and March 31, 2020 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 (Nirlep Appliances Pvt Ltd and Starlite Lighting Limited) to meet their capex and working capital requirements. 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 company 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.

# Notes to financial statements for the year ended March 31, 2021

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

### (i) Financing arrangements

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

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Floating / Fixed Rate | | |
| - Expiring within One year (Bank overdraft and other facilities) | 232,675 | 204,348 |

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.

### (ii) Maturities of financial liabilities

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

| Particulars | Carrying value as at March 31, 2021 | upto 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Borrowings | 25,877.78 | 23,420.16 | 1,274.29 | 1,183.33 | - | 25,877.78 |
| Trade payables | 94,411.35 | 94,411.35 | - | - | - | 94,411.35 |
| Lease liabilities | 3,863.29 | 1,937.17 | 1,246.54 | 1,216.19 | - | 4,399.90 |
| Other financial liabilities | 74,271.14 | 75,354.60 | 84.37 | - | - | 75,438.97 |
| **Total** | **198,423.56** | **195,123.28** | **2,605.20** | **2,399.52** | **-** | **200,128.00** |

| Particulars | 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 | 73,748.62 | 65,757.17 | 5,533.18 | 2,458.27 | - | 73,748.62 |
| Trade payables | 90,029.58 | 90,029.58 | - | - | - | 90,029.58 |
| Lease Liabilities | 9,862.88 | 3,518.01 | 2,702.53 | 4,553.50 | 2,372.19 | 13,146.23 |
| Other financial liabilities | 67,228.57 | 70,507.88 | 201.02 | - | - | 70,708.90 |
| **Total** | **240,869.65** | **229,812.64** | **8,436.73** | **7,011.77** | **2,372.19** | **247,633.33** |

## (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 company 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, 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 financial statements for the year ended March 31, 2021

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

The company 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 authorizing 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 based on the underlying liability for the estimated period which would be closed to the likely maturity date of the forex liability proposed to be hedged. On maturity date, the forward contracts are utilized for settlement of the underlying transactions or cancelled.

(a) Foreign currency risk exposure:

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

(₹ in Lakhs)

| Particulars | 31-Mar-21 | | 31-Mar-20 | |
|---|---|---|---|---|
| | Financial assets | Financial liabilities | Financial assets | Financial liabilities |
| USD | 472.20 | 7,423.26 | 2,962.28 | 10,656.17 |
| EUR | - | 7.66 | - | 33.11 |
| RMB | 49.92 | - | 62.63 | - |
| CFA | 261.52 | 191.22 | 51.55 | - |
| GBP | 42.55 | - | 42.16 | - |
| RMB | 10.78 | 57.44 | - | - |
| KES | 2,290.94 | - | 178.93 | - |
| ZMW | 7.87 | 75.83 | 1.79 | - |
| AED | 43.44 | 20.39 | 0.66 | 0.39 |

Further, the Company has open foreign exchange forward contracts amounting to USD 117.77 lakhs (March 31, 2020 - USD 110.74 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-21 | 31-Mar-20 |
| USD sensitivity | | |
| INR appreciates by 5% (31 March 2020 - 5%) | 347.55 | 384.69 |
| INR depreciated by 5%(31 March 2020 - 5%) | (347.55) | (384.69) |

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

### (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 fixed in nature.

Sales tax deferral loan is interest free. Also in case of short term borrowings, the interest rate is fixed in a large number of cases and linked to the LIBOR in a few cases. Hence, interest rate risk is assessed to be low. Accordingly, the sensitivity / exposure to change in interest rate is insignificant

# Notes to financial statements for the year ended March 31, 2021

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

### (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 Company 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 Company 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 Company 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 Company 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders (buy-back) or issue new shares.

The Company'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 Company 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 Company 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 Company's strategy is to maintain a gearing ratio within 2 times. The Debt Equity ratio is as follows:

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Total debt | 46,373.15 | 95,715.22 |
| Total equity | 160,473.27 | 137,926.32 |
| Total debt to equity ratio | 0.29 | 0.69 |

## NOTE 37: Segment reporting

The Company 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, Power Distribution and Illumination; and "Others" includes Wind Energy.

### 1) Segment Results

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| a) Consumer Products | 32,400.81 | 20,822.53 |
| b) EPC | (5,412.63) | (3,462.24) |
| c) Others | (27.87) | (15.28) |
| **Operating Segment Profit** | **26,960.31** | **17,345.01** |
| **Unallocated income / (expenses)** | | |
| Depreciation & amortisation expenses | (30.16) | (26.90) |

# Notes to financial statements for the year ended March 31, 2021

## NOTE 37: Segment reporting (Contd..)

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Finance Cost | (7,555.16) | (16,915.53) |
| Interest income on financial assets measured at amortised cost | 890.51 | 88.74 |
| Profit / (Loss) on sale of Property, plant & equipment | 1,748.00 | (17.19) |
| Rent received | 258.24 | 258.61 |
| Interest on Income Tax refund | 394.85 | 120.16 |
| Others | 274.98 | 1,386.15 |
| **Profit before income tax and exceptional items** | **22,941.57** | **2,239.05** |
| Exceptional items | (1,176.12) | - |
| **Profit before income tax** | **24,117.69** | **2,239.05** |

The operating segment results includes depreciation and amortization of ₹ 5,074.31 lakhs (March 31, 2020 – ₹ 4,680.17 lakhs) for consumer products, ₹ 1,783.39 lakhs (March 31, 2020 – ₹ 2,055.84 lakhs) for EPC and ₹ 38.26 lakhs (March 31, 2020 – ₹ 38.26 lakhs) for others.

**2) Segment Revenue:**

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| a) Consumer Products | 330,353.97 | 308,462.33 |
| b) EPC | 126,893.41 | 189,175.59 |
| c) Others | 58.96 | 70.66 |
| **Sub-total** | **457,306.34** | **497,708.58** |
| Less: Inter Segment Revenue | - | - |
| **Net Sales / Income from Operations** | **457,306.34** | **497,708.58** |

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

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| India | 443,649.99 | 482,668.42 |
| Outside India | 13,656.35 | 15,040.16 |
| **Total** | **457,306.34** | **497,708.58** |

**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 | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| a) Consumer Products | 158,542.88 | 141,812.07 |
| b) EPC | 193,385.75 | 251,816.13 |
| c) Oth-ers | 133.10 | 128.08 |
| **Total Segment Assets** | **352,061.73** | **393,756.28** |
| **Unallocated** | | |
| Deferred tax assets | 5,249.35 | 4,530.57 |
| Income tax assets (net) | 7,560.12 | 9,738.85 |
| Investments | 3,785.06 | 5,286.09 |
| Investment property | 12,600.00 | - |

# Notes to financial statements for the year ended March 31, 2021

## NOTE 37: Segment reporting (Contd..)

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Property, Plant & Equipments, Capital work in progress, Intangible assets and Intangi-ble assets under development | 18,988.27 | 20,578.39 |
| Cash & cash equivalents | 4,562.91 | 10,468.19 |
| Others | 20,201.82 | 11,495.91 |
| **Total assets as per balance sheet** | **425,009.26** | **455,854.28** |

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 | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| India | 66,326.01 | 61,506.51 |
| Outside India | 94.68 | 87.40 |
| **Total** | **66,420.69** | **61,593.91** |

The capital expenditure incurred for consumer products is ₹ 1,184.63 lakhs (March 31, 2020 – ₹ 607.35 lakhs), for EPC is ₹ 305.07 lakhs (March 31, 2020 – ₹ 180.38 lakhs) and for Unallocable is ₹ 494.86 lakhs (March 31, 2020 – ₹ 1,922.67 lakhs).

### 4) Segment Liabilities

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

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| a) Consumer Products | 122,653.89 | 103,695.58 |
| b) EPC | 82,707.78 | 110,444.91 |
| c) Oth-ers | - | - |
| **Total Segment Liabilities** | **205,361.67** | **214,140.49** |
| **Unallocated** | | |
| Borrowings | 46,373.17 | 95,715.22 |
| Others | 12,801.15 | 8,072.25 |
| **Total liabilities as per balance sheet** | **264,535.99** | **317,927.96** |

## Note 38: Disclosure of transactions with related parties

(₹ in Lakhs)

| Name of Related Party and Nature of relationship | Nature of Transaction | 2020-21 | | 2019-20 | |
|---|---|---|---|---|---|
| | | 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 |
| **(A) Parent Entities** | | | | | |
| | Not Applicable | | | | |
| **(B) Subsidiaries - Nirlep Appliances Private Limited** | | | | | |
| | Purchases | 4,524.49 | (151.98) | 3,456.75 | (155.26) |
| | MEIS License Purchase | - | - | 27.12 | - |
| | Royalty Paid | 43.31 | (11.65) | 34.53 | (5.81) |
| | Loan given | 1,300.00 | 3,900.00 | 1,000.00 | 2,600.00 |
| | Trade Advance Given | 1,350.00 | 314.04 | 950.00 | 155.86 |

# Notes to financial statements for the year ended March 31, 2021

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

(₹ in Lakhs)

| Name of Related Party and Nature of relationship | Nature of Transaction | 2020-21 | | 2019-20 | |
|---|---|---|---|---|---|
| | | 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 |
| | Deposit Given | - | - | - | - |
| | Interest Received | 352.51 | 22.31 | 292.52 | 23.23 |
| | Sales of Asset | 9.37 | 0.48 | 15.80 | - |
| **(C) Associate - Hind Lamps Limited** | | | | | |
| | Purchases | 329.08 | - | 6,190.50 | (215.19) |
| | Trade Advance Given | - | - | - | 3,755.95 |
| | Loan given | 380.00 | - | 1,577.00 | 1,577.00 |
| | Interest on loan and advance | 59.40 | - | 225.82 | 40.32 |
| | Sales | 356.61 | 60.50 | 4,609.15 | 42.22 |
| | Rent Received | 7.55 | 1.35 | 24.78 | - |
| | 0% Non Convertible Redeemable Preference Shares | - | - | - | 933.86 |
| | Finance Income of preference shares (financial asset at amortised cost) | 24.51 | - | 88.74 | - |
| **(D) Joint Venture - Starlite Lighting Limited** | | | | | |
| | Purchases | 17,623.99 | - | 14,945.29 | (105.41) |
| | Trade Advance Given* | 1,400.00 | 5,395.32 | 550.00 | 5,214.77 |
| | Loans given | 7,240.00 | 7,240.00 | - | - |
| | Interest on loan and advance | 1,169.60 | - | 806.85 | 64.20 |
| | Interest Paid | - | - | 21.75 | (19.58) |
| | Sales of Components | 2,303.06 | 3.03 | 1,734.32 | - |
| **(E) Key Management Personnel#** | | | | | |
| | Short-term employee benefits | 1,706.39 | (531.36) | 941.82 | (54.71) |
| | Gratuity Settlement | - | - | - | - |
| | Post- employment benefits (contribution to super annunation fund) | 60.64 | - | 54.48 | - |
| | Long-term employee benefits (contribution to provident fund) | 46.19 | - | 40.84 | - |
| | Perquisite value of ESOPs exercised during the year | 16.46 | - | 8.34 | - |
| | **Total Compensation** | **1,829.67** | **(531.36)** | **1,045.48** | **(54.71)** |
| | **Dividend paid** | **-** | **-** | **708.50** | **-** |
| | **Right Shares Issued** | **-** | **-** | **7,641.87** | **-** |
| **(F) 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** | | | | | |
| | Advance given | 1.80 | 1.80 | - | - |
| | Reimbursement of Expenses | 37.58 | (6.56) | 229.08 | (45.09) |
| | Services Received | 25.81 | (39.46) | 147.11 | (71.37) |

* 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.

# Notes to financial statements for the year ended March 31, 2021

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

(₹ in Lakhs)

| Name of Related Party and Nature of relationship | Nature of Transaction | 2020-21 | | 2019-20 | |
|---|---|---|---|---|---|
| | | 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 |
| | Interest Received | 0.17 | - | - | - |
| | CSR Contribution | - | - | 32.13 | - |
| | Right Shares Issued | - | - | 260.53 | - |
| | Rent Paid | 57.00 | - | 54.75 | - |
| | Deposits given | - | 28.24 | - | 29.70 |
| | Deposits Refund | 1.57 | - | | |
| | Dividend Paid | - | - | 59.17 | - |
| | Other Expenses | - | - | - | - |
| | Sales | 777.38 | 352.28 | 664.15 | 160.62 |
| | Purchases | 75.21 | (57.43) | 190.09 | - |
| **(G) 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 | - | 624.61 | - | 605.36 |
| | Claims Received | 32.31 | - | 34.57 | - |
| | Insurance Premium paid | 1,221.65 | - | 971.52 | - |
| | Other Expenses | 4.25 | (0.74) | 3.28 | - |
| | Contribution to Gratuity Fund | - | 5,360.58 | 1,000.00 | 5,003.05 |
| | CSR Contribution | 175.37 | - | 436.70 | - |
| | Sales | 23.93 | 26.35 | 146.38 | 67.11 |
| | Sale of Asset | 6.00 | - | | |
| | Advance for Capital Asset | - | - | 0.97 | - |
| | Right Shares Issued | - | - | 15,114.24 | - |
| | Reimbursement of Expenses | 4.79 | 0.03 | 5.59 | 0.03 |
| | Rent Deposit Advanced | - | 150.00 | - | 150.00 |
| | Rent Paid | 35.40 | (3.21) | 35.40 | (2.70) |
| | Fixed Assets Purchase | - | - | 0.59 | - |
| | Dividend Paid | - | - | 1,453.83 | - |
| | Purchases | 1.46 | - | - | - |
| | Inter Corporate Deposit taken | - | - | 20,000.00 | - |
| | Interest on Inter Corporate Deposit | - | - | 676.44 | - |
| | Advance given | 5.00 | - | - | - |
| | Services Received | 9.20 | (1.45) | - | - |
| | Rent Received | 2.11 | 0.18 | 11.69 | (0.43) |
| **(H) 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 | - |

# Notes to financial statements for the year ended March 31, 2021

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

(₹ in Lakhs)

| Name of Related Party and Nature of relationship | Nature of Transaction | 2020-21 | | 2019-20 | |
|---|---|---|---|---|---|
| | | 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 |
| **(I) 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 Employ-ees Provident Fund | 2,123.55 | (170.88) | 2,097.93 | (176.57) |
| | Matchwel Electrical India Limited Em-ployees Provident Fund Trust | 41.49 | (3.69) | 46.34 | (3.97) |
| **(J) Transactions with the persons identified in para 9 (a) (i) of Ind AS 24 - Related Party Disclosures** | | | | | |
| | Refund of Advance Rent | | (15.00) | - | (15.00) |

## Note 39. Earnings per share:

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| (Loss) / Profit for the year (A) (₹ In Lakhs) - before exceptional | 17,187.98 | (13.16) |
| (Loss) / Profit for the year (A) (₹ In Lakhs) - after exceptional | 18,364.10 | (13.16) |
| Weighted average number of equity shares for basic EPS ( B ) | 114,218,703 | 103,879,353 |
| Add: Effect of dilution (employee stock options - Refer Note 33) | 404,101 | 109,139 |
| Weighted average number of equity shares for diluted EPS ( C ) | 114,622,804 | 103,988,492 |
| **Earnings Per Share in ₹ :- after exceptional items** | | |
| (a) Basic EPS (A/B) | 16.08 | (0.01) |
| (b) Diluted EPS (A/C) | 16.02 | (0.01) |
| **Earnings Per Share in ₹ :- before exceptional items** | | |
| (a) Basic EPS (A/B) | 15.05 | (0.01) |
| (b) Diluted EPS (A/C) | 15.00 | (0.01) |

## Note 40. Commitments and contingencies

**a. Contingent liabilities**

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **Contingent Liabilities not provided for :** | | |
| i) Claims against the Company not acknowledged as debts (Refer Note xi, xii, xiii below) | 2,067.20 | 2,228.95 |
| ii) Guarantees on behalf of Joint Venture ₹ 27,200.00 Lakhs (Previous Year ₹ 26,700.00 Lakhs) (refer note x below) | 22,986.70 | 22,890.44 |
| 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 | 385.76 | 355.76 |
| vi) Sales Tax matters under dispute | 4,655.82 | 9,429.28 |
| vii) Uncalled liability in respect of partly paid Shares held as investments | 7.20 | 7.20 |
| viii) Others | 181.60 | - |

# Notes to financial statements for the year ended March 31, 2021

## Note 40. Commitments and contingencies (Contd..)

ix. 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 was supposed to be listed in March, 2020 but progress of the case was stalled due to lockdown as courts were only taking up extremely urgent cases through video conferences and since then no development has taken place in the matter.

The Company has been granted EPR authorization 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.

x. 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, 2021, the utilised amounts of these facilities were ₹ 22,986.70 lakhs. Management has determined the enterprise value of SLL based on the discounted cash flow projections for a period of 5 years, terminal growth rate of 3% and a discounting factor of 13.60%. 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 (FY22 – FY26) is considered which has contributed ₹ 177.42 crores to the enterprise value. Post high growth period, perpetuity sales growth rate is considered at 3%. 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).

xi. 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.

xii. 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 ₹ 292.28 lakhs as contingent liability.

xiii. 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 case under MSMED Act, 2006 claiming interest as well as principal against the Company. Per the case, 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 ₹ 182.83 lakhs as contingent liability.

xiv. 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 company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

# Notes to financial statements for the year ended March 31, 2021

## Note 40. Commitments and contingencies (Contd..)

**b. Commitments**

i. Estimated amounts of contracts remaining to be executed in capital account (net of capital advances) is ₹ 1,474.86 lakhs (March 31, 2020, ₹ 687.44 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, 2021, 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**

Disaggregation of the Company's revenue from contracts with customers and reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price is as given below.

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| **A. Revenue from contracts with customers** | | |
| Consumer products (includes appliances, lighting and fans) | 330,102.00 | 308,178.92 |
| Engineering, procurement and construction (EPC) (includes power distribution, transmission line towers and illumination) | 126,076.73 | 188,552.51 |
| Others | 58.97 | 70.67 |
| | **456,237.70** | **496,802.11** |
| **B. Reconciliation of contracted price with (A) above** | | |
| Revenue at contracted price | 468,290.26 | 523,149.74 |
| Unbilled on account of work under certification | (3,731.26) | (8,394.88) |
| Billing in excess of contract revenue | 5,924.97 | (5,147.68) |
| Revenue deferred on customer loyalty program | (4,385.12) | (6,071.15) |
| Discounts | (9,598.67) | (7,086.16) |
| Others | (262.48) | 352.23 |
| **Revenue from contracts with customers (a)** | **456,237.70** | **496,802.10** |
| **Add: Other revenue (b)** | | |
| Claims received, export incentives, etc | 1,068.64 | 906.48 |
| **Revenue from operations (a+b)** | **457,306.34** | **497,708.58** |

(₹ in Lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | 31-Mar-21 | 31-Mar-20 |
| Timing of revenue recognition | | |
| At a point in time | 330,412.93 | 308,533.00 |
| Over a period of time | 126,893.41 | 189,175.58 |
| **Revenue from operations** | **457,306.34** | **497,708.58** |

# Notes to financial statements for the year ended March 31, 2021

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

### (ii) Contract balances

The details of the contract assets, contract liabilities and receivables are as under

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Contract assets | 6,861.30 | 10,592.55 |
| Contract liabilities | 20,545.95 | 37,046.31 |
| Accounts receivables | 191,621.05 | 253,653.38 |
| Revenue recognised in the period from: | | |
| Amounts included in contract liability at the beginning of the period | 16,551.91 | 42,354.30 |

The contract assets and contract liabilities balances mentioned above pertain to the EPC segment of the Company. The Company executes the work as per the terms and agreements mentioned in the contracts. The Company 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 Company satisfies the performance obligation under the contract.

### (iii) Performance obligations

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

**Consumer Product Segment:**

a) Delivery of goods:

The Company 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 Company offers standard warranty on selected products. The Company 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 Company operates a customer loyalty program (for retailers), where the customer is awarded certain points on purchase of selected products from the Company. The customer (retailer) can redeem these points in future. The Company 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 Company 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.

# Notes to financial statements for the year ended March 31, 2021

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

### 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 Company 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 .

### (iv) Unsatisfied performance obligations

The transaction price allocated to the unsatisfied performance obligations are as below:

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Consumer products | 18,261.64 | 13,886.31 |
| EPC | 79,255.75 | 163,320.14 |
| **Total** | **97,517.39** | **177,206.45** |

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

The incremental costs of obtaining a contract with a customer are recognised as an asset if the Company expects to recover them. The Company incurs costs such as bank guarantee charges and insurance charges. The Company amortizes the same over the period of the contract. The total unamortised balances towards such cost is as below.

(₹ in Lakhs)

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Unamortised portion of cost to obtain a contract | 11.01 | 153.18 |
| Amount recognised in the profit and loss account | 2,408.46 | 3,403.43 |

## Note 42: Leases:

The Company 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 Company 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 Company has few guest houses, residential premises and office premises also on leases which generally for a longer period ranging from 2-5 years.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company 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 Company 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 Company 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 Company 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 Company 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.

# Notes to financial statements for the year ended March 31, 2021

## Note 42: Leases: (Contd..)

**Disclosures under Ind AS 116**

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Amortization charge for right of use assets | 3,123.16 | 2,966.73 |
| Interest expense on lease liabilities | 944.13 | 1,073.96 |
| Lease rent expenses for short term leases | 1,273.20 | 1,972.62 |
| Lease rent expenses for low value assets | 111.09 | 213.46 |
| Cash outflow towards lease liabilities | 3,652.65 | 3,280.61 |
| - as principal | 2,708.52 | 2,206.65 |
| - as interest | 944.13 | 1,073.96 |
| Carrying amount of right of use assets | 6,123.04 | 12,047.28 |
| Carrying amount of lease liabilities | 3,863.29 | 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: Corporate Social Responsibility

As per section 135 of the Companies Act, 2013, the gross amount to be spent by the Company during financial year 20-21 is ₹ 384.91 lakhs (Previous year ₹ 505.92 Lakhs).The Company has spent ₹ 387.24 lakhs (Previous year ₹ 514.38 Lakhs) on various CSR initiatives as below

(₹ in Lakhs)

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Two percent of average net profit of the company as per section 135(5) | 384.91 | 505.92 |
| Spent on ongoing projects | 65.84 | 435.82 |
| Spent on other than ongoing projects | 109.32 | |
| Administrative expenses | 5.17 | 9.56 |
| Others | - | 69.00 |
| **Total Amount Spent for the Financial Year. (in ₹) (a)** | **180.33** | **514.38** |
| **Total Amount transferred to Unspent CSR Account as per section 135(6) (b)** | **204.58** | - |
| **Total (a + b)** | **384.91** | **514.38** |

**Note 44:** During the year, the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 21, 2020 had approved the scheme of arrangement for demerger of the manufacturing undertaking of the Hind Lamps Limited (associate of the Company) into the Company, which has been filed with the Registrar of Companies on June 30, 2020. The Company has accounted for the demerger as a business combination under Ind AS 103 as per the Scheme and accounted for the fair value of assets and liabilities acquired. Consequently, the Company has derecognised its existing 19% of the proportionate investment in the manufacturing undertaking of Hind Lamps Limited, resulting in a gain of ₹ 1,176.16 lakhs which has been disclosed as an exceptional items in the financial statements. As per the Ind AS 103 and the Scheme, the difference of ₹ 165.19 lakhs, between the fair value of the assets acquired, liabilities assumed and the consideration has been credited to other comprehensive income and accumulated in equity as capital reserve.

(₹ in Lakhs)

| Particulars | Amount |
|---|---|
| **Assets** | **16,656.12** |
| Cash and cash equivalents | 3.95 |
| Others current financial assets | 68.22 |
| Inventories | 767.73 |
| Other current assets | 159.47 |
| Deferred tax assets (net) | 1,944.83 |

# Notes to financial statements for the year ended March 31, 2021

## Note 44: (Contd..)

(₹ in Lakhs)

| Particulars | Amount |
|---|---|
| Financial Assets - Non Current | 35.34 |
| Income tax assets (net) | 5.14 |
| Investment Properties | 12,600.00 |
| Other non-current assets | 6.06 |
| Property, plant and equipment | 1,042.66 |
| Right of Use Assets | 22.72 |
| **Liabilities** | **14,166.30** |
| Financial Liabilities - Current | 4,276.55 |
| Other Current Liabilities | 3,985.86 |
| Provisions - Current | 100.00 |
| Employee Benefit Obligations - Non Current | 1,117.78 |
| Financial Liabilities - Non Current | 4,686.11 |
| **Fair value of net assets acquired (a)** | **2,489.82** |
| **Consideration (equity shares of BEL and derecognition of existing equity) (b)** | **2,324.64** |
| Equity shares issued | 9.43 |
| Securities premium | 1,842.31 |
| Derecognition of existing value of equity as an associate | 472.90 |
| **Gain on bargain purchase on demerger (a-b)** | **165.18** |

**Note 45:** The company has evaluated subsequent events from the balance sheet date through May 25, 2021 (date of adoption of accounts), the date at which the standalone financial statements were available to be issued, and determined that there are no material items to disclose other than those disclosed above.

Further to the above, the Company has executed Control Transfer Agreement as per the details below.

**Execution of Control Transfer Agreement:**

The Company, at its meeting held on Friday, April 30, 2021 ("Effective Date"), executed the Control Transfer Agreement ("CTA") with (i) Shri Ravindra Bharati and Shri Arvind Bharati (collectively, the "Outgoing Promoters"), who, along with the Company, were promoters / joint promoters of Starlite Lighting Limited ("SLL"), (ii) some other shareholders of SLL (related to the outgoing promoters or belonging to their business group), and (iii) SLL

- to terminate the Shareholders Agreement dated February 22, 2007 by and between the outgoing promoters, company and SLL; and
- to record the agreed terms and conditions for the relinquishment and transfer of the joint control and management rights of SLL by the outgoing promoters in favour of the Company such that the Company shall have the sole control and management rights of SLL from the start of the business hours on the Effective Date.

In consideration of the said relinquishment and transfer of joint control and management rights of SLL by outgoing promoters in favour of the Company, the Company will pay an aggregate control premium of ₹1,480 lakhs, plus GST as applicable, to the outgoing promoters, subject to the terms and conditions of the said CTA.

Subsequently, SLL has become a subsidiary of the Company w.e.f. the Effective Date (i.e. April 30, 2021)

**Execution of Share Subscription Agreement:**

With the approval granted by the Board of the Company at its Meeting, the Share Subscription Agreement ("SSA") has been executed on April 30, 2021 (after the execution of CTA) by and amongst: (i) the Company, (ii) SLL, (iii) Shri Ravindra Bharati, and (iv) Shri Arvind Bharati, for subscribing to the 4,50,00,000 Equity Shares of SLL ("Subscription Shares") by the Company and/or by its identified purchaser(s) at a price of ₹10/- per Equity Share, which are to be issued on a

# Notes to financial statements for the year ended March 31, 2021

## Note 45: (Contd..)

private placement / preferential allotment basis, subject to the approval of the board of directors and shareholders of SLL.

**Scheme of merger of SLL into the Company:**

The Board of Directors of the Company, at its meeting held on May 25, 2021, considered and approved the Scheme of Merger by Absorption of Starlite Lighting Limited ("Transferor Company") with the Transferee Company and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme"). The Scheme is subject to the necessary statutory and regulatory approvals including the approvals of Hon'ble National Company Law Tribunal, the shareholders and creditors of each of the companies.

**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, May 25, 2021

**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, May 25, 2021

**Anant Purandare**
President &
Chief Financial Officer

**Shailesh Haribhakti**
Chairman - Audit Committee
DIN: 00007347