

# Crompton



Crompton Greaves Consumer Electricals Limited  
Annual Report 2019-20



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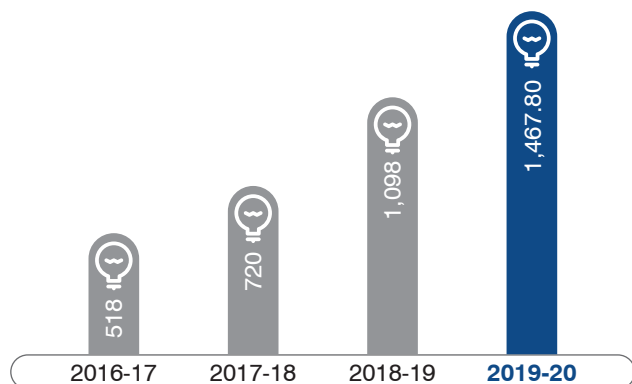
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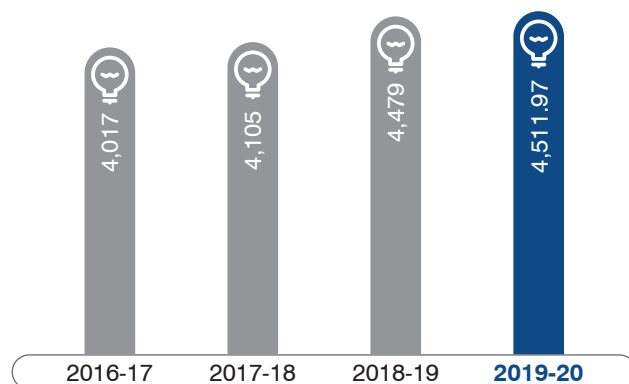
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# Standalone Financial Highlights

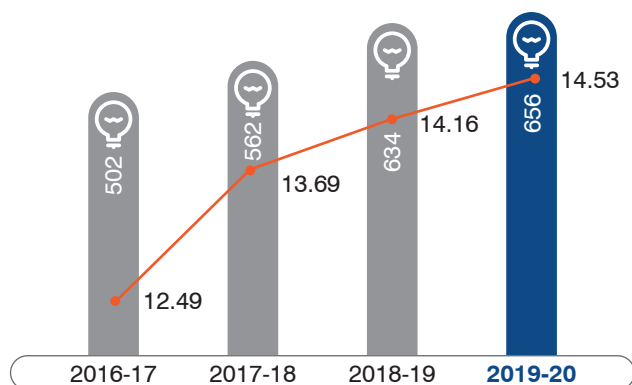
**Net Worth** (₹ Crore)



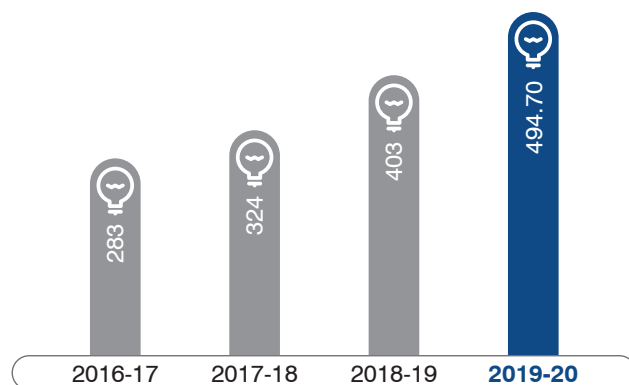
**Revenue from Operations** (₹ Crore)



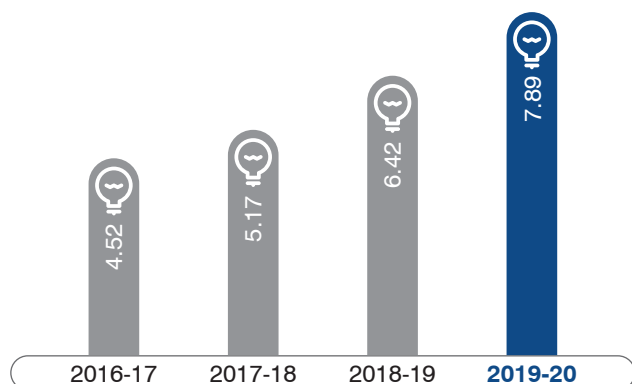
**EBIDTA** (₹ Crore) / **EBIDTA Margin** (%)



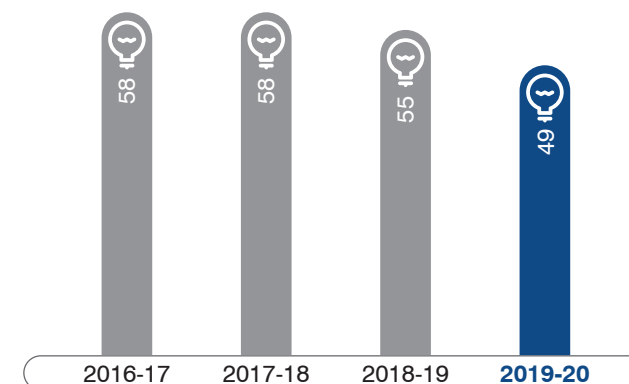
**Profit After Tax** (₹ Crore)



**Basic EPS** (₹)



**RoCE** (%)



## Letter to Shareholders



Dear Shareholders,

It gives me great pleasure to present to you, on behalf of our Board of Directors, a report on your Company's performance in FY20.

During the year, we delivered strong meaningful innovations for customers across our business lines and supported our new product introductions with increased marketing spends, improving our brand recall and awareness. Our Go-to-Market strategy enabled us to add quality channel partners and also improved our distribution reach in existing geographies over last year. Information technology continued to be a significant business enabler. Integration of powerful IT tools in our supply chain operations and sales function delivered improved business efficiency by enabling better engagement of stakeholders in the value chain and enhanced ease of doing business.

Our Go-to-Market strategy enabled us to add quality channel partners and also improved our distribution reach in existing geographies over last year.

## Macro-economic Overview

The sluggish global economy of 2019 affected India, too, along with the homegrown cyclical economic issues. The country's GDP growth fell to below 5% in FY20, a sharp slide from 6.8% in FY19. The last quarter of the financial year was disrupted by the coronavirus pandemic, impacting our supply side as well as demand resulting from a total lockdown of the country in the last two weeks of the fiscal. The lockdown dragged down economic activities across India in March 2020, and Crompton felt the recessionary impact as well. The extended lockdown will impact the overall growth in the next fiscal significantly across sectors, and the first quarter is expected to be severely impacted. We do expect the impact to ease during the second quarter though normalcy may be fully restored only during second half of the fiscal. During this period, we expect to see recovery, driven by our market-leading innovations, once the economy fully opens up again. During the COVID-19 outbreak, we took all precautionary measures for business continuity while maintaining safety norms laid down by the Government of India.

## Growth Drivers

India's march towards energy-efficient urbanisation and rural electrification will continue owing to the Government's continued focus to drive electrification and affordable housing under various schemes. We offer unmatched value and innovation to consumers, in both the mass and the premium segments, catering to those new consumers of electrical goods and those who are more aspirational buyers. Gross disposable income and per capita income have both increased in India, giving the average households better resources for appliance upgrades.

## Business Performance

During the year, our Total Income was ₹4,570.84 crore. Profit After Tax was ₹494.70 crore, up by 22% from ₹402.52 crore in the year before.

The Electrical Consumer Durables (ECD) segment displayed a growth of 5.46%. Until the impact of imposed lockdown on demand in March 2020, this segment was delivering strong double-digit growth. Portfolio refresh of Water Heaters and Air Coolers delivered significant traction in the market. New product introductions across business segments such



as Duratech and SilentPro in Fans and Wide voltage and Ultima series of agricultural pumps in Pumps also contributed to this growth. In the Lighting segment, LED segment registered high single digit volume growth and the segment witnessed relative price stabilisation in the second half of the year. Inverter lamps was a consumer meaningful innovation launched during the year which works even during power failure.

I am happy to report that through our cost control programme, Project Unnati, we have managed to save ₹144 crore in the year under review. We are ploughing back these savings into disruptive concepts, designs, and technology.

## Five-dimensional Growth Strategy

Our five-pillar growth strategy gives us a clear direction, and these are the highlights of the year:

- **Brand excellence:** We have promoted Crompton through multiple channels as a brand for consumers of the new millennium, as aspirational and tech-forward as they are value-conscious. Everything we do mirrors what consumers want for a perfect life.
- **Portfolio excellence:** We continued giving consumers unprecedented engineering through our differentiated products, for instance the human-centric lighting system that offers 'colour temperature control' for indoor illumination to mimic sunlight. Digital and solar technology were harnessed for our range of pumps. Premium range of fans such as SilentPro and Enerzion offered appealing aesthetics coupled with technology upgrades resulting in significant energy savings.
- **Go-to-Market excellence:** We focussed on being everywhere we should be to take full advantage of the new demand in uncharted territories and to cater to the growing demand in our existing territories. Both distribution and sales got the digital push for better data-gathering and decision-making.
- **Operational excellence:** We invested heavily in information technology to control costs and improve performance. Through backward integration in fans, we have added to our in-house capacity and capability.

- **Organisational excellence:** We conducted an employee survey with a 96% response rate and this has formed the basis of in-depth work in several areas. Data-driven tools were used for hiring and performance assessment.

## Looking Ahead

We have everything we need to take our leadership position further, though the past year has shown that significant challenges will remain in the coming year. We shall continue to implement our 5 pillar strategy, leveraging big data to create a leaner and stronger Crompton.

Sincerely,

**Hemant Nerurkar**  
Chairman



We focussed on being everywhere we should be to take full advantage of the new demand in uncharted territories and to cater to the growing demand in our existing territories. Both distribution and sales got the digital push for better data-gathering and decision-making.

# Our 5-Dimensional Growth Strategy



## Brand Excellence



Our focus has been on promoting Crompton as an aspirational and innovative brand that is focussed on meeting the needs and desires of all its consumers. Today's consumers, as our insight shows, follow a combined digital and physical journey as part of the purchase process. We have focussed on the critical touchpoints in the consumer journey to build brand awareness and preference in an impactful manner.

We ramped up our brand awareness efforts across media to increase consumer recall of our products such as the Aura ceiling fan (with 5-year Duratech warranty) and the Anti-Bac LED bulb. These products have disrupted the market with never-seen-before features such as a five-year warranty, displaying our commitment to engineering reliability, and a function of killing bacteria, respectively.

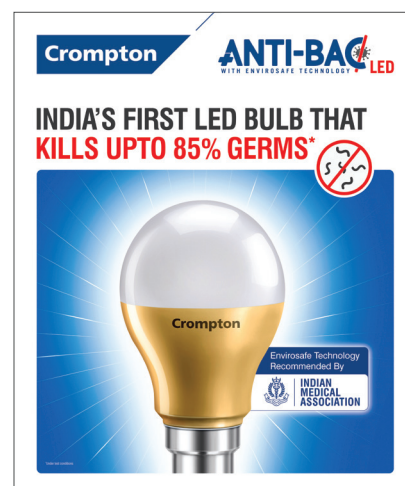
The ability to put ourselves in the consumers' shoes lets us take note of the smallest detail and make a big difference. We worked on increasing consumer awareness about our appliances segment, with our first large-scale advertising campaign on water heaters, positioning the benefit as 'The Perfect Hot Water' and this resulted in much stronger sales and market share gains.

To assess and improve retailer knowledge of our products, a knowledge essential for correctly informing customers and thereby pushing sales, we ran a mystery shopper programme. The Cricket World Cup 2019 gave us a huge viewership to create awareness for our fans and LED lights. Digital advertising efforts were expanded, as we launched specific campaigns on personal digital devices. This was complemented by tie-ups with and driving digital traffic to major e-commerce platforms.

All our brand promotion activities are aligned with the consumers' journey, and data analytics enable us to understand which direction we should take next. We are a company whose innovative products surpass consumer expectations and our campaigns are structured to build awareness and recall of our brand.



Outdoor advertisement for NECA award



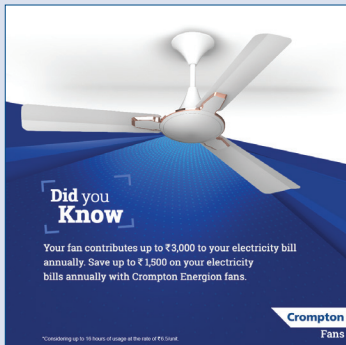
Outdoor advertisement for Anti-Bac





TV advertisement for Crompton Water Heaters

Social media



Energy fan



Women's Day



Backup LED



Air Cooler



Solar pump



Press advertisement for Crompton Water Heaters



Digital advertisement for our new kitchen fan

## Portfolio Excellence

Our products are not only designed with best-in-class technology and a customer-centric approach, but they are also upgraded continually to match evolving needs. The main focus is on product differentiation, enhancing value and performance enhancement, be it in the affordable category or the premium category. We are achieving this through digital solutions and the use of new, improved materials and components.

We have refreshed our entire range of water heaters and incorporated power-saving technologies in fans, lights, and appliances. Some of these enhancements are part of premiumisation, where we have identified such an opportunity.

Technology has been harnessed in various ways to add value and improve efficiency. The Internet of Things is core to our professional lighting segment and we have launched a wireless indoor lighting control system aligned with the circadian rhythm of the human body. Also, one of our industry-first innovations is a pump with a digital control panel, with a single-phase preventive switch-off feature.

In the category of fans, a segment in which we are the market leader, we have invested significantly in consumer research and laboratory research and development. Attuned to consumer needs, we launched the SilentPro fan, a product that, as the name indicates, makes no noise and ensures excellent air delivery.

Committed to a consumer-led value proposition, we launched inverter bulbs that have a backup capacity and continue to remain lit even after a power failure. The two variants of this inverter bulb have one-hour and four-hour backup capacities.

While our pumps business was impacted by the extended monsoon, we have launched several new high-performance products in this segment. One of our focus areas in product development is solar pumps, where we foresee an uptick in demand from the farming industry in the next three years. The Government, under its scheme named KUSUM, plans to provide further impetus to solar pumps business with targets to install 27.5 lakh pumps over the next 5 years. During the year under review, we have also invested in the right skills, so that we can manufacture pumps with a wide range of voltage for urban and rural areas.

Our strategy of positioning the right products at the right points, delivering cost-effective innovation, remains our strength across all the segments.

### New Launches in 2019-20

#### Fans



Silent Pro  
Mist White



Aura 2  
Designer Rosegold



Energion HS  
Style Dark Wood



PF - Pentaflo  
Colour Ink Blue



Mount Air

## Pumps



Pressure  
Booster



Top Suction  
Openwell



Mini Everest - 2 HP



Openwell Ultima  
Series



Solar Pumps - MNRE  
Approved



Submersible  
Ultima Series

## Lighting

### B2B



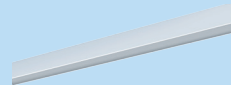
Stellux - P



Stellux - I



Stylo - O



Trend - 1



Orbit



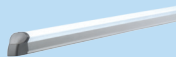
Vogue

Human-centric lighting

### B2C



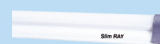
Backup  
LED



Twilight 2 in 1



Super Lumen  
Batten



Slim Ray



STAR  
VEGA



STAR  
DURA

## Appliances



Aura Classic 70



Optimus 65i  
Desert Cooler



Optimus Classic  
Window Cooler



Rapidjet  
Water Heater



Instaglide  
Iron



Activhot  
Kettle



Ameo Mixer  
with 3 lids

## Go-to-Market Excellence



Our strategy is focussed on creating an agile Go-to-Market (GTM) organisation that will deliver the right product at the right place according to the channel and customer segmentation. We are also building a huge digital sales data bank at the distributor and retail levels, and this data analytics is helping us drive sales and increase the productivity of the people. We are also focussing on strengthening our footprint in rural, e-commerce and alternative channels to reach the end consumers.

We worked to expand our reach further and we are now present in approximately 60% of the electrical goods stores in India during the year. This was achieved through the following initiatives:

- 1500+ new direct channel appointments.
- Tally patch implementation to track secondary sales. 50% of the Company secondary sales can now be tracked through Tally patch.
- A Field Assist mobile application that helps each salesperson create a week's plan on visits, calls, and orders.
- The launch of the new Dealer Portal helps our channel partners monitor the status of the orders generated, schemes settlements, stocks etc.

New ways to identify potential sales opportunities include our tie-up with a major HVAC distributor. This relationship will give us early leads on where new constructions are coming up and, therefore, provide a headstart in pitching our lighting solutions.

We are targeting rural channels with towns with populations of 50,000 to 1 lakh through a focussed approach. It will comprise both a traditional channel and microfinance network to enable rural consumers with financing at their doorstep.

Through technology and disruptive thinking, we are identifying gaps in the market and devising strategies to capture market share. We are working on disruptive changes in the area of ease of doing business for channel partners in order to facilitate this.



Pumps awareness drive in smaller towns – mobile van activity



Downlighter and panel product display unit

# Operational Excellence

We are constantly innovating but also streamlining our operations and identifying areas of potential cost savings, so that our bottom line remains tightly controlled, allowing for the most competitive price points in the market. Our strategy is based on a flexible approach to in-house manufacturing, investment in automation, and gathering digital data to cut through the clutter.

A significant operational development during the year was the Dealer Portal, a new platform being rolled out for order tracking. Two other major investments were in the Field Assist App for the sales – a productivity management tool for the frontline sales team that empowers them using data analytics, and the distributor management system – a secondary sales tracking system that accounts for around 50% of our business.

In the supply chain, we have been able to leverage the benefits of GST via consolidation of our warehouses. This has helped us significantly improve our stock availability metrics while giving us cash savings in the form of lower inventories. Leveraging our robust Sales and Operation Planning (S&OP) work process, our placement efficiency measure continued to improve across the last three years and stands at ~90%. Renewed work processes, improved standards and leveraging technology in partnership with new-age partners fuelled improvement in Secondary OTIF% (On-time In-full) as well as cost results. During the year, we focussed on multiple vendors who would cater to the markets for both water heaters and air coolers, helping us feed more demand in all seasons.

While we were affected by the slowdown in the macro-economic environment, we also have mitigating measures such as becoming more competitive, remaining the cost leader in the market, building a wider distribution base, and packing more value in each product.

The highlight of our cost control measures is Project Unnati, a programme that has brought us noteworthy benefits by making operational expenditure more efficient and identifying ways to lower expense and enhance quality from product design stage to the retail supply stage. Backward integration in fans was one such area; we now have in-house capacity

for winding, power coating and work is underway for liquid painting. We have an on-going programme, named Project Delight, for quality improvement. This is a quality review at the top management level, and its elements are: identification of critical quality issues throughout the organisation; strategy formulation and roadmap for continual improvement; freezing of the quality dashboard; working on product line-wise gap areas; and tracking on a monthly basis by the top management. This builds the foundation for a quality culture across all product lines.

Our ability to rein in expenditure while keeping the products world-class gives us an advantage in a scenario where performance, reliability, and safety regulations have become stricter, with more stringent norms from the Bureau of Energy Efficiency, Government of India.

Driving down costs for all four of our businesses and also controlling some indirect costs have freed up capital to be spent on brand advertising, thereby overcoming slowdown challenges to a degree.



TPW - winding, motor manufacturing & assembly operations at Kundaim

## Organisational Excellence



Our investments in research and development are matched by our investments in building the capabilities of people. We use cutting-edge technological tools to pick top talent, assess performance, and enhance engagement through a system of feedback. Alongside hiring in key senior positions, we train and develop internal human resource for future leadership and keep the talent pipeline always flowing.

During the year, the Innovation structure was strengthened with creation of a Central Innovation Organisation, headed by the Chief Technology Officer. Significant steps are being taken to leverage open source innovation, IoT, among others. The leadership team was further strengthened by the appointment of the Heads of Sales and Distribution and the Lighting Business. The capability-building journey in Crompton continues with various initiatives such as the deployment of widespread automation in customer facing areas, analytics and Design Thinking to expand our reach to customers in medium and small-sized Indian towns.

In addition, a company-wide Employee Engagement Survey was conducted, with an extraordinarily high response rate of 96%. The survey was based on the employee perception of the Company brand, line manager behaviour, performance management, rewards and recognition, and job content.

The overall engagement score was calculated at 63%. This survey has formed the basis of in-depth work in various areas.

Our staff receive career planning guidance and our succession planning remains updated. This ensures that the organisation is always ready with the right candidate to assume a new responsibility. Many critical positions were filled in from our internal talent pool as a result of these initiatives.

Our robust employee development programmes are aimed at building best-in-class capability in the areas of go-to-market; operational excellence and quality; brand and portfolio management; and innovation. During the nationwide lockdown following the COVID-19 outbreak, we continued our employee upskilling through virtual lessons under our newly launched digital initiative e-GuruCool, making them ready for future opportunities.



Digital Marketing Workshop



Design Thinking Workshop



Pride and Glory Award Ceremony



# Corporate Social Responsibility

Our CSR programme, UJJVAL DEEP, is designed to address some major concerns in society today – employment, environment, empowerment, and engagement. To achieve this, we focus on the following key areas:

**Vocational and skill training:** Our skill development centres in Himachal Pradesh, Gujarat, Maharashtra, Tamil Nadu, Odisha, Jharkhand, Assam, Telangana, Sikkim, and Dadra and Nagar Haveli, train candidates in plumbing techniques and handling electrical appliances, and apparel making (for women). Once trained, these candidates score around 80% successful placements and the rest can become self-employed. Specific skill programmes also focus on the youth from underprivileged tribal communities and on women from underprivileged regions. The skill training initiatives also include teaching life skills to middle school children.

**Water and waste management:** We promote rainwater harvesting, watershed development, groundwater replenishment, and the provision of clean drinking water at the community level and educate people in water usage and conservation in general. Our initiatives include

making targeted villages water secure and building drought resilience, and desilting water bodies in order to increase their capacity. An instance of such a project is: six watershed activities at Wasunde, a village in a drought-prone region of Maharashtra, where 150 families are expected to benefit from our activities.

**Improving the lives of people around us:** We care about the people who live in the vicinity of our manufacturing and processing facilities. To eliminate hunger among school-age children, we have participated in a mid-day meal scheme in Vadodara, Gujarat, making it attractive for the children to come to school, and benefiting more than 7,042 such students. We have also promoted personal hygiene by teaching school children how to wash hands properly with soap and water. We have also actively engaged our employees through our corporate social responsibility initiatives.



Vanrai project implementation



Practical session at a livelihood development centre



Training on best practices

## 3,211

Men, women, and children benefited by work training and life skill initiatives

## 780

Families and land holders benefited by rural water management programmes

## 7,042

Children across 41 schools receiving mid-day meals under our programme

## Awards & Accolades



Crompton Fans Division in Goa was ranked No.1 in “Excellence in Safety” by the Times of India group’s “The Machinist Awards”.



Crompton Greaves Consumer Electricals Limited won the NECA 2019 Award for 9W LED Bulb in the Category - Most Energy Efficient Appliances of the Year.



Crompton was bestowed with the honour of ‘Indian Fan Company of the Year’ at the Frost and Sullivan’s - Best Practices Award.



HS Plus ceiling fan won the NECA 2019 Award for the sixth consecutive year in the category – Most Energy Efficient Appliance of the Year by the Ministry of Power.

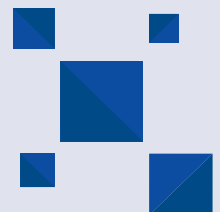




Crompton was presented with the gold award at the Energy and Environment Foundation Global Safety Awards 2020.



Crompton Star 220 ceiling fan was ranked No.1 and the only fan that delivers on the BEE 5 star rating for energy efficiency by Consumer Voice, an independent organisation that conducts independent, comparative and unbiased product trials recognised by the Ministry of Consumer Affairs.



## Our Approach to ESG

At Crompton, we recognise that we need to have a long-term view on a wide range of issues that could impact our business and the communities in which we operate. We continually monitor developments in the scenario we operate in, to ensure that key Environmental, Social and Governance (ESG) issues important to our stakeholders are understood and managed effectively.

We believe the success of a company should be measured by more than financial results – it should also be defined by its contribution to the society; its commitment to environment, health & safety; and the strength of its governance.

At Crompton, these elements form the basis of our approach to ESG, and this is how we build a better company – every single day. ESG considerations are assimilated across our business segments and built into the policies and principles that govern the way we operate.

Through our collective ESG efforts, our objective is to consider positive environmental and social outcomes, and good governance practices. With a disciplined approach towards integrating ESG factors into our business, we remain committed to deliver value across multiple dimensions and achieve sustainable, long-term returns.

Guided by our aspirational goals towards ESG, we remain focussed on:

- Considering positive environmental outcomes through energy and water conservation, and effective waste management;
- Serving our customers exceptionally and transparently;
- Having robust governance systems, risk management and controls;
- Investing in our employees and cultivating a diverse and inclusive work environment; and
- Strengthening the communities in which we live and work.



### ENVIRONMENT

**We focus on driving energy efficiency, adopting renewable energy resources and aiming at water conservation to protect the environment. Our purpose is to create a balance between operational excellence and environment protection and consistently work towards reducing carbon footprint.**

As a forward-looking organisation, we are working towards various initiatives to reduce the carbon footprint across our operations and conserve valuable natural resources.

Our focus is on reducing water and energy consumption, effective discharge of effluents, reducing pollution caused by our operations. All our units comply with CPCB/MoEF (Ministry of Environment and Forests) guidelines. We are also promoting greenery around our plants and taking measures to make our operations more sustainable. In FY20, we implemented various energy efficiency initiatives.



#### Energy Efficiency Initiatives:

- ▶ Shifted from reciprocating compressor to screw compressor at Bethora.
- ▶ Power generated through solar source at Bethora.
- ▶ Converted to LED lighting fixtures at Kundaim.
- ▶ Plant Electricity Load reduced from 500KVA to 300KVA at Ahmednagar.
- ▶ Replaced all Shop floor conventional lighting with LED Lightings at Ahmednagar.
- ▶ Improved ventilation by providing lowers in production shop, thereby removal of 16 ceiling fans at Ahmednagar.

	Actuals in FY20	Targeted for FY21
<b>Total Energy Savings*</b>	587,013 mwh	741,302 mwh
<b>Supply Chain Miles<sup>#</sup></b>	1,157 km	1,122.3 km

Note:

- <sup>#</sup>Average distance travelled by product in primary supply chain measured basis, the average km travelled by trucks deployed from across sources to destinations in the year for Fans and Appliances
- \*Combining Fans, Lighting, Appliances and Pumps



#### Water Conservation Initiatives:

- ▶ Saved 1,866 kl water; reduced and recycled wastewater for potential use.
- ▶ Upgraded 50 kl capacity STP with new SBR technology for 100% flushing purpose at Bethora.
- ▶ Used 100% recycling water for flushing purpose at Kundaim.
- ▶ Cooling Tower for reducing freshwater consumption at Vadodara.
- ▶ Installed water sprinkler and dripping system in gardens to reduce water consumption at Ahmednagar.
- ▶ Installed automatic water level cut-off switch for drinking water coolers at Ahmednagar.
- ▶ Installed alarm system at rooftop water tanks to control overflow at Baddi Units.
- ▶ Constantly monitored water leakage addressal at Baddi Units.



#### Waste Management Initiatives:

- ▶ Reduced hazardous waste by 2,893 kg vis-à-vis FY19.
- ▶ Outsourced die casting process at Goa.
- ▶ Reduced FTL production at Vadodara.
- ▶ Changed Effluent Treatment Plant (ETP) treatment chemical for treatment at Goa for reduction in sludge formation.

#### Environment Sustainability

Continued efforts towards expansion of greenery around our facilities.



100% STP water used for gardening at Baddi

# 165

Number of trees planted as part of Tree Plantation drive



### Creating Value for Employees

Creating a motivated, inclusive and diverse workforce is our central focus. To make innovative products, we aim to provide best operating environment for people, and we care about providing meaningful and engaging work for our employees.

- Employee engagement is tracked on real-time basis; conducted employee engagement survey Kincentric; initiatives continued through multi-layer communication, engagement and recognition programmes.
- Deployed Kavach to promote workplace health and safety and create a healthy environment.
- Building value through implementation of data-driven tools - TalView, Knack, Hogan, Korn Ferry.
- Employee development programmes undertaken to build best-in-class capability in areas of Go-to-Market, Operational Excellence and Quality, Brand and Portfolio Management and Innovation.

### Creating Value for Communities

Our CSR programme framework Ujjval Deep remains committed to build positive value for communities and address major developmental priorities.

#### Vocational and Skills Training

##### 1. Residential Multi-Skills Training with ASMACS

Sponsored training of 1,680 youth at Baddi, Ahmednagar, Guwahati, Coimbatore, Vadodara and Bhubaneswar, in electrical and plumbing (80% placed in reputed companies).

##### 2. Skills Training with PARFI

A total of 132 candidates from under-privileged and tribal communities trained in Mechanical and Plumbing skills at Bundu and Sambalpur (88% successfully placed).

##### 3. Electrical, Wireman and Home Appliance Repair Programme with Yuva Parivartan

Skilling youth through Yuva Livelihood Development Centres across Maharashtra to impart training in the field of Electrical, Wireman and repair of Home Appliances. Soch Ka Parivartan module trained 432 students build self-esteem and develop a positive attitude.

##### 4. Apparel-making Programme with Yuva Parivartan

Skilling the underprivileged women in Marathwada, Vidarbha and Palghar regions of Maharashtra (354 women undergoing training).

##### 5. Crompton Centre of Excellence with Orion Eductech

Set up Crompton Centre of Excellence at Hyderabad, Sikkim and Silvassa to train 1,400 youth in electrical and plumbing skills (120 students undergoing training).

##### 6. Lifeskills Programme with CMCA

Aimed at building empathy, critical thinking, confidence and team playing in children through life-skills and citizenship programmes (493 students undergoing training).

#### Nutrition Programmes

##### Mid-day Meal with Akshaya Patra Foundation

Elimination of classroom hunger by implementing Mid-Day Meal Scheme in 41 government schools in Vadodara, encouraging children to attend school regularly and improve overall classroom concentration (7,042 children receiving nutritious food).



Practical session at the Gondia Livelihood Development Centre

#### Creating Value for Supply Chain Partners

We engage in responsible procurement practices and inculcate sustainability in packaging materials, distribution and logistics. We strive to use materials wisely, address substances of concern and consider the impact of our products. Human rights issue is taken seriously and is a part of the vendor selection process. It is also included in the contracts drawn up with the vendors. Our Vigil Mechanism and Whistle Blower Policy, applicable to vendors, ensures that any violations to the Code of Conduct will be addressed objectively.

We continue to strengthen our supply chain by:

- Ensuring timely product availability, maintaining firm control over costs and product quality to offer better services to customers.
- Investing in incorporating technology in operations to improve working capital management.
- Empowering Team with Sales and Operational Planning with timely and accurate information.
- Implementing On-Time in Full (OTIF) measure to achieve 100% product placement efficiency and ensure prompt product SKUs availability across sales points.



## GOVERNANCE

**Our customers, employees and investors rely on us, and we are accountable to them. We emphasise the importance of doing business right, each and every day. This means conducting ourselves with integrity in our interactions with each other, our customers, our suppliers and the communities where we live and work.**

### Corporate Governance

Our commitment towards the adoption of best corporate governance practices goes beyond compliance with the law. We endeavour to embrace responsibility for corporate actions and the impact of our initiatives on all stakeholders. We continuously strive for betterment of our corporate governance mechanisms to improve efficiency, transparency and accountability of our operations.

We have a Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). We have been featured twice in the top 10 list of S&P BSE 100 (BSE 100) companies evaluated on the Indian Corporate Governance Scorecard.

### Board of Directors

A deeply engaged, experienced Board is vital to our Company's success. Our Directors are a diverse group who bring a strong combination of executive experience and skills aligned with our business and strategy. 50% of our Directors are independent, facilitating independent Board oversight of management.

### Board Composition

We have formulated and adopted the Nomination and Remuneration Policy to ensure that the composition of the Board is optimum, balanced and diverse to benefit from fresh perspectives, new ideas and broad experience. There are eight members collectively forming part of Board of Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

### Board Evaluation

In terms of requirements of the Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligations and Disclosure Requirements) 2015, the Board carried out the annual performance evaluation of the Board of Directors as a whole, Committees of the Board

and individual Directors. The Board Evaluation cycle was completed internally, led by the Independent Chairman of the Company along with the Chairman of the Nomination and Remuneration Committee.

### Risk Management

We have adopted an Enterprise Risk Management Process to provide a holistic view of aggregated risk exposures as well as to facilitate more informed decisions. Through this framework, we identify, assess, mitigate and monitor Company's overall and functional exposure to Controllable and Non-Controllable Risks.

### Code of Conduct

Our Code of Conduct for Directors and senior management reflects its high standards of integrity and ethics. As required by Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. Shantanu Khosla, as the Company's Managing Director, has signed a declaration, stating that the Board of Directors and senior management personnel of the Company affirmed compliance with our Code of Conduct. The Code of Conduct includes a code for Independent Directors which is a guide to professional conduct for Independent Directors pursuant to Section 149(8) and Schedule IV of the Companies Act, 2013.

### Cyber Security

We devote significant resources to protecting and continuing to improve the security of our computer systems, software, networks and other assets. We work in close partnerships with government and law enforcement agencies and other businesses to understand the full spectrum of cybersecurity risks, enhance our defenses and improve resiliency against threats.

For further information on the policies relating to our material governance framework, refer to the Corporate Governance section pages of our Annual Report FY20.

## Corporate Information

### Board of Directors

- **Mr. H. M. Nerurkar (DIN: 00265887)**  
Chairman and Independent Director
- **Mr. Shantanu Khosla (DIN: 00059877)**  
Managing Director
- **Mr. D. Sundaram (DIN: 00016304)**  
Independent Director
- **Mr. P. M. Murty (DIN: 00011179)**  
Independent Director
- **Ms. Smita Anand (DIN: 00059228)**  
Independent Director
- **Ms. Shweta Jalan (DIN: 00291675)**  
Non-Executive Director
- **Mr. Sahil Dalal (DIN: 07350808)**  
Non-Executive Director
- **Mr. Promeet Ghosh (DIN: 05307658)**  
Non-Executive Director

### Chief Executive Officer

- **Mr. Mathew Job**

### Chief Financial Officer

- **Mr. Sandeep Batra**

### Company Secretary & Compliance Officer

- **Ms. Pragya Kaul**

### Statutory Auditors

- M/s. Sharp & Tannan, Chartered Accountants

### Secretarial Auditors

- M/s. Mehta & Mehta, Company Secretaries

### Internal Auditors

- M/s. Grant Thornton India, LLP

### Registered and Corporate Office

Tower 3, 1<sup>st</sup> Floor, East Wing, Equinox Business Park,  
LBS Marg, Kurla (West), Mumbai - 400 070

### Bankers

- ICICI Bank
- Standard Chartered Bank
- IDFC First Bank
- Citibank N.A.
- HDFC Bank
- Corporation Bank
- State Bank of India
- Axis Bank Limited

### Registrar and Share Transfer Agent

- KFin Technologies Private Limited  
Selenium Tower B, Plot No. 31 & 32, Gachibowli,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad - 500 032

### Debenture Trustee

- IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001

# Management Discussion & Analysis

## ECONOMIC OVERVIEW

India's Gross Domestic Product (GDP) is estimated to have grown at sub 5% level in FY20, as per the forecasts shared by Ministry of Statistics. Domestic demand slowed more sharply than expected owing to low confidence and stress in non-banking financial companies and declining credit growth. The slowdown has affected key Indian sectors such as automobile, aviation, real estate and consumer goods. The recent global outbreak of the novel COVID-19 also severely impacted the Indian economic activity towards the end of FY20 and is certain to have a major impact in FY21.

Despite short-term challenges, long-term Indian economic growth outlook continues to be positive. Growth is expected to rebound owing to lagged effect of fiscal and monetary stimulus, subdued oil prices and improvement in health of Banks and NBFC sector. IMF estimates India's GDP to grow at 4.8% in CY20 and 1.9% in CY21 making it one of the very few large economies expected to register a positive GDP growth. However, the outlook for FY21 remains very uncertain due to the disruption caused by COVID-19 as till date there is a nationwide lockdown severely impacting economic activity.

## INDUSTRY OVERVIEW

### I. Electrical Consumer Durables Industry in India

The Electrical Consumer Durables (ECD) segment in India is poised for growth owing to rising income levels, increasing urbanisation and improved reach. Rural electrification programmes of Government will drive growth in rural sector. Demand for improved aesthetics and superior technology are driving growth in the premium segment of the industry.

#### A. Fans

The domestic fan market continues to grow in line with the economy with annual volumes estimated to be around 65 million units. This product category continues to grow owing to structural demand drivers such as extended summer spells and rising temperatures. Rural penetration is being driven by increased electrification, market penetration and better

income levels. Growth in urban households is majorly driven by shorter replacement cycles owing to premiumisation, better ergonomics and energy-saving technologies. The mandatory new energy rating system, will increase demand for compliant products.

### Key Growth Drivers:

#### 1. Government Schemes:

Government schemes like Integrated Power Development Scheme (IPDS) and Deendayal Upadhyaya Gram Jyoti Yojna (DDUGJY) schemes are anticipated to positively influence the fans market.

#### 2. Focus on Energy Efficiency:

Starting FY2020, new energy-efficient norms have been mandated by BEE (Bureau of Energy Efficiency). This would require upgradation of current portfolio to new norms by the existing market players. Also, increased awareness on energy savings are driving growth of energy-efficient products in the urban households. Energy-compliant products are poised to see multi-fold growth going forward.

#### 3. Performance of Housing Sector:

The residential property space has struggled with demand softness over the last few years. As the financing environment along with consumer confidence improves, demand in mid and affordable segments will bounce back. Along with overall revival in housing sector, Government initiatives such as Pradhan Mantri Awas Yojana (PMAY) and Smart City projects will collectively add up to 15 million new houses over the next 2-4 years. The Government has also announced an outlay of ₹ 25,000 crore for the completion of stalled housing projects. These initiatives augur well to drive growth in demand for fans.

## B. Pumps

The water pump industry is estimated to be at ₹ 7,500 crore. Rising building construction and industrialisation activities, increasing agriculture activities and depleting groundwater levels will continue to drive demand for water pumps across India in the longer run.

### Key Growth Drivers

#### 1. Growing dependency on groundwater

Growing irregularity of the monsoon is catalysing groundwater dependency with a consequent higher demand for agricultural water pumps.

#### 2. Government Initiatives

Increasing rural electrification along with Government programmes to improve water infrastructure and development of sanitation services across the country will continue to play the role of major growth drivers. Increased focus on energy-efficient products will start contributing as a key growth driver in the near future.

#### 3. Solar-powered Water Pumps

The solar energy sector is fast emerging as an attractive industry. Water pumping systems based on solar-based energy are gaining acceptance, backed by Government initiatives. Under Kisan Urja Suraksha evam Utthan Mahabhiyan (KUSUM) scheme, the Government intends to install 27.5 lakh solar-based water pumps over a period of five years that will reduce dependency of farmers on the power grid.

## C. Appliances

The consumer appliances industry is expected to grow rapidly owing to increasing purchasing power of the growing middle class and continued urbanisation in the country. A part of this growth will be contributed by the rural sector due to improved rural penetration, income levels and electrification. A favourable population composition in terms of increasing number of nuclear families and easier access through online channels will continue to aid growth in demand. Feature-rich products offering convenience and improved aesthetics will drive premiumisation in this segment.

#### a. Water Heaters:

The revival of the housing sector in terms of new constructions along with rising income levels will drive growth in Water Heaters industry. Improved brand awareness with respect to technological superiority and willingness to pay a premium owing to higher income levels are driving market share in favour of branded products.

#### b. Air Coolers:

The Indian air coolers industry is well positioned to grow on account of rising temperature levels and a growing middle-class. Feature-based products with better technology and performance are driving faster growth of branded products.

## II. Lighting Industry in India

The Indian lighting industry continues to be competitive but exhibited a relative stabilisation of prices in second half of FY20 specifically in the consumer lighting space. Major growth drivers of the industry are rural electrification, infrastructure development, construction of new homes, and consumer trends towards better light. Government schemes such as Deen Dayal Upadhyay Gram Jyoti and UJALA (LED lighting) schemes are a major impetus to the industry's growth. Connected lighting solutions have found successful application in residential and commercial domains which has added further to the growth of the industry.

## COMPANY OVERVIEW

### About the Company

Your Company is one of India's leading consumer electrical companies present in the Electrical Consumer Durables "ECD" and Lighting segment. It manufactures and distributes a wide range of consumer products ranging from Fans, Pumps and Appliances (Water Heaters, Air Coolers, Mixer Grinders, Iron) in the ECD segment, and a full range of Lighting products.

Your Company is a market leader in Fans, Domestic Pumps and Street Lighting segments.

### Manufacturing Locations:

- Goa
- Vadodara
- Ahmednagar
- Baddi



## Comprehensive Product Portfolio

Fans	Pumps	Appliances	Lighting
• Ceiling Fans	• Residential Pumps	• Water Heaters	• LED Lamps
• Table Fans	• Agricultural Pumps	• Air Coolers	• LED Battens
• Pedestal Fans	• Solar Pumps	• Mixer Grinders	• LED Panels
• Wall-mounted Fans	• Speciality Pumps	• Irons	• LED Streetlights and Floodlights
• Ventilating Fans		• Small Kitchen Appliances	• High Mast/ Streetlighting Poles
• Heavy-Duty Exhaust Fans		• Power Solutions	• Interior and Architectural Lighting
• Air Circulators			• High Intensity Discharge Lamps
• Industrial Fans			• Incandescent Lamps
			• Compact Fluorescent Lamps
			• Fluorescent Tubular Lights

## Business Segments

### I. Electrical Consumer Durables (ECD) Business

The ECD segment registered a strong double-digit growth till the month of February 2020. However, the nationwide lockdown imposed in March 2020 owing to COVID-19's spread impacted the growth and tapered the growth rate down to 6% for the full year.

#### 1. Fans

Your Company continues to retain its leadership position in the fans segment and increased its market share. This was largely driven by the growth of its premium range fans and increasing the availability of its products across the country.

#### New Launches

Committed to its strategy of consumer meaningful innovations, your Company launched the 'Aura Fluidic' with a five-year warranty - a first in the industry. Aura Fluidic

combines better aesthetics with improved durability. Your Company launched SilentPro and Enercion in the premium range of fans that operate on ActivBLDC technology consuming 50% less energy than conventional fans. SilentPro delivers superior air flow and is two times more silent than a conventional fan.

#### In the Pipeline

As the new BEE norms become mandatory in FY21, your Company is well positioned for transition of its existing portfolio under new norms smoothly. Your Company will continue to support its innovative products with consumer advertising and focus on strengthening the premium portfolio. It will broaden its product portfolio with technologically-driven solutions and better aesthetics. Brand building activities coupled with deeper sales penetration will further improve availability. Your Company shall thus continue to maintain its leadership position.

### 2. Pumps

Your Company continued to grow in domestic and agricultural pumps despite a softening of demand observed during the year owing to the extended monsoon and flooding in parts of eastern India. It witnessed a significant traction in the Mini Crest models. It is increasing focus on Tier 2 and 3 cities through its channel expansion programme.

#### New Launches

Your Company has continued to launch new products. In Agricultural pumps, it launched the Ultima series of pumps at an affordable price for the mass market which delivers enhanced performance and a wide voltage pump which is suitable in states having voltage fluctuations. It has also launched a solar-powered agriculture pump which provides 20% to 30% more water output than the required MNRE guidelines. Mini Crest continues to deliver industry-leading growth to your Company.

#### Future Plans

Your Company will continue to leverage its brand name and introduce products in the premium range in both domestic and agriculture pumps. The Government's pro-solar initiatives such as the PM Kusun scheme has prompted

your Company to foray into the solar pump business.

### 3. Consumer Appliances

Your Company clocked impressive growth in consumer appliances owing to successful consumer innovation across the portfolio in relevant categories, channel expansion in key geographies and investments in increasing brand visibility. Your Company strives to expand the market in the consumer appliances segment through innovative and differentiated products.

#### a. Water Heaters

During the last year, water heater portfolio of your Company was entirely revamped in line with the innovation strategy of providing meaningful consumer benefits. The new portfolio has yielded great results in FY20 with market share gains and increased volumes. During the year, your Company further launched new products such as Regallio, Qube, Rapid Jet and Solarium Vogue.

#### b. Air Coolers

Your Company achieved steady growth in the air cooler segment during the year and continued to launch coolers with technological advantages and better aesthetics. It launched the desert cooler range Optimus with superior air delivery, easy drain feature and unique design for easy cleaning. Other launches included the Genie Neo and Marvel Neo.

#### c. Other Appliances

In the other appliances' category, your Company manufactures Mixer Grinder and Iron. During the year, your Company launched Ameo mixer grinder which provides 10% higher grinding efficiency at 10% lesser mixer body temperature as compared to competition mixers. Brio and Instaglide were launched in the category of irons.

## II. Lighting Business

Your Company's consumer lighting segment delivered low double-digit growth in volume terms

which was offset by price erosion. The B2B segment was impacted by the economic slowdown and witnessed delays in execution of Government and institutional orders. The Lighting business thus delivered marginal decline in value terms for the full year.

Your Company continued to drive innovation in the consumer lighting business by launching differentiated products with value-added benefits. It has invested in automation of production of LED Lamps at Vadodara plant. In the B2B segment, through value engineering of the product range, improved internal processes and IT enablement through a Lead Management tool, your Company continued to strengthen its execution capabilities. Cost optimisation efforts have allowed your Company to offer competitive product range to consumers across product segments. Your Company also bagged the prestigious smart city projects during the year, helping it foray into connected light solutions. Through marketing activities and better geographical reach, your Company increased market awareness.

### New Launches

Your Company based on a consumer-led value proposition, has introduced 'Back up Lamp' which works even after a power failure. It has two variants: one with an hour of backup capacity and other with four hours of backup capacity. It also launched Super Lumen Led Batten in select regions which delivers 3600 lumens at 36W.

The energy-efficient, 5-star rated LYOR LED bulb and Anti-Bac bulb that kills 85% bacteria have garnered positive feedback and continued to perform well.

### Five-Dimensional Growth Strategy:

Your Company's strategic objective is to grow faster than the market and becoming a leading brand in all its business segments. It has defined five-dimensional excellence pillars through which it endeavours to achieve its objective. These excellence pillars are Branding, Portfolio, Go-to-Market strategies, Operational and Organisational leadership.

#### 1. Brand Excellence

Your Company has been consistently investing in its brand through varied marketing activities. Its advertising campaigns are aimed at

positioning the Company as an aspirational organisation that resonates well with the youth. The Company has stepped up investments in Above-the-Line (ATL) marketing and digital advertising for all its business segments. It was for the first time in FY20 when your Company ran a television commercial for its newly launched range of innovative and aesthetically superior range of water heaters. The successful campaign was titled as “Perfect Hot Water”.

## 2. Portfolio Excellence

Your Company continues to focus on innovations with meaningful benefits to the consumers. The efforts in portfolio excellence have consistently delivered new products with enhanced product performance and durability, superior aesthetics and improved energy efficiency. Your Company has invested prudently in augmenting its R&D capabilities, data infrastructure and continues to work on its brand architecture to cater to consumers in each segment. These efforts have yielded positive results as seen in the innovative product launches across all categories. Examples include SilentPro and Duratech in the fans' category; Solarium Neo, Vogue, Rapid Jet etc. in Water Heaters; Optimus in Air Cooler; Back-up range in LED etc.

## 3. Go-to-Market Excellence

Your Company has developed a Go-to-Market strategy with an objective to achieve a wider distribution network and improve product coverage at each node. It intends to expand beyond Tier 1 and 2 cities and foray into smaller towns and cities with a population of 50,000 to 1 lakh through a structured distribution model with IT enablement. Your Company is consistently investing in developing its alternate sales channels such as Rural, MOR/E-Commerce and Institutional (CSD/CPC) which have contributed to the overall growth. Rural business, during the year scaled up the team size and improved its penetration. Likewise, MOR strengthened its network of channel partners throughout the country.

Your Company has developed a robust data infrastructure pan-India to enable smooth data flow, data collection throughout the organisation, and utilise data analytics. It aims to leverage technology through the

implementation of initiatives such as Tally Patch, Field Assist, Dealer Portal and the utilisation of salesforce.com. Tally Patch, the software installed at the distributors' end, is a Business Process Excellence initiative with the objective of providing visibility to take data enabled decisions to drive business growth. It tracks secondary sales figures, for 60% of trade sales at present with an aim to move to 75% in the next year. Work is also being done for much faster scheme settlement, with significant reduction in settlement time with the help of Automation. Primary schemes are now settled within 7-10 days freeing up working capital for your distributors among other benefits. Another business process excellence initiative has been the Field Assist initiative which provides the visibility of market working by the sales team and facilitating real-time secondary order booking. With the Field Assist mobile application, sales team members can plan their entire week's work, increasing accuracy and productivity.

The Company directly catered to 359 towns with below 1,00,000 population and has appointed 241 channel partners in rural areas. Alongside, the Company has tied up with micro-finance institutions to help rural consumers access easy loans for its products; this is a channel that has the potential to grow strongly in FY21 and beyond. Under trade marketing, besides investing in data tracking technology, your Company has also automated the retailer loyalty programme and has focussed on retailer branding.

## 4. Operational Excellence

Your Company's aim is to deliver the best quality product, at the lowest cost and improve availability. Your Company has initiated Project Delight with an objective to improve overall quality and become best-in-class. Cost reduction programmes have yielded results across the product lines by engaging various commercial and technical levers. Material availability has been significantly improved leading to better demand fulfilment. These measures have enabled the Company to reduce costs which in turn are prudently channelled to brand promotional activities to drive more business.

## 5. Organisational Excellence

Your Company endeavours to develop a professional and transparent work culture. It has fortified its leadership team and appointed a new Business head for Lighting, a Sales head and a Chief Technology Officer. It increasingly focusses on augmenting its R&D capabilities to launch innovation-driven solutions. A Company-wide employee engagement survey was carried out and actions arising therefrom are being implemented.

### Supply Chain

Your Company continues to strengthen its supply chain with an aim to ensure timely product availability, maintaining a firm control over costs and product quality to offer better services to its customers. It has invested in renewing work processes, improving standards and leveraging technology in every stage of Company's supply chain operations that has enabled it to improve its working capital management and costs significantly. Sales and Operational Planning has empowered the sales team with timely and accurate information. Your Company implemented On-Time in Full (OTIF) measure with an aim to achieve 100% product placement efficiency and to ensure prompt product SKUs availability across all its sales points.

Your Company launched Project Delight with an objective to increase end consumers' delight by reducing product defect percentage. Project Delight is a systematic approach towards revamping quality systems and processes, measuring quality KPIs and training employees on quality tools and techniques. It has been rolled out across manufacturing units and at strategic vendors to meet the set objective.

### Project Unnati

Cost reduction programmes continued to deliver sustained benefits that helped your Company deliver competitive products across business segments. With initiatives spanning across product design optimisation, in-house manufacturing, backward integration and commercials, cost savings paved the way for investing in brand building activities, capability improvement and superior product redesign. Your Company has made investments in attaining greater control over higher value-add activities in LED lighting and manufacturing of fans.

## Environment, Health & Safety (EHS)

Your Company remains committed to the health, safety and environmental concerns while pursuing a sustainable growth objective. It implemented 'Kavach' - a robust programme that ensures strict adherence to safety standards and norms. It is aimed at minimising the adverse impact of manufacturing processes on the environment along with ensuring health and safety of its employees and other key stakeholders. Your Company revisited employee health insurance coverage for appropriate preventive screenings.

## Opportunities

- 1. Government Schemes and Programmes:** Government's infrastructure push by various initiatives augments well for long-term growth of our business. Government's renewed focus to push solar power in agriculture sector under Kisan Urja Suraksha evam Utthan Mahabhiyan (KUSUM) scheme is positive and opens new opportunity in solar pumps business. Government's thrust on "Affordable Housing" and "Housing for All" augur well for the long-term growth of electricals consumer segment.
- 2. Electrification:** Continued focus of Government to improve electrification in rural areas through initiatives like 'Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)' are creating new markets for electrical products.
- 3. Increase in disposable income:** With long-term prospects being bright for India's GDP, rise in consumer's disposable income will lead to shift towards premiumisation/ value added products coupled with cultural shift towards nuclear families present bright prospects for ECD and Lighting business.
- 4. E-commerce Business:** COVID-19 global pandemic is a defining event of FY2020 and it will have implications on across various sectors. It also reflects change in consumer buying behaviour. E-Commerce will be a vital channel and an economic driver for both domestic growth and international trade.
- 5. New Generation Technology:** Introduction of new products through advancement

in technology will improve core customer experience. Rapid adoption of Smart and IoT-connected solutions shall be an enabler to drive business growth.

### Threats

- 1. Economic Slowdown:** The global economy is in a synchronised slowdown due to trade barriers, deterioration in manufacturing activity and global trade. Most of the nations are going through recession and collapse of their economic structure. As it has impacted the employment level around the globe, a shift to avoid discretionary spend behaviour can be observed.

Slowdown in the Indian economy due to current global developments and uncertainties could adversely impact growth in the short-term. Possible impact could also spill over to channel partners and back-end supply chain partners. Disruption in supply chain and change in consumer spend behaviour pose certain risk to business.

- 2. Pandemic:** The outbreak of pandemic COVID-19 has disturbed the political, social, economic, religious and financial structures of the whole world. It is also observed that the economic recovery from this fatal disease is only possible by FY21 because it has left severe impacts on the global economy and the countries face multiple difficulties to bring it back in a stable condition.

- 3. Material and Currency Headwind:** Significant increase in metal prices (Copper, Aluminium and Steel) and strengthening of Dollar could enhance the overall product cost and put pressure on margins.

### Management Outlook

Your Company remains focussed on three key objectives – growing sales faster than the market, operating profit growth at least in line with sales growth and converting all of the profits to cash. It has a strong focus on launching innovative meaningful products, enhancing brand awareness through promotional activities and implementing strong go-to-market strategies. The global COVID-19 outbreak has imposed a recessionary sentiment across the globe and

impacted your Company's performance in the last quarter. Challenges posed by epidemic are likely to impact the performance in 2020-21 though the long-term outlook for the industry remains structurally positive. Your Company has taken precautionary measures amidst the COVID-19 outbreak to safeguard its people and operations. It was amongst the first to enable work from home for all its offices, non-essential travel was stopped and all those who had to travel were required to only use safe modes of travel and avoid public transport. As operations and activities are being allowed to resume, your Company is ensuring strict compliance to Government guidelines on health and safety of its workforce. It has implemented a business continuity plan across all organisational departments to ensure smooth operations. To aid continuity in operations, it made a comprehensive plan to conserve cash by cutting all non-essential and avoidable costs.

Increasing urbanisation, the Government's efforts to revive infrastructure and housing development, rural electrification and rising disposable incomes along with better brand awareness will provide sufficient impetus to the industry's growth. Your Company continues to aspire to become one of the leading brands in Electronic Consumer Durables and Lighting.

### Financial review

Standalone		
Ratios	2019-20	2018-19
Debtors Turnover Ratio	8.81	8.00
Inventory Turnover Ratio (On Cost of goods sold)	7.51	9.43
Interest Coverage Ratio*	16.12	10.61
Current Ratio	1.60	1.42
Debt Equity Ratio**	0.24	0.59
Operating Profit Margin	14.53%	14.16%
Net Profit Margin	10.82%	8.89%
Return on Net Worth (RoNW)***	38.55%	42.64%

\*Change in Interest Coverage Ratio (52%) is on account of repayment of debentures in 19-20 to the tune of ₹ 300 crore.

\*\* Change in Debt Equity Ratio (-60%) is on account of increase in equity (34%) primarily through retained earnings coupled with repayment of debentures in 19-20 of ₹ 300 crore.

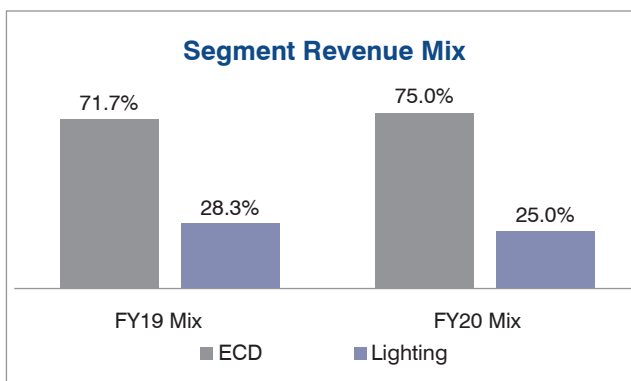
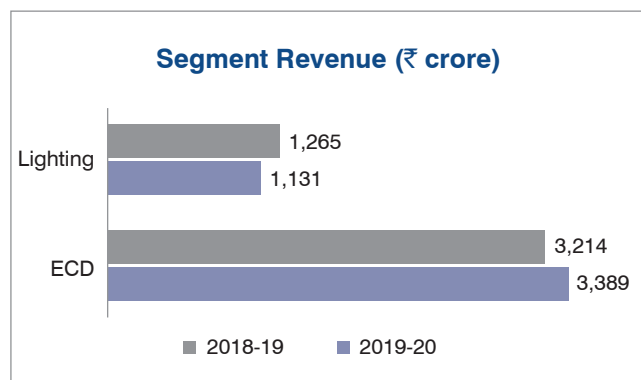
\*\*\*Return on Net Worth (RoNW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing profit for the year by average capital employed during the year. Return on Net worth (RoNW) for 2019-20 was lower mainly on account of increase in shareholders fund over the year due to profits accumulations.

## Consolidated Financial Performance

Key highlights of financial performance are:

Particulars	2019-20		2018-19	
	Amt (₹ crore)	% to Revenue from Operations	Amt (₹ crore)	% to Revenue from Operations
Revenue from Operations	4,520	100%	4,479	100%
Material Costs	3,070	67.92%	3,092	68.3%
Employee Benefit Expenses	311	6.88%	292	6.52%
Finance Cost	41	0.90%	60	1.33%
Depreciation & Amortisation Expenses	27	0.59%	13	0.29%
Advertisement & Sales Promotion	99	2.19%	91	2.04%
Other Expenses	441	9.76%	420	9.37%
Total Expenses	3,989	88.24%	3,967	88.57%
Other Income	59	1.31%	48	1.07%
PBT	591	13.07%	560	12.50%
Tax Expense	94	2.09%	158	3.54%
PAT	496	10.98%	401	8.96%

- Revenues from Operations:** During the year ended 31<sup>st</sup> March, 2020, Crompton Greaves Consumers Electricals Limited registered consolidated revenue from operations of ₹ 4,520 crore against ₹ 4,479 crore in the previous year 2018-19. Consolidated revenue of Electronic Consumer Durables (ECD) segment constituting Fans, Pumps and Appliances, stood at ₹ 3,389 crore in 2019-20 delivering growth of 5% over previous year. Lighting segments' consolidated revenue clocked ₹ 1,131 crore in 2019-20 versus ₹ 1,265 crore in 2018-19.



- Other Income:** Other income primarily constitutes Interest income, Investment Income and other miscellaneous income. Interest from customers, investments and tax refund are the main constituents of Interest Income.
- Material Costs:** Material Costs comprises consumption of raw material, semi-finished goods, purchase of finished goods for re-sale and increase or decrease in the stock of finished goods and work in progress. Material margins expanded 110 bps on

account of cost optimisation and improved mix to 32.10% for 2019-20.

- **Employee Costs:** During the year under review, employee cost stood at ₹ 311 crore as compared to ₹ 292 crore in 2018-19. Increase was mainly on account of increments and headcount addition. ESOP expenses have reduced from ₹ 34 crore in 2018-19 to ₹ 23 crore in 2019-20.
- **Advertisement and Sales Promotion (A&P):** A&P spends to sales ratio during the year was 2.2%. A&P expenses despite flat revenue growth increased from 91 crore in 2018-19 to ₹ 99 crore in 2019-20 demonstrating your Company's focus on brand development.
- **EBIDTA margins:** Improved mix and continued focus on cost optimisation programmes led to expansion in EBIDTA margins by 30 bps versus previous year and the same stood at 13.3% in 2019-20.
- **Depreciation:** Depreciation and Amortisation expense were higher mainly on account of adoption of Ind AS 116, wherein rent has been reclassified into Depreciation and Amortisation expense. The same has no additional charge on financials.
- **Finance Cost:** Finance charges reduced from ₹ 60 crore in 2018-19 to ₹ 41 crore in 2019-20, mainly on account of repayment of debentures worth ₹ 300 crore in Q1 2019-20.
- **PBT:** PBT margins as a result of operational performance improvement and cost initiatives improved by 60 bps over 2018-19.
- **Direct Tax and PAT:** On account of reduction in corporate tax rates by Government during the year, your Company's applicable tax rate has reduced from 34.94% in 2018-19 to 25.17% in 2019-20. Consolidated profits during the year under review stood at ₹ 496 crore registering 24% growth over 2018-19.

#### Capital Expenditure:

Total capex excluding recognition of Right to use of assets is ₹ 23 crore. This mainly includes TPW plant, inhouse winding project, varnish project, new SMT machine for LED battens and moulds for Appliances.

The capex will further boost your Company's manufacturing capability and competitive edge.

- **Debt Summary:** Effective cash conversion cycle ensured reduction in Net debt compared to previous year.

Particulars	2019-20	2018-19
Gross Debt	₹ 350 crore	₹ 650 crore
Net Debt	₹ (237 crore)	₹ (33 crore)
Total Equity	₹ 1,468 crore	₹ 1,097 crore
Gross Debt to Equity	0.24	0.59
Net Debt to Equity	(0.16)	(0.03)

#### Information Technology (IT)

IT continues to be the critical lever for achieving your Company's objectives. Under programme "Urja", your Company's IT environment has evolved consistently and enabled improved engagement levels with various stakeholders across the value chain. Collaboration platforms such as the Vendor Portal, Dealer Portal, Field Assist App and SFDC Portal have empowered people and improved processes resulting into ease of doing business with Crompton. The Travel and Expense Management module and HRMS have improved employee engagement levels.

Your Company's goal going forward is to monetise the various investments made so far on the existing landscape by leveraging data for better decision-making and providing information at the fingertips of the relevant stakeholder. Leveraging cutting-edge technology initiatives on IoT, AI, ML, Predictive Analytics will continually be explored to augment the existing IT landscape and serve business needs more efficiently wherever possible.

#### Human Resources

Your Company has established five "Crompton Behaviours" with an aim to drive right talent on-boarding, optimising performance and leadership development. These include Personal Leadership, Courage, People Development, Innovation and Execution Excellence and aims to promote employee engagement by creating a transparent, motivating and satisfying work environment. It also has a robust rewards programme to attract and retain capable employees. Your Company ensures equal access to opportunities in the areas of recruitment, training, career development and advancement regardless of their gender, age, racial/ethnic background, religion or social status.

## **Risk Management and Mitigation**

Your Company has established a robust and comprehensive framework for the identification and mitigation of risks. Your Company faces three primary risks – business risk, operational risk and external risk and monitors them regularly according to industry best practices. Your Company's sustained efforts to attain cost leadership, focus on expanding and strengthening distribution network and consistently delighting customers with meaningful innovative solutions has enabled it to achieve a competitive edge in the industry.

## **Cautionary Statement**

*This document contains statements about expected future events, financial and operating results of your*

*Company, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Crompton Greaves Consumer Limited's Annual Report, FY20.*



# Board Report

Dear Members,

Your Directors are pleased to present the Sixth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2020.

## FINANCIALS

The table below depicts the standalone financial performance of your Company for the year ended 31<sup>st</sup> March, 2020.

(₹ crore)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Revenue from operations	4,511.97	4,478.91
Total income	4,570.84	4,527.17
Profit before Tax	588.27	561.56
Tax expense (including deferred Tax)	93.57	159.04
Profit after Tax	494.70	402.52

## OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

Total revenue for the year remained flat as Sales in March 2020 were adversely impacted by the COVID-19 disruption and the subsequent lockdown from 23<sup>rd</sup> March, 2020. March is a crucial month for Sales as a significant amount of the trade channel stocks up in preparation of the summer season and this sudden lockdown led to a sharp curtailment of sales leaving the Company with lower sales, higher inventories and reduced collections. There was limited time for taking any action to reduce costs and as a result the profitability for March and the fourth quarter was impacted.

Tax expense was lower due to a reduction in the Tax rates announced last year and the effect of the tax refund granted for the year 2016-17.

Consequently, the Profit After Tax grew by 22.90%, much faster than the 4.76% growth in Profit before Tax.

Members may also note that the lockdown caused by COVID-19 has been extended till 17<sup>th</sup> May, 2020 though with some relaxations and this will impact the performance in the ensuing quarter and year.

## INCREASE IN SHARE CAPITAL – EXERCISE OF STOCK OPTIONS

During the year under review, your Company has made following allotments pursuant to the exercise of options by eligible employees under the various ESOP schemes:

Date of Allotment	No. of Shares
20 <sup>th</sup> June, 2019	22,688
16 <sup>th</sup> August, 2019	24,063
1 <sup>st</sup> October, 2019	16,275
5 <sup>th</sup> November, 2019	28,125
20 <sup>th</sup> November, 2019	53,438
26 <sup>th</sup> November, 2019	96,563
16 <sup>th</sup> March, 2020	56,900
<b>Total</b>	<b>2,98,052</b>

Accordingly, the total paid-up share capital of the Company as on the date of this Report is ₹ 1,25,45,67,944 divided into 62,72,83,972 equity shares of ₹ 2/- each.

The applicable disclosures as stipulated under SEBI (Share-Based Employee Benefits) Regulations, 2014 are provided in Annexure 1 to this Report.

## DIVIDEND

Given the uncertain economic outlook, the Board considered it prudent not to recommend any Dividend for FY20.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has adopted a Dividend Distribution Policy and is available on the Company's website at <https://www.crompton.co.in/media/Dividend-Distribution-Policy.pdf> and the same is attached as Annexure 2 to this report.

## NON-CONVERTIBLE DEBENTURES

Your Company has redeemed Non-Convertible Debentures (NCDs), Series A amounting to ₹ 300 crore on 24<sup>th</sup> June, 2019.

Presently, NCDs aggregating ₹ 350 crore are listed on the National Stock Exchange of India Ltd. Out of these NCDs, Series B amounting to ₹ 170 crore are due for redemption on 24<sup>th</sup> June, 2020.

The disruption caused by COVID-19 has been severe. While the Company has sufficient cash reserves, these could be needed to augment working capital as the operations normalise. The Company has always met its working capital as well as capital expenditure requirements by and large through internal accruals. The current National Lockdown, especially during the peak summer season, has impacted our cash flow and consequently, the working capital cycle is likely to get lengthened. The Company has resumed production partially in all the plants, the other operations are set to resume progressively as and when the Government announces relaxations. We foresee demand revival from the second half of the financial year, and it is important to persist with investments to enhance our competitiveness and market leadership. Therefore, it is prudent to infuse additional funds through the issuance of NCDs to retain adequate liquidity to support business continuity and growth over the next 12 to 18 months.

Accordingly, the Company is seeking to raise ₹ 300 crore (Rupees Three Hundred crore) by issue of rated, secured, listed, redeemable non-convertible debentures on Private Placement basis.

## CREATION OF DEBENTURE REDEMPTION RESERVE

Your Company has maintained Debenture Redemption Reserve (DRR) at ₹ 75 crore created in FY 18-19. The DRR maintained is adequate for the NCD redemptions due for redemption on 24<sup>th</sup> June, 2020.

## RESERVES

Your Company does not propose to transfer any amount to the General Reserve.

## CREDIT RATING

CRISIL has reaffirmed your Company's long-term rating to AA+/Stable. The short-term rating at A1+ remains the highest.

## EMPLOYEE STOCK OPTION PLAN 2019

During the year under review, the Members of the Company approved the grant of options to eligible employees of the Company & its subsidiary(ies), vide special resolution passed by the members through a Postal Ballot on 19<sup>th</sup> January, 2020, under the Employee Stock Option Plan 2019 (ESOP-2019).

The ESOP Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 ('the SBEB Regulations').

Pursuant to the approval by the shareholders and in-principle approval given by the Stock Exchanges, the Company can grant up to 48,00,000 options to the eligible employees of the Company under the ESOP-2019.

The applicable disclosures as stipulated under SEBI (Share-Based Employee Benefits) Regulations, 2014 are provided in Annexure 1 to this Report.

## HUMAN RESOURCES & EMPLOYEE RELATIONS

### Employee Performance & Engagement

Employee engagement is tracked on a real-time basis through AI-enabled tools such as Amber. In addition to this, a Company-wide Employee Engagement Survey was conducted through renowned Employee Engagement Survey provider Kincentric. The survey had an extraordinarily high response rate of 96%. Your Company Brand, Line Manager Behaviour, Performance Management, Rewards and Recognition, and Job Content were highlighted to be the main areas of strength of the organisation. The overall engagement score of the Company was ascertained to be 63%. The survey outcomes were shared at various levels and currently, in-depth work is in progress to leverage the opportunity areas.

Meanwhile, our strong employee engagement initiatives continued through multi-layer communication, engagement, and recognition programmes.

The organisation continued with its journey on a continuous performance feedback system, which has resulted in the Performance Management System being highlighted as a strength of the organisation.

### Employee Welfare and Policies

Your Company has always been conscious to promote all-round employee welfare. Environment, Health and Safety (EHS) guidelines are deployed to promote workplace

health and safety and create a healthy environment. On a regular basis, the policies are benchmarked with market standards and are upgraded as and when necessary.

### Building Talent

Your Company continues to be committed to developing internal leaders and talent pipeline. The same was further strengthened through the launch of structured long-term Leadership development programmes in partnership with the Indian Institute of Management at various levels. The process of identifying internal successors for key positions and systematic development of leadership continued. As a result, larger number of managerial positions were filled in through internal talent than in previous years.

The talent assessment process of the organisation for recruitment and internal talents also continued to be strengthened through the implementation of various data-driven tools including TalView, Knack, Hogan, Korn Ferry, etc.

### Employee and Leadership Development

In line with your Company's long-term business strategy, there are robust employee development programmes through structured interventions and on-the-job and experiential learning through career movements, special assignments and projects. It is intended to build best-in-class capability in the area of Go-to-Market, Operational Excellence and Quality, Brand and Portfolio Management and Innovation.

This year, a series of strategic capability development initiatives were launched. Those included building capabilities in Design Thinking, Analytics, Project Management, Coaching and Mentoring, Go-to-Market, Digital Marketing, etc. in addition to other need-based capability building programmes. Also to promote learning on the go, Degreed Learning Application, considered to be cutting-edge in the learning technology, is being deployed in the organisation.

### Employee Relations & Compliance

Your Company continued to enjoy a very good relationship with the labour unions at the respective factories. The same is evidenced in another landmark settlement signed with the workers' union in Ahmednagar, which was signed in record time and in a very constructive and positive environment. At the same time, the overall compliance framework was further strengthened by an in-depth assessment of all compliance-related risks and taking suitable actions.

### Digitalising HR Practices

The journey to digitise all aspects of an employee's life cycle continued with further deployment of technology-enabled tools and processes.

### DIRECTORATE & KEY MANAGERIAL PERSONNEL

The appointment and remuneration of Directors are governed by the Policy devised by the Nomination and Remuneration Committee of your Company. The detailed Nomination and Remuneration Policy is contained in the Corporate Governance Section of the Annual Report.

Your Company's Board comprises eight members. The Chairman, Mr. H. M. Nerurkar is an Independent Director.

Mr. Shantanu Khosla is the Managing Director. Mr. D. Sundaram, Mr. P. M. Murty and Ms. Smita Anand are other Independent Directors. Ms. Shweta Jalan, Mr. Sahil Dalal and Mr. Promeet Ghosh are Non-Executive Non-Independent Directors.

The Company has received a declaration from each of its Independent Directors confirming that they satisfy the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

In terms of the recently introduced regulatory requirements, name of every Independent Director should be added in the online database of Independent Directors by Indian Institute of Corporate Affairs, Manesar ("IICA"). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose.

During 2019-20, the Company did not appoint any new Independent Director on the Board of Directors. Hence, the opinion of the Board concerning integrity, expertise and experience (including the proficiency) of Independent Directors is not required to be given.

Mr. Promeet Ghosh, Director, is liable to retire by rotation and being eligible for re-appointment at the ensuing AGM of your Company has offered himself for re-appointment. His details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing AGM of your Company. An appropriate resolution seeking your approval to his re-appointment as Director is included in the Notice.

The tenure of Mr. P. M. Murty and Mr. D. Sundaram as Independent Directors expires on 17<sup>th</sup> September, 2020 and the tenure of Mr. H. M. Nerurkar as Independent Director

expires on 24<sup>th</sup> January, 2021. The Board of Directors in its Meeting held on 15<sup>th</sup> May, 2020 approved re-appointment of the said Directors as Independent Directors for the second term subject to approval of the members in the ensuing AGM of the Company. Brief profile of each of the Director as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) is contained in the accompanying Notice convening the forthcoming AGM of your Company. Appropriate resolutions seeking your approval to their re-appointment as Independent Directors are included in the Notice.

Further, as per the Nomination & Remuneration Policy of the Company, the retirement age for Non-Executive Directors is 75 years. Mr. H. M. Nerurkar will attain the age of 75 years on 20<sup>th</sup> October, 2023 and Mr. P. M. Murty will attain the age of 75 years on 25<sup>th</sup> July, 2025 and their tenure of re-appointment is till they attain the age of 75 years.

The tenure of Mr. Shantanu Khosla as the Managing Director of the Company expires on 31<sup>st</sup> December, 2020. He was re-appointed by the Board in its Meeting held on 15<sup>th</sup> May, 2020, as the Managing Director of the Company for another term of five (5) years, subject to the approval of the shareholders in the ensuing AGM of the Company. His brief profile as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) is contained in the accompanying Notice convening the forthcoming AGM of your Company. Appropriate resolution seeking your approval to his re-appointment is included in the Notice.

Mr. Shantanu Khosla, Managing Director, Mr. Mathew Job, Chief Executive Officer, Mr. Sandeep Batra, Chief Financial Officer and Ms. Pragya Kaul, Company Secretary are Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

Your Board of Directors met five (5) times during the financial year 2019-20. The details of the meetings and the attendance of the Directors are mentioned in the Corporate Governance Report.

The Board has established Committees as a matter of good corporate governance practices and as per the requirements of the Companies Act, 2013. The Committees are Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship & Share Transfer Committee, Risk Management Committee, Allotment Committee for

allotment of shares arising out of Stock Options, Strategic Investment Committee and Committee for Debentures. The composition, terms of reference, number of meetings held and business transacted by the Committees are given in the Corporate Governance Report.

## BOARD EVALUATION

In terms of requirements of the Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligations and Disclosure Requirements) 2015, the Board carried out the annual performance evaluation of the Board of Directors as a whole, Committees of the Board and individual Directors.

The Board Evaluation cycle was completed by your Company internally led by the Independent Chairman of the Company along with the Chairman of the Nomination and Remuneration Committee ("NRC").

The parameters for performance evaluation of the Board include composition of the Board, process of appointment to the Board of Directors, common understanding of the roles and responsibilities of the Board members, timelines for circulating board papers, content and the quality of the information provided to the Board, attention to the Company's long-term strategic issues, evaluating strategic risks, overseeing and guiding acquisitions, etc.

Some of the performance indicators for the Committees include understanding the terms of reference, the effectiveness of discussions at the Committee meetings, the information provided to the Committee to discharge its duties and performance of the Committee vis-à-vis its responsibilities.

Performance of individual Directors was evaluated based on parameters such as attendance at the meeting(s), contribution to Board deliberations, engagement with colleagues on the Board, ability to guide the Company in key matters, knowledge and understanding of relevant areas and responsibility towards stakeholders. All the Directors were subject to self-evaluation and peer evaluation.

The performance of the Independent Directors were evaluated taking into account the above factors as well as independent decision-making and non-conflict of interest.

Further, the evaluation process was based on the affirmation received from the Independent Directors that they met the independence criteria as required under the Companies Act, 2013 and Listing Regulations, 2015.

The Board Evaluation discussion was focussed on how to make the Board more effective as a collective body in the

context of the business and the external environment in which the Company functions. From time to time during the year, the Board was apprised of relevant business issues and related opportunities and risks. The Board discussed various aspects of its functioning and that of its Committees such as structure, composition, meetings, functions and interaction with management and what needs to be done to further augment the effectiveness of the Board's functioning. Additionally, during the evaluation discussion, the Board also focussed on the contribution being made by the Board as a whole, through its Committees and discussions on a one-on-one basis with the Chairman.

The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board. They were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the reporting period. The Board also noted that the actions identified in the past questionnaire-based evaluations had been acted upon.

During 2019-20, the Company actioned the feedback from the Board evaluation process conducted in 2018-19.

The Board noted the key improvement areas emerging from this exercise in 2019-20 and action plans to address these are in progress. These include strengthening the succession planning for key positions, periodic updation of the risk framework and risk mitigation actions.

### FAMILIARISATION PROGRAMME

Your Company has in place a structured induction and familiarisation programme for its Directors. Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities, obligations, Code of Conduct for Prevention of Insider Trading and Code of Conduct applicable to Directors and Senior Management Personnel. They are also updated on all business-related issues and new initiatives.

Regular presentations and updates on relevant statutory changes encompassing important laws are made and circulated to the Directors.

The Directors appointed as members on the Corporate Social Responsibility Committee ("CSR") are also involved and briefed about CSR initiatives of the Company. Senior Executives of the Company make presentations to the members of the Board on the performance of the Company and strategic initiatives.

Brief details of the familiarisation programme are uploaded and can be accessed on the Company's website at

<https://www.crompton.co.in/wp-content/uploads/2020/04/Familiarization-Programme-for-the-FY-19-20.pdf>

### SUBSIDIARY COMPANIES, ASSOCIATES & JOINT VENTURES

Your Company has three wholly-owned subsidiaries which are as follows:

1. Pinnacles Lighting Project Private Limited (CIN: U74999MH2018PTC318891) was incorporated on 31<sup>st</sup> December, 2018 to execute, design, manufacture, test, supply, O&M of LED Street Lights & Poles and other related works for the implementation of Greenfield Street Lighting Project for 19 Urban Local Bodies (ULBs) in Odisha. This contract received from Government of Odisha, Housing & Urban Development Department is on Public-Private Partnership (PPP) basis.

Total Revenue booked for the 12 months ended 31<sup>st</sup> March, 2020 was ₹ 7.67 crore (including ₹ 0.30 crore as other income). Profit after Tax was ₹ 1.01 crore as compared to a loss of ₹ 0.58 crore in the previous year.

2. Nexustar Lighting Project Private Limited (CIN: U74999MH2019PTC318955) was incorporated on 2<sup>nd</sup> January, 2019 to execute, design, manufacture, test, supply, O&M of LED Street Lights & Poles and other related works for the implementation of Greenfield Street Lighting Project for 36 Urban Local Bodies (ULBs) in Odisha. This contract received from the Government of Odisha, Housing & Urban Development Department is on Public-Private Partnership (PPP) basis.

Total Revenue for the 12 months ended 31<sup>st</sup> March, 2020 was ₹ 6.06 crore (including ₹ 0.29 crore as other income) and Profit After Tax was ₹ 0.67 crore.

3. Crompton CSR Foundation (CIN: U85300MH2019NPL 324784) was incorporated under Section 8 of the Companies Act, 2013 (being a company limited by guarantee not having share capital) on 1<sup>st</sup> May, 2019 primarily with an objective of undertaking/channelising the CSR activities of the Company. Based on the Control assessment carried out by the Company, the same is not consolidated as per Ind AS 110.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries in Form AOC-1 is attached herewith as Annexure 3. The separate

audited financial statements in respect of each of the subsidiary companies are open for inspection and are also available on the website of your Company at <https://www.crompton.co.in/accounts-of-subsidiary-companies/>.

## RELATED-PARTY TRANSACTIONS

In accordance with the requirements of the Companies Act, 2013 and Listing Regulations, 2015, your Company has a Policy on Related-Party Transactions which can be accessed through weblink - <https://www.crompton.co.in/media/Policy-on-RPT-CGCEL.pdf>.

All related-party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseen and repetitive nature. A statement giving details of all related-party transactions is placed before the Audit Committee for their noting/approval every quarter.

There were no material transactions with related parties (i.e. transactions exceeding 10% of the annual consolidated turnover entered into during the year as per the last audited financial statements). Accordingly, the disclosure of transactions entered into with related parties pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts), Rules 2014 in Form AOC-2 is not applicable.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There were no Loans and Guarantees made by the Company under Section 186 of the Companies Act, 2013. The details of investments made by the Company under Section 186 of the Companies Act, 2013 form part of this Annual Report.

## RISK AND CONTROL

Your Company constantly endeavours to create Sustainable Value and believes in adhering to the highest of standards when it comes to how we manage and operate our day-to-day business.

## RISKS

**Key Risks identified previously have been re-evaluated during the year and status of mitigation actions are tabulated below:**

RISK	STATUS OF MITIGATION ACTION PLANNED
a. The ability to manage effective business continuity with channel partners	In Progress Your Company has done a pilot on the digitalised dealer experience through dedicated dealer portal. Basis feedback, improvements are in progress to enhance customer satisfaction and ease of doing business.

Your Company operates in a constantly evolving environment which exposes it to different risks. We make continuous efforts to prevent and mitigate those risks.

Crompton has adopted an Enterprise Risk Management Process to provide a holistic view of aggregated risk exposures as well as to facilitate more informed decisions. Through this framework, we identify, assess, mitigate and monitor Company's overall and functional exposure to Controllable and Non-Controllable Risks.

The Risk Management Process is structured and involves both Bottom-up and Top-down approaches, addressing Strategic, Operational and Financial Objectives, of the Company and across individual businesses/functions.

Operational Management has Ownership, Responsibility and Accountability for identifying, assessing, managing and mitigating risks. Senior Management monitors and facilitates the implementation of an effective risk management process along with the development of Policies, Processes and Controls to mitigate risks and issues.

As an independent function, our Internal Management Audit team assures the Board of Directors and Risk Management Committee on the effectiveness of the Risk Management framework and Process in your Company.

Through the Risk Management Committee, Board of Directors oversees your Company's Risk Management and Internal Control System.

Your Company has a robust Fraud prevention mechanism to prevent, deter and detect fraud. It includes the Ethics line, which enables Employees to exercise their Whistleblowing rights and report any breach of the Policies laid down by the Conduct of Business Code. Any reporting is investigated, duly reported to the Board of Directors and actioned as applicable.

RISK	STATUS OF MITIGATION ACTION PLANNED
<p>b. Operational excellence – The ability to improve and sustain quality and drive down costs at the same time</p>	<p>Ongoing</p> <ul style="list-style-type: none"> <li>· Your Company has initiated vendor rationalisation, with emphasis on in-house manufacturing. Scorecard evaluation of vendors has been put in place and effectively monitored on performance excellence.</li> <li>· Your Company has set up the Centralised Commodity teams to have a consolidated view on capability and capacity for the entire Company-wide procurement function with best leverage on Quality and Cost.</li> <li>· Your Company has put in place “Project Delight”, a quality and process improvement programme across the Company, including strategic vendors, with progress being tracked at regular Management reviews.</li> <li>· Consistently improving on forecast accuracy and deliver on time in full through strengthened demand planning process (including filling competency gaps) and reviews.</li> </ul>
<p>c. Branding/Innovation – The ability to continue to “outsmart” competition</p>	<p>Ongoing</p> <ul style="list-style-type: none"> <li>· Your Company is strengthening the Centralised Marketing structure, by improving its consumer insight process and filling up competency gaps in the concerned function.</li> <li>· Your Company is improving on the NPD process through a three Gate approval process viz. Gate 1: Establishing of the project; Gate 2: Commitment to the project; Gate 3: Launch agreement for the project.</li> </ul>
<p>d. Ability to succeed in the new B2B model, in lighting, with defined process of managing Leads to Order and effective tender evaluation</p>	<p>In progress</p> <ul style="list-style-type: none"> <li>· Your Company is standardising the process for assessing the tenders/ business opportunities through - a) Defining Process framework &amp; Go-No-Go parameters along with Authority Matrix;</li> <li>· Digitalised Lead to Order process through Salesforce.com is under implementation stage.</li> </ul>
<p>e. Organisation Excellence - Inability to attract and retain the right talent may lead to your Company’s ability to achieve Organisational goals</p>	<p>Ongoing</p> <ul style="list-style-type: none"> <li>· Your Company has put in place Succession Planning framework mapping career development and progression opportunities for suitable employees, thereby ensuring talent retention.</li> </ul>
<p>f. Regulatory Environment</p>	<p>Ongoing</p> <ul style="list-style-type: none"> <li>· Your Company is working with various Industry Associations around regulatory changes like E-waste, improving energy efficiency of products, and similar initiatives, as these could prove to be disruptive for the industry. This will help ensure that the changeover is smooth and in the interest of all stakeholders.</li> </ul>

As part of continuous evaluation of Risk environment in which your Company is operating, new key risks have been identified during the year, along with assessment of existing controls and plans of mitigation actions, which are stated below:

## A. Key External Risks

RISK	MITIGATION PLAN
Change in macro-economic factors	Your Company has a robust short, medium and long-term planning process to help calibrate demand and supply planning, supported by ongoing cost reduction programme.
Entry of global players	Your Company closely tracks competitive landscape and looks for inorganic opportunities in existing and adjacent markets to counter global players.
Uncontrollable events/calamities Absence of crisis management/ business continuity plan	A robust Business Continuity Plan is being developed for identified scenarios, and will be deployed and tested across the Company.

## B. Key Supply Risks

RISK	MITIGATION ACTION/PLAN
VUCA situation impacting import of raw materials/finished goods	Your Company prepares a robust material supply business continuity plan to explore and onboard additional vendors, by identifying single-source suppliers.  Further, broad-basing of vendors is also being done, so that alternate SKUs can be made available in case of disruption.
Production disruption at Own/Third party facility	Knowledge and back-end data of T2 suppliers will be gathered and documented so that a more calculated strategic decision can be taken.

## C. Key Strategic Risks

RISK	MITIGATION ACTION/PLAN
Inability to compete - innovation, technology, pricing and sustainable products	Strengthen the business teams in terms of competency support for industrialisation, validation and project management.  Strengthen the R&D process i.e. NPD process, product data management process, design process and validation process.  Create a centre of competency comprising: <ul style="list-style-type: none"> <li>IoT and smart technology</li> <li>Design studio which will help bring in aesthetics</li> <li>Innovation management</li> </ul> Augment R&D infrastructure in testing equipment, engineering software and hardware.
Change in material trends	Material science project has been taken up by the R&D team to identify alternative/low-cost materials.



RISK	MITIGATION ACTION/PLAN
Challenges in legacy culture not aligned to desired Crompton culture	<p>The Crompton behaviour framework details the following -</p> <ul style="list-style-type: none"> <li>Key objectives (for what we exist) – consumer, employee and stakeholder delight</li> <li>Key enablers (what we will drive) – personal leadership, courage, people development, innovation, execution excellence</li> <li>Fundamentals (what we are all about) – integrity, transparency, empathy</li> </ul> <p>The Crompton behaviours are now part of the employee assessment and recognition.</p> <p>Training programmes are being rolled out through the latest methodologies to inculcate the understanding and practice of Crompton culture.</p> <p>The implementation of action points of Employee Engagement Survey will further strengthen the Crompton culture.</p>

#### D. Key Reputational Risks

RISK	MITIGATION PLAN
Inability to attract/retain customers due to poor after-sales service	A Service transformation project is being initiated which will look at transforming the process, policies and people for the After Sales Service (ASC) function through gap analysis, and with design roadmap for best-in-class organisation covering people, process and technology.
Sub-standard product quality	In addition to the current emphasis on restoration of basic quality standards, further initiatives are being taken for improved critical quality elements and its sustenance. Further focus is on process capability improvement and strengthened sustenance.

#### E. Key Governance Risks

RISK	MITIGATION PLAN
BEE Star Rating compliance for ceiling fans	Cross-functional project team formed to align procurement, manufacturing and supply chain with the regulatory requirement under BEE, and execution being monitored for timely compliance.
Improper safety standards/Non-compliance to product safety norms	<p>Calibrating and cross audits in progress, with more objective Vendor Quality parameters checklist.</p> <p>Red flagging of exceptions and reviews to be strengthened.</p>
Changes in Government regulations	<p>Beacon system being made more robust through timely update of key provisions as well as upload of supporting documents.</p> <p>Artwork approval workflow to ensure compliance with Legal Metrology laws has been implemented.</p> <p>Legal for non-legal training programmes across the Company to train teams on compliance culture is being carried out with scheduled refreshers.</p>

RISK	MITIGATION PLAN
Sustainability - Increase in competition and change in consumer behaviour towards sustainable products	<p>Define KPI's at the organisation level and initiate to run feasibility studies for substitute materials available at a low cost that can be used instead of plastic. This would reduce plastic consumption within the organisation.</p> <p>Scrap reduction by quality improvement.</p> <p>Reduce electricity consumption by improving efficiency of LED lights.</p> <p>Define the benchmarks and targets the company is planning to achieve for the above initiatives.</p>

## F. Key Operational Risks

RISK	MITIGATION PLAN
HR - Absence of skill set/succession planning	<p>Critical skills for critical positions have been identified. Assessment of successors against critical skills are underway.</p> <p>Your Company conducted employee engagement survey and actions are being initiated to address the attrition challenges.</p>
Inability to tackle data security/confidentiality	<p>Your Company carries out VAPT for critical applications like SAP Unified Access Portal to be activated shortly.</p> <p>Data Management System to be evaluated to identify data criticality and associated solution to prevent data leakage.</p> <p>Data Centre Disaster Recovery is already being done on SAP annually. To be conducted for applications.</p>

## INTERNAL CONTROL SYSTEMS

Your Company is committed to maintaining the highest standards of internal controls. We have deployed controls through appropriate policies, procedures and implemented a robust Internal Financial Control system that encompasses the following:

- Key processes affecting the reliability of the Company's financial reporting together with the required controls;
- Periodic testing of controls to check their operational effectiveness;
- Prompt implementation of remedial action plans arising out of tests conducted;
- Regular follow-up of these action plans by senior management;
- Review of progress on the same by the Audit Committee twice a year.

In addition, Internal Auditors perform periodic audits in accordance with the pre-approved plan. They report on the adequacy and effectiveness of the internal control systems and provide recommendations for improvements.

Audit findings along with management response are shared with the Audit Committee. Status of action plans are also presented to the Audit Committee which reviews the steps taken by the management to ensure that there are adequate controls in design and operation. In addition to the Audit Committee meetings held to approve the quarterly/annual financial performance, two special Audit Committee meetings are held to review, among other areas, progress around controls, improvements in systems, outcomes of special audits, etc.

### Controls through Digital Initiatives and Operational Standardisation

Your Company believes in continuous improvement and has been investing in digital initiatives to automate controls, thereby minimising manual errors and lapses.

Controls concerning authorisations to Company's IT systems are reviewed periodically to ensure that users have access to only those transactions that apply to their specific roles, ensuring segregation of duties. All access rights to SAP are validated using the access control feature of the Governance Risk and Control module of SAP. Basis the risks identified for the Company, all

“Critical” access risks have been eliminated and “High” risks are mitigated.

Your Company prioritises data security and is in the process of implementing a “Single Sign-on” solution which will ensure that access to all Company IT systems is available only to authorised users and such access can be enabled/disabled through a single sign-on.

Dashboards have been created for critical functions enabling them to slice and dice the database for productive information and focus on management by exceptions.

The IT-enabled compliance tracking tool “Beacon”, enables monitoring of adherence to statutory compliances and helps develop a culture of self-regulation and accountability within the organisation. In the present times, when governance is looked upon as a critical aspect of sustainability, the compliance management system plays a significant role in ensuring good corporate governance.

Your Company has also implemented a travel expense management tool which, in addition to improving employee productivity has inbuilt controls to adhere to the Company Travel policy.

Your Company has been progressively building capability in key functions like procurement, trade marketing and quality for standardising processes across the Company for uniform processes and superior decision-making.

The Certificate provided by Managing Director and Chief Financial Officer in the Certification Section of the Annual Report discusses the adequacy of the internal control systems and procedures.

## RESEARCH AND DEVELOPMENT (R&D)

Your Company endeavours to be best-in-class, promoting strong foundation of Research and Development through one of its behavioural pillars of innovation. Culture of creativity is embedded in the Company’s people and processes. The Company’s In-House Research and Development team strives for best technology-based sustainable product innovations, with efficient product lifecycle, including design, development and manufacturing process.

Continuing the spirit of creating consumer delight, your Company has launched an array of products, across segments that are designed to prove its class, both technologically and aesthetically:

### Fans:

- Silent Pro Enso is the Company’s entry into silent fans category, wherein the operating noise level is much lower compared to ordinary metal ceiling fans. Designed using CFD simulations and plastic blades, this fan delivers best air delivery and yet, the most silent fan. This fan comes with elegant design and remote control for ease of use.
- Energion series is an energy-efficient range of fans under the brand name Energion which operates on Activ BLDC™ (inverter) technology and saves up to 50% on energy bills for end consumer. This range of fans work on widest range of voltage (90V-300V), has the highest power factor of 0.98 and least total harmonic distortion value.
- Wave Plus, a complete range of table-pedestal-wall fans, created in-house, with a motor design to provide 20% higher air delivery than any similar fans in the market.
- Pentaflor, a new series 5 blade table-pedestal-wall fans that offer superior air delivery at a much lower operating noise level.
- Your Company’s fans’ R&D centre includes new design excellence capabilities like CFD (computational fluid dynamics) to support exceptional design, and the newly-added state-of-the-art automatic air delivery room at Bethora Development Centre supports faster and accurate design validations.
- Your Company launched industry’s first customisation idea through Decal technology and successfully piloted in many parts of India, to offer a plethora of customised unique design choices to end consumer, to meet their décor requirements.
- The Fans division won the “National Energy Conservation Award” for the 6<sup>th</sup> consecutive year. HS Plus 5 Star Rated Ceiling Fan has been declared the most Energy Efficient Appliance of the Year in Ceiling Fan Category.

### Pumps:

- Best in industry Openwell and Borewell pumps range “ULTIMA” launched with “Ultimate performance and Ultimate reliability”.
- Solar pumps for drinking water applications launched with BLDC technology, with 5 years warranty, offer higher water output 20%-30% than MNRE requirement.

- To address today's consumer lifestyle needs, and water requirement of high-rise buildings, your Company launched 2HP pump Mini Everest - 1<sup>st</sup> in industry with highest head and capacity.
- V4 high-performance agro pumps launched to address challenging power supply (voltage) conditions.
- 1<sup>st</sup> time in the industry, your Company has launched electronic control panel with advanced features like under-overvoltage, under-over current, dry run, phase reversal, protections to avoid failure of pumps during abnormal power supply conditions.

## Lighting:

- Basis Consumer insights, your Company has launched series of Battens and Lamps with back-up facility, benefiting locations with power outage challenges. This solution is developed in-house and applied for patent.
- Brilliance and Radiance Ray plus series of battens cater to bright light requirements.
- Star Dura range is a good value proposition product and has been one of the successful launches in the ceiling space.
- New series of Linear and Downlighter solutions launched for Commercial office lighting applications, meeting aesthetic and efficiency needs of the customer.
- In the upcoming IoT space, global leading solutions with state-of-the-art technology, have been used for Outdoor and Commercial office lighting applications, providing for energy conservation, convenience and health monitoring needs.

Your Company stood the test of stiff price competition in the LED market, through initiatives on design changes and value engineering.

## Appliances:

Your Company strengthened the portfolio of appliances with various new launches:

- Water heaters - Solarium Qube, Regalio, Solarium, Rapid Jet, Solarium Vogue, Multifit.
- Revamped Air Cooler line-up and launched 13 new models which included Tower, Window and Personal

Coolers. Your Company launched an exciting line-up of Jumbo Window coolers with industry-leading features and performance.

- Your Company also started revamping kitchen and laundry care categories with model launches like Ameo, Apollo, Elle, Brio and Instaglide.

All these products are meticulously designed with attractive craftsmanship and packaging.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the prescribed format as Annexure 4 to this Report.

## ENVIRONMENT, HEALTH & SAFETY (EHS)

A comprehensive EHS manual titled "KAVACH 2.0" comprising the policies, procedures and work instructions has been prepared. Deployment of "KAVACH 2.0" has been ensured across the organisation through rigorous trainings.

To ensure focussed delivery on EHS activities, each plant carried out Aspect Impact and HIRA (Hazard Identification and Risk Assessment) review for various activities and identified Controllable/Uncontrollable and Normal/Abnormal/Emergency scenarios in each operation.

Your Company is greatly conscious of its responsibilities towards Health, Safety and Environment Management and is in the process of fortifying its current resources. A Policy on Occupational Health, Safety and Environment is already in place. During the year, your Company complied and excelled with EMS 14001 and OHSAS 18001 standards and is moving towards upgradation with ISO 45001. Single IMS (Integrated Management System) is in place which is the foundation of the overall health, safety and environment framework at your Company. Internal, Cross audits and External EHS and OHSAS audits were carried out to check the level of compliance and any deviations from laid down policies and procedures tracked and reviewed through this audit system. Process of Plan Do Check Act (PDCA), ensured issue closure through Corrective Action and Preventive Action (CAPA) within a reasonable timeframe.

A comprehensive EHS performance scorecard has been deployed and is monitored every month. Regular cross-functional quarterly EHS meets are conducted at various manufacturing units with the agenda to conserve natural resources, reduce electricity consumption, industrial effluents, water conservation, air emissions, waste generation and disposal. EHS improvement plans, scorecard discussions and benchmarking practices are deployed at all plants. Suggestions to improve the existing scenario are implemented within the stipulated timeframe.

A brief on EHS programmes of the Company is as under:

### Environment – a green pursuit

In addition to the focus on conserving finite resources together with reducing harmful emissions, sustainable management at all stages of the value chain and through the life cycle of the products is now an essential part of your Company's philosophy.

Your Company is committed to achieving its target by implementing best technology and management programmes through a combination of energy and water conservation, minimised air emissions, rainwater harvesting and solid waste recycling. All units are complying with zero liquid discharge system, minimum usage of petroleum products along with reduction in air emissions.

In other environmental focus areas, your Company has greatly reduced raw water consumption, generation of effluents, solid waste, hazardous waste and reduction in Green House Gases (GHG) emissions. This has helped to reduce the overall impact on natural resources and the environment. Besides this, all the manufacturing units have complied and are being monitored online for all EHS-related legal-statutory requirements laid by the Government from time to time.

Groundwater is one of the major sources of water for your Company. Therefore, we remain committed to significantly conserving it by installing water-efficient technology together with the effluent treatment system like Reverse Osmosis (RO) plants to reutilise treated water into the system.

- RO waste water re-usage amounting to 68 KL of water-saving at Baddi Unit-3.
- STP upgradation with new SBR technology, various awareness initiatives and water pipes monitoring

measures resulting in 6269 KL of water-saving at Goa unit.

- New cooling tower installation, RO waste water recycling, etc. resulting in 17664 KL of water-saving at Vadodara unit.
- 100% rainwater harvesting practised at all the units.
- Drips and micro-sprinkler irrigation system installed at Ahmednagar for gardening purpose reducing water consumption by 73 KL.
- Tree plantation drive across various units and green cover addition at Ahmednagar unit.
- Wet scrubber system for varnish fumes extraction, replacement of diesel forklifts with electric forklifts etc. implemented at Goa fans unit towards clean and green environment.
- Replacement of old compressor with energy-efficient one, automation of pump function based on level control, timer-based cut-off system for street light, etc. resulted in overall electricity consumption saving of 874907 kWh at Goa fans unit.
- Replacement of conventional lighting with LED lighting, solar power plant for office lighting and IT load resulted in electricity consumption saving of 10733 kWh at pumps unit.

All units of your Company are complying with CPCB/MoEF (Ministry of Environment and Forests) guidelines, especially on wastewater treatment. Trade and Domestic effluents have been segregated completely through the independent treatment system.

Authorisation of E-waste received from CPCB and FTL and CFL Products are RoHS compliant. Further, two of the three FTL lines have been converted from Liquid Dozing into Pill Dozing, to reduce the risk of Mercury (Hg) exposure in the environment at Vadodara Plant.

### Safety:

Safety is accorded overriding priority by your Company. The business has ensured to achieve and maintain globally-approved fire-safety standards. At Baddi, Goa and Ahmednagar unit leading fire/smoke detection technology has been installed, to trigger a timely alarm in case of any fire incident. Also, to mitigate such incidents, all units are staffed with dedicated and trained firefighting team members.

Fire survey was done in 2018-19 and all observations remediated in 2019-20. HIRA revision is done and risk mitigation plans are acted upon. Your Company is committed to building a safety culture by implementing behaviour-based safety through trainings and workshops, recording workplace hazards, conducting scheduled Fire-Safety Audits (in-house), strict adherence to Work Permit System (WPS) and Daily Toolbox talks, etc.

Regular interaction is maintained through Safety Committee Meetings with all associates. Fire-safety drills, safety week celebration and continuous safety training to all employees begin with adequate induction. Internal and cross plant safety audits are conducted too. All actions and recommendations are being recorded and evaluated by respective EHS leaders.

Your organisation has identified scenario-based emergency preparedness plans to counter specific emergencies. Regularly, mock tests and drills are planned and executed to ensure Emergency Response Team members are quick to respond to any situation.

Safety standards are monitored through a focus on appropriate safety control, elimination of unsafe activities, providing better replacement methods and installation of fool-proof engineering solutions (Poka-Yoke).

#### **Key Safety programmes implemented during the year include:**

- Cross plant safety audits.
- Mock drill exercises conducted across all plants to ensure readiness and responsiveness of the system and employees.
- Oxygen analyser for confined space entry works, permanent roof stress line for height works, gypsum false ceiling replacement with waterproof tiles type false ceiling to eliminate fall hazard at Baddi fans unit.
- 100% new joinees have been covered with behavioural-based and technical safety training at all plant locations. Refresher safety trainings were conducted for all ERT and new Safety Committee members.
- CO2 fire suppression system at varnish area, fire alarm and detection system at the new winding plant, emergency escape breathing apparatus, portable fire extinguishers at soldering points, LPG detection

with auto shut off system at canteen, clean agent fire suppression system for server area, multi-purpose firefighting hydrant nozzle, automatic external defibrillator for emergency during cardiac arrest, etc. are some of the key initiatives implemented at Goa for improving overall safety of the workplace and conditions.

- Shifting of power DBs of PT test setups away from line to enhance safety at lines, illumination of paint booth, replacement of hydraulic press-fit pipes of all paint guns and paint pumps, provision of cable tray and wire routing of open wires at type test area, shifting of kit assembly station from store to line reducing material handling, provision of guarding and wire routing at dynamometer, replacement and repairs of old damaged paint booth for the elimination of risk, extension of rail up to strapping machine for handling heavy jobs at DMB areas, etc. are some of the key initiatives implemented at Ahmednagar pumps unit for improving the overall safety of the equipment, workplace and work conditions.
- LPG tank sprinkler system, headcount system for use during emergencies in the emergency control room, installation of illuminated windsocks, reflective jacket introduction for visitors, etc. are initiatives implemented at Vadodara unit.
- Fire load calculation for ensuring fire safety carried out through the third-party at Vadodara and Goa locations.

#### **Health:**

Key health programmes as detailed below were rolled out during the year to promote a healthy lifestyle among employees. This led to enhanced motivation:

- Silicosis awareness training, first aid trainings, health awareness trainings given to employees.
- Executed medical surveillance plans and periodic medical check-ups.
- Revisited employee health insurance coverage for appropriate preventive screenings.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) FRAMEWORK & VISION**

### **Making A Difference ...**

Drawn up on the basic principles of 'Responsible Business' and 'Shared Value', your Company's CSR strategy aims

to provide youth with employable vocational and life management skills and contribute to water neutrality by participating in water conservation initiatives.

Aptly named, UJJVAL DEEP, the CSR programme framework is both in line with the Company's long-term commitment to build positive value for the communities as well as address major developmental priorities as identified by the Companies Act, 2013.

In line with this framework, your Company's 4 thrust areas are:

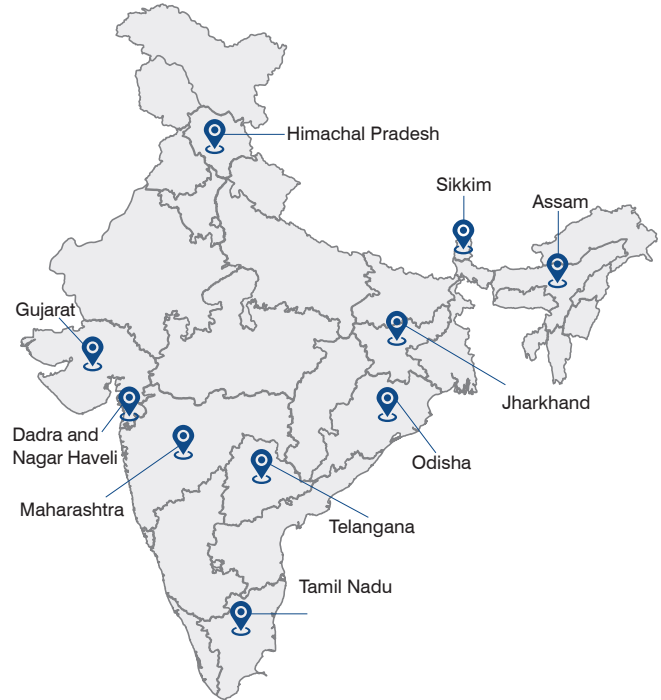
- Vocational and skills training;
- Projects addressing environmental issues such as water and waste management;
- Projects impacting lives of people who live in the vicinity of our manufacturing/processing facilities; and
- Active employees volunteering through Corporate Social Responsibility programmes.

Through 2019-20, the CSR activities were carried out with the following implementation partners:

- Skill Training, with:
  - o Asmacs Skill Development Ltd. (ASMACS)
  - o PanIIT Alumni Reach for India (PARFI)
  - o Kherwadi Social Welfare Association (Yuva Parivartan)
  - o Orion Edutech Private Limited; and
  - o CMCA Lifeskills
- Water Conservation Projects, with:
  - o Akash Ganga Trust
  - o Kherwadi Social Welfare Association (Yuva Parivartan)
  - o Bhartiya Bahuuddeshiya Khadi and Gramodhyog Shikshan Sanstha (BBKGSS)
  - o Vanarai - People's Movement for Green India
  - o Anugami Lokrajya Mahabhiyan (Anulom) and Maharashtra Government
- Projects in the vicinity of the manufacturing locations with:
  - o Akshaya Patra Foundation

## SKILL DEVELOPMENT INITIATIVES

The Skill Development centres are in the states of Himachal Pradesh, Gujarat, Maharashtra, Tamil Nadu, Odisha, Jharkhand, Assam, Telangana, Sikkim and Dadra and Nagar Haveli.



During the course of training, candidates were exposed to a stringent curriculum in which they were trained on current industry practices, plumbing and techniques in pipe fitment and fire-fighting systems. Candidates were also trained in aspects of safety, measurement, pipe fitting, familiarisation with tools and fittings and discipline. Besides this, the major focus is on technical training in electrical appliances.

### Programme 1:

#### Residential Multiskill Training - Implementation Partner - ASMACS

Your Company has sponsored residential skill training for 1,680 youth in Baddi - Himachal Pradesh, Ahmednagar - Maharashtra, Guwahati - Assam, Coimbatore - Tamil Nadu, Vadodara - Gujarat, Bhubaneswar - Odisha for training in Electrical & Plumbing trades.

43 training batches were run across all the locations and 80% of the youth were placed in reputed companies.



Multi-skill electrician training in Baddi, Himachal Pradesh



Practical training session during the home appliance repair Programme in Akot, Maharashtra

## Programme 2:

### Skills Training - Implementation Partner | PARFI

The Programme focuses largely on youth from underprivileged and tribal communities. 132 candidates were trained in the trades of Mechanical and Plumbing skills in two Gurukuls – Bundu and Sambalpur. 88% of the candidates were successfully placed on an average at all the locations.

## Programme 3:

### Electrical, Wireman and Home Appliance Repair Programme | Implementation Partner - Yuva Parivartan

This Programme is focussed on skilling youth through Yuva Livelihood Development Centres across Maharashtra. Training is imparted in field of Electrical, Wireman and repair of Home Appliances.

In addition, the students participate in the Soch Ka Parivartan (Attitude Transformation) module. This is designed to help students, who come from different and often, tough backgrounds dealing with harsh problems, build their self-esteem and confidence and also help them develop a positive attitude.

432 students have been trained within this programme of which, 264 have been placed.



Weekly practical demonstration as part of the ongoing multi-skill electrician course in Ahmednagar

## Programme 4:

### Apparel-making Programme | Implementation Partner - Yuva Parivartan

This Programme is focussed on women empowerment by skilling lesser privileged women in the Marathwada, Vidarbha and Palghar regions of Maharashtra.

354 women have been enrolled so far in the project and are undergoing training.



**Programme 5:****Skill Development | Implementation Partner - Orion Eductech Private Limited**

Setting up of "Skill Centre in Hyderabad, Sikkim and Silvassa to train over 1,400 youth over a period of 15 months. Youth between the ages 18-35 are trained in electrical and plumbing skills to ensure they are employable.

Currently, 120 students are undergoing training at the centres.



Distribution of study kits to students in Silvassa prior to commencement of training

**Programme 6:****Lifeskills Programme in Schools | Implementation partner - CMCA**

The aim of the project is to build empathy, critical thinking, confidence and team playing in children through lifeskill and citizenship Programmes. This is achieved through 10 CMCA clubs formed in 4 schools in Mumbai with students of 7 and 8 grade.

During the year, 493 students in 4 schools have been engaged in 226 classroom sessions and 18 awareness campaigns were conducted while 10 educators have been engaged in the Programme. Further, 41 cases of visible changes towards community building and social change have been documented.

**WATER CONSERVATION INITIATIVES**

Water is a valuable and increasingly scarce resource.

Awareness on water-related problems results in commitment among the community and thus helps to promote better management of water resources.

Hence, your Company has focussed its intervention on three major areas:

1. Rainwater Harvesting (RWH) system at Institutional Level
2. Rainwater Harvesting (RWH) system at Community Level
3. Awareness and Training sessions to get the best results in water conservation

**Programme 1:****Rainwater Harvesting in Chennai | Implementation Partner - Akash Ganga Trust**

Rainwater harvesting projects were supported at the following locations: Ethiraj College and Santhome High School in Chennai in collaboration with Akash Ganga Trust.

**Impact** - 3,000 students and 250 staff members

**Programme 2:****Watershed Development | Implementation Partner - Vanarai**

To reduce the impact of natural calamities like droughts and to make the village water secure, your Company supported a watershed development initiative in Jalna and Ahmednagar, Maharashtra aimed at increasing the groundwater level and stabilise the water table.

Increased employment options within agriculture and allied activities by impacting 608 landholdings and their families in the region.



Initiation of watershed development Programme in Belgaon, Ahmednagar



Construction of cement nala bund in the drought-prone area of Jalna, Maharashtra



Training session to villagers on best practices in irrigation

### Programme 3:

#### Watershed Development | Implementation Partner - BBKGSS

The project includes 6 activities of Watershed at Wasunde, a village belonging to a drought-prone area. The project will bring change in the lives of 150 families in the village. The main objective of the project is to increase the groundwater level, decrease soil erosion, revive wells, create awareness about water and soil conservation and create employment opportunities within agriculture and allied activities.

### Programme 4:

#### Integrated Water Project | Implementation Partner - Kherwadi Social Welfare Association

The project aims towards provision of clean drinking water and water for irrigation to 22 households in the Pimpalpada region, Palghar by construction of a bund and conversion of a water hole into an open hole.

Further, these households have also been provided lift irrigation system for their second crops.

Due to the efforts of the implementation partner, 20 households have cultivated ~ 21 acres of land wherein pulses (chick pea, etc), vegetables (cluster bean, onion, maize, chilli and garlic); oil seeds (groundnut; mogra) and orchard saplings have been grown.



Construction of an open well in Pimpalpada, Maharashtra

## PROJECTS IMPACTING LIVES OF PEOPLE WHO LIVE IN THE VICINITY OF OUR MANUFACTURING/ PROCESSING FACILITIES

### Programme 1:

#### Mid-day meal at Vadodara Schools | Implementation Partner - Akshaya Patra Foundation

The project works towards elimination of classroom hunger by implementing the Mid-Day Meal Scheme in the 41 government schools and government-aided schools in Vadodara. The nutritious mid-day meal encourages children to attend school regularly and improves their overall concentration in the classroom.

Under the project, 7,042 children across 41 schools in Vadodara are now receiving nutritious food regularly.

## OTHER INITIATIVES

### Installation of Solar Panels | Implementation Partner - St Jude

The project worked towards installation of solar panels at St Jude Child Care Centre in Mumbai to make them more environment-friendly. The solar panels were installed in 3 buildings in the campus and were to be utilised towards heating of water.

165 Cancer-stricken children and their parents were benefited from these solar panels.

#### Way Forward:

Your Company got the impact assessment of its CSR activities done by an Independent Third Party. Arising out of the same and in line with the Company's CSR objectives, in 2020-21, your Company aims at three initiatives to enhance its CSR activities;

#### 1. Scale:

Your Company aims at deepening the impact within the Skill Development area and increase the number of beneficiaries to be trained. New trades where the need and employment opportunities are higher will also be explored.

In the area of water conservation, it is planned to widen the approach by supporting more projects, impacting as many landholdings as possible and ensuring higher participation of the community in the projects.

In addition to the ongoing projects, it is planned to support those affected in the COVID-19 pandemic. Your Company will support the hospitals by providing equipments and PPE required by the frontline healthcare workers. Further, cooked meals and ration will be distributed to the migrant workers and slum dwellers who are caught unaware in the throes of this pandemic.

#### 2. Effective monitoring and impact analysis:

The objective is to ensure transparency in fund utilisation and impact. A robust framework will be designed for planning and monitoring the activities.

#### 3. Project completion and consolidation:

The third key focus area for the next year is to consolidate the ongoing projects and aim at maximising the outreach of the beneficiaries within each programme.

Your Company's CSR Policy statement and annual report on the CSR activities undertaken during the financial year ended 31<sup>st</sup> March, 2020, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to this report as Annexure 5.

## MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

In view of the Government Directive to prevent and contain the spread of COVID-19 and to ensure safety and well-being of employees and stakeholders, the operations of the Company at all the plants and offices were closed from 23<sup>rd</sup> March, 2020 and opened in staggered phases at some places.

## MATERIAL ORDERS OF REGULATORS/COURTS/TRIBUNALS

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in the future.

## SHARE REGISTRAR & TRANSFER AGENT (R&T)

M/s. KFin Technologies Private Limited is the R&T Agent of the Company.

The Registrar of Companies, Hyderabad (ROC) had approved the change of name of the R&T Agent from "Karvy Fintech Private Limited" to "KFin Technologies Private Limited" with effect from 5<sup>th</sup> December, 2019. Their contact details are mentioned in the Report on Corporate Governance.

## PUBLIC DEPOSITS

No public deposits have been accepted by your Company during the year under review.

## AUDITORS

### (a) Statutory Auditors:

M/s. Sharp & Tannan, were appointed as Statutory Auditors of your Company at the 2<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2016 for a term of five consecutive years.

The Auditors have issued an unmodified opinion on audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2020. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

**(b) Cost Auditors:**

Your Company is required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013, and accordingly, such accounts and records are made and maintained in the prescribed manner.

M/s. Ashwin Solanki & Associates, Cost Accountants carried out the cost audit during the year. The Board of Directors has appointed M/s. Ashwin Solanki & Associates, Cost Accountants as Cost Auditors for the financial year 2020-21.

The remuneration proposed to be paid to the cost auditors for 2020-21 is subject to ratification by members at the ensuing Annual General Meeting.

**(c) Secretarial Auditors:**

M/s. Mehta and Mehta, Practicing Company Secretaries carried out the secretarial audit during the year. The Board of Directors have appointed M/s. Mehta and Mehta, Secretarial Auditors for the financial year 2020-21. The Secretarial Audit Report is annexed herewith as Annexure 6 to the Report.

There has been no qualification, reservation, or adverse remark given by the Secretarial Auditors in their Report.

**(d) Internal Auditors:**

M/s. Grant Thornton India LLP conducted the internal audit of your Company for the financial year 2019-20.

M/s. Grant Thornton India LLP has been appointed as Internal Auditors of your Company for the financial year 2020-21 to review various operations of the Company.

## PARTICULARS OF EMPLOYEES

There are 15 employees who were in receipt of remuneration of not less than ₹ 1,02,00,000/- if employed for the full year or not less than ₹ 8,50,000/- per month if employed for any part of the year.

Disclosures concerning the remuneration of Directors, KMPs and employees as per Section 197(12) of the Companies

Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure 7 to this Report. Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

Details of employee remuneration as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available for inspection at the Registered Office of your Company during working hours. The Annual Report and accounts are being sent to the shareholders excluding the aforesaid exhibit. Any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

## BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailing the various initiatives taken by your Company on the environmental, social and governance front, forms an integral part of this report.

## COMPLAINTS RELATING TO SEXUAL HARASSMENT

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The constitution of ICC is as per the POSH Act and includes an external member from NGO with relevant experience.

During the year under review, one complaint was received which has been investigated. The employee has not been found guilty of any misconduct.

## VIGIL MECHANISM

Your Company has formulated a Vigil Mechanism and Whistle Blower Policy intending to provide a mechanism for employees to report violations. It also assures them of the process that will be observed to address the reported violation. The Policy also lays down the procedures to be followed for tracking complaints, giving feedback, conducting investigations and taking disciplinary actions. It also provides assurances and guidelines on confidentiality of the reporting process and protection from reprisal to complainants. No personnel have been denied access to the Audit Committee.

The Policy also provides a mechanism to encourage and protect genuine Whistleblowing among the Vendors.

Any incident that is reported is investigated and suitable action is taken in line with the Policy.

The Whistle Blower Policy of your Company is posted on the website of the Company and can be accessed at the weblink: <https://www.crompton.co.in/media/Vigil-Mechanism-and-Whistleblower-Policy.pdf>

Your Company has received 7 Whistle Blower complaints during the year 2019-20 and suitable action has been taken in accordance with the policy.

### LISTING

The equity shares of your Company are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Non-Convertible Debentures (NCDs) of the Company are listed on the Debt Segment of National Stock Exchange of India Ltd.

Your Company has paid the Listing fees for both the Stock Exchanges for the 2019-20 and 2020-21 for Equity Shares and to the National Stock Exchange of India Ltd. for NCDs.

### ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure 8.

### SECRETARIAL STANDARDS

Your Directors state that applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to assure the Members that the Financial Statements for the year under review conform in their entirety to the requirements of the Companies Act, 2013 and guidelines issued by SEBI. Your Directors confirm that:

- the Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- the Accounting Policies selected and applied consistently, give a true and fair view of the affairs of the Company and of the profit for 2019-20;
- sufficient care has been taken and that adequate accounting records have been maintained for safeguarding the assets of the Company; and

for prevention and detection of fraud and other irregularities;

- the Annual Accounts have been prepared on a going concern basis;
- the internal financial controls laid down by the Company were adequate and operating effectively; and
- the systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
3. The Managing Director of the Company does not receive any remuneration or commission from any of its subsidiaries;
4. No fraud has been reported by the Auditors to the Audit Committee or the Board.

### ACKNOWLEDGEMENTS

Your Directors wish to convey their gratitude and appreciation to all the employees of the Company posted at all its locations for their tremendous personal efforts as well as collective dedication and contribution to the Company's performance.

Your Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, Government and all other business associates, consultants and all the stakeholders for their continued support extended to the Company and the Management.

**For and on behalf of the Board of Directors**

**For Crompton Greaves Consumer Electricals Limited**

**H.M. Nerurkar**

Chairman

DIN: 00265887

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

## ANNEXURE 1

AS PER THE DISCLOSURE REQUIREMENT SPECIFIED UNDER SEBI (SHARE-BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND SECTION 62(1)(b) OF THE COMPANIES ACT, 2013 READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL & DEBENTURES) RULES, 2014, THE FOLLOWING INFORMATION IS DISCLOSED WITH RESPECT TO EMPLOYEE STOCK BENEFIT PLANS

Details of ESOP	Crompton Employee Stock Option Plan 2016 (ESOP 2016)	Crompton Performance Share Plan 1 2016 (PSP 1)	Crompton Performance Share Plan 2 2016 (PSP 2)	Crompton Employee Stock Option Plan 2019 (ESOP 2019)
<b>I. Description of each ESOP that existed at any time during the year:</b>				
1. Date of shareholders' approval	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	19 <sup>th</sup> January, 2020
2. Total number of options approved under ESOP	40,00,000	1,09,68,057	31,33,731	48,00,000
3. Vesting requirements	As specified by the Nomination and Remuneration Committee subject to a minimum one year from the date of grant.			
4. Exercise price or pricing formula (₹)	Exercise Price is the closing market price on the Stock Exchange which has higher trading volume, as on the day prior to the date on which the Nomination and Remuneration Committee (NRC) approves the grant.	Exercise price per Option is ₹ 92.83	Exercise price per Option is ₹ 185.66	Exercise Price is the closing market price on the Stock Exchange which has higher trading volume, as on the day prior to the date on which the Nomination and Remuneration Committee (NRC) approves the grant.
5. Maximum term of options granted (years)	Options granted under ESOP 2016 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under PSP 1 and PSP 2 would vest not earlier than one year and not later than 10 years from the date of grant.		Options granted under ESOP 2019 would vest not earlier than one year and not later than 5 years from the date of grant.
6. Source of shares (Primary, Secondary or combination)	Primary			
7. Variation in terms of options	There have been no variations in terms of the options.			

Details of ESOP	Crompton Employee Stock Option Plan 2016 (ESOP 2016)	Crompton Performance Share Plan 1 2016 (PSP 1)	Crompton Performance Share Plan 2 2016 (PSP 2)	Crompton Employee Stock Option Plan 2019 (ESOP 2019)
<b>II. Method used to account for ESOP:</b>				
The Company has calculated the employee compensation cost using the Fair value method of accounting for the Options granted.				
<b>III. Option Movement during the year:</b>				
1. Number of options outstanding at the beginning of the year	31,33,769	1,09,68,057	31,33,731	0
2. Number of options granted during the year	10,10,000	0	0	3,70,000
3. Number of options forfeited/lapsed during the year	4,79,834	1,64,521	47,006	0
4. No. of options vested during the year*	6,23,941	11,51,647	3,29,042	0
5. Number of options exercised during the year	2,48,052	50,000	0	0
6. Total number of shares arising as a result of exercise of options	2,48,052	50,000	0	0
7. Money realised by exercise of options (₹)	4,68,48,804	46,41,500	0	0
8. Number of options outstanding at the end of the year	34,15,883	1,07,53,536	30,86,725	3,70,000
9. Number of options exercisable at the end of the year	13,65,883	50,50,147	14,57,184	0

\*Note: Vested during the year includes Vested Exercised and Vested Unexercised during the year.

Details of ESOP	Crompton Employee Stock Option Plan 2016 (ESOP 2016)	Crompton Performance Share Plan 1 2016 (PSP 1)	Crompton Performance Share Plan 2 2016 (PSP 2)	Crompton Employee Stock Option Plan 2019 (ESOP 2019)
<b>IV. Weighted-average exercise price of options granted during the year whose:</b>				
i. Weighted average price equals market price	264.73	NA	NA	258.65
ii. Exercise price is greater than market price	NA	NA	NA	NA
iii. Exercise price is less than market price	NA	NA	NA	NA
<b>Weighted average fair value of options granted during the year whose:</b>				
i. Exercise price equals market price	95.76	NA	NA	100.56
ii. Exercise price is greater than market price	NA	NA	NA	NA
iii. Exercise price is less than market price	NA	NA	NA	NA
<b>V. Employee-wise details of options granted during the financial year 2019-20 to:</b>				
i. Senior Managerial personnel	Mr. S. Agarwal - 1,50,000 options Ms. P. Kaul - 70,000 options Mr. R Sriram - 70,000 options	Nil	Nil	Mr. V. Kaul - 1,50,000 options Mr. S. Tolani - 2,20,000 options
ii. Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	Employee-wise details are available for inspection by the Members at the Registered Office of your Company during business hours on all working days except Saturdays and Sundays up to the date of the 6 <sup>th</sup> Annual General Meeting. The Member may also write to the Company Secretary for details.			
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Mr. S. Khosla has been granted options under PSP 1 and PSP 2 schemes in excess of 1% of the issued capital.		Nil



Method and Assumptions used to estimate the fair value of options granted during the year:

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

The Assumptions used in the model are as follows:

Particulars	ESOP 2016	PSP 1	PSP 2	ESOP 2019
1. Risk-Free Interest Rate	6.20%	No grants during the year		6.49%
2. Expected Life (in years)	5.00			5.76
3. Expected Volatility	31.39%			30.63%
4. Dividend Yield	0.75%			0.77%
5. Price of the underlying share in market at the time of the option grant (₹)	264.73			258.65

Details of ESOP	Crompton Employee Stock Option Plan 2016 (ESOP 2016)	Crompton Performance Share Plan 1 2016 (PSP 1)	Crompton Performance Share Plan 2 2016 (PSP 2)	Crompton Employee Stock Option Plan 2019 (ESOP 2019)
Weighted Average share price of options exercised during the year: ₹ 244.21				
Exercise price and weighted average remaining contractual life of outstanding options				
Scheme Name	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)		Exercise Price (₹)
ESOP 2016	34,15,883	5.31		220.15
PSP 1	1,07,53,536	4.91		92.83
PSP 2	30,86,725	4.90		185.66
ESOP 2019	3,70,000	8.09		258.65
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (Ind AS) 33; "Earnings Per Share"	7.83			

For and on behalf of the Board of Directors

**H.M. Nerurkar**  
Chairman  
DIN: 00265887

Place: Mumbai  
Date: 15<sup>th</sup> May, 2020

## ANNEXURE 2

# Dividend Distribution Policy

### 1. PREAMBLE:

The Securities Exchange Board of India vide its Notification No. SEBI/LAD- NRO/GN/2016-17/008 dated 08<sup>th</sup> July, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') mandating the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year.

### 2. PHILOSOPHY/OBJECTIVE:

The Dividend Policy of the Company aims to strike a balance between the dual objectives of rewarding shareholders through Dividends and ploughing back earnings to support sustained growth.

### 3. PARAMETERS FOR DECLARATION OF DIVIDEND:

In line with the philosophy stated above, the Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

#### Financial Parameters/Internal Factors:

- ▶ Consolidated net operating profit after tax;
- ▶ Working capital requirements;
- ▶ Capital expenditure requirements;
- ▶ Resources required to fund acquisitions and/or new businesses;
- ▶ Cash flow required to meet contingencies;
- ▶ Outstanding borrowings; and
- ▶ Past Dividend Trends (whenever applicable).

#### External Factors:

- ▶ Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- ▶ Dividend pay-out ratios of companies in the same industry.

### 4. DIVIDEND PAYOUT (INCLUDING DIVIDEND DISTRIBUTION TAX):

The dividend payout in each financial year, including interim dividends, will be decided by the Board keeping in mind the above-mentioned criteria. Special dividends, if any, will be declared in addition to the regular dividend payout.

### 5. DIVIDEND ELIGIBILITY:

The Company has only one class of equity shareholders and does not have any issued preference share capital.

### 6. POLICY APPROVAL AND UPDATES:

This Policy will be reviewed annually by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

### 7. EFFECTIVE DATE:

The Policy as approved by Board of Directors shall be effective from 25<sup>th</sup> October, 2016.

### 8. DISCLOSURE:

This Policy, as approved by the Board of Directors, at its meeting held on 25<sup>th</sup> October, 2016, shall be disclosed in the Annual Reports and hosted on the website of the Company <https://www.crompton.co.in/media/Dividend-Distribution-Policy.pdf>

## ANNEXURE 3

### FORM AOC-1

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### PART "A": SUBSIDIARIES

Sl. No.	Particulars	Details
1.	Name of the subsidiary	(i) Nexustar Lighting Project Private Limited (NLPPL) (ii) Pinnacles Lighting Project Private Limited (PLPPL) (iii) Crompton CSR Foundation (CCF)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable as all the above-mentioned subsidiaries are Indian Companies
4.	Share Capital	(i) NLPPL : Authorised Capital: ₹ 10.00 crore Paid-up Capital: ₹ 7.50 crore (ii) PLPPL : Authorised Capital: ₹ 10.00 crore Paid-up Capital: ₹ 6.70 crore (iii) CCF : Authorised Capital: ---* Paid-up Capital: ---*
5.	Reserves & Surplus	(i) NLPPL : ₹ 0.10 crore (ii) PLPPL : ₹ 0.44 crore (iii) CCF : ₹ 0.45 crore
6.	Total Assets	(i) NLPPL : ₹ 10.00 crore (ii) PLPPL : ₹ 12.90 crore (iii) CCF : ₹ 0.45 crore
7.	Total Liabilities	(i) NLPPL : ₹ 2.40 crore (ii) PLPPL : ₹ 5.76 crore (iii) CCF : 0
8.	Investments	(i) NLPPL : ₹ 1.01 crore (ii) PLPPL : ₹ 0.24 crore (iii) CCF : 0
9.	Turnover	(i) NLPPL : ₹ 5.77 crore (ii) PLPPL : ₹ 7.37 crore (iii) CCF : ---
10.	Profit before Taxation	(i) NLPPL : ₹ 0.99 crore (ii) PLPPL : ₹ 1.43 crore (iii) CCF : ₹ 0.45 crore
11.	Provision for Taxation	(i) NLPPL : ₹ 0.32 crore (ii) PLPPL : ₹ 0.42 crore (iii) CCF : 0
12.	Profit after Taxation	(i) NLPPL : ₹ 0.67 crore (ii) PLPPL : ₹ 1.01 crore (iii) CCF : ₹ 0.45 crore

Sl. No.	Particulars	Details
13.	Proposed Dividend	-
14.	% of shareholding	(i) NLPPL : 100% (ii) PLPPL : 100% (iii) CCF : 0*

\*Crompton CSR Foundation, a Company incorporated under Section 8 of the Companies Act, 2013 (being a company limited by guarantee not having share capital) primarily with an objective of undertaking/channelising the CSR activities of the Company, is a subsidiary of the Company with effect from 1<sup>st</sup> May, 2019. Based on the control assessment carried out by the Company, the same is not consolidated as per Ind AS 110.

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

## PART “B”: ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

Not Applicable as there are no associates and joint ventures

Name of Associates/Joint Ventures	
1.	Latest Audited Balance Sheet Date
2.	Shares of Associate/Joint Ventures held by the Company at the year end No.
	Amount of Investment in Associates/Joint Venture
	Extent of Holding %
3.	Description of how there is significant influence
4.	Reason why the associate/joint venture is not consolidated
5.	Net worth attributable to shareholding as per latest audited Balance Sheet
6.	Profit/Loss for the year:
	i. Considered in Consolidation
	ii. Not Considered in Consolidation

NA

- Names of associates or joint ventures which are yet to commence operations: Nil
- Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors

**H.M. Nerurkar**  
Chairman  
DIN: 00265887

Place: Mumbai  
Date: 15<sup>th</sup> May, 2020

## ANNEXURE 4

Pursuant to Clause (m) of Sub-section 3 of Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014.

### A. CONSERVATION OF ENERGY:

#### (a) Energy Conservation Measures Taken

As a manufacturer and seller of electrical goods, your Company has a special responsibility towards energy conservation. This is reflected in our product development efforts and process upgrades.

The Fans unit has been the winner of the National Energy Conservation Award continuously for the last five years. This year too, your Company is the only one in the Fan segment to receive the award for selling the highest number of energy-efficient fans.

Some of the activities carried out in the area of energy conservation are:

1. Replacement of shop floor lighting with LED fittings for assembly shop at the Ahmednagar Pumps facility with a saving of 48,000 kWh/year.
2. Initiated project for electricity generation by using existing solar panels of 5 kW at Goa Plant.
3. Installed new technology compressor at Fans Division, Goa which saves electricity of 3,60,000 kWh/year and reduces the ambient noise.
4. Reduction of Natural Gas consumption in Vadodara Plant by 50m<sup>3</sup>/Day in FTL line by optimising sintering furnace operation.
5. At Vadodara Plant, LPG storage capacity has been reduced from 60 MT to 13 MT as a standby fuel for furnace, which has helped the plant to come out from “**Major Accidental Hazard**” category as per Explosive Department.
6. In SMT production section at Vadodara, we have installed auto lead solder recovery machine at wave soldering process. This has resulted into a reduction of lead solder hazard waste by 700 kg in 2019-20.

#### (b) Capital Investment on Energy Conservation Equipment

Nil

### B. TECHNOLOGY ABSORPTION:

The technology focus for the Company has been on process improvement for better quality, lower cost, new product development and import substitution.

Some of the areas of technology focus and initiatives have been:

1. Initiatives for process improvement through PDM solutions.
2. Additional virtual engineering and simulation tools for simulations and development cycle time improvements.
3. Connected Lighting solutions in the IoT space using state-of-the-art technologies of BLE and PoE for office lighting space.
4. Expansion of portfolio in the Automation space using various sensors.
5. Research in the electrical domain with a different configuration of windings, different geometry of slots (rotor and stator), different types of electrical materials.
6. New simulation techniques in CFD, FEA, Motor design are helping to design motors as per varied challenging operating conditions in the Indian agro segment.
7. New agricultural pumps range with a clear understanding of site working conditions and farmer usage methods.
8. New technology motors like BLDC, LSPM, PMSM, SRM are becoming the need of the hour and hence focus area for the Company. Collaborating and exploring ways to adapt these technologies in pumps.
9. New intelligent pressure boosting solutions for houses gaining popularity due to extra customer delight provided by the intelligent solution.

### C. IMPORTED TECHNOLOGY: NIL

### D. EXPENDITURE ON R&D:

R&D expenditure for the year was: ₹ 18.10 crore

### E. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earned : ₹ 76.27 crore  
Foreign exchange used : ₹ 367.77 crore

For and on behalf of the Board of Directors

**H.M. Nerurkar**

Chairman

DIN: 00265887

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

## ANNEXURE 5

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

#### 1. **A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes:**

Your Company's CSR strategy framework is based on the principles of 'Responsible Business' and 'Shared Value'. The CSR programme framework is both in line with the Company's long-term commitment to building positive value for the communities (including key stakeholders) as well as address key developmental priorities as identified by Schedule VII to the Companies Act, 2013.

CSR initiatives will primarily focus on the following areas:

- Vocational and skills training;
- Projects that address environmental issues such as water and waste management;
- Projects that impact the lives of people who live near the manufacturing/processing facilities; and
- Engaging employees actively through Corporate Social Responsibility;

The CSR policy is placed on the website of the Company at the below-mentioned link: <https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf>

#### 2. **Composition of the CSR Committee:**

- Mr. Shantanu Khosla, Chairman (Managing Director) (DIN: 00059877)
- Mr. H. M. Nerurkar, Member (Independent Director) (DIN: 00265887)
- Mr. D. Sundaram, Member (Independent Director) (DIN: 00016304)
- Ms. Smita Anand, Member (Independent Director) (DIN: 00059228)
- Ms. Shweta Jalan, Member (Non-Executive Director) (DIN: 00291675)
- Mr. Promeet Ghosh, Member (Non-Executive Director) (DIN: 05307658)

#### 3. **Average net profit of the Company for the last three financial years:** ₹ 498.55 crore

#### 4. **Prescribed CSR expenditure (2% of the amount as in item 3 above):** ₹ 9.97 crore

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

- a. Total amount spent for the financial year 2019-20: ₹ 10.01 crore
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year as per the table below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project (s) or programme(s) (1) Local area or (2) Other Specify the state and district where project(s) or programme(s) was undertaken	Amount outlay (budget) project(s) or programme(s) wise (in ₹)	Amount spent on the project(s) or programme(s) sub heads 1. Direct expenditure on project(s) or programme(s) 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)
1	Skill Training in Multiskilled Technician (Electrical)	Employment enhancing vocational skills	Baddi, Himachal Pradesh	55,49,790	Direct Expenditure: 55,49,790 Overheads: NIL	55,49,790	Implementing agency - ASMACS Skill Development Private Limited
2	Skill Training in Multiskilled Technician (Electrical)	Employment enhancing vocational skills	Guwahati, Assam	1,13,46,650	Direct Expenditure: 1,13,46,650 Overheads: NIL	1,68,96,440	Implementing agency - ASMACS Skill Development Private Limited
3	Skill Training in Multiskilled Technician (Electrical)	Employment enhancing vocational skills	Ahmednagar, Maharashtra	61,03,200	Direct Expenditure: 61,03,200 Overheads: NIL	2,29,99,640	Implementing agency - ASMACS Skill Development Private Limited
4	Skill Training in Multiskilled Technician (Electrical)	Employment enhancing vocational skills	Vadodara, Gujarat	80,92,700	Direct Expenditure: 80,92,700 Overheads: NIL	3,10,92,340	Implementing agency - ASMACS Skill Development Private Limited
5	Skill Training in Multiskilled Technician (Electrical and Plumbing)	Employment enhancing vocational skills	Coimbatore, Tamil Nadu	79,80,000	Direct Expenditure: 79,80,000 Overheads: NIL	3,90,72,340	Implementing agency - ASMACS Skill Development Private Limited
6	Skill Training in Multiskilled Technician (Electrical)	Employment enhancing vocational skills	Bhubaneswar, Odisha	59,19,925	Direct Expenditure: 59,19,925 Overheads: NIL	4,49,92,265	Implementing agency - ASMACS Skill Development Private Limited
7	Skill Training in Mechanical, Electrical and Plumbing (MEP) courses	Employment enhancing vocational skills	Bundu, Odisha Sambalpur, Jharkhand	30,29,716	Direct Expenditure: 30,29,716 Overheads: NIL	4,80,21,981	Implementing agency - PAN IIT Alumni Reach for India

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project (s) or programme(s) (1) Local area or (2) Other Specify the state and district where project(s) or programme(s) was undertaken	Amount outlay (budget) project(s) or programme(s) wise (in ₹)	Amount spent on the project(s) or programme(s) sub heads 1. Direct expenditure on project(s) or programme(s) 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)
8	Skill Training in Multiskilled Technician (Electrical and Plumbing)	Employment enhancing vocational skills	Sikkim	25,52,104	Direct Expenditure: 25,52,104 Overheads: NIL	5,05,74,085	Implementing agency - Orion Eductech Private Limited
9	Skill Training in Multiskilled Technician (Electrical and Plumbing)	Employment enhancing vocational skills	Silvassa, Dadra and Nagar Haveli	25,52,104	Direct Expenditure: 25,52,104 Overheads: NIL	5,31,26,189	Implementing agency - Orion Eductech Private Limited
10	Skill Training in Multiskilled Technician (Electrical and Plumbing)	Employment enhancing vocational skills	Hyderabad, Andhra Pradesh	31,26,874	Direct Expenditure: 31,26,874 Overheads: NIL	5,62,53,063	Implementing agency - Orion Eductech Private Limited
11	Skill Training for Electrical Wireman and Appliance Repair	Employment enhancing vocational skills	Palghar, Maharashtra	18,00,000	Direct Expenditure: 18,00,000 Overheads: NIL	5,80,53,063	Implementing agency - Kherwadi Social Welfare Association
12	Skill Training for Apparel Making	Employment enhancing vocational skills	Palghar, Maharashtra	22,50,000	Direct Expenditure: 22,50,000 Overheads: NIL	6,03,03,063	Implementing agency - Kherwadi Social Welfare Association
13	Citizenship and life skill sessions in 5 Schools in Mumbai through CMCA	Employment enhancing vocational skills	Mumbai, Maharashtra	8,51,000	Direct Expenditure: 8,51,000 Overheads: NIL	6,11,54,063	Implementing agency - CMCA Lifeskills
14	Watershed Programme - Counter bunds, Cement bunds and Nalla desilting	Promoting Environmental Sustainability	Jalna, Maharashtra	89,57,772	Direct Expenditure: 89,57,772 Overheads: NIL	7,01,11,835	Implementing agency - Vanarai



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project (s) or programme(s) (1) Local area or (2) Other Specify the state and district where project(s) or programme(s) was undertaken	Amount outlay (budget) project(s) or programme(s) wise (in ₹)	Amount spent on the project(s) or programme(s) sub heads 1. Direct expenditure on project(s) or programme(s) 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)
15	Watershed Programme - Counter bunds, Cement bunds and Nalla desilting	Promoting Environmental Sustainability	Ahmednagar, Maharashtra	59,32,556	Direct Expenditure: 59,32,556 Overheads: NIL	7,60,44,391	Implementing agency - Vanarai
16	Construction of rainwater harvesting units and maintenance for 2 years	Promoting Environmental Sustainability	Chennai, Tamil Nadu	13,96,500	Direct Expenditure: 13,96,500 Overheads: NIL	7,74,40,891	Implementing agency - Akash Ganga Trust
17	Construction of rainwater harvesting units and maintenance for 2 years	Promoting Environmental Sustainability	Chennai, Tamil Nadu	6,21,000	Direct Expenditure: 6,21,000 Overheads: NIL	7,80,61,891	Implementing agency - Akash Ganga Trust
18	- Construction of pipelines to provide water to the fields - Agricultural trainings - Farmer mobilisation and land/ water surveys - Best practice trainings - Lift irrigation systems - Nutrient and pest management awareness sessions	Promoting Environmental Sustainability	Palghar, Maharashtra	16,07,365	Direct Expenditure: 16,07,365 Overheads: NIL	7,96,69,256	Implementing agency - Kherwadi Social Welfare Association

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project (s) or programme(s) (1) Local area or (2) Other Specify the state and district where project(s) or programme(s) was undertaken	Amount outlay (budget) project(s) or programme(s) wise (in ₹)	Amount spent on the project(s) or programme(s) sub heads 1. Direct expenditure on project(s) or programme(s) 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)
19	Watershed Programme - Gabion bunds, matti nalla bunds, cement bunds, counter bunding, well recharge and nalla desilting	Promoting Environmental Sustainability	Wasunde, Maharashtra	61,91,744	Direct Expenditure: 61,91,744 Overheads: NIL	8,58,61,000	Implementing agency - BBKGSS
20	Desilting of lakes	Promoting Environmental Sustainability	Ahmednagar, Maharashtra	10,75,544	Direct Expenditure: 10,75,544 Overheads: NIL	8,69,36,544	Implementing agency - Anugami Lokrajya Mahaabhiyan
21	Mid-day meals	Eradicating hunger	Vadodara, Gujarat	38,73,100	Direct Expenditure: 38,73,100 Overheads: NIL	9,08,09,644	Implementing Agency - Akshaya Patra Foundation
22	Installation of solar systems	Promoting Environmental Sustainability	Mumbai, Maharashtra	15,00,000	Direct Expenditure: 15,00,000 Overheads: NIL	9,23,09,644	Implementing agency - St Jude
23	Hygiene Project	Promoting Healthcare	Ahmednagar, Maharashtra	3,38,353	Direct Expenditure: 3,38,353 Overheads: NIL	9,26,47,997	Direct
24	Construction of toilets	Promoting Healthcare	Goa	2,96,000	Direct Expenditure: 2,96,000 Overheads: NIL	9,29,43,997	Direct
25	Skill training	Employment enhancing vocational skills	Mumbai, Maharashtra	3,28,066	Direct Expenditure: 3,28,066 Overheads: NIL	9,32,72,063	Implementing agency - Don Bosco Tech
26	Admin	Admin	Mumbai, Maharashtra	7,80,000	Direct Expenditure: NIL Overheads: 7,80,000	9,40,52,063	Direct
27	Admin	Admin	Mumbai, Maharashtra	50,000	Direct Expenditure: NIL Overheads: 50,000	9,41,02,063	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project (s) or programme(s) (1) Local area or (2) Other Specify the state and district where project(s) or programme(s) was undertaken	Amount outlay (budget) project(s) or programme(s) wise (in ₹)	Amount spent on the project(s) or programme(s) sub heads 1. Direct expenditure on project(s) or programme(s) 2. Overheads (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)
28	Admin	Admin	Mumbai, Maharashtra	10,68,170	Direct Expenditure: NIL Overheads: 10,68,170	9,51,70,233	Direct
29	Response to COVID-19	Promoting Healthcare	Mumbai, Maharashtra	45,75,000	Direct Expenditure: 45,75,000 Overheads: NIL	9,97,45,233	Implementing agency - Crompton CSR Foundation
30	Admin	Admin	Mumbai, Maharashtra	1,48,296	Direct Expenditure: 1,47,295 Overheads: NIL	9,98,93,529	Direct
31	Support to school infrastructure	Promoting education	Vadodara, Gujarat	27,949	Direct Expenditure: 27,949 Overheads: NIL	9,99,21,478	Implementing agency - Khushi Furniture
32	Support to school infrastructure	Promoting education	Mumbai, Maharashtra	1,88,000	Direct Expenditure: 1,88,000 Overheads: NIL	10,01,09,478	Implementing agency - Ganesh Seva Mandal
<b>Total Amount Spent for the Financial Year 2019-20</b>				<b>10,01,09,478</b>			

#### 6. Reasons for not spending the amount during the financial year:

Not Applicable.

#### 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company is reproduced below:

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

For and on behalf of the Board of Directors

**H. M. Nerurkar**

Chairman  
DIN: 00265887

**Shantanu Khosla**

Managing Director & Chairman CSR Committee  
DIN: 00059877

Place: Mumbai  
Date: 15<sup>th</sup> May, 2020

## ANNEXURE 6

### SECRETARIAL AUDIT REPORT

#### FORM MR-3

#### For The Financial Year Ended 31<sup>st</sup> March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- To,
- The Members,  
**Crompton Greaves Consumer Electricals Limited**  
Tower 3, 1 Floor, East Wing,  
Equinox Business Park, LBS Marg,  
Kurla (West), Mumbai – 400070
- We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Crompton Greaves Consumer Electricals Limited** (hereinafter called “the Company”). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.
- Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:
- (i) The Companies Act, 2013 (‘the Act’) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the Company);
    - (d) The Securities and Exchange Board of India (Share-Based Employee Benefits) Regulations, 2014;
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the period under review not applicable to the Company);
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the period under review not applicable to the Company);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the Company);

(vi) Bureau of Indian Standards  
The National Standards Body of India

(vii) Bureau of Energy Efficiency (Government of India, Ministry of Power).

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

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

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that

took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- The Shareholders of the Company via Postal Ballot dated 19<sup>th</sup> January, 2020 passed the below-mentioned resolutions:

a) Approval of Crompton Employee Stock Option Plan 2019 ('ESOP 2019');

b) Approval to grant Stock Options to the employees of the Subsidiary Company(ies) (present and/or future) under the Crompton Employee Stock Option Plan 2019.

- The Nomination & Remuneration Committee approved grant of stock options to the eligible employees as follows:

Sr. No.	Date of Grant of Options	No. of Options granted	Scheme under which options were granted
1.	23 <sup>rd</sup> October, 2019	9,40,000	Employee Stock Option Plan - 2016
2.	30 <sup>th</sup> October, 2019	70,000	Employee Stock Option Plan - 2016
3.	29 <sup>th</sup> January, 2020	3,70,000	Employee Stock Option Plan - 2019

- The allotment committee has passed the following resolutions for allotment of equity shares under the ESOP Plans of the Company as follows:

Sr. No.	Date of passing resolution	No. of Shares allotted	Name of the Plan
1	20 <sup>th</sup> Jun, 19	22,688	Employee Stock Option Plan - 2016
2	16 <sup>th</sup> Aug, 19	24,063	Employee Stock Option Plan - 2016
3	1 <sup>st</sup> Oct, 19	16,275	Employee Stock Option Plan - 2016
4	5 <sup>th</sup> Nov, 19	28,125	Employee Stock Option Plan - 2016
5	20 <sup>th</sup> Nov, 19	53,438	Employee Stock Option Plan - 2016
6	26 <sup>th</sup> Nov, 19	96,563	Employee Stock Option Plan - 2016
7	16 <sup>th</sup> Mar, 20	50,000	Performance Share Plan - 1 - 2016
8	16 <sup>th</sup> Mar, 20	6,900	Employee Stock Option Plan - 2016

- The members at the Annual General Meeting held on 24<sup>th</sup> July, 2019 approved dividend of ₹ 2.00 per share for Financial Year 2018-19.

**Note:** This Report is issued on the basis of information/documents/material etc. ('data') seen/verified/made available to us. However, due to the current lockdown situation under COVID-19, some of the data was made available to us in electronic form by the Secretarial Team of the Company and such data will be verified physically after the lockdown is lifted.

**For Mehta & Mehta**  
**Company Secretaries**  
(ICSI Unique Code P1996MH007500)

**Ashwini Inamdar**  
**Partner**

FCS No: 9409  
CP No: 11226  
UDIN: F009409B000242532

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

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

## ANNEXURE A

To,

The Members,

**Crompton Greaves Consumer Electricals Limited**

Tower 3, 1<sup>st</sup> Floor, East Wing,  
Equinox Business Park, LBS Marg,  
Kurla West, Mumbai – 400070

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points vi and vii of our Secretarial Audit Report in Form No. MR-3, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
- 7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Mehta & Mehta  
Company Secretaries**

(ICSI Unique Code P1996MH007500)

**Ashwini Inamdar  
Partner**

FCS No: 9409

CP No: 11226

UDIN: F009409B000242532

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

## ANNEXURE 7

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for 2019-20:

The median remuneration of employees of the Company during 2019-20 was ₹ 6,79,884/- and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year is provided in the table below:

Sr. No.	Name of Director	Designation	Remuneration of Director for 2019-20	Ratio of Remuneration of each Director to Median Remuneration of employees for 2019-20
1	Mr. Shantanu Khosla (DIN: 00059877)	Managing Director#	₹ 8,07,18,124	118.72
2	Mr. H. M. Nerurkar (DIN: 00265887)	Chairman, Independent Director ^	₹ 27,60,000	4.06
3	Mr. D. Sundaram (DIN: 00016304)	Independent Director ^	₹ 26,60,000	3.91
4	Mr. P. M. Murty (DIN: 00011179)	Independent Director ^	₹ 24,10,000	3.54
5	Ms. Shweta Jalan (DIN: 00291675)	Non-Executive Director	Nil	N.A.
6	Mr. Sahil Dalal (DIN: 07350808)	Non-Executive Director	Nil	N.A.
7	Mr. Promeet Ghosh (DIN 05307658)	Non-Executive Director	Nil	N.A.
8	Ms. Smita Anand (DIN: 00059228)	Independent Director ^	₹ 9,60,000	1.41

# The remuneration to MD includes fixed pay, variable pay and retiral benefits. Variable pay is for 2018-19 paid in 2019-20.

^ The remuneration of Independent Directors consists of sitting fees and commission. Commission is for 2018-19 paid in 2019-20.

### b. The percentage increase in remuneration of each Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary or Manager, if any, in the financial year:

The percentage increase in remuneration of each Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary or Manager, if any, in 2019-20 is provided in the table below:

Sr. No.	Name of Director/KMP	Designation	% increase in Remuneration in 2019-20
1	Mr. Shantanu Khosla	Managing Director	7.65%
2	Mr. Mathew Job	Chief Executive Officer	7.68%
3	Mr. Sandeep Batra	Chief Financial Officer	6.41%
4	Ms. Pragya Kaul	Company Secretary & Compliance Officer	15.62%



**c. The percentage increase in the median remuneration of employees in the financial year:**

In the financial year, there was an increase of **6%** in the median remuneration of employees.

**d. The number of permanent employees on the rolls of the Company:**

There were 1,771 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020.

**e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 10.30% whereas the increase in managerial remuneration for the financial year 2019-20 was 7.56%.

**Justification:** Increase in remuneration of the Managing Director is decided based on the individual performance, inflation, prevailing industry trends and benchmarks.

The remuneration of Independent Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as the Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, etc. were taken into consideration.

**f. Affirmation that the remuneration is as per the remuneration policy of the Company:**

It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.

"Median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one.

If there is an even number of observations, the median shall be the average of the two middle values.

**For and on behalf of the Board of Directors**

Place: Mumbai  
Date: 15<sup>th</sup> May, 2020

**H.M. Nerurkar**  
Chairman  
DIN: 00265887

## ANNEXURE 8

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

#### I. REGISTRATION AND OTHER DETAILS:

i. CIN	:	L31900MH2015PLC262254
ii. Registration Date	:	25/02/2015
iii. Name of the Company	:	Crompton Greaves Consumer Electricals Limited
iv. Category/Sub-Category of the Company	:	Category: Company Limited by Shares; Sub-Category: Indian Non-Government Company
v. Address of the Registered Office and Contact details	:	Tower 3, 1 <sup>st</sup> Floor, East Wing, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400 070 Contact Details: +91 022-61678499 Fax Number: +91 022-61678383 E-mail Id: <a href="mailto:crompton.investorrelations@crompton.co.in">crompton.investorrelations@crompton.co.in</a>
vi. Whether listed Company	:	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	KFin Technologies Private Limited Unit: Crompton Greaves Consumer Electricals Limited. Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032. Phone: +91 040 67162222 Toll-Free No.: 1800-3454-001 Email id: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1. Electrical Consumer Durables (Fans, Pumps and Appliances)	27501, 27502, 27503, 28132	75.11%
2. Lighting Products (Luminaire, Light Sources)	27400	24.89%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Nexustar Lighting Project Private Limited 302, A-Wing, Business Square, Andheri-Kurla Road, Chakala, Andheri (East), Mumbai - 400 093	U74999MH2019PTC318955	<b>Subsidiary</b>	100%	2(87) of the Companies Act, 2013
2.	Pinnacles Lighting Project Private Limited 302, A-Wing, Business Square, Andheri-Kurla Road, Chakala, Andheri (East), Mumbai - 400 093	U74999MH2018PTC318891	<b>Subsidiary</b>	100%	2(87) of the Companies Act, 2013
3.	Crompton CSR Foundation 302, A-Wing, Business Square, Andheri-Kurla Road, Chakala, Andheri (East), Mumbai - 400 093	U85300MH2019NPL324784	<b>Subsidiary</b>	Section 8 Company limited by Guarantee with no Share Capital	2(87) of the Companies Act, 2013

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):****i. Category-wise Shareholding:**

Category of Shareholders	Number of Shares held at the beginning of the year				Number of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	0	0	0	0	0	0	0	0	0
b. Central Government	0	0	0	0	0	0	0	0	0
c. State Government(s)	0	0	0	0	0	0	0	0	0
d. Bodies Corporate	0	0	0	0	0	0	0	0	0
e. Banks/FI	0	0	0	0	0	0	0	0	0
f. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Category of Shareholders	Number of Shares held at the beginning of the year				Number of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Foreign</b>									
a. NRI – Individuals	0	0	0	0	0	0	0	0	0
b. Other Individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	14,00,60,033	0	14,00,60,033	22.34	10,77,64,033	0	10,77,64,033	17.18	-5.16
d. Banks/FI	0	0	0	0	0	0	0	0	0
e. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (2)</b>	<b>14,00,60,033</b>	<b>0</b>	<b>14,00,60,033</b>	<b>22.34</b>	<b>10,77,64,033</b>	<b>0</b>	<b>10,77,64,033</b>	<b>17.18</b>	<b>-5.16</b>
<b>Total Shareholding of Promoter A = (A) (1) + (A) (2)</b>	<b>14,00,60,033</b>	<b>0</b>	<b>14,00,60,033</b>	<b>22.34</b>	<b>10,77,64,033</b>	<b>0</b>	<b>10,77,64,033</b>	<b>17.18</b>	<b>-5.16</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds/UTI	8,91,18,336	5,166	8,91,23,502	14.21	15,78,83,279	4166	15,78,87,445	25.17	10.96
b. Banks/FI	2,74,91,603	79,360	2,75,70,963	4.4	51,42,868	79,360	52,22,228	0.83	-3.56
c. Central Government	0	0	0	0	0	0	0	0	0
d. State Government (s)	0	0	0	0	0	0	0	0	0
e. Venture Capital Funds	0	0	0	0	0	0	0	0	0
f. Insurance Companies	0	0	0	0	0	0	0	0	0
g. Foreign Institutional Investors	19,09,67,659	80,362	19,10,48,021	30.47	19,12,86,103	80,362	19,13,66,465	30.51	0.04
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Alternate Investment Funds	18,00,864	0	18,00,864	0.29	42,97,671	0	42,97,671	0.69	0.40
j. Others	0	0	0	0	0	0	0	0	0
<b>Sub-Total B(1)</b>	<b>30,93,78,462</b>	<b>1,64,888</b>	<b>30,95,43,350</b>	<b>49.37</b>	<b>35,86,09,921</b>	<b>1,63,888</b>	<b>35,87,73,809</b>	<b>57.19</b>	<b>7.82</b>
<b>2. Non-Institutions</b>									
<b>a. Bodies Corporate</b>									
I. Indian	4,39,35,668	30,711	4,39,66,379	7.01	1,96,36,169	29,609	1,96,65,778	3.14	-3.88
II. Foreign	7,54,04,873*	0	7,54,04,873*	12.03	5,65,38,546*	0	5,65,38,546*	9.01	-3.02
III. Overseas	61,250	350	61,600	0.01	61,250	350	61,600	0.01	0
<b>b. Individual</b>									
I. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	3,80,37,040	38,51,789	4,18,88,829	6.68	4,01,71,801	34,69,656	4,36,41,457	6.96	0.28

Category of Shareholders	Number of Shares held at the beginning of the year				Number of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
II. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,04,18,657	1,21,520	1,05,40,177	1.68	88,70,111	1,21,520	89,91,631	1.43	-0.25
<b>c. Others</b>									
I. Trust	1,20,214	0	1,20,214	0.02	55,903	0	55,903	0.01	-0.01
II. Clearing Members	7,94,969	85	7,95,054	0.13	7,12,765	85	7,12,850	0.11	-0.02
III. Foreign Nationals	5,083	0	5,083	0	4,583	0	4,583	0	0
IV. Non Resident Indians	13,80,113	55,778	14,35,891	0.23	13,39,863	55,351	13,95,214	0.22	-0.01
V. NBFC registered with RBI	15,605	0	15,605	0	5,313	0	5,313	0	0
VI. Others	31,48,832	0	31,48,832	0.5	2,96,73,255	0	2,96,73,255	4.73	4.23
<b>Sub-Total (B)(2)</b>	<b>17,33,22,304</b>	<b>40,60,233</b>	<b>17,73,82,537</b>	<b>28.29</b>	<b>15,70,69,559</b>	<b>36,76,571</b>	<b>16,07,46,130</b>	<b>25.63</b>	<b>-2.66</b>
<b>Total Public Shareholding (B)=(B) (1)+ (B)(2)</b>	<b>48,27,00,766</b>	<b>42,25,121</b>	<b>48,69,25,887</b>	<b>77.66</b>	<b>51,56,79,480</b>	<b>38,40,459</b>	<b>51,95,19,939</b>	<b>82.82</b>	<b>5.16</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>62,27,60,799</b>	<b>42,25,121</b>	<b>62,69,85,920</b>	<b>100</b>	<b>62,34,43,513</b>	<b>38,40,459</b>	<b>62,72,83,972</b>	<b>100</b>	<b>0</b>

**Notes:** \*MacRitchie Investments Pte. Ltd. is a person acting in concert with Amalfiaco Ltd. and Nirsinia Ltd. MacRitchie Investments Pte. Ltd. has entered into an Inter-se Agreement dated 23<sup>rd</sup> April, 2015 with Amalfiaco Ltd. and Nirsinia Ltd. ("Inter-se Agreement"). Pursuant to the Inter-se Agreement, MacRitchie Investments Pte. Ltd. does not have control rights and will not be exercising control over the Company.

## ii. Promoters Shareholding:

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	
1	*Amalfiaco Ltd.	14,00,37,623	22.34	22.34	*10,77,41,623	17.18	17.18	(5.16)
2	Nirsinia Ltd.	22,410	0.00	Nil	22,410	0.00	Nil	0.00
	<b>Total</b>	<b>14,00,60,033</b>	<b>22.34</b>	<b>22.34</b>	<b>10,77,64,033</b>	<b>17.18</b>	<b>17.18</b>	<b>N.A.</b>

### Notes:

\* Encumbrance over 10,77,41,623 equity shares held by Amalfiaco Ltd. (Promoter) in the Company as a security towards loan taken by Amalfiaco Ltd.

### iii. Changes in Promoters' Shareholding:

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Change in Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
1	Amalfiaco Ltd.	14,00,37,623	22.34	Nil	(5.16)	10,77,41,623	17.18
2	Nirsinia Ltd.	22,410	0.00	Nil	Nil	22,410	0.00
	<b>Total</b>	<b>14,00,60,033</b>	<b>22.34</b>	<b>Nil</b>	<b>(5.16)</b>	<b>10,77,64,033</b>	<b>17.18</b>

### iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

We have combined all the folios (PAN-wise) to give a fair representation of the total holding.

#### I. MACRITCHIE INVESTMENTS PTE. LTD.\*

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		7,54,04,873	12.03	Nil		
03/12/2019	Decrease/Transfer			1,88,66,327	5,65,38,546	9.01
At the end of the year - 31/03/2020					5,65,38,546	9.01

\* MacRitchie Investments Pte. Ltd. is a person acting in concert with Amalfiaco Ltd. and Nirsinia Ltd. MacRitchie Investments Pte. Ltd. has entered into an Inter-se Agreement dated 23<sup>rd</sup> April, 2015 with Amalfiaco Ltd. and Nirsinia Ltd. ("Inter-se Agreement"). Pursuant to the Inter-se Agreement, MacRitchie Investments Pte. Ltd. does not have control rights and will not be exercising control over the Company.

#### II. SBI LONG TERM EQUITY FUND

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		18,58,365	0.30			
05/04/2019	Increase/Transfer			39,00,000	57,58,365	0.92
19/04/2019	Decrease/Transfer			-6	57,58,359	0.92
26/04/2019	Decrease/Transfer			-8	57,58,351	0.92
17/05/2019	Increase/Transfer			247	57,58,598	0.92

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
31/05/2019	Decrease/Transfer			-10	57,58,588	0.92
07/06/2019	Decrease/Transfer			-244	57,58,344	0.92
21/06/2019	Increase/Transfer			432	57,58,776	0.92
28/06/2019	Decrease/Transfer			-45	57,58,731	0.92
19/07/2019	Decrease/Transfer			-2,968	57,55,763	0.92
26/07/2019	Increase/Transfer			1	57,55,764	0.92
26/07/2019	Decrease/Transfer			-55,032	57,00,732	0.91
02/08/2019	Increase/Transfer			2	57,00,734	0.91
09/08/2019	Increase/Transfer			2	57,00,736	0.91
16/08/2019	Increase/Transfer			1	57,00,737	0.91
16/08/2019	Decrease/Transfer			-19,000	56,81,737	0.91
23/08/2019	Increase/Transfer			2	56,81,739	0.91
30/08/2019	Increase/Transfer			2	56,81,741	0.91
06/09/2019	Increase/Transfer			3	56,81,744	0.91
27/09/2019	Decrease/Transfer			-37	56,81,707	0.91
04/10/2019	Increase/Transfer			1	56,81,708	0.91
11/10/2019	Decrease/Transfer			-1,00,000	55,81,708	0.89
25/10/2019	Increase/Transfer			2	55,81,710	0.89
22/11/2019	Increase/Transfer			1	55,81,711	0.89
29/11/2019	Increase/Transfer			1	55,81,712	0.89
06/12/2019	Increase/Transfer			3,00,96,000	3,56,77,712	5.69
20/12/2019	Increase/Transfer			5,74,000	3,62,51,712	5.78
27/12/2019	Decrease/Transfer			-25	3,62,51,687	5.78
31/12/2019	Decrease/Transfer			-4	3,62,51,683	5.78
17/01/2020	Increase/Transfer			1,25,000	3,63,76,683	5.80
17/01/2020	Decrease/Transfer			-2	3,63,76,681	5.80
07/02/2020	Decrease/Transfer			-1	3,63,76,680	5.80
14/02/2020	Increase/Transfer			231	3,63,76,911	5.80
21/02/2020	Increase/Transfer			1	3,63,76,912	5.80
28/02/2020	Increase/Transfer			234	3,63,77,146	5.80
28/02/2020	Decrease/Transfer			-5,78,141	3,57,99,005	5.71
06/03/2020	Decrease/Transfer			-10	3,57,98,995	5.71
13/03/2020	Decrease/Transfer			-2,04,417	3,55,94,578	5.67
20/03/2020	Decrease/Transfer			-35,42,540	3,20,52,038	5.11
31/03/2020	Increase/Transfer			3	3,20,52,041	5.11
At the end of the year - 31/03/2020					3,20,52,041	5.11

## III. ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		3,21,59,335	5.13			
05/04/2019	Increase/Transfer			30,58,000	3,52,17,335	5.62
05/04/2019	Decrease/Transfer			-10,000	3,52,07,335	5.62
12/04/2019	Decrease/Transfer			-2,700	3,52,04,635	5.61
03/05/2019	Increase/Transfer			25,000	3,52,29,635	5.62
24/05/2019	Decrease/Transfer			-2,70,000	3,49,59,635	5.58
31/05/2019	Increase/Transfer			1,25,000	3,50,84,635	5.60
07/06/2019	Decrease/Transfer			-57,900	3,50,26,735	5.59
21/06/2019	Increase/Transfer			14,394	3,50,41,129	5.59
21/06/2019	Decrease/Transfer			-24,100	3,50,17,029	5.58
28/06/2019	Increase/Transfer			1,50,000	3,51,67,029	5.61
28/06/2019	Decrease/Transfer			-65,000	3,51,02,029	5.60
05/07/2019	Decrease/Transfer			-1,24,000	3,49,78,029	5.58
12/07/2019	Decrease/Transfer			-1,00,000	3,48,78,029	5.56
19/07/2019	Decrease/Transfer			-18,700	3,48,59,329	5.56
26/07/2019	Increase/Transfer			20,000	3,48,79,329	5.56
06/09/2019	Increase/Transfer			50,000	3,49,29,329	5.57
30/09/2019	Increase/Transfer			5,00,000	3,54,29,329	5.65
04/10/2019	Increase/Transfer			3,86,950	3,58,16,279	5.71
01/11/2019	Decrease/Transfer			-70,000	3,57,46,279	5.70
22/11/2019	Decrease/Transfer			-19,99,999	3,37,46,280	5.38
27/12/2019	Decrease/Transfer			-30,000	3,37,16,280	5.38
03/01/2020	Decrease/Transfer			-32,000	3,36,84,280	5.37
17/01/2020	Decrease/Transfer			-1,74,477	3,35,09,803	5.34
24/01/2020	Increase/Transfer			1,00,000	3,36,09,803	5.36
24/01/2020	Decrease/Transfer			-1,86,083	3,34,23,720	5.33
31/01/2020	Decrease/Transfer			-1,28,320	3,32,95,400	5.31
07/02/2020	Increase/Transfer			1,00,000	3,33,95,400	5.32
07/02/2020	Decrease/Transfer			-1,00,000	3,32,95,400	5.31
21/02/2020	Decrease/Transfer			-85,000	3,32,10,400	5.29
28/02/2020	Decrease/Transfer			-13,16,780	3,18,93,620	5.08
06/03/2020	Decrease/Transfer			-71,539	3,18,22,081	5.07
13/03/2020	Decrease/Transfer			-20,831	3,18,01,250	5.07



	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
20/03/2020	Increase/Transfer			84,000	3,18,85,250	5.08
20/03/2020	Decrease/Transfer			-89,491	3,17,95,759	5.07
27/03/2020	Decrease/Transfer			-2,65,615	3,15,30,144	5.03
31/03/2020	Decrease/Transfer			-1,59,310	3,13,70,834	5.00
At the end of the year - 31/03/2020					3,13,70,834	5.00

#### IV. AMANSA HOLDINGS PRIVATE LIMITED

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year 01/04/2019		1,80,98,040	2.89			
05/04/2019	Increase/Transfer			20,00,000	2,00,98,040	3.21
20/03/2020	Increase/Transfer			32,67,134	2,33,65,174	3.73
27/03/2020	Increase/Transfer			3,39,203	2,37,04,377	3.78
31/03/2020	Increase/Transfer			4,21,912	2,41,26,289	3.85
At the end of the year - 31/03/2020					2,41,26,289	3.85

#### V. HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPOR

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		1,90,02,500	3.03			
At the end of the year - 31/03/2020					1,90,02,500	3.03

## VI. UTI-MASTER EQUITY PLAN UNIT SCHEME

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		1,18,81,995	1.90			
05/04/2019	Increase/Transfer			2,84,506	1,21,66,501	1.94
05/04/2019	Decrease/Transfer			-284	1,21,66,217	1.94
12/04/2019	Increase/Transfer			3,74,832	1,25,41,049	2.00
12/04/2019	Decrease/Transfer			-35	1,25,41,014	2.00
19/04/2019	Increase/Transfer			50,000	1,25,91,014	2.01
19/04/2019	Decrease/Transfer			-26	1,25,90,988	2.01
26/04/2019	Increase/Transfer			1,45,688	1,27,36,676	2.03
26/04/2019	Decrease/Transfer			-45,028	1,26,91,648	2.02
03/05/2019	Increase/Transfer			281	1,26,91,929	2.02
17/05/2019	Increase/Transfer			3	1,26,91,932	2.02
17/05/2019	Decrease/Transfer			-90,000	1,26,01,932	2.01
31/05/2019	Decrease/Transfer			-31	1,26,01,901	2.01
28/06/2019	Increase/Transfer			70,000	1,26,71,901	2.02
28/06/2019	Decrease/Transfer			-158	1,26,71,743	2.02
12/07/2019	Increase/Transfer			1,00,000	1,27,71,743	2.04
26/07/2019	Increase/Transfer			1,60,000	1,29,31,743	2.06
02/08/2019	Increase/Transfer			15,583	1,29,47,326	2.06
09/08/2019	Increase/Transfer			7	1,29,47,333	2.06
09/08/2019	Decrease/Transfer			-20,980	1,29,26,353	2.06
16/08/2019	Increase/Transfer			78,029	1,30,04,382	2.07
23/08/2019	Increase/Transfer			4	1,30,04,386	2.07
30/08/2019	Increase/Transfer			10	1,30,04,396	2.07
06/09/2019	Increase/Transfer			15	1,30,04,411	2.07
20/09/2019	Increase/Transfer			26,70,064	1,56,74,475	2.50
27/09/2019	Decrease/Transfer			-5,243	1,56,69,232	2.50
30/09/2019	Increase/Transfer			7,816	1,56,77,048	2.50
04/10/2019	Increase/Transfer			3,92,529	1,60,69,577	2.56
11/10/2019	Increase/Transfer			37,005	1,61,06,582	2.57
01/11/2019	Increase/Transfer			6,21,647	1,67,28,229	2.67
08/11/2019	Increase/Transfer			75,000	1,68,03,229	2.68
22/11/2019	Increase/Transfer			6	1,68,03,235	2.68
27/12/2019	Decrease/Transfer			-104	1,68,03,131	2.68
31/12/2019	Decrease/Transfer			-20	1,68,03,111	2.68

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
10/01/2020	Increase/Transfer			90,000	1,68,93,111	2.69
10/01/2020	Decrease/Transfer			-2,70,000	1,66,23,111	2.65
17/01/2020	Decrease/Transfer			-19	1,66,23,092	2.65
24/01/2020	Increase/Transfer			1,09,500	1,67,32,592	2.67
07/02/2020	Increase/Transfer			1,21,000	1,68,53,592	2.69
14/02/2020	Increase/Transfer			1,67,000	1,70,20,592	2.71
21/02/2020	Increase/Transfer			1,08,000	1,71,28,592	2.73
28/02/2020	Increase/Transfer			2,40,092	1,73,68,684	2.77
28/02/2020	Decrease/Transfer			-14,265	1,73,54,419	2.77
06/03/2020	Increase/Transfer			3,89,926	1,77,44,345	2.83
13/03/2020	Decrease/Transfer			-31	1,77,44,314	2.83
20/03/2020	Increase/Transfer			90,500	1,78,34,814	2.84
20/03/2020	Increase/Transfer			2,68,000	1,81,02,814	2.89
27/03/2020	Decrease/Transfer			-128	1,81,02,686	2.89
31/03/2020	Increase/Transfer			90,000	1,81,92,686	2.90
31/03/2020	Increase/Transfer			7	1,81,92,693	2.90
At the end of the year- 31/03/2020					1,81,92,693	2.90

## VII. HDFC LIFE INSURANCE COMPANY LIMITED

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		1,85,13,789	2.95			
05-04-2019	Increase/Transfer			5,43,760	1,90,57,549	3.04
12-04-2019	Decrease/Transfer			-96,550	1,89,60,999	3.02
19-04-2019	Decrease/Transfer			-1,77,649	1,87,83,350	3.00
26-04-2019	Decrease/Transfer			-2,80,077	1,85,03,273	2.95
03-05-2019	Decrease/Transfer			-1,25,230	1,83,78,043	2.93
10-05-2019	Decrease/Transfer			-2,066	1,83,75,977	2.93
17-05-2019	Increase/Transfer			95	1,83,76,072	2.93
24-05-2019	Increase/Transfer			39,118	1,84,15,190	2.94
31-05-2019	Decrease/Transfer			-73,201	1,83,41,989	2.93

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
07-06-2019	Decrease/Transfer			-86,859	1,82,55,130	2.91
14-06-2019	Decrease/Transfer			-84,296	1,81,70,834	2.91
21-06-2019	Decrease/Transfer			-6,205	1,81,64,629	2.91
28-06-2019	Decrease/Transfer			-1,24,913	1,80,39,716	2.88
05-07-2019	Decrease/Transfer			-38,748	1,80,00,968	2.87
12-07-2019	Increase/Transfer			99,089	1,81,00,057	2.89
19-07-2019	Increase/Transfer			849	1,81,00,906	2.89
26-07-2019	Increase/Transfer			4,712	1,81,05,618	2.89
02-08-2019	Increase/Transfer			15,565	1,81,21,183	2.89
09-08-2019	Decrease/Transfer			-29,700	1,80,91,483	2.89
16-08-2019	Decrease/Transfer			-9,063	1,80,82,420	2.88
23-08-2019	Decrease/Transfer			-9,723	1,80,72,697	2.88
30-08-2019	Decrease/Transfer			-27,321	1,80,45,376	2.88
06-09-2019	Decrease/Transfer			-79,586	1,79,65,790	2.87
13-09-2019	Decrease/Transfer			-2,29,434	1,77,36,356	2.83
20-09-2019	Decrease/Transfer			-12,09,878	1,65,26,478	2.64
27-09-2019	Decrease/Transfer			-12,01,498	1,53,24,980	2.44
30-09-2019	Decrease/Transfer			-2,56,591	1,50,68,389	2.40
04-10-2019	Decrease/Transfer			-72,646	1,49,95,743	2.39
11-10-2019	Decrease/Transfer			-1,45,002	1,48,50,741	2.37
18-10-2019	Decrease/Transfer			-9,01,646	1,39,49,095	2.22
25-10-2019	Decrease/Transfer			-1,51,820	1,37,97,275	2.20
01-11-2019	Decrease/Transfer			-67,179	1,37,30,096	2.19
08-11-2019	Decrease/Transfer			-20,726	1,37,09,370	2.19
15-11-2019	Decrease/Transfer			-46,349	1,36,63,021	2.18
22-11-2019	Decrease/Transfer			-1,03,183	1,35,59,838	2.16
29-11-2019	Increase/Transfer			97,779	1,36,57,617	2.18
06-12-2019	Increase/Transfer			9,94,842	1,46,52,459	2.34
13-12-2019	Increase/Transfer			16,725	1,46,69,184	2.34
20-12-2019	Decrease/Transfer			-10,360	1,46,58,824	2.34
27-12-2019	Increase/Transfer			1,68,534	1,48,27,358	2.36
31-12-2019	Decrease/Transfer			-4,814	1,48,22,544	2.36
03-01-2020	Increase/Transfer			21,336	1,48,43,880	2.37
10-01-2020	Decrease/Transfer			-8,676	1,48,35,204	2.37
17-01-2020	Decrease/Transfer			-3,701	1,48,31,503	2.36
24-01-2020	Decrease/Transfer			-1,19,501	1,47,12,002	2.35
31-01-2020	Decrease/Transfer			-1,22,676	1,45,89,326	2.33

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
07-02-2020	Decrease/Transfer			-3,95,977	1,41,93,349	2.26
14-02-2020	Decrease/Transfer			-48,645	1,41,44,704	2.26
21-02-2020	Decrease/Transfer			-1,23,761	1,40,20,943	2.24
28-02-2020	Decrease/Transfer			-21,862	1,39,99,081	2.23
06-03-2020	Increase/Transfer			99,260	1,40,98,341	2.25
13-03-2020	Increase/Transfer			2,18,343	1,43,16,684	2.28
20-03-2020	Increase/Transfer			2,30,998	1,45,47,682	2.32
27-03-2020	Increase/Transfer			1,71,250	1,47,18,932	2.35
31-03-2020	Increase/Transfer			20,800	1,47,39,732	2.35
At the end of the year- 31/03/2020					1,47,39,732	2.35

#### VIII. DSP EQUITY SAVINGS FUND

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		3,94,235	0.06			
24/05/2019	Decrease/Transfer			-26,169	3,68,066	0.06
31/05/2019	Increase/Transfer			3,93,297	7,61,363	0.12
02/08/2019	Increase/Transfer			11,64,597	19,25,960	0.31
09/08/2019	Increase/Transfer			2,10,205	21,36,165	0.34
16/08/2019	Increase/Transfer			6,47,991	27,84,156	0.44
23/08/2019	Increase/Transfer			13,96,070	41,80,226	0.67
30/08/2019	Increase/Transfer			7,75,332	49,55,558	0.79
04/10/2019	Decrease/Transfer			-42,034	49,13,524	0.78
01/11/2019	Increase/Transfer			8,12,418	57,25,942	0.91
08/11/2019	Increase/Transfer			5,75,000	63,00,942	1.00
15/11/2019	Increase/Transfer			14,81,277	77,82,219	1.24
22/11/2019	Increase/Transfer			57,09,093	1,34,91,312	2.15
22/11/2019	Decrease/Transfer			-44,000	1,34,47,312	2.14
29/11/2019	Increase/Transfer			7,72,678	1,42,19,990	2.27
06/12/2019	Increase/Transfer			25,352	1,42,45,342	2.27
13/12/2019	Increase/Transfer			1,44,748	1,43,90,090	2.29

	Increase or Decrease/ Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
20/12/2019	Increase/Transfer			2,55,565	1,46,45,655	2.33
31/01/2020	Increase/Transfer			2,35,696	1,48,81,351	2.37
07/02/2020	Decrease/Transfer			-5,84,891	1,42,96,460	2.28
14/02/2020	Decrease/Transfer			-73,587	1,42,22,873	2.27
21/02/2020	Increase/Transfer			93,884	1,43,16,757	2.28
28/02/2020	Decrease/Transfer			-52,279	1,42,64,478	2.27
20/03/2020	Increase/Transfer			4,52,146	1,47,16,624	2.35
At the end of the year- 31/03/2020					1,47,16,624	2.35

## IX. FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/ Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		60,26,546	0.96			
13/12/2019	Increase/Transfer			82,78,357	1,43,04,903	2.28
13/12/2019	Decrease/Transfer			-60,26,546	82,78,357	1.32
20/12/2019	Increase/Transfer			2,48,189	85,26,546	1.36
27/12/2019	Decrease/Transfer			5,00,000	90,26,546	1.44
10/01/2020	Decrease/Transfer			5,50,000	95,76,546	1.53
17/01/2020	Decrease/Transfer			5,00,000	1,00,76,546	1.61
24/01/2020	Decrease/Transfer			79,833	1,01,56,379	1.62
07/02/2020	Decrease/Transfer			-3,00,000	98,56,379	1.57
21/02/2020	Decrease/Transfer			-6,00,000	92,56,379	1.48
28/02/2020	Decrease/Transfer			-4,30,001	88,26,378	1.41
06/03/2020	Increase/Transfer			69,142	88,95,520	1.42
13/03/2020	Increase/Transfer			3,60,859	92,56,379	1.48
20/03/2020	Increase/Transfer			10,50,000	1,03,06,379	1.64
27/03/2020	Increase/Transfer			2,07,522	1,05,13,901	1.68
31/03/2020	Increase/Transfer			27,151	1,05,41,052	1.68
At the end of the year- 31/03/2020					1,05,41,052	1.68

**X. THE GENESIS GROUP TRUST FOR EMPLOYEE BENEFIT PLANS**

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		0.00	0.00			
24/05/2019	Increase/Transfer			98,791	98,791	0.02
14/06/2019	Increase/Transfer			8,46,540	9,45,331	0.15
21/06/2019	Increase/Transfer			20,843	9,66,174	0.15
05/07/2019	Increase/Transfer			8,87,556	18,53,730	0.30
12/07/2019	Increase/Transfer			9,44,614	27,98,344	0.45
19/07/2019	Increase/Transfer			66,881	28,65,225	0.46
26/07/2019	Increase/Transfer			16,20,334	44,85,559	0.72
16/08/2019	Increase/Transfer			3,05,694	47,91,253	0.76
23/08/2019	Increase/Transfer			1,86,967	49,78,220	0.79
30/08/2019	Increase/Transfer			4,76,308	54,54,528	0.87
04/10/2019	Decrease/Transfer			-2,35,093	52,19,435	0.83
18/10/2019	Increase/Transfer			4,81,671	57,01,106	0.91
01/11/2019	Increase/Transfer			2,77,149	59,78,255	0.95
06/12/2019	Increase/Transfer			1,36,423	61,14,678	0.97
13/12/2019	Increase/Transfer			2,52,510	63,67,188	1.02
20/12/2019	Increase/Transfer			12,24,609	75,91,797	1.21
27/12/2019	Increase/Transfer			4,05,346	79,97,143	1.27
31/12/2019	Increase/Transfer			53,198	80,50,341	1.28
10/01/2020	Increase/Transfer			7,50,863	88,01,204	1.40
06/03/2020	Decrease/Transfer			-19,186	87,82,018	1.40
20/03/2020	Increase/Transfer			1,97,483	89,79,501	1.43
27/03/2020	Increase/Transfer			3,42,508	93,22,009	1.49
At the end of the year- 31/03/2020					93,22,009	1.49

**XI. IDFC CORE EQUITY FUND**

	Increase or Decrease/Reasons No. of Shares	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		% of total Shares of the Company	% of total Shares of the Company		% of total Shares of the Company	% of total Shares of the Company
At the beginning of the year – 01/04/2019		82,41,909	1.31			
05/04/2019	Decrease/Transfer			17,247	82,59,156	1.32
12/04/2019	Decrease/Transfer			50,000	83,09,156	1.33

	Increase or Decrease/Reasons No. of Shares	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares No. of Shares	Cumulative Shareholding during the year	
		% of total Shares of the Company	% of total Shares of the Company		% of total Shares of the Company	% of total Shares of the Company
19/04/2019	Decrease/Transfer			12,293	83,21,449	1.33
26/04/2019	Decrease/Transfer			50,000	83,71,449	1.34
26/04/2019	Decrease/Transfer			-17,247	83,54,202	1.33
17/05/2019	Decrease/Transfer			2,166	83,56,368	1.33
07/06/2019	Decrease/Transfer			-3,708	83,52,660	1.33
21/06/2019	Decrease/Transfer			78,840	84,31,500	1.34
28/06/2019	Decrease/Transfer			1,00,000	85,31,500	1.36
19/07/2019	Increase/Transfer			4,876	85,36,376	1.36
26/07/2019	Decrease/Transfer			2,55,734	87,92,110	1.40
02/08/2019	Decrease/Transfer			2,35,520	90,27,630	1.44
09/08/2019	Decrease/Transfer			4,000	90,31,630	1.44
27/09/2019	Decrease/Transfer			1,00,000	91,31,630	1.46
27/09/2019	Increase/Transfer			-1,46,292	89,85,338	1.43
08/11/2019	Decrease/Transfer			-1,22,795	88,62,543	1.41
22/11/2019	Decrease/Transfer			-2,45,259	86,17,284	1.37
29/11/2019	Increase/Transfer			-12,000	86,05,284	1.37
06/12/2019	Decrease/Transfer			-1,000	86,04,284	1.37
17/01/2020	Decrease/Transfer			50,000	86,54,284	1.38
07/02/2020	Decrease/Transfer			-36,902	86,17,382	1.37
28/02/2020	Decrease/Transfer			-35,879	85,81,503	1.37
20/03/2020	Increase/Transfer			12,000	85,93,503	1.37
At the end of the year- 31/03/2020					85,93,503	1.37

## XII. LIFE INSURANCE CORPORATION OF INDIA

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		2,05,21,388	3.27			
09/08/2019	Decrease/Transfer			-2,99,244	2,02,22,144	3.23
16/08/2019	Decrease/Transfer			-8,70,000	1,93,52,144	3.09
23/08/2019	Decrease/Transfer			-15,84,053	1,77,68,091	2.83
30/08/2019	Decrease/Transfer			-11,41,902	1,66,26,189	2.65
06/09/2019	Decrease/Transfer			-11,04,801	1,55,21,388	2.48
13/09/2019	Decrease/Transfer			-4,03,124	1,51,18,264	2.41
20/09/2019	Decrease/Transfer			-19,38,869	1,31,79,395	2.10
27/09/2019	Decrease/Transfer			-7,54,472	1,24,24,923	1.98



	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
04/10/2019	Decrease/Transfer			-7,79,851	1,16,45,072	1.86
11/10/2019	Decrease/Transfer			-4,45,536	1,11,99,536	1.79
18/10/2019	Decrease/Transfer			-17,42,106	94,57,430	1.51
25/10/2019	Decrease/Transfer			-83,399	93,74,031	1.49
01/11/2019	Decrease/Transfer			-11,94,921	81,79,110	1.30
08/11/2019	Decrease/Transfer			-15,09,897	66,69,213	1.06
15/11/2019	Decrease/Transfer			-12,07,349	54,61,864	0.87
22/11/2019	Decrease/Transfer			-22,32,575	32,29,289	0.51
29/11/2019	Decrease/Transfer			-16,77,896	15,51,393	0.25
06/12/2019	Decrease/Transfer			-49,309	15,02,084	0.24
27/12/2019	Decrease/Transfer			-47,000	14,55,084	0.23
31/12/2019	Decrease/Transfer			-1,70,109	12,84,975	0.20
03/01/2020	Decrease/Transfer			-2,04,517	10,80,458	0.17
10/01/2020	Decrease/Transfer			-3,80,000	7,00,458	0.11
17/01/2020	Decrease/Transfer			-19,099	6,81,359	0.11
24/01/2020	Decrease/Transfer			-25,000	6,56,359	0.10
31/01/2020	Decrease/Transfer			-3,25,015	3,31,344	0.05
07/02/2020	Decrease/Transfer			-82,446	2,48,898	0.04
At the end of the year- 31/03/2020					2,48,898	0.04

### XIII. NOMURA INDIA INVESTMENT FUND MOTHER FUND

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		99,89,567	1.59			
05/04/2019	Decrease/Transfer			-1,63,701	98,25,866	1.57
19/04/2019	Decrease/Transfer			-11,45,000	86,80,866	1.38
10/05/2019	Decrease/Transfer			-60,000	86,20,866	1.37
31/05/2019	Decrease/Transfer			-2,00,000	84,20,866	1.34
07/06/2019	Decrease/Transfer			-3,25,000	80,95,866	1.29
14/06/2019	Decrease/Transfer			-10,56,500	70,39,366	1.12
28/06/2019	Decrease/Transfer			-7,00,000	63,39,366	1.01
05/07/2019	Decrease/Transfer			-21,34,384	42,04,982	0.67

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
12/07/2019	Decrease/Transfer			-21,00,000	21,04,982	0.34
19/07/2019	Decrease/Transfer			-21,04,982	-	0.00
At the end of the year -31/03/2020					-	0.00

#### XIV. NORDEA 1 SICAV - ASIAN FOCUS EQUITY FUND

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		93,02,683	1.48			
05/04/2019	Decrease/Transfer			-93,02,683	-	0.00
At the end of the year -31/03/2020					-	0.00

#### XV. FRANKLIN TEMPLETON INVESTMENT FUNDS

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
At the beginning of the year - 01/04/2019		2,08,75,700	3.33			
17/05/2019	Decrease/Transfer			-65,000	2,08,10,700	3.32
24/05/2019	Decrease/Transfer			-9,12,073	1,98,98,627	3.17
07/06/2019	Decrease/Transfer			-3,50,000	1,95,48,627	3.12
14/06/2019	Decrease/Transfer			-14,30,301	1,81,18,326	2.89
28/06/2019	Decrease/Transfer			-6,087	1,81,12,239	2.89
05/07/2019	Decrease/Transfer			-3,66,664	1,77,45,575	2.83
26/07/2019	Decrease/Transfer			-5,10,350	1,72,35,225	2.75
02/08/2019	Decrease/Transfer			-5,30,494	1,67,04,731	2.66
09/08/2019	Decrease/Transfer			-5,43,345	1,61,61,386	2.58
27/09/2019	Decrease/Transfer			-5,00,000	1,56,61,386	2.50
11/10/2019	Decrease/Transfer			-3,80,368	1,52,81,018	2.44
18/10/2019	Decrease/Transfer			-4,19,632	1,48,61,386	2.37
20/12/2019	Decrease/Transfer			-12,46,256	1,36,15,130	2.17

	Increase or Decrease/Reasons	Shareholding at the beginning of the year (As on 01/04/2019)		Increase/Decrease in No. of Shares	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
14/02/2020	Decrease/Transfer			-3,11,124	1,33,04,006	2.12
28/02/2020	Decrease/Transfer			-14,29,604	1,18,74,402	1.89
06/03/2020	Decrease/Transfer			-10,35,104	1,08,39,298	1.73
13/03/2020	Decrease/Transfer			-29,247	1,08,10,051	1.72
20/03/2020	Decrease/Transfer			-11,08,531	97,01,520	1.55
27/03/2020	Decrease/Transfer			-5,90,865	91,10,655	1.45
At the end of the year -31/03/2020					91,10,655	1.45

#### v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Change in Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	Increase	Decrease	No. of Shares	% of total Shares of the Company
1.	Mr. H. M. Nerurkar	Nil	0.00	397	Nil	397	0.00
2.	Mr. Mathew Job	793	0.00	Nil	Nil	793	0.00
3.	Mr. Sandeep Batra	Nil	0.00	*50,000	Nil	50,000	0.08

\* Exercise of options granted under PSP 1 scheme of the Company

#### V. INDEBTEDNESS:

(₹ in crore)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	650	-	-	650
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	44.47	-	-	44.47
<b>Total (i+ii+iii)</b>	<b>694.47</b>	<b>-</b>	<b>-</b>	<b>694.47</b>
Addition	-	-	-	-
Reduction	(300)	-	-	(300)
Net Change	(300)	-	-	(300)
<b>Indebtedness at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
i) Principal Amount	350	-	-	350
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	24.12	-	-	24.12
<b>Total (i+ii+iii)</b>	<b>374.12</b>	<b>-</b>	<b>-</b>	<b>374.12</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### a. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in crore)

Sr. No.	Particulars of Remuneration	Mr. Shantanu Khosla, Managing Director (DIN: 00059877)
1.	Gross Salary	3.51
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	
2.	Stock Option	
3.	Sweat Equity	
4.	Commission	
	• as % of profit	
	• Others specify	
5.	Others, please specify (Variable Pay) *	4.56
	<b>Total</b>	<b>8.07</b>
	Ceiling as per the Act	5% of the Net Profit of the Company

\* The variable pay is for 2018-19 paid in 2019-20.

### b. Remuneration to other Directors

(₹ in crore)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. P. M. Murty	Mr. D. Sundaram	Mr. H. M. Nerurkar	Ms. Smita Anand	
1.	Independent Directors					
	a) Fee for attending Board/Committee meetings	0.06	0.08	0.08	0.05	0.27
	b) Commission*	0.18	0.19	0.20	0.05	0.62
	c) Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.
	<b>Total</b>	<b>0.24</b>	<b>0.27</b>	<b>0.28</b>	<b>0.10</b>	<b>0.89</b>

Note: None of the Non-Executive Non-Independent Directors were paid any remuneration during the year 2019-20

\* The commission is for 2018-19 paid in 2019-20.

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

(₹ in crore)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Mathew Job (CEO)	Mr. Sandeep Batra (CFO)	Ms. Pragya Kaul (CS)	
1	Gross Salary a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	2.47	2.24	0.37	5.08
2	Stock Option				
3	Sweat Equity				
4	Commission • As % of profit • Others specify Others, please specify (Variable Pay) *	3.24	2.67	0.07	5.98
	<b>Total</b>	<b>5.71</b>	<b>4.91</b>	<b>0.44</b>	<b>11.06</b>

\*The Variable pay is for 2018-19 paid in 2019-20.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding Fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. Company Penalty Punishment Compounding					
B. Directors Penalty Punishment Compounding			NA		
C. Other Officers in default Penalty Punishment Compounding					

For and on behalf of the Board of Directors

**H.M. Nerurkar**

Chairman

DIN: 00265887

Place: Mumbai  
Date: 15<sup>th</sup> May, 2020

## Corporate Governance Report

### 1. THE COMPANY'S (CROMPTON'S) PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's commitment towards the adoption of best corporate governance practices goes beyond compliance with the law and endeavours to embrace responsibility for corporate actions and the impact of its initiatives on all stakeholders. Your Company continuously strives for the betterment of its corporate governance mechanisms to improve efficiency, transparency and accountability of its operations.

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is given below:

#### BOARD OF DIRECTORS

##### a. COMPOSITION:

Your Company has formulated and adopted the Nomination and Remuneration Policy to ensure that the composition of the Board is optimum, balanced and diverse to benefit from fresh perspectives, new ideas and broad experience. As on the date of this Report, your Company has eight-members collectively forming part of Board of Directors. The Chairman, Mr. H. M. Nerurkar is an Independent Director. The Composition of the Board of your Company is in conformity with Regulation 17 of the Listing Regulations.

Mr. Shantanu Khosla is the Managing Director. Mr. D. Sundaram, Mr. P. M. Murty and Ms. Smita Anand are Independent in terms of Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 ("the Act").

Ms. Shweta Jalan, Mr. Sahil Dalal and Mr. Promeet Ghosh are Non-Executive Directors.

Ms. Smita Anand is Woman Independent Director in terms of amended LODR.

Thus, as on 31<sup>st</sup> March, 2020, the Board of your Company comprises one Executive Director and seven Non-Executive Directors, of whom four are Independent Directors. The Chairman is a Non-Executive Director. The Company fulfils the requirement of composition of the Board of Directors as per the provisions of Regulation 17 of the Listing Regulations.

#### CONFIRMATION AS REGARDS INDEPENDENCE OF INDEPENDENT DIRECTORS

In the opinion of the Board, all the Independent Directors of the Company, fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

**Table 1 gives the composition of the Board, and the number of outside Directorships held by each Director. None of the Directors are related to each other.**

**TABLE 1**  
**Composition of the Board of Directors as on 31<sup>st</sup> March, 2020**

Name	Particulars	Other Board/Committee Memberships		
		Directorships*	Committee Memberships**	Committee Chairmanships**
Mr. H. M. Nerurkar	Chairman, Independent Director	4	6	3
Mr. Shantanu Khosla	Managing Director	-	-	-
Mr. D. Sundaram	Independent Director	4	6	4
Mr. P. M. Murty	Independent Director	1	2	-
Ms. Shweta Jalan	Non-Executive Director	3	-	-
Mr. Sahil Dalal	Non-Executive Director	1	2	-
Mr. Promeet Ghosh	Non-Executive Director	1	-	-
Ms. Smita Anand	Independent Director	-	-	-

\*Excludes private limited companies, foreign companies and companies registered under Section 8 of the Act and Government Bodies.

\*\*For the purpose of calculating the above, only Audit and Stakeholders' Relationship and Share Transfer Committee in public limited companies, whether listed or not, are considered – Regulation 26(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**TABLE 2**  
**List of Directorship Held in Other Listed Companies**

Name	Name of the other Listed Entity	Category of Directorship
Mr. H. M. Nerurkar	(i) Adani Enterprise Limited	Independent Director
	(ii) NCC Limited	Independent Director
	(iii) Igarashi Motors India Limited	Independent Director
	(iv) DFM Foods Limited	Independent Director
Mr. D. Sundaram	(i) Infosys Limited	Independent Director
	(ii) GlaxoSmithkline Pharmaceuticals Limited	Independent Director
	(iii) TVS Electronics Limited	Non-Executive Director
	(iv) ACC Limited	Independent Director
Mr. Sahil Dalal	(i) DFM Foods Limited	Non-Executive Director

## b. BOARD MEETINGS:

### Board Procedure

The dates for the Board meetings for the next year are fixed in advance. Board meetings are communicated by giving appropriate notice to the Directors.

A detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed Notes and Presentations, if any, is sent to the Directors at least seven days before the date of the Board Meeting(s) and the Committee Meeting(s) through a web-based solution. A soft copy of the said Agenda(s) is uploaded on the Board Portal at least 7 days before the meeting which also acts as a document repository. The Directors are also provided the facility of video-conferencing to enable them to participate effectively in the Meeting(s), as and when required.

Inputs and feedback of the Board Members are taken and considered while preparing the agenda and documents for the Board and Committee meetings.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the MD & CEO appraises the Board at every Meeting of the overall performance of your Company, followed by Presentation(s) by the others. A detailed functional Report is also presented at the Board Meeting(s).

The Board also, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), investment and exposure limit(s), compliance report(s) of all laws applicable to your Company, as well as steps taken by your Company to rectify instances of non-compliances, review of major legal issues, minutes of the Committees

of the Board and of Board Meetings of your Company's Subsidiary Companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of quarterly/half-yearly/annual results, significant labour problems and their proposed solutions, safety and risk management, transactions pertaining to purchase/disposal of property(ies), sale of investments, remuneration of Key Managerial Personnel, major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgement or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, the performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

The Company has established a framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Meetings in an informed and efficient manner.

Apart from Board Members and the Company Secretary, the Board and Committee Meetings are also attended by the Chief Executive Officer, Chief Financial Officer and wherever required by the Heads of various Functions.

The meetings are generally held at the Company's Registered & Corporate Office at Tower 3, 1<sup>st</sup> Floor, East Wing, Equinox Business Park, LBS Marg, Kurla (West), Mumbai - 400 070.

The Board has complete access to all Company-related information, including that of employees. At

Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Information is provided to the Board members on a continuous basis for their review, inputs and approval.

The Board of your Company met at least once in every quarter and the gap between two board meetings did not exceed the period of one hundred and twenty days (120). There were five (5) Board Meetings held during 2019-20.

**TABLE 3**  
**Attendance Record of the Directors for the year 2019-20**

Name	Board Meetings						Last AGM
	21.05.2019	08.07.2019	09.07.2019*	24.07.2019	23.10.2019	29.01.2020	24.07.2019
Mr. H. M. Nerurkar (DIN: 00265887)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Shantanu Khosla (DIN: 00059877)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. D. Sundaram (DIN: 00016304)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. P. M. Murty (DIN: 00011179)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Shweta Jalan (DIN: 00291675)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Sahil Dalal (DIN: 07350808)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Promeet Ghosh (DIN: 05307658)	Yes	Yes	Yes	Yes	Yes	Yes	No
Ms. Smita Anand (DIN: 00059228)	Yes	Yes	Yes	Yes	Yes	Yes	Yes

\*Board Meeting held on 8<sup>th</sup> July, 2019 was adjourned to 9<sup>th</sup> July, 2019.

#### MEETING OF INDEPENDENT DIRECTORS:

During the year under review, a meeting of the Independent Directors was held on 23<sup>rd</sup> October, 2019. All Independent Directors were present at the meeting to discuss the performance evaluation of the Non-Independent Directors & the Board and Chairman and assess information flow from management to the Board.



**c. FAMILIARISATION PROGRAMME:**

All new Non-Executive Directors inducted to the Board are introduced to the Company's culture through an orientation programme. MD, CEO and senior management provide an overview of operations and familiarise the new Non-Executive Directors with the organisation structure, Board procedures, operations of the Company, etc.

Pursuant to Regulation 25(7) of the Listing Regulations, the Company conducted various familiarisation programmes for its Directors including review of Industry Outlook at the Board Meetings, regulatory updates at Board and Audit Committee Meetings, presentations on Internal Control over Financial Reporting, CSR Strategy, Statutory Compliance, EHS, HR, IT, investor grievances, Prevention of Insider Trading Regulations, SEBI Listing Regulations, framework for Related Party Transactions, etc. Pursuant to Regulation 46 of the Listing Regulation, the details required are available on the website of your Company at the web link at <https://www.crompton.co.in/investors/corporate-governance/>

**d. DIRECTORS' REMUNERATION:****A. Remuneration Policy**

Your Company has a well-defined Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees. This Policy is annexed to this Report.

Nomination and Remuneration Committee (NRC) while deciding the basis for determining the compensation, both fixed and variable to the Non-Executive Directors, takes into consideration various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out other duties, role and functions as envisaged in Schedule IV of the Act and Listing Regulations and such other factors as the NRC may deem fit.

**B. Non-Executive Independent Directors Compensation**

The shareholders at the 2<sup>nd</sup> Annual General Meeting held on 11<sup>th</sup> August, 2016, approved payment of commission to the Company's Non-Executive Independent Directors, collectively, up to 1% of net profits, as permitted by the Companies Act, 2013. The Board has formulated guidelines for payment of commission to the Non-Executive Independent Directors. Additional commission is paid to the

Chairman of the Board, the Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee. The Non-Executive Non-Independent Directors are not paid any remuneration.

The remuneration of Non-Executive Independent Directors is given in Table 4.

**TABLE 4**  
**Compensation of Non-Executive Independent Directors of the Company**

(₹ in crore)

	Sitting Fees	Commission	Total
Mr. H. M. Nerurkar	0.08	0.20**	0.28
Mr. D. Sundaram	0.08	0.19**	0.27
Mr. P. M. Murty	0.06	0.18**	0.24
Ms. Smita Anand	0.05	0.05**	0.10

\*\* Commission is for the year 2018-19 paid in 2019-20

None of the Non-Executive Non-Independent Directors were paid any remuneration.

**C. Directors' Remuneration**

The annual remuneration package of Mr. Shantanu Khosla, Managing Director comprises a fixed salary component including a basket of allowances/reimbursements and a Variable Pay component. A service agreement exists with Mr. Shantanu Khosla which contains his terms and conditions of service, including remuneration, notice period, severance compensation, etc., as approved by the Nomination and Remuneration Committee and the Board of Directors, from time to time.

The remuneration paid to Mr. Shantanu Khosla in 2019-20 was as follows:

(₹ in crore)

Annual Salary	3.51
Variable Pay*	4.56
<b>Total</b>	<b>8.07</b>

\* The Variable pay is for 2018-19 paid in 2019-20.

**e. CODE OF CONDUCT:**

Your Company has a Code of Conduct for Directors and senior management that reflects its high standards of integrity and ethics. The Directors and senior management of the Company have affirmed their adherence to this Code of Conduct for

2019-20. As required by Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Mr. Shantanu Khosla, as the Company's Managing Director, has signed a declaration, stating that the Board of Directors and senior management personnel of the Company have affirmed compliance with this Code of Conduct, which is annexed to this Report. The Code of Conduct also includes code for Independent Directors which is a guide to professional conduct for Independent Directors pursuant to Section 149(8) and Schedule IV of the Companies Act, 2013.

This Code is available on the Company's website <https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf>

**f. DIRECTORS' SHAREHOLDING:**

As on 31<sup>st</sup> March, 2020 Mr. H.M. Nerurkar holds 397 shares of the Company.

**g. COMMITTEES OF THE BOARD:**

**1. AUDIT COMMITTEE:**

The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. Majority of the Members on the Committee, including the Chairman are Independent Directors. The Committee is governed by a Charter that is in line with the regulatory requirements mandated by the Act and SEBI Regulations.

The Audit Committee also receives the report on compliance under the Code of Conduct for Prohibition of Insider Trading Regulations, 2015. Further Compliance Reports under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Whistle Blower Policy are also placed before the Committee.

The Audit Committee also meets the Internal Auditors and Statutory Auditors without the presence of the management.

The Audit Committee monitored and reviewed the investigations of the whistle blower complaints received during the year.

Meetings of the Audit Committee are also attended by Chief Executive Officer, Chief Financial Officer, Company Secretary, Vice President of Finance, Internal Auditor and the Statutory Auditor.

The Cost Auditor of the Company also attended the Committee Meeting in which the Cost Audit Report was considered.

Terms of reference of Audit Committee are:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Carrying out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time; and
- To perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

There were seven (7) Audit Committee Meetings held during 2019-20.

Table 5 given below gives the attendance record of the Members of the Audit Committee:

**TABLE 5**  
**Audit Committee Meetings**

Name	Designation	20.05.2019	21.05.2019 <sup>1</sup>	23.07.2019	24.07.2019 <sup>2</sup>	11.09.2019	22.10.2019	23.10.2019 <sup>3</sup>	13.11.2019	28.01.2020	29.01.2020 <sup>4</sup>	13.03.2020
Mr. D. Sundaram	Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. P. M. Murty	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. H. M. Nerurkar	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Shweta Jalan	Member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes:

- 1 Audit Committee Meeting held on 20<sup>th</sup> May, 2019 was adjourned to 21<sup>st</sup> May, 2019
- 2 Audit Committee Meeting held on 23<sup>rd</sup> July, 2019 was adjourned to 24<sup>th</sup> July, 2019
- 3 Audit Committee Meeting held on 22<sup>nd</sup> October, 2019 was adjourned to 23<sup>rd</sup> October, 2019
- 4 Audit Committee Meeting held on 28<sup>th</sup> January, 2020 was adjourned to 29<sup>th</sup> January, 2020

## 2. NOMINATION AND REMUNERATION COMMITTEE (NRC):

The Committee is responsible for formulating evaluation policies and reviewing all major aspects of Company's HR processes relating to hiring, training, talent management, succession planning and compensation structure of the Directors and KMPs. The Committee also anchored the performance evaluation of the Individual Directors.

Terms of reference of Nomination and Remuneration Committee are:

- Determine the criteria for appointment including qualifications, positive attributes and independence of Director;
- Identify candidates who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Recommend to the Board policy concerning the remuneration for the Directors, Key Managerial Personnel and other employees;

- Evaluate the performance of each Director and performance of the Board as a whole;
- Carrying out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time; and
- To perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

There were three (3) Nomination and Remuneration Committee Meetings held during 2019-20. The Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary also attended the meeting.

The VP-HR also attends the meetings wherever required for discussion of certain items.

The Company Secretary of the Company acts as the Secretary of the Committee.

Table 6 given below gives the attendance record of the Members of the Nomination and Remuneration Committee:

**TABLE 6**  
**Nomination and Remuneration Committee Meetings**

Name	Designation	21.05.2019	23.10.2019	29.01.2020
Mr. P. M. Murty	Chairman	Yes	Yes	Yes
Mr. D. Sundaram	Member	Yes	Yes	Yes
Mr. H. M. Nerurkar	Member	Yes	Yes	Yes
Ms. Shweta Jalan	Member	Yes	Yes	Yes
Mr. Promeet Ghosh	Member	Yes	Yes	Yes
Ms. Smita Anand	Member	Yes	Yes	Yes

### 3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Terms of reference of CSR Committee are:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Act;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company under the CSR Policy;
- To monitor the CSR policy of the Company from time to time;
- Adhere to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications, amendments or re-enactments thereto for the time being in force);

- Carrying out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time; and
- To perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

There were three (3) Corporate Social Responsibility Committee Meetings held during financial year 2019-20.

The Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary also attended the meeting(s).

The Company Secretary of the Company acts as the Secretary of the Committee.

Table 7 given below gives the attendance record of the Members of the Corporate Social Responsibility Committee:

**TABLE 7**  
**Corporate Social Responsibility Committee Meetings**

Name	Designation	21.05.2019	23.10.2019	29.01.2020
Mr. Shantanu Khosla	Chairman	Yes	Yes	Yes
Mr. H. M. Nerurkar	Member	Yes	Yes	Yes
Mr. D. Sundaram	Member	Yes	Yes	Yes
Ms. Shweta Jalan	Member	Yes	Yes	Yes
Mr. Promeet Ghosh	Member	Yes	Yes	Yes
Ms. Smita Anand	Member	Yes	Yes	Yes

#### 4. STAKEHOLDERS' RELATIONSHIP AND SHARE TRANSFER COMMITTEE:

Terms of reference for Stakeholders' Relationship and Share Transfer Committee are:

- Resolving the grievances of security holders of the Company including Investors' complaints;
- Approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;
- Redress the complaints regarding non-receipt of declared dividends, balance sheets of the Company, etc.;
- Carrying out any other function contained in the Listing Agreement/Listing Regulations, as amended from time to time; and
- To perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

The Company Secretary of the Company acts as the Secretary of the Committee.

##### Communications sent to shareholders

Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018, in the year 2018-19 the Company had sent three letters to such members where folios did not had or had incomplete details of PAN and/or Bank Account to compulsorily furnish these details to the Registrar and Share Transfer Agent or the Company.

In addition to the above mandatory communications, in the month of January 2020, your Company had voluntarily sent following communications to its shareholders:

Purpose	No. of Shareholders
For updating KYC details (PAN, Bank, address, email id, etc.)	2,608
For claiming unpaid/unclaimed dividend	6,269
For claiming unclaimed share certificates (which were despatched after demerger)	44

Purpose	No. of Shareholders
Combined communication for: <ul style="list-style-type: none"> <li>updating KYC details (PAN, Bank, address, email id, etc.)</li> <li>claiming unpaid/unclaimed dividend</li> <li>claiming unclaimed share certificates (which were despatched after demerger)</li> </ul>	1,401
For claiming shares from Demat Suspense Account	4,053

There were two (2) Stakeholders' Relationship and Share Transfer Committee Meetings held during the financial year 2019-20.

**Table 8 given below gives the attendance record of the Members of the Stakeholders' Relationship and Share Transfer Committee:**

**TABLE 8**  
**Stakeholders' Relationship & Share Transfer Committee Meetings**

Name	Designation	24.07.2019	29.01.2020
Mr. H. M. Nerurkar	Chairman	Yes	Yes
Mr. D. Sundaram	Member	Yes	Yes
Mr. Shantanu Khosla	Member	Yes	Yes
Mr. Sahil Dalal	Member	Yes	Yes

During the year, 253 complaints were received from the shareholders, all of which have been attended/resolved to the satisfaction of the Shareholders.

The details of the complaints are:

Sr. No.	Complaints Received	No. of Complaints
1.	Non-receipt of Annual Report	119
2.	Non-receipt of Securities	15
3.	Non-receipt of Dividend Warrants	110
4.	Escalation to SEBI	6
5.	Escalation to Stock Exchange	3
	<b>Total</b>	<b>253</b>

## 5. RISK MANAGEMENT COMMITTEE:

As per SEBI LODR (Amendment) Regulations, 2018, Risk Management Committee was constituted on 25<sup>th</sup> October, 2018 to monitor and review risk management plans of the Company including cyber security.

The terms of reference of Risk Management Committee are to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of risks including risks related to cyber security.

The Committee has the overall responsibility for monitoring and approving the risk management framework and associated practices of the Company.

The Risk Management Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

There was one (1) Risk Management Committee Meeting held during financial year 2019-20.

The Company Secretary of the Company acts as the Secretary of the Committee.

**Table 9 given below gives the attendance record of the Members of the Risk Management Committee:**

**TABLE 9  
Risk Management Committee Meetings**

Name	Designation	13.03.2020
Mr. D. Sundaram	Chairman	Yes
Mr. H. M. Nerurkar	Member	Yes
Mr. P. M. Murty	Member	Yes
Ms. Shweta Jalan	Member	Yes

## 6. ALLOTMENT COMMITTEE:

The Allotment Committee for allotment of shares arising out of the exercise of stock options by Eligible Employees under ESOP Schemes of the Company was constituted by the Board of Directors of the Company on 26<sup>th</sup> October, 2017.

The members of Allotment Committee are Mr. H. M. Nerurkar (Independent Director) and Mr. P. M. Murty (Independent Director).

During the year, the Allotment Committee has approved allotment of 2,98,052 shares arising out of the exercise of stock options by Eligible Employees.

The Company Secretary of the Company acts as the Secretary of the Committee.

The members of Committee of Debentures are Mr. Shantanu Khosla (Managing Director) and Mr. D. Sundaram (Independent Director).

## 7. COMMITTEE OF DEBENTURES:

The Committee for Debentures was constituted on 18<sup>th</sup> May, 2016 for allotment and issue of Non Convertible Debentures and for approval of matters connected thereto.

The members of Committee of Debentures are Mr. Shantanu Khosla (Managing Director) and Mr. D. Sundaram (Independent Director).

## 8. STRATEGIC INVESTMENT COMMITTEE:

The Strategic Investment Committee was constituted on 24<sup>th</sup> August, 2018 for evaluation and assessment of Strategic Investment opportunities feasible for the Company and to make recommendations to the Board of Directors on such strategic investment/disinvestment opportunities.

**Table 10 given below gives the details of the Members of the Strategic Investment Committee:**

**TABLE 10  
Strategic Investment Committee**

Name	Designation
Mr. H. M. Nerurkar	Chairman
Mr. D. Sundaram	Member
Mr. P. M. Murty	Member
Mr. Shantanu Khosla	Member

## CONFIRMATION BY THE BOARD OF DIRECTORS - ACCEPTANCE OF RECOMMENDATION OF MANDATORY COMMITTEES

In terms of the amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory committees.

## INSIDER TRADING

Your Company has issued comprehensive guidelines in accordance with the SEBI Regulations as amended, in this regard, which advise and caution the Directors, dealing with the securities of the Company. The Insider Trading Code framed by the Company helps in ensuring compliance with these requirements.

During the year, the Company has amended the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The Company has automated the declarations and disclosures to identified designated persons, and the Board reviews the policy on a need basis.

## 9. KEY BOARD SKILLS, EXPERTISE, COMPETENCE

The Board comprises distinguished, qualified and experienced members who bring in the requisite skills, expertise and competence that allows them to make a valuable contribution to the Board and its Committees.

**Table 11 below summarises the key skills, expertise and competence required for the Company and is taken into consideration while nominating candidates to serve on the Board.**

**TABLE 11**

Skills Identified	Definition
<b>Experience and Industry Knowledge</b>	Industry experience through detailed knowledge of the Company or the sector in which it operates, as well as those who understand the broader industry environment.
<b>Financial</b>	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes.
<b>Gender, Nationality or other Diversity</b>	Representation of gender, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of customers, partners, employees, governments and other stakeholders.
<b>Leadership</b>	Extended leadership experience resulting in a practical understanding of organisations, processes, strategic planning, and risk management.
<b>Talent Development</b>	Experience in Leadership Development and ensuring an ongoing process exists which continuously enhances the knowledge and capability of key talent to enable these managers to effectively lead the organisation in achieving key strategic initiatives.
<b>Mentoring Ability</b>	Demonstrated strengths in developing talent, succession planning, and driving change and long-term growth.
<b>Technology</b>	A significant background in technology, resulting in knowledge as to how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
<b>Mergers and Acquisitions</b>	A history of leading growth through acquisitions and other business combinations, with the ability to assess "make or buy" decisions, analyse the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans.
<b>Board Service and Governance</b>	Service on a public listed company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
<b>Sales and Marketing</b>	Experience in developing strategies to grow sales and market share, build brand competitiveness, awareness and equity, and build a strong Corporate reputation.
<b>Compliance and Risk</b>	Experience and background in regulatory affairs and regulatory policies, procedures and risk management.

In the table below, the key skills, expertise and competence of the Board of Directors in the context of the Company's business for effective functioning and as available with the Board have been highlighted.

Name of Director	Mr. H. M. Nerurkar	Mr. Shantanu Khosla	Mr. D. Sundaram	Mr. P. M. Murty	Ms. Smita Anand	Ms. Shweta Jalan	Mr. Sahil Dalal	Mr. Promeet Ghosh
Experience and Industry knowledge	√	√	√	√	√	√	√	√
Financial	√	√	√	√		√	√	√
Gender, Nationality or other Diversity	√	√	√	√	√	√	√	√
Leadership	√	√	√	√	√	√	√	√
Talent Development	√	√	√	√	√	√	√	√

Name of Director	Mr. H. M. Nerurkar	Mr. Shantanu Khosla	Mr. D. Sundaram	Mr. P. M. Murty	Ms. Smita Anand	Ms. Shweta Jalan	Mr. Sahil Dalal	Mr. Promeet Ghosh
Mentoring Ability	√	√	√	√	√	√	√	√
Technology	√	√	√	√	√	√	√	√
Mergers and Acquisitions	√	√	√	√	√	√	√	√
Board Service and Governance	√	√	√	√	√	√	√	√
Sales & Marketing	√	√		√	√			
Compliance and Risk	√	√	√	√	√	√	√	√

The absence of a mark against a Board Member's name does not necessarily mean the Director does not possess the corresponding skill, expertise or competence.

#### INFORMATION ON GENERAL BODY MEETINGS:

The details of the Annual and Extra Ordinary General Meeting(s) held during the last three years are as follows:

**TABLE 12**  
**Information on General Body Meetings**

Sr. No.	Event	Date, Time & Venue	Resolution	No. of Resolutions Passed	Purpose
1.	3 <sup>rd</sup> Annual General Meeting	27 <sup>th</sup> July, 2017 at 3.00 p.m. at Shree Bhaidas Maganlal Sabhagriha, next to Mithibai College, Juhu Vile Parle Development (JVPD) Road No. 1, Vile Parle West, Mumbai - 400 050.	Ordinary	10	<ol style="list-style-type: none"> <li>Adoption of Financial Statements;</li> <li>Declaration of Dividend;</li> <li>Appointment of Mr. Shantanu Khosla as Director liable to retire by rotation;</li> <li>Ratification of appointment of M/s. Sharp &amp; Tannan as the Statutory Auditors and to fix their remuneration;</li> <li>Revision in remuneration of Mr. Shantanu Khosla, Managing Director of the Company;</li> <li>Appointment of Ms. Shweta Jalan as a Director of the Company;</li> <li>Appointment of Mr. Sahil Dalal as a Director of the Company;</li> <li>Appointment of Mr. Ravi Narain as a Director of the Company;</li> <li>Appointment of Mr. Promeet Ghosh as a Director of the Company;</li> <li>Ratification of the remuneration payable to M/s. Ashwin Solanki &amp; Associates, Cost Auditors of the Company;</li> </ol>
			Special	2	<ol style="list-style-type: none"> <li>Increase in borrowing limits from ₹ 1,800 crore to ₹ 2,500 crore;</li> <li>Creation of charge on the movable and immovable properties of the Company, both present and future in respect of borrowings under Section 180(1) (a) of the Companies Act, 2013.</li> </ol>



Sr. No.	Event	Date, Time & Venue	Resolution	No. of Resolutions Passed	Purpose
2.	4 <sup>th</sup> Annual General Meeting	25 <sup>th</sup> July, 2018 at 3.00 p.m. at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020	Ordinary	4	<ol style="list-style-type: none"> <li>Adoption of Financial Statements;</li> <li>Declaration of Dividend;</li> <li>Appointment of Ms. Shweta Jalan as Director liable to retire by rotation;</li> <li>Ratification of the remuneration payable to M/s Ashwin Solanki and Associates, Cost Auditors of the Company.</li> </ol>
3.	5 <sup>th</sup> Annual General Meeting	24 <sup>th</sup> July, 2019 at 3.00 p.m. at Patkar Hall, S.N.D.T. Women's University, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020	Ordinary	5	<ol style="list-style-type: none"> <li>Adoption of Financial Statements;</li> <li>Declaration of Dividend;</li> <li>Appointment of Mr. Sahil Dalal as Director liable to retire by rotation;</li> <li>Appointment of Ms. Smita Anand as an Independent Director;</li> <li>Ratification of the remuneration payable to M/s. Ashwin Solanki and Associates, Cost Auditors of the Company.</li> </ol>

2 Special Resolution(s) were passed at the 3<sup>rd</sup> Annual General Meeting.

No Special Resolution(s) were passed at the 4<sup>th</sup> and 5<sup>th</sup> Annual General Meeting.

#### POSTAL BALLOT:

During the year 2019-20, under Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company passed the following Special Resolutions by postal ballot:

Date of Postal Ballot Notice: 14<sup>th</sup> December, 2019

Date of Declaration of Result: 21<sup>st</sup> January, 2020

Voting Period: 21<sup>st</sup> December, 2019 to 19<sup>th</sup> January, 2020

Date of Approval: 19<sup>th</sup> January, 2020

Sr. No.	Special Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution		Invalid Votes
		No.	%	No	%	No.
1.	Approval of Crompton Employee Stock Option Plan 2019 ("ESOP 2019")	45,15,54,229	97.65	1,08,76,197	2.35	2,959
2.	Grant of Stock Options to the employees of the Subsidiary Company(ies) (present and/or future) under the Crompton Employee Stock Option Plan 2019	45,15,40,897	97.65	1,08,89,779	2.35	2,959

Mrs. Ashwini Inamdar (FCS 9409), Practising Company Secretary was appointed as the scrutiniser for carrying out the Postal ballot process in a fair and transparent manner.

No special resolutions are proposed to be conducted through postal ballot as covered under Section 110 of the Companies Act, 2013, at the ensuing 6<sup>th</sup> Annual General Meeting.

## PROCEDURE FOR POSTAL BALLOT:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 read with the related rules, the Company provided electronic voting (e-voting) facility, in addition to the physical ballot, to all its Members. For this purpose, the Company had engaged the services of KFin Technologies Pvt. Ltd.

Postal ballot notices and forms were despatched, along with postage - pre-paid business reply envelopes to Registered members/beneficiaries. The same notice was sent by email to members who have opted for receiving communication through the electronic mode.

The Company had also published a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting right was reckoned on the paid-up value of share registered in the name of the member as on the cut-off date. Members who wanted to exercise their votes by physical postal ballot were requested to return the forms duly completed and signed, to the scrutiniser on or before the close of the voting period. Those using the e-voting option were requested to vote before the close of business hours on the last date of e-voting.

The scrutiniser completed her scrutiny and submitted her report to the Chairman, and the consolidated results of the voting were announced by the Chairman/Authorised Officer. The results were also displayed on the Company website [www.crompton.co.in](http://www.crompton.co.in), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent. The last date for receipt of Postal ballot forms or E-voting was the date on which the resolution would be deemed to have been passed if approved by the requisite majority.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate Chapter in the Annual Report.

## COMPLIANCE WITH MANDATORY REQUIREMENTS

Your Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

## MEANS OF COMMUNICATION: WEBSITE, NEWS & EVENTS

i. A separate dedicated section under 'Investors' at <https://www.crompton.co.in/investors/corporate-governance/> gives information on applicable policies including

policy on dealing with related party transactions which is at <https://www.crompton.co.in/media/Policy-on-RPT-CGCEL.pdf>, along with news and events held during the year of the Company.

- ii. A separate dedicated section under 'Investors' Section on the Company's website at <https://www.crompton.co.in/investors/corporate-governance/> gives information on policy for determining material subsidiary at <https://www.crompton.co.in/media/Policy-on-Material-Subsidiary.pdf>.
- iii. The quarterly, half-yearly and yearly results are sent to the Stock Exchanges where the shares of the Company are listed. The results are normally published in "Financial Express" (English Daily) and "Loksatta" (Marathi Daily). The results are displayed on the Company's website <https://www.crompton.co.in/investors/newspaper-publications/>. Press Releases are also issued, which are also displayed on the Company's website in a separate section.
- iv. The required disclosures were made to the Stock Exchanges and were uploaded on the website of the Company.
- v. Any presentations made to the institutional investors or/and analysts are also posted on the Company's website.

## COMPLIANCE WITH NON-MANDATORY PROVISIONS

The status concerning compliance by your Company with discretionary requirements as listed out in Part E of Schedule II of SEBI Listing Regulations is as under:

- The position of the Chairman of the Board of Directors and that of the Managing Director and the Chief Executive Officer are separate.
- Chairman's office is separate from that of the Managing Director and the Chief Executive Officer.
- The audit report on the Company's Financial Statements for the year ended 31<sup>st</sup> March, 2020 is unmodified.
- The Internal Auditors report directly to the Audit Committee.
- Your Company follows a robust process of communicating with the shareholders which have been elaborated in the Report under the heading "Means of Communication".

## GENERAL SHAREHOLDER INFORMATION

### 6<sup>th</sup> ANNUAL GENERAL MEETING

Date & Day	: Friday, 24 <sup>th</sup> July, 2020
Time	: 3.00 P. M.
Venue	: Through video conferencing/other audio-visual means.

### FINANCIAL YEAR

The financial year of the Company is from 1<sup>st</sup> April to 31<sup>st</sup> March.

### FINANCIAL CALENDAR

#### First Quarter Results

End July/First fortnight of August

#### Second Quarter Results

End October/First fortnight of November

#### Third Quarter Results

End January/First fortnight of February

#### Last Quarter Results and Annual Audited Results

April/May

### SHARE TRANSFER SYSTEM

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. All share transfers and other share-related issues are approved by Stakeholders' Relationship and Share Transfer Committee duly constituted

for this purpose. During 2019-20, 33 approvals were obtained. The total number of shares in physical form transferred during the year under review was 22,810 shares.

Please note that the 33 transfer cases include:

- Transfer requests received/inwarded prior to 31<sup>st</sup> March, 2019 and processed in April, 2019.
- Transfer requests which were lodged prior to 31<sup>st</sup> March, 2019 and were rejected under objections. The investor has re-lodged the transfer request post 31<sup>st</sup> March, 2019 after necessary rectifications and hence the request was processed.

### DEMATERIALISATION OF SHARES

As on 31<sup>st</sup> March, 2020, 99.39% of the total shares of your Company were in dematerialised form, compared with 99.33% as on 31<sup>st</sup> March, 2019.

### STOCK CODES:

**BSE Ltd.** - 539876

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.

**National Stock Exchange of India Ltd.** - CROMPTON

Exchange Plaza, C-1, Block G,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051.

**ISIN** - INE299U01018 (NSDL & CDSL)

**Corporate Identification Number** -  
L31900MH2015PLC262254

### PLANT LOCATIONS

Sr. No.	State	City	Address
1.	Goa	Kundaim	Plot No. 214-A, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India
2.	Goa	Bethora	Plot No. 1, Goa IDC Industrial Estate, Bethora, Ponda, Goa - 403 409, India
3.	Gujarat	Vadodara	Padra Jambusar Highway, Village Kural, Taluka Padra, District Baroda, Gujarat - 391430, India
4.	Maharashtra	Ahmednagar	C-19, MIDC, Ahmednagar, Maharashtra - 414 111, India
5.	Maharashtra	Ahmednagar	A-28, MIDC, Ahmednagar, Maharashtra - 414 111, India
6.	Himachal Pradesh	Baddi	Baddi (Unit I) Plot No. 81, HPSIDC, Industrial Area Baddi, District Solan, Himachal Pradesh - 173 205, India
7.	Himachal Pradesh	Baddi	Baddi (Unit II) Plot No. - 148, 149, 150, 157, 158 and 159, HPSIDC, Industrial Area, Baddi, District Solan, Himachal Pradesh - 173 205, India
8.	Himachal Pradesh	Baddi	Baddi (Unit III) Village Thana, Tehsil Baddi, District Solan, Himachal Pradesh - 173 205, India

## COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

Your Company actively monitors the foreign exchange movements and takes forward/options covers as appropriate to reduce the risks associated with transactions in foreign currencies.

Your Company also undertakes short-term commodity hedging risk.

## NON-CONVERTIBLE DEBENTURES (NCDs) AND CREDIT RATING

Your Company has NCDs amounting to ₹ 350 crore, which is listed on the National Stock Exchange. The details of the Non-Convertible Debentures of the Company are as follows:

Particulars	Series B	Series C
Repayment	4 <sup>th</sup> year	5 <sup>th</sup> year
Year of Repayment	2020	2021
Coupon Rate	8.95%	8.95%
Face Value	₹ 10,00,000 per NCD	
Rating at the time of issue	CRISIL AA	
Rating at the end of 31 <sup>st</sup> March, 2017	CRISIL AA/Stable	
Rating at the end of 31 <sup>st</sup> March, 2018	CRISIL AA/Positive	
Rating at the end of 31 <sup>st</sup> March, 2019	CRISIL AA+/Stable	
Rating at the end of 31 <sup>st</sup> March, 2020	CRISIL AA+/Stable	

The debenture trustees of the Company are IDBI Trusteeship Services Limited. Their contact details are Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.

### Details of redemption

Series A Non-Convertible Debentures (NCDs) amounting to ₹ 300 crore were redeemed on 24<sup>th</sup> June, 2019.

## CERTIFICATE FROM PRACTICING COMPANY SECRETARY

Certificate, as required under Part C of Schedule V of Listing Regulations, received from M/s. Pradeep Purwar & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified for the financial ending on 31<sup>st</sup> March, 2020 from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 15<sup>th</sup> May, 2020 and is enclosed with this Report as Annexure A.

## STATUTORY AUDITOR AND AUDIT FEES

M/s. Sharp & Tannan are the Statutory Auditors of your Company. The details of the total fees for all services paid by the Company to the Statutory Auditors are as follows:

(₹ in crore)

Type of Service	Financial Year 2019-20*	Financial Year 2018-19
Audit Fees*	0.43	0.32
Tax Audit Fees	0.08	0.07
Others	0.39	0.37
<b>Total</b>	<b>0.90</b>	<b>0.76</b>

\* Includes Audit and Audit-related services on a consolidated basis.

The Audit Fees paid to the auditors for the financial year ended 31<sup>st</sup> March, 2020 is covered separately in the Notes to Accounts.

## DISCLOSURE UNDER SEXUAL HARASSMENT

Your Company has constituted Internal Complaints Committee (ICC) to consider and resolve all sexual harassment complaints. The Constitution of ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Committee includes an external member from NGO with relevant experience.

The details of sexual harassment complaints for the year ended 31<sup>st</sup> March, 2020 are furnished as under:

Particulars	No. of Complaints
Number of complaints filed during the financial year	1
Number of complaints disposed of during the financial year	1
Number of complaints pending as on the end of the financial year	Nil

## REGISTRAR AND TRANSFER AGENT AND ADDRESS FOR CORRESPONDENCE

For any queries relating to the shares and debentures of the Company, correspondence may please be addressed to KFin Technologies Private Limited at:

Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.

Telephone : +91 040-67162222  
 Fax : +91 040-23431551  
 Email : [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
 Website : [www.kfintech.com](http://www.kfintech.com)  
 Contact Person : Ms. Krishna Priya  
 Designation : Manager - Corporate Registry  
 SEBI Registration : INR000000221

For the benefit of shareholders, documents will continue to be accepted at the Registered and Corporate Office of the Company at: Crompton Greaves Consumer Electricals Limited.

CIN : L31900MH2015PLC262254  
 Address : Tower 3, 1<sup>st</sup> Floor, East Wing, Equinox Business Park, LBS Marg, Kurla (West), Mumbai - 400 070  
 Telephone : +91 22-61678499  
 Fax : +91 22-61678383  
 Email : [crompton.investorrelations@crompton.co.in](mailto:crompton.investorrelations@crompton.co.in)  
 Website : [www.crompton.co.in](http://www.crompton.co.in)

Shareholders are requested to quote their Folio No./DP ID & Client ID, E-mail address, if any, telephone number and full address while corresponding with the Company and its RTA.

## DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2020

Sr. No.	Number of Shares held	Number of Shareholders	Number of Shares held	% of Shareholding
1	1 – 5000	1,05,742	2,99,33,901	4.77
2	5001 – 10000	1110	78,51,025	1.25
3	10001 – 20000	483	68,00,071	1.08
4	20001 – 30000	145	35,46,138	0.57
5	30001 – 40000	68	23,77,396	0.38
6	40001 – 50000	51	23,30,747	0.37
7	50001 – 100000	109	80,50,524	1.28
8	100001 and above	287	56,63,94,170	90.30
	<b>TOTAL</b>	<b>1,07,995</b>	<b>62,72,83,972</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2020

Sr. No.	Category	No. of Shares of ₹ 2 each	% of Shareholding
1	Promoter & Promoter Group (Foreign Bodies Corporate)*	16,43,02,579	26.19
2	Indian Financial Institutions	51,10,924	0.81
3	Bodies Corporate	1,96,64,078	3.14
4	Foreign Institutional Investors	2,45,546	0.04
5	Banks	1,11,304	0.02
6	Clearing Members	7,12,850	0.11
7	Foreign Nationals	4,583	0.00
8	Foreign Portfolio Investors	19,11,20,919	30.47
9	H U F	8,08,239	0.13
10	Mutual Funds	15,78,87,445	25.17
11	NBFC	5,313	0.00
12	Non-Resident Indians	13,95,214	0.22
13	Overseas Corporate Bodies	61,600	0.01
14	Resident Individuals	5,18,24,849	8.26
15	Trusts	55,903	0.01
16	Alternative Investment Fund	42,97,671	0.69
17	NRI Non-Repatriable	29,85,977	0.48
18	Beneficial Holdings under MGT-4	1,700	0.00
19	Qualified Institutional Buyer	2,66,87,278	4.25
	<b>TOTAL</b>	<b>62,72,83,972</b>	<b>100.00</b>

### Notes:

\*The present promoters of your Company are Amalfiaco Ltd. and Nirsinia Ltd.

\*MacRitchie is person acting in concert with Amalfiaco and Nirsinia Ltd. MacRitchie has entered into an Inter-se Agreement dated 23<sup>rd</sup> April, 2015 with Amalfiaco and Nirsinia ("Inter-se Agreement"). Pursuant to the said Agreement, MacRitchie does not have control rights and will not be exercising control over your Company.

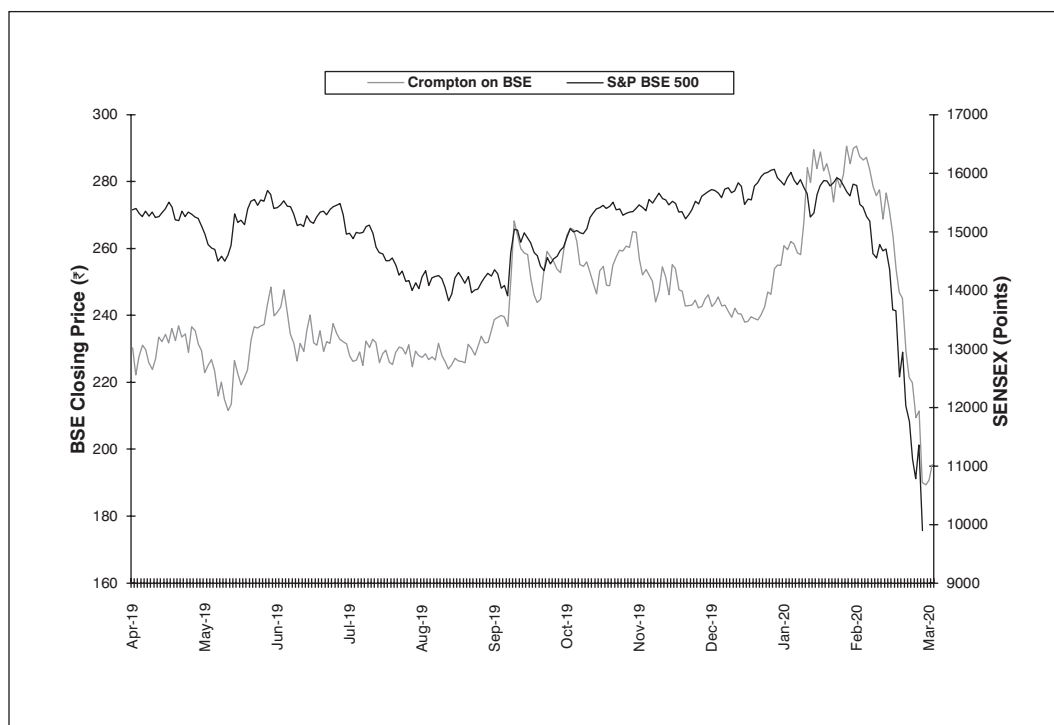
## MARKET PRICE DATA

The details of monthly high/low market price of the Equity Shares of the Company at BSE Ltd. and at the National Stock Exchange of India Ltd. for the year under review is provided hereunder:

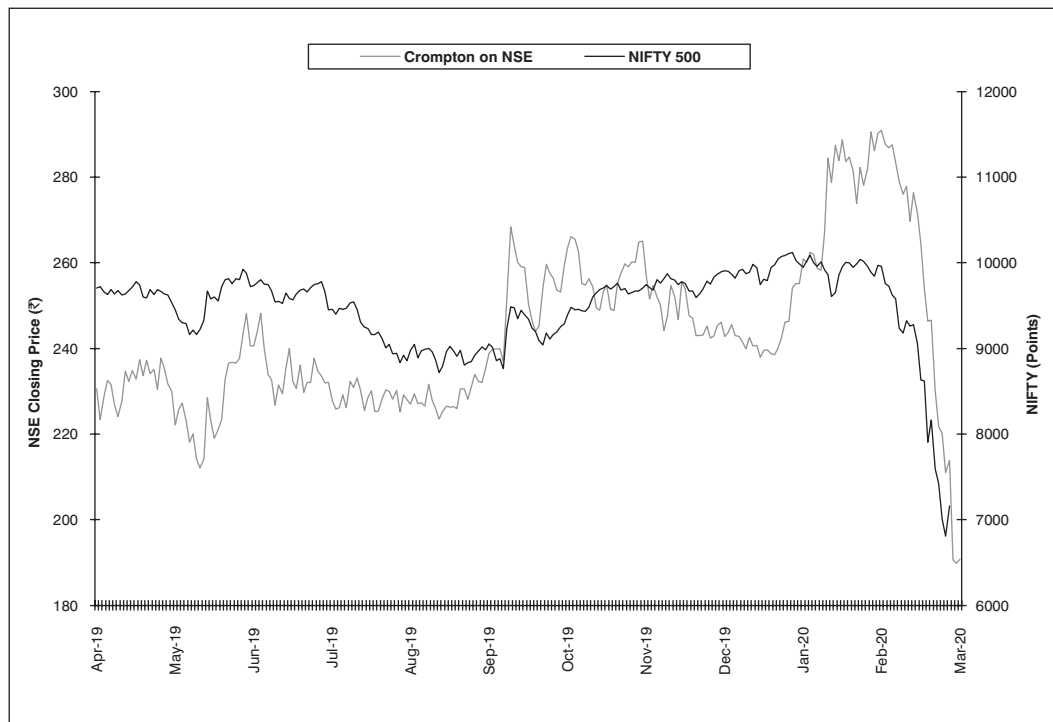
Month	BSE Ltd.			National Stock Exchange of India Ltd.		
	High	Low	Total Turnover (₹ in crore)	High	Low	Total Turnover (₹ in crore)
	Face Value ₹ 2	Face Value ₹ 2		Face Value ₹ 2	Face Value ₹ 2	
April 2019	247.80	212.00	379.94	253.00	215.80	331.35
May 2019	240.50	207.00	10.03	240.85	210.50	258.12
June 2019	251.70	224.45	19.36	251.80	224.50	314.74
July 2019	240.50	223.15	123.69	240.85	223.00	380.11
August 2019	233.00	221.15	29.39	233.20	220.30	304.46
September 2019	272.00	227.20	58.95	276.45	227.10	355.29
October 2019	269.95	239.15	42.97	269.00	239.20	337.05
November 2019	268.00	240.75	72.51	268.20	240.45	463.78
December 2019	267.25	237.30	295.52	267.00	237.10	452.36
January 2020	294.00	236.05	19.84	293.80	235.90	598.87
February 2020	301.45	261.05	24.36	301.45	260.10	649.76
March 2020	284.70	177.90	12.52	285.85	177.30	670.38

## STOCK PERFORMANCE VS S&P BSE 500 AND NSE NIFTY 500

The performance of your Company's shares relative to the S&P BSE 500 index is given in the chart below:



The performance of your Company's shares relative to the NSE Nifty 500 Index is given in the chart below:



## BREAK-UP OF SHARES IN PHYSICAL AND DEMAT FORM AS ON 31<sup>ST</sup> MARCH, 2020

Description	No. of Shareholders	Shares	% to Equity
Physical	6,268	38,40,459	0.61
NSDL	62,971	60,35,65,321	96.22
CDSL	38,756	1,98,78,192	3.17
<b>TOTAL</b>	<b>1,07,995</b>	<b>62,72,83,972</b>	<b>100.00</b>

## OUTSTANDING GDRs/ADRs/WARRANTS/CONVERTIBLE INSTRUMENTS AS ON 31<sup>ST</sup> MARCH, 2020

Nil

## DETAILS OF CAPITAL MARKET NON-COMPLIANCE, IF ANY

No penalties/strictures were imposed on your Company by the stock exchanges or SEBI or any statutory authority in any matters related to the capital markets since incorporation.

## UNCLAIMED SHARES

9,55,925 number of equity shares were lying in the unclaimed suspense account of CG Power and Industrial Solutions Limited (erstwhile Crompton Greaves Limited). Pursuant to the Scheme of demerger, equivalent number of equity shares were allotted on 22<sup>nd</sup> March, 2016. There were 9,28,104 number of equity shares lying in Unclaimed Suspense Account as unclaimed shares as on 31<sup>st</sup> March, 2020.



**Disclosure in Respect of Equity Shares Transferred in the ‘Crompton Greaves Consumer Electricals Limited – Unclaimed Suspense Account’ is as under:**

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April, 2019	4,056	9,43,319
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	10	15,215
Number of shareholders to whom shares were transferred from suspense account during the year	10	15,215
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2020	4,046	9,28,104

The voting rights on these shares in the suspense account as on 31<sup>st</sup> March, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

#### **MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION**

The Managing Director and Chief Financial Officer of the Company give annual certificate on financial reports and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations and the said certificate is contained in this Annual report

The Managing Director and Chief Financial Officer also jointly issue a quarterly compliance certificate on financial results and place the same before the Board in terms of Regulation 33(2) of the Listing regulations.

#### **REPORT ON CORPORATE GOVERNANCE**

This Chapter read together with the “Annexure to Corporate Governance” constitutes the Compliance Report on Corporate Governance for 2019-20.

**For and on behalf of the Board of Directors**

**H. M. Nerurkar**

Chairman

DIN: 00265887

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

## Annexure A

**Certificate as required under Part C of Schedule V of Listing Regulations - Regulation 34-Annual Report**

### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members,

**Crompton Greaves Consumer Electricals Limited**

Tower 3, 1<sup>st</sup> Floor, East Wing,  
Equinox Business Park, LBS Marg,  
Kurla (West), Mumbai – 400 070

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Crompton Greaves Consumer Electricals Limited having CIN: L31900MH2015PLC262254 and having registered office at Tower 3, 1<sup>st</sup> Floor, East Wing, Equinox Business Park, LBS Marg, Kurla (West), Mumbai – 400 070 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Damodarannair Sundaram	00016304	26/08/2015
2	Mr. Pangulury Mohan Murty	00011179	26/08/2015
3	Mr. Shantanu Khosla	00059877	21/09/2015
4	Mr. Hemant Nerurkar	00265887	25/01/2016
5	Ms. Shweta Jalan	00291675	16/08/2016
6	Mr. Sahil Dalal	07350808	16/08/2016
7	Mr. Promeet Ghosh	05307658	16/08/2016
8	Ms. Smita Anand	00059228	10/12/2018

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Pradeep Purwar & Associates**

**Company Secretaries**

[Unique Identification No. S2003MH071600] [PR: 599/2019]

**Pradeep Kumar Purwar**

**Proprietor**

Membership No. 5769 | CP No. 5918

UDIN: F005769B000253225

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

# Annexure to Corporate Governance

## Nomination and Remuneration Policy

### APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs AND SENIOR MANAGEMENT

#### Appointment criteria and qualifications

1. The Committee shall identify and ascertain, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his/her appointment.
2. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-Time Director or Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the Committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for an extension of appointment beyond seventy years.
3. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
4. A Director shall not be a member in more than ten Committees or act as chairperson of more than five Committees across all listed entities in which he is a Director, which shall be determined as follows:
  - The limit of the Committees on which a Director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
  - For the purpose of determination of limit, chairpersonship and membership of the audit Committee and the Stakeholders' Relationship Committee alone shall be considered.

#### Term/Tenure

##### 1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### 2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on 1<sup>st</sup> April, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serve is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

#### Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded

in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

## Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

The retirement date of Non-Executive Directors shall be on the day when they attain the age of 75 years.

## Remuneration for Directors and KMPs

1. The remuneration/compensation/commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

5. The remuneration to KMP's shall be decided and recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board of Directors.
6. If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
7. The remuneration payable to each Non-Executive Director(s) is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.
8. The remuneration to the Non-Executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
9. The Independent Directors shall not be entitled to any stock option of the Company.

**For and on behalf of the Board of Directors**

**H. M. Nerurkar**

Place: Mumbai

Chairman

Date: 15<sup>th</sup> May, 2020

DIN: 00265887

# Certificate On Corporate Governance

To

The Members,

## **CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Crompton Greaves Consumer Electricals Limited** (hereinafter referred as "Company") for the Financial year ended 31<sup>st</sup> March, 2020 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely to comply with Listing Regulations and may not be suitable for any other purpose.

*Note: This certificate is issued on the basis of information/documents/material etc. ('data') seen/verified/made available to us. However, due to the current lockdown situation under COVID-19, some of the data was made available to us in electronic form by the Secretarial Team of the Company and such data will be verified physically after the lockdown is lifted.*

**For Mehta & Mehta**  
**Company Secretaries**  
**(ICSI Unique Code P1996MH007500)**

**Ashwini Inamdar**

Partner

FCS No.: 9409

CP No.: 11226

UDIN : F009409B000242554

Place : Mumbai

Date : 15<sup>th</sup> May, 2020

## Compliance Certificate by Managing Director and Chief Financial Officer

To

The Members,

**CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED**

Dear Sir/Madam,

Sub: **Compliance Certificate for the year ended 31<sup>st</sup> March, 2020 – Regulation 17(8) & Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

In compliance with Regulation 17(8) & Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), it is certified that –

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and comply with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) there were no significant changes in accounting policies during the year; and
  - (3) there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

**Shantanu Khosla**

Managing Director

DIN: 00059877

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

**Sandeep Batra**

Chief Financial Officer

### **DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31<sup>st</sup> March, 2020.

Place: Mumbai

Date: 15<sup>th</sup> May, 2020

**Shantanu Khosla**

Managing Director

DIN: 00059877

# Business Responsibility Report (BRR)

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## SECTION A - GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN)	L31900MH2015PLC262254
2.	Name of the Company	Crompton Greaves Consumer Electricals Limited
3.	Registered Office and Corporate Office	Tower 3, 1 <sup>st</sup> Floor, East Wing, Equinox Business Park, LBS Marg, Kurla (West), Mumbai - 400 070
4.	Website	<a href="http://www.crompton.co.in">www.crompton.co.in</a>
5.	E-mail Id	<a href="mailto:crompton.investorrelations@crompton.co.in">crompton.investorrelations@crompton.co.in</a>
6.	Financial Year reported	2019-20
7.	Sections that the Company is engaged in (Industrial Activity code-wise)	1. Electrical Consumer Durables (27501, 27502, 27503, 28132) 2. Lighting Products (27400)
8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	1. Electrical Consumer Durables – Fan, Appliances and Pumps 2. Lighting Products – Luminaires and Light Sources
9.	Locations where business activity is undertaken by the Company	The Company has 8 Factories, 4 Regional Offices and 18 Branch Offices.
10.	Markets served by the Company - Local/State/National/International	The Company's products are distributed pan-India and are also marketed in several countries like Nepal, Sri Lanka, Singapore, Fiji, UAE, Oman, Saudi Arabia, Bahrain, Iraq, Kuwait, Qatar, South Africa, Kenya, Ghana, Nigeria, Equatorial Guinea, Uganda, Italy, United Kingdom

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (As on 31 <sup>st</sup> March, 2020)	₹ 125.46 crore
2.	Total Turnover	₹ 4,570.84 crore
3.	Total Profit after Taxes	₹ 494.70 crore
4.	Total Spending on Corporate Social Responsibility (CSR)	₹ 10.01 crore
5.	As percentage of Profit after Taxes	2.02%
6.	List of activities in which Corporate Social Responsibility (CSR) expenditures have been incurred	<ul style="list-style-type: none"> <li>• Vocational &amp; skills training</li> <li>• Projects that address environmental issues such as water and waste management</li> <li>• Promoting Healthcare</li> <li>• Promoting Education</li> <li>• Eradicating Hunger</li> <li>• Engaging employees actively through Corporate Social Responsibility</li> </ul>

## SECTION C - OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/Companies?

Yes, the Company has three subsidiary companies in India:

- (i) Nexustar Lighting Project Private Limited;
- (ii) Pinnacles Lighting Project Private Limited; and
- (iii) Crompton CSR Foundation.

### 2. Do the Subsidiary Company/Companies participate in the BR initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s)?

The Company's subsidiaries define their own initiatives based on the context of their operations. As the parent company, your Company provides access to information and expertise, as applicable.

### 3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company has a long-lasting relationship with its Suppliers/Vendors and has aligned, its policies and guidelines on sustainability, with them. Some of the initiatives taken have been as follows:

- significant amount of awareness is being created on sustainability among the Vendors;
- continued training is being imparted to all Strategic Vendors on Energy, Health and Safety; and
- skill enhancement sessions are being conducted at Vendor locations to build organisational capability and improve performance standards.

## SECTION D - BUSINESS RESPONSIBILITY INFORMATION

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

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

Sr. No.	Particulars	Details
1.	DIN	00059877
2.	Name	Mr. Shantanu Khosla
3.	Designation	Managing Director

#### b. Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN (if applicable)	02922413
2.	Name	Mr. Mathew Job
3.	Designation	Chief Executive Officer
4.	Telephone Number	+91 22-61678499
5.	E-Mail ID	<a href="mailto:mathew.job@crompton.co.in">mathew.job@crompton.co.in</a>



## 2. Principle-wise (as per National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business {NVGs}) BR policy/policies (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant Stakeholders? (Refer Note 1)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company's Business Responsibility policies abide by the spirit and content of Code of Conduct, all applicable laws and standards. The policies are framed to comply with applicable Regulatory requirements.								
4.	Has the policy been approved by the Board?  If yes, has it been signed by MD/Owner/CEO/ appropriate Board of Directors?	All statutory policies are approved by the Board of Directors and other policies are signed by the respective Business/ Function head.								
5.	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Yes, the implementation and adherence to the Policies are overseen as stated:  Code of Conduct – Human Resources Department Corporate Social Responsibility Policy – CSR Committee (as per Companies Act, 2013 and Rules framed thereunder) Energy Health and Safety Policy – The Chief Executive Officer Customer Service/Complaints – Designated After-Sales Service centres (Customer Delight being one of the Company's core values).								
6.	Indicate the link for the policy to be viewed online?	Please refer to the links in the table below:								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Code of Conduct, CSR Policy, Vigil Mechanism and Whistle Blower Policy and Prevention of Sexual Harassment Policy are available on the website of the Company. The EHS Policy has been communicated to all relevant stakeholders.								
8.	Does the Company have in-house structure to implement the policy/policies?	Yes.								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes.  Crompton Ethics Line, the Company's Whistle Blower Mechanism provides Employees and Vendors a mode to report any concerns or grievances pertaining to any potential or actual violation of Code of Conduct.  Customer Care Line, a customer complaint mechanism records the grievances of customers on Quality of Product, Service and any other issues.  The Company has an exclusive e-mail id for redressal of investor grievances. Investors can email at <a href="mailto:crompton.investorrelations@crompton.co.in">crompton.investorrelations@crompton.co.in</a> to lodge their complaints.								

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
10.	Has the Company carried out an independent audit/evaluation of the working of this policy by an internal or external agency?	These policies are reviewed by internal and external auditors, if need be, during their audits and reviews. However, no formal evaluation has been done by any internal or external agency.								

Note 1: While there may not be formal consultation with all stakeholders, the relevant policies have been drafted after taking inputs from concerned internal stakeholders.

### Linkages of various Company policies with BR Principles as per National Voluntary Guidelines (NVGs)

Principle No.	Principle	Reference Document	Reference Links
1.	Businesses should conduct and govern themselves with ethics, transparency and accountability	<ol style="list-style-type: none"> <li>Code of Conduct</li> <li>Vigil Mechanism and Whistle Blower Policy</li> <li>Code of Conduct to Regulate, Monitor and Report Trading by Insiders</li> <li>Prevention of Sexual Harassment Policy</li> </ol>	<ol style="list-style-type: none"> <li><a href="http://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">http://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a></li> <li><a href="https://www.crompton.co.in/media/Vigil-Mechanism-and-Whistleblower-Policy.pdf">https://www.crompton.co.in/media/Vigil-Mechanism-and-Whistleblower-Policy.pdf</a></li> <li><a href="https://www.crompton.co.in/media/code-of-conduct-to-regulate-monitor-and-report-trading-by-designated-persons.pdf">https://www.crompton.co.in/media/code-of-conduct-to-regulate-monitor-and-report-trading-by-designated-persons.pdf</a></li> <li><a href="https://www.crompton.co.in/media/CGCEL-POSH-Policy-.pdf">https://www.crompton.co.in/media/CGCEL-POSH-Policy-.pdf</a></li> </ol>
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle	<ol style="list-style-type: none"> <li>Environment, Health and Safety Policy</li> </ol>	<ol style="list-style-type: none"> <li><a href="https://www.crompton.co.in/media/EHS-Policy.pdf">https://www.crompton.co.in/media/EHS-Policy.pdf</a></li> </ol>
3.	Businesses should promote the wellbeing of all employees	<ol style="list-style-type: none"> <li>Code of Conduct</li> <li>Environment, Health and Safety Policy</li> <li>Maternity Leave Policy</li> </ol>	<ol style="list-style-type: none"> <li><a href="https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a></li> <li><a href="https://www.crompton.co.in/media/EHS-Policy.pdf">https://www.crompton.co.in/media/EHS-Policy.pdf</a></li> <li>The other policies are internal policies and are not displayed on the website of the Company but are part of the Company's Employee portal.</li> </ol>
4.	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	<ol style="list-style-type: none"> <li>Code of Conduct</li> <li>Corporate Social Responsibility Policy</li> </ol>	<ol style="list-style-type: none"> <li><a href="https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a></li> <li><a href="https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf">https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf</a></li> </ol>
5.	Businesses should respect and promote human rights	<ol style="list-style-type: none"> <li>Code of Conduct</li> </ol>	<ol style="list-style-type: none"> <li><a href="https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a></li> </ol>

Principle No.	Principle	Reference Document	Reference Links
6.	Businesses should respect, protect, and make efforts to restore the environment	1. Corporate Social Responsibility Policy 2. Environment, Health and Safety Policy	1. <a href="https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf">https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf</a> 2. <a href="https://www.crompton.co.in/media/EHS-Policy.pdf">https://www.crompton.co.in/media/EHS-Policy.pdf</a>
7.	Business when engaged in influencing public and regulatory policy, should do so in a responsible manner	1. Code of Conduct	1. <a href="https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a>
8.	Businesses should support inclusive growth and equitable development	1. Corporate Social Responsibility Policy	1. <a href="https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf">https://www.crompton.co.in/media/CGCEL-CSR-Policy.pdf</a>
9.	Businesses should engage with and provide value to their customers and consumers in a responsible manner	1. Code of Conduct 2. Product Service Policy	1. <a href="https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf">https://www.crompton.co.in/media/Crompton-Code-of-Conduct.pdf</a> 2. The Company framed Service Policy internally and circulated amongst the Service centres for adherence.

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company.

Annually.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the information on BR in the Annual Report which is available on the website of the Company.

To emphasise on the values of transparency, ethical behaviour, empowerment and accountability, the Company has formalised the 'Code of Conduct' for Directors and all employees of the Company. The Code lays down principles and standards that govern the actions of the employees during conduct of the Company's business. It covers all dealings with vendors, customers, and other business partners. Any actual or potential violation of the Code, howsoever insignificant, would be a matter of serious concern for the Company. The Company's induction programme for new joiners mandates initiation to the Crompton Code of Conduct.

The Company has established mechanisms to receive and address complaints from different stakeholders including Investors, Customers, Consumers, Employees and Suppliers.

The Company has laid down a Vigil Mechanism for Employees, Directors and Vendors to report concerns on any unethical behaviour, actual or suspected fraud or any violation of the Company's Code of Conduct. The Whistle Blower Policy facilitates employees and vendors to report without fear, any wrongdoings, unethical or improper practice.

The Company has formed a separate Stakeholders' Relationship Committee to address shareholder grievances.

## SECTION E - PRINCIPLE-WISE PERFORMANCE

### Principle 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company is committed to adhere to the highest standards of ethical, moral and legal code of conduct for business operations. Crompton's behavioural framework is built upon five Value pillars i.e. Personal Leadership, Courage, People Development, Innovation and Execution Excellence.

The Company has an exclusive e-mail id for redressal of investor grievances. Investors can email at [crompton.investorrelations@crompton.co.in](mailto:crompton.investorrelations@crompton.co.in) to lodge their complaints. All shareholder complaints received during the reporting year have been resolved successfully as on 31<sup>st</sup> March, 2020.

To address workplace-related issues, the senior management team has periodic interactions, including open houses with employees at different locations. The Managing Director and CEO receive feedback from employees across the country through specially instituted mechanisms.

The Company has implemented an IT tool that helps track statutory compliances as close as possible to the actual due date. Any deviations are highlighted for prompt corrective actions. Functional owners are responsible for taking preventive actions. This web-based compliance management system not only helps adhere to the regulatory requirements, but also develops a culture of self-regulation and accountability within the organisation. In the present times, when governance is looked upon as a critical aspect of sustainability, the Company believes that its compliance management system plays a significant role in ensuring good corporate governance practices.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

During the year under review, the Company received 253 complaints from its shareholders which were promptly resolved. The details of the complaints are:

Sr. No.	Complaints Received	No. of Complaints
1	Non-receipt of Annual Report	119
2	Non-receipt of Securities	15
3	Non-receipt of Dividend Warrants	110
4	Escalation to SEBI	6
5	Escalation to Stock Exchange	3
	<b>Total</b>	<b>253</b>

No complaints were outstanding as on 31<sup>st</sup> March, 2020.

The Company has different mechanism for receiving and dealing with complaints from various stakeholders like investors, customers, consumers, employees and suppliers etc.

## Principle 2: PRODUCT LIFE CYCLE SUSTAINABILITY

### BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

**1. List three products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

The Company emphasises on energy efficiency while designing all its products. Three products whose design has incorporated social or environmental concerns, risks and/or opportunities are:

- i) Energion Series Ceiling fans with BLDC technology
- ii) High bay and streetlights delivering 140-150 lumen per watt
- iii) Battery back-up lamps and battens

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

- i) The Company launched an energy-efficient range of fans under the brand name Energion which works on ActivBLDC™ (inverter) technology and saves up to 50% on energy bills for the consumer. This range of fans works on the widest range of voltage (90V-300V), has the highest power factor of .98 and least total harmonic distortion value.
- ii) High efficacy industrial and outdoor products - The energy efficacy of these products has seen a reduction in energy usage by over 25% compared to other products offered.
- iii) These lamps and battens provide illumination sufficient to cater to basic requirement (with 30% level of dimness) in the case of power outage. These products use the latest Lithium Ion battery solutions.

**3. Procedures in place for sustainable sourcing (including transportation) and percentage of inputs sourced sustainably.**

**(i) Sustainability Roadmap**

The Company has been continuously striving to enhance sustainability associated with its sourcing practices.

The sustainability roadmap of the Company includes strategy of one vendor per platform, common supplier basket for different product lines, sourcing from tightly knit clusters, optimising logistics to reduce fuel consumption, emissions and carbon footprint, re-working packaging to minimise wastage and re-use.

#### (ii) Supply Chain Partnering

Sustainability is extended to vendors through responsible procurement practices and selection criteria focussed on the protection of the environment, societal interest seeking resource efficiency, improving the quality of products and services. The Company is committed to improving awareness among Vendors, on legal compliances, enhance eco-efficiencies, employee health and safety through various initiatives.

Vendors and service providers are encouraged to adopt management practices detailed under the International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and other Environment, Health and Safety (EHS) guidelines. New vendor development process consists of stringent adherence check against EHS and statutory and legal norms laid under State Factory Acts. Existing vendors undergo periodic EHS assessments as a part of routine audits and are required to demonstrate sustenance for business continuity. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS and labour practices.

#### (iii) Packaging Materials and Process

The Company has adopted recycling and reuse of metal bins for the handling of semi-finished components for selected categories, thereby eliminating wooden packaging. The Company is investing to secure cargo during despatches by improving loading procedures.

Initiatives like specification standardisation, value analysis and value engineering resulted in using lightweight and durable packaging materials. Optimising standards and material design and eliminating unnecessary packaging have resulted in effective management of packaging waste.

#### (iv) Distribution and Logistics

An efficient distribution network is an asset to any industry and is one of the key contributors

to sustainability and profitability. The Company has strategically consolidated storage locations and introduced Warehouse Management System practices for finished goods across the country for quick and easy serving of customers, better transparency of stocks and lower carbon footprint.

The Company does not allow any vehicles which are not having valid documents, including PUC certificates inside the factory, nor use them for transportation purpose.

Import substitution across products and components in Lighting and Fans has been initiated.

The Company uses managed centralised print services, with the help of password authentication, which minimise usage of paper and ink.

#### 4. Steps taken to procure goods and services from local and small producers, including communities and capability building initiatives, undertaken for local and small vendors.

The Company encourages the procurement of goods and services from local and small producers surrounding its plant locations. The contractors, engaged in the plants, mostly employ workmen from the nearby villages.

Vendor selection is determined by the following factors:

1. capability, quality, performance and on-time delivery;
2. compliance to legal, environment, health and safety guidelines;
3. readiness to participate in sustainable supply chain management programme; and
4. total cost.

The Company collaborates with its strategic vendors and partners in developing their product and technical skills. It also engages with them through various training and development initiatives at regular intervals, makes frequent visits to Vendors' factories and conducts impactful workshops to reward and recognise their contribution through scorecard assessments, etc.

The Company signifies and trains its vendors to meet the EHS requirements across all its plant locations.

This practice is not only greatly improving the Vendor efficiency but also considerably reducing the Company's carbon footprint.

In addition to this, the Company widely promotes vocational skills, development and training programmes to improve the livelihood of the neighbouring community.

## 5. Mechanism to recycle products and waste and the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

The Company adopts comprehensive Environment Management Practices to focus on the conservation of natural resources across all its operating units. It has stringent waste management policies for internally generated wastes.

Solid waste/sludge from Water and Waste treatment plants and Process waste from the factories, is disposed in a controlled manner into the Government-approved Common Hazards Waste Treatments Storage and Disposal Facility (CHWTSDF).

## Principle 3: EMPLOYEES' WELL-BEING

### BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

The Company lays a huge impetus on the well-being of all its employees. It emphasises on creating a stimulating work environment to enable employees to learn, develop, thrive and deliver best performance aligned with the Company's objectives. The Company continuously strives to positively influence the employees to remain engaged and committed.

The Company's Code of Conduct is based on the following parameters:

Diversity & Zero Discrimination | Health & Safety | Good Working Environment

All employees who join the Company demonstrate their commitment to follow the 'Code of Conduct' by signing their acceptance to adhere to the same.

### Diversity and Equal Opportunities

The Company has high regard for diversity within the Company and is committed to offering equal opportunities for employment, thereby creating a conducive environment for engagement, alignment, innovation and greater deliverance. The Company does not discriminate against any team member or applicant for employment based on nationality, ethnic origin, race, colour, religion, physical handicap/disability, gender or marital status.

### Health & Safety

An individual's health and well-being is shaped by several factors: social, economic and environmental. A range of workplace (e.g. physical environment, culture) and non-workplace issues (e.g. lifestyle choices, living conditions) can impact the health of an employee. To address these, structured initiatives were taken in stages, by the Company.

The Company has rolled out key health programmes as detailed below, during the year to promote a healthy lifestyle among employees:

- Silicosis awareness training, first aid trainings, health awareness trainings given to employees;
- Executed medical surveillance plans and periodic medical checkups;
- Revisited employee health insurance coverage for appropriate preventive screenings.

The Company provides overriding priority to Employee Safety. It is committed to building a safety culture by implementing Behaviour-Based Safety through trainings and workshops, recording workplace hazards, conducting scheduled Fire-Safety Audits (in-house), strict adherence to Work Permit System (WPS) and Daily Tool-box talks, etc.

Regular interaction is maintained through Safety Committee meetings with all associates. Fire-Safety Drills, Safety Week Celebration and continuous Safety training to all employees begin with adequate induction. Internal and cross plant safety audits are conducted too. All actions and recommendations are being recorded and evaluated by respective EHS leaders. This monitoring has a major role in reducing workplace hazards/incidents and making Crompton, a Zero-accident organisation.

The organisation has identified scenario-based emergency preparedness plans to counter specific emergencies. On a regular basis, mock tests and drills are planned and executed to ensure Emergency Response Team members are quick to respond to any situation.

Safety standards are monitored through a focus on appropriate safety control, elimination of unsafe activities, providing better replacement methods and installation of foolproof engineering solutions (Poka-Yoke).

**The Company's Goa Fan factory** has been awarded the prestigious "Global Safety Award 2020", by **Energy and Environment Foundation, India** during **10<sup>th</sup> World Petro Coal Congress 2020** for "Outstanding achievement in

**practicing excellent workplace in Health & Safety”** evolving safe work practices in Operations. It was handed over by Hon’ble Justice Swatanter Kumar, Former Judge Supreme Court of India & Former Chairperson, National Green Tribunal along with Mr. Anil Razdan, Former Secretary Power, Government of India, in presence of foreign delegates from Australia, Canada, Denmark, France, Germany, Hong Kong, Italy, Indonesia, Japan, Qatar, Singapore, Saudi Arabia, South Africa, UK and USA at Convention Centre-NDCC, Parliament Street, New Delhi.

### Good Working Environment

The Company prides itself as a great place to work with its progressive Human Resource Policies. HR policies like flexible working hours, work-from-home arrangements, part-time work, leave and benefits-to name a few-ensure that the employees balance their work and life, effectively.

### Engagement Forums

There are several mediums for the leadership team to interact with employees through forums like town halls, engagement surveys, etc. The Company conducted an Employee engagement survey in November 2019 to assess views of the employees and suitable actions for improvement are being implemented.

The Company invests in functional training for all employees in line with their current and future career aspirations. The learning suite encompasses functional training, leadership development programmes and behavioural training geared towards leading the self, others and business.

### Other details are mentioned below:

1. Total number of employees -

The total number of employees including contract labour and trainees were 4,162.

2. Number of employees hired on temporary/contractual/casual basis -

The total number of employees hired on temporary/contractual/casual basis as on 31<sup>st</sup> March, 2020 was 2,195. In the previous year, there were 2,794 contractual employees.

3. Number of permanent women employees -

The total number of permanent women employees was 159. In the previous year, there were 157 permanent women employees.

4. Number of permanent employees with disabilities -

The Company has 4 permanent employees with a disability.

5. Employee associations recognised by the management -

The Company respects the rights of employees to free association and union and representation. The Company has various employee unions in Ahmednagar, Vadodara, Bethora and Kundaim which encourage them to participate freely in constructive dialogue with the management.

6. Percentage of permanent employees that are members of recognised employee associations -

All permanent blue-collar employees of Ahmednagar, Vadodara and Goa manufacturing units are members of trade unions/employee associations.

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year -

No cases of child labour, forced labour, involuntary labour and discriminatory employment and one complaint on sexual harassment were reported in the last financial year.

8. Percentage of under-mentioned employees that were given safety and skill upgradation training in the previous year:

1. Permanent employees - 80%
2. Permanent women employees - 80%
3. Casual/temporary/contractual employees - 70%
4. Employees with disabilities - 100%

## Principle 4: STAKEHOLDER ENGAGEMENT

### 1. Has the Company mapped its internal and external stakeholders?

Yes. The key stakeholders and their mode of engagements are shown below:

Stakeholders	Mode of Engagement
Government and Regulatory Authorities	Industry bodies/forums, direct interactions
Employee	Meetings, newsletters, employee satisfaction surveys and trainings
Customers	Customer meets and visits by Company officials
Investors and Stakeholders	Investors meet, annual general meeting and annual report
Suppliers	Site visits and personal/telephonic interactions
Trade Unions	Works Committee, Grievance Committee and Union Meetings

### 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes. The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in and around the Company's plants.

### 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

The Company provides equal opportunities to differently-abled, marginalised and people from economically weaker backgrounds. All employees are offered equal opportunities for career growth.

## Principle 5 - HUMAN RIGHTS

### BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

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

The Code of Conduct applies to all employees of the Company.

Human Rights issue is a part of the vendor selection process and is also included in the contracts drawn up with the vendors.

The Company's Vigil Mechanism and Whistle Blower Policy extends to its vendors and ensures that any

violations to its Code of Conduct (including violation of Human Rights) are addressed objectively.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

No complaint was received from stakeholders under the Code of Conduct.

## Principle 6 - ENVIRONMENT

### BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

#### 1. Coverage of the policy related to Principle 6 and its extension to the group/joint ventures/suppliers/contractors/NGO's/others

The Company constantly strives and focusses its efforts for the cause of the environment, by not only making efficient use of available resources but also by augmenting the natural resources. Its policies and activities are aligned to respond to the challenges emerging out of climate changes, in the form of energy conservation, water conservation, use of renewable energy, waste minimisation and expansion of greenery.

In addition to the focus on conserving finite resources together with reducing harmful emissions, sustainable management at all stages of the value chain and throughout the entire life cycle of the products is now an essential part of the Company's philosophy.

The Company's Environment, Health and Safety (EHS) Policy covers all employees and stakeholders across all manufacturing units and it has been displayed both in English and local languages.

#### 2. The Company's strategies/initiatives to address global environmental issues, such as climate change, global warming and more

The Company takes pride in actively and continuously engaging in Operational improvements focussed on Environmental sustainability and to address related issues. Some of the initiatives undertaken during the reported period were:

##### Reduction in energy consumption:

- Installation of screw compressor from reciprocating compressor at Bethora unit
- Power generation through solar energy at Bethora facility
- Installation of LED lighting fixtures at Kundaim factory



- Replacement of shop floor lighting with LED and solar daylight system for assembly shop at the Ahmednagar Pumps facility
- Removal of ceiling fans at Ahemdagar and improvement in ventilation by providing louvers at production shop.

As a result of these initiatives, 885 mwh of energy has been saved.

#### Reduction in water consumption:

- 50 kl capacity STP upgradation with new SBR technology for using 100% flushing purpose at Bethora facility
- Usage of 100% recycled water for flushing purpose at Kundaim unit
- Installation of cooling tower for reducing freshwater consumption at Vadodara
- Installation of water sprinkler and dripping system in gardens reducing 3.5 lakh litres of water consumption and automatic water level cut off switch for drinking water coolers at Ahmednagar facility
- Upgradation of STP capacity from 20kl to 50kl, with sequential batch reactor, ensuring 100% water recycling, and reduction in raw water consumption by 4500 KL at Bethora Fans facility
- Alarm system installation at rooftop water tanks to control overflow at Baddi units
- Constant monitoring and water leakage addressal at Baddi units
- Identification and repair of drains for controlling water losses at Ahmednagar
- Rainwater harvesting systems for recharging of rainwater at Vadodara, Ahmednagar, Goa and Baddi plants

As a result of these initiatives, 1866kl of water consumption has been reduced

- Environment protection:
- Replacement of diesel operated forklifts with electric forklifts at Bethora and Goa fans units
- Introduction of solar UPS at Ahmednagar office
- 165 trees planted as part of tree plantation drive
- Nearly 200 mango and neem saplings planted in and around Bethora and Ahmednagar factory premises and 7,000 sq. ft added as green

zone around the Company's pumps facility at Ahmednagar

#### Waste reduction:

- Die casting process outsourced at Goa
- Change in ETP treatment chemical for treatment at Goa
- Reduction in FTL production at Vadodara

Due to these initiatives, there has been a reduction of 2893 kg of waste produced.

#### Supply chain miles reduction:

- Avg. distance travelled by product in primary supply chain across sources to destinations in the year for significant part of business has come down by 3% via consolidation and right location of stock points.

### 3. Identification and assessment of potential environmental risk

The Company has established management systems, certified by accredited agencies in line with International Standards like EMS 14001 and OHSAS 18001. Identification, assessment and evaluation of potential environmental risk is a continuous process at all the operational facilities of the Company.

The Company's Bethora Fans factory has emphasised improving the efficiency of its manufacturing processes, which resulted in the reduction of hazardous waste generation by 50% from last year (12000 kgs to 6100 kgs in 2019-20).

At the Company's Vadodara Plant, LPG Storage facility is no more categorised as "Major Accidental Hazard" by the Explosives Department, after reduction in dependency on LPG from 60 MT to 13 MT, as a standby fuel for furnace, basis energy conservation.

Also, in SMT production section of the plant, the Company has installed auto lead solder recovery machine that has resulted in the reduction of lead solder hazard waste by 700 kg in 2019-20. In the furnace stack/gas generator, stack usage of natural gas was initiated and monthly monitoring of emissions of SOx NOx PM is continued.

Food waste composter has been installed for recycling canteen waste, at the Company's Ahmednagar plant.

The Company's operational units ensure that all hazardous waste is sent to the authorised disposal operator approved by the Pollution Control Board. An authorised recycler approved by CPCB is responsible for E-waste disposal. The Pollution Control Board has also imparted training to generate awareness about E-waste related segregation, storage and proper disposal.

Striving towards Safe Environment and Workplace, Roof Top Lifeline System has been installed at all plants for employees working at heights.

#### 4. Company's initiatives towards clean development mechanism

The Company continues its contribution towards the Environment by ensuring efficient use of resources and responsible means of waste disposal. The Company's EHS policy commits to establishment and effective execution of Management systems, thereby enabling all the Company's Operational units to be certified with IMS QMS 9001:2015 (Quality Management System), ISO 14001 (Environmental Management Systems) and OHSAS 18001 (Occupational Health and Safety Management Systems).

The Company has adhered to the applicable standards and limits for emissions and waste prescribed by the respective SPCB/CPCB and did not receive any show-cause notice for the year 2019-20.

#### 5. The Company's initiatives on – clean technology, energy efficiency and renewable energy, among others

The Company is cognisant of the need to conserve energy through clean technology. As part of its core value of operational excellence, the Company continuously strives to achieve efficiency at all its manufacturing facilities, and many of its new initiatives both capital and operational are on the path of effective utilisation of resources.

The Company's Goa facility is installed with energy-efficient equipment. All common utilities are fitted with timers and sensors, effectively reducing electric power consumption by 874907 kWh, over the previous year.

At Vadodara facility, the low efficient natural draft cooling tower was replaced with highly efficient induced draft cooling tower during 2019-20, which saved on water losses and reduced water pump power consumption from 3.7 Kw to 2.2 Kw. In 2019-20, saving has been 300 KL of water and 7000 kWh of power.

10KVA off-grid Solar Power plant has been installed at the Company's Ahmednagar Plant during 2019- 20, feeding the office lighting and IT infrastructure, resulting in an energy saving of 17,600 kWh/annum.

The plant has also replaced shop floor conventional light fittings with energy-efficient LED fittings, with saving of 48,000 kWh/annum. With these interventions, the plant has reduced the electricity contract demand load from 500 KVA to 300 KVA during the reporting period.

#### 6. Reporting on the emissions/waste generated by the Company as per the permissible limits given by CPCB/SPCB

The Company has renewed Occupational health centre membership for the respective plant locations.

The Company is complying with the emission norms and periodic reports are submitted with the CPCB and SPCB, as per statutory requirements.

#### 7. Number of show cause/legal notices received from CPCB/SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year

The Company has not received any show cause/legal notices from CPCB/SPCB during the financial year under review.

### Principle 7 - POLICY ADVOCACY

#### BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

##### 1. Representation in any trade and chamber/association

The Company has its representation in several Business and Industrial associations such as the Indian Pump Manufacturers Association (IPMA), Southern India Engineering Manufacturers Association (SIEMA), Indian Fan Manufacturers Association (IFMA), the Advertising Standards Council of India, Indian Society of Advertisers, IMA IP Ltd., Indian Society of Lighting Engineers, Electrical Lamp Manufacturer's Association, Bureau of Indian Standards (BIS), National Lighting Code and Bombay Chambers of Commerce.

##### 2. Advocated/lobbied through the above associations for the advancement or improvement of the public good

The Company is working with IPMA Core Committee towards creation of new standards for Solar and other categories of Pumps.

## Principle 8 - INCLUSIVE GROWTH

### BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

**1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

The Company's CSR Policy is drawn up on the basic principles of "Responsible Business" and "Shared Value", aligned to the developmental priorities identified by the provisions of Companies Act, 2013. The Policy, inter alia, deals with the objectives of the Company's CSR initiatives, the guiding principles, the responsibilities of the CSR Committee, the implementation plan and reporting framework. UJJVAL DEEP, the Company's CSR programme framework is aligned to its long-term commitment to build positive value for the communities.

Major thrust areas of the Company's CSR initiatives are:

- Vocational and skills training;
- Projects that address environmental issues such as water and waste management;
- Projects that impact and enrich the lives of people who live near the manufacturing/processing facilities;
- Engaging employees actively through Corporate Social Responsibility.

Some of the projects and activities conducted by the Company, during the year, are as follows:

#### Skill Development

**Residential Multi-skill Training** for 900 youth at various locations in the country for electrical and plumbing trades.

Skills Training to 132 youth from underprivileged and tribal communities at Bundu and Sambalpur with 82% placement.

**Electrical, Wireman and Home Appliance Repair Programme**, with Soch Ka Parivartan (Attitude Transformation) module. This is designed to help students, who come from different and often, tough backgrounds dealing with harsh problems, build their self-esteem and confidence and help them develop a positive attitude.

432 students have been trained within this programme of which, 240 have been placed.

**Apparel-making Programme** focussed on women empowerment by skilling lesser privileged women in the Marathwada, Vidarbha and Palghar regions of Maharashtra. 257 women have been enrolled so far in the project.

**Centre of Excellence** set up at Hyderabad, Sikkim and Silvassa to train over 1,400 youth in a period of 15 months. Currently, 120 students are undergoing training at the centres.

**Life Skills Programme in Schools** - The project aims to build empathy, critical thinking, confidence and team playing in children through life skill and citizenship programmes. This is achieved through 10 CMCA clubs formed in 4 schools in Mumbai with students of 7 and 8 grade. So far, 493 students have been engaged in over 111 sessions.

#### Water Conservation

The Company has focussed its intervention on three major areas:

1. Rainwater Harvesting (RWH) system at Institutional Level
2. Rainwater Harvesting (RWH) system at Community Level
3. Awareness and Training sessions to get the best results in water conservation

**Rainwater Harvesting in Chennai** at the following locations: Ethiraj College and Santhome High School in Chennai in collaboration with Akash Ganga Trust.

**Watershed Development aimed at** reducing the impact of natural calamities like droughts and to make the village water secure, the Company supported a watershed development initiative in Jalna, Ahmednagar, Maharashtra and Wasunde village. This also increased employment options within agriculture and allied activities by impacting 758 landholdings and their families in the region.

**Integrated Water Project** aims to provide clean drinking water and water for irrigation to 22 households in the Pimpalpada region, Palghar by the construction of a bund and conversion of a water hole into an open hole.

## Projects impacting the lives of people living near manufacturing/processing facilities

**Mid-day meal at Vadodara schools** project works towards the elimination of classroom hunger by implementing the Mid-Day Meal Scheme in the 41 government schools and government-aided schools in Vadodara. The nutritious mid-day meal encourages children to attend school regularly and improves their overall concentration in the classroom. Under the project, 7,042 children across 41 schools in Vadodara are now receiving nutritious food regularly.

**School sanitation** project works to undertake toilet infrastructure development and behaviour change communication to inculcate better sanitation practices such as handwashing with soap & toilet usage amongst school students, thereby improving their health as well as learning outcomes.

The project is being implemented in 31 schools in Vadodara.

## 2. Modes through which programmes/projects undertaken (through in-house team/own foundation/ external NGO's/Government structures/any other organisation)

The Company undertakes the programmes and projects on its own and through Crompton CSR Foundation and with the support from external agencies.

Vocational and Skill training with ASMACS, PARFI, Yuva Parivartan, Orion Edutech P Ltd, CMCA.

Water Conservation with Akash Ganga Trust, Vanarai, BBKGSS, Kherwadi Social Welfare Association.

Projects impacting lives in the neighbourhood of manufacturing/processing facility through Akshaya Patra Foundation, etc.

## 3. Impact assessments for initiatives

Impact assessment of our CSR initiatives was done in 2019-20 by an independent agency which has indicated areas of improvement. Further, the Company intends to continue to review the impact of its various initiatives in the coming years.

## 4. Company's direct contribution to community development projects

Details of the projects undertaken are mentioned in the Annual Report on CSR activities in the Board's Report.

## 5. Steps undertaken to ensure that community development initiatives are successfully adopted by the community

The Company ensures its presence is established right from the commencement of the initiatives. It collaborates with the communities right from need identification to project implementation, followed by a review of effective implementation.

## Principle 9 - CUSTOMER VALUE

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

### 1. Percentage of customer complaints/consumer cases pending as at the end of the financial year

The Company has a well-established system to handle customer complaints and feedback. Consumers can provide their feedback or lodge product-related complaints through a designated email id i.e. [consumer.support@crompton.co.in](mailto:consumer.support@crompton.co.in) and call centre toll-free no. 1800 4190 505.

During the year, the Company received a total of 20,56,205 product-related customer complaints, out of which, 20,48,485 complaints were successfully resolved.

Out of the Total Complaints received during the year, 17,84,815 were within stipulated warranty period and out of these 17,78,253 were successfully resolved as on 31<sup>st</sup> March, 2020.

There were 25 consumer-related legal cases pending as on 31<sup>st</sup> March, 2020.

### 2. Product information and product labelling

All the Company's products carry the information required under the Legal Metrology Act, 2009.

### 3. Case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at end of the financial year.

Nil

### 4. Consumer survey/consumer satisfaction trends carried out by the Company

Yes, the Company conducts periodic Consumer surveys to identify their needs, to take feedback and use such information for new product development.

# Independent Auditor's Report

**To the Members of Crompton Greaves Consumer Electricals Limited**

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### Opinion

We have audited the standalone financial statements of **Crompton Greaves Consumer Electricals Limited** (the 'Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note 45 to the standalone financial results which explains COVID-19 that has caused significant disruptions in the business operations of companies across India and has caused significant accounting and auditing

challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31<sup>st</sup> March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

The Company's management, however, conducted physical verification of inventories on dates other than the date of financial statements but prior to the date of the board meeting to be held for the purpose of adopting the financial results at certain locations (factories and warehouses) and has made available the documents in confirmation thereof. Inventories, being material to the financial statements/results of the Company, the Standard on Auditing (SA) 501, *Audit Evidence - Specific Considerations for Selected items*, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

We have performed alternate audit procedures based on documents and other information made available to us, to audit the existence of inventories as per the Guidance provided by the Standard on Auditing (SA) 501, *Audit Evidence - Specific Considerations for Selected items*, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these standalone financial results.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. **Goodwill** (refer notes 2 and 38 to the standalone financial statements)

On the demerger of the Consumer Business from Crompton Greaves Limited (CGL) (now CG Power and Industrial Solutions Limited) and in terms of 'Scheme of Arrangement' the assets and liabilities of the Consumer

Business along with certain brand usage rights were transferred to Crompton Greaves Consumer Electricals Limited (CGCEL). The excess of liabilities over net assets based on fair value and the share capital amounting to ₹ 779.41 crore, was recorded as Goodwill in the books of CGCEL. The Company has adopted the policy of amortising the goodwill in the books of account, on the outcome of impairment test if there is an indication of impairment as at the reporting date. Based on the valuation done by the management's consultant, the value of the goodwill is more than book value of goodwill as at 31<sup>st</sup> March, 2020, and hence, there is no indication of impairment.

We draw attention to note 45 to the standalone financial statements and our observations under paragraph Emphasis of Matter of our report. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis for computing the value of goodwill and the assessment of recoverability, these are the key judgement areas. In view of the above, the Company has carried out an impairment assessment of goodwill using the value-in-use model which is based on the net present value of the forecast earnings of the cash generating units. The computation involved using certain assumptions around discount rates, growth rates and cash flow forecasts. Accordingly, this is considered as the key audit matter.

### Principal Audit Procedures

We have performed the audit procedures in the circumstances as stated above, including:

- a) Critically reviewing the Company's assumptions pertaining to externally derived data in relation to key inputs, such as, long-term growth rates and discount rates;
- b) Assessed the appropriateness of the forecasted cash flows based on our understanding of the business and sector experience;
- c) Recalculated the weighted average cost of capital (WACC) used to discount the cash flows and assessed those rates to be reasonable based on knowledge of the economic environment and the risk premium associated with respective industries and countries.
- d) Compared the cash flow forecasts used in the impairment assessment prepared by management

consultant with the budgeted numbers to the extent available;

- e) Evaluated the reasonableness of the forecasts made by the management by comparing past forecasts to historical results, where this was available, and by comparing to the current year results of the Company;
- f) Subjected related key assumptions to sensitivity analysis;
- g) Evaluated whether the Company's disclosures concerning the sensitivity of the impairment assessment to changes in key assumptions, reasonably reflected the risks inherent in the valuation of goodwill;
- h) Skeptically reviewed management's assumptions, judgement and the appropriateness of the valuation model used;
- i) Tested the mathematical accuracy of management's calculations.

Our audit procedures did not reveal material variations.

## 2. Ongoing tax matters, including provision for tax

The Company's unsettled tax positions includes matters under dispute which involves significant judgment to determine the possible outcome of these disputes. These provisions are estimated using a significant degree of management judgement in interpreting the various relevant rules, regulations and practices. Provision for tax is also based on the presumption of significant estimates and assumptions on the allowability / disallowability of claims at the assessment level. Hence, it is considered as a Key Audit Matter.

### Principal Audit Procedures

We have performed audit procedures, which including:

- a) Obtained understanding of the key uncertain tax provisions and also obtained information of completed tax assessments and demands / refunds received by the Company during the financial year 2019-20;
- b) Critically reviewed the processes and controls in place over tax assessments and demands / refunds through discussions with the management's internal experts / external consultants and

reviewed the communications with those charged with governance pertaining to this issue;

- c) Involved our tax team to discuss with the appropriate management to critically evaluate the key assumptions in estimating the tax provisions and assessed the possible outcome of the assessment / demands of the disputed claims. Our tax team considered past precedence and other rulings in evaluating Company's position on these uncertain tax positions.
- d) Assessed whether the Company's disclosures in Note 31 to the standalone financial statements - Contingent liabilities and commitments, adequately disclose the relevant facts and circumstances and potential liabilities of the Company.
- e) Further, considered the effect of all the information in respect of uncertain tax positions as at 1<sup>st</sup> April, 2019 and provision for tax to evaluate whether any review was necessary to Company's position on these uncertainties.

Our audit procedures did not reveal any negative observations in the matter.

### 3. Estimates - Provision for warranty

Computation of provision for warranties and returns involves critical evaluation of historical data with respect to the nature of repair and returns, and estimation of costs in respect of future warranty claims and refunds. In view of the estimates being based on facts and circumstances that can change from period to period, this is considered to be a significant management judgement. Hence, a Key Audit Matter.

#### Principal Audit Procedures

We have performed audit procedures in the circumstances as stated above, which includes:

- a) Reviewed management's contract risk assessments by enquiries, inspection of minutes of meeting and review of correspondence with customers, where available. As we have the knowledge gained through field involvement and feedback on review of the operation, contract and project reviews, we also assessed the justification for and the accuracy of provisions;
- b) Reviewed the recognition and appropriateness of provisions by re-computing the amounts,

obtaining management statements, evidence and supporting documents, such as, correspondence with clients or legal assessments of internal sources, where available;

- c) Considered the historical accuracy of estimates made by management through reviews of actual facts. In order to gain a complete and clear understanding, additionally performed enquiry procedures and reviewed relevant documents.

Our audit procedures did not reveal any observations of any material differences.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)

(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March,

2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
- (g) with respect to the other matters to be included in the Auditors Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act; and
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (1) the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - (Refer Note 31 to the standalone financial statements);
  - (2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (3) the requirements to transfer amounts to the Investor Education and Protection Fund is not presently applicable to the Company.

### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

### Edwin P. Augustine

Partner  
Membership No. 043385  
UDIN: 20043385AAAACM1283

Mumbai, 15<sup>th</sup> May, 2020

## Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. (Refer Note 45 to the standalone financial statements).
  - (c) According to the information and explanations given to us, the title deeds of immovable properties are in the name of the Company, except, in one case of freehold land acquired consequent to the 'Scheme of Arrangement' with gross and net carrying amounts of ₹ 0.34 crore and ₹ 0.34 crore respectively - (Refer Note 2 to the standalone financial statements), in respect of which the deeds of conveyance is yet to be completed. The Company is in the process of complying and basis completion thereof, to obtain the right of ownership thereon.
- (ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records. (Refer Note 45 to the standalone financial statements and our observations under paragraph Emphasis of Matter of our main report).
  - (iii) According to the information and explanations give to us, the Company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loan or given any guarantees or provided any security to the parties covered under Section 185 of the Act. Further, the Company has not made any investment or given any loan or given any guarantee or provided any security within the meaning of Section 186 of the Act. Accordingly, the Paragraph 3(iv) of the Order is not applicable to the Company.
  - (v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.
  - (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.
  - (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and services tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at 31<sup>st</sup> March, 2020 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount (₹ crore)*	Period to which the amount relates	Forum where disputes are Pending
The Income Tax Act, 1961	Tax, Interest and Penalty	10.38	2010-11 and 2011-12 2013-14 to 2016-17	Commissionerate (Appeals)
The Central Sales Tax Act, 1956, Local Sales Tax Acts and Works Contract Tax Act and Value Added Tax	Tax, Interest and Penalty	0.06	1999-2000	High Court
		60.12	1998-99 to 2001-02 2003-04 to 2017-18	Commissionerate (Appeals)
		4.40	1996-97 2000-01 2002-03 to 2008-09 2010-11 and 2011-12	Tribunal
The Central Excise Act, 1944, the Customs Act, 1962 and Service Tax under the Finance Act, 1994	Duty, Interest and Penalty	1.37	2001-02	Commissionerate (Appeals)

(\*net of pre-deposit paid in getting the stay / appeal admitted)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from Government. The Company has issued redeemable non-convertible debentures, however, there are no dues for repayment.
- (ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, on an overall basis, the term loan has been applied for the purpose for which the term loan was obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The relevant details of such related party transactions have been disclosed in the

standalone financial statements, etc., as required under Indian Accounting Standard (Ind AS) 24, *Related Party Disclosures* specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

## SHARP & TANNAN

Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

## Edwin P. Augustine

Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020 UDIN: 20043385AAAACM1283

## Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

### Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **Crompton Greaves Consumer Electricals Limited** (the 'Company') as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and

errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over

financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, read together with Note 45 to the standalone financial statements and our observations under paragraph Emphasis of Matter of our main report, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

### Edwin P. Augustine

Partner  
Membership No. 043385  
UDIN: 20043385AAAACM1283

Mumbai, 15<sup>th</sup> May, 2020

UDIN: 20043385AAAACM1283

# Standalone Balance Sheet

As at 31<sup>st</sup> March, 2020

Particulars	Notes	₹crore	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Property, plant and equipment	2	125.06	78.55
(b) Capital work-in-progress		19.90	0.98
(c) Goodwill	2	779.41	779.41
(d) Other intangible assets	2	4.50	5.19
(e) Financial assets			
(i) Investments	3	14.20	14.20
(ii) Others	4	7.82	9.95
(f) Deferred tax assets (net)	22	50.62	59.65
(g) Other non-current assets	5	22.79	15.45
<b>Total non-current assets</b>		<b>1,024.30</b>	<b>963.38</b>
(2) <b>Current assets</b>			
(a) Inventories	6	463.61	352.38
(b) Financial assets			
(i) Investments	7	539.58	529.98
(ii) Trade receivables	8	458.71	565.98
(iii) Cash and cash equivalents	9	22.97	116.34
(iv) Bank balances other than (iii) above	10	24.09	26.07
(v) Others	11	13.72	12.86
(c) Current tax assets (net)		78.82	18.09
(d) Other current assets	12	118.24	84.72
<b>Total current assets</b>		<b>1,719.74</b>	<b>1,706.42</b>
<b>TOTAL ASSETS</b>		<b>2,744.04</b>	<b>2,669.80</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	125.46	125.40
(b) Other equity	14	1,342.34	973.08
<b>Total equity</b>		<b>1,467.80</b>	<b>1,098.48</b>
<b>Liabilities</b>			
(1) <b>Non-current liabilities</b>			
(a) Financial liabilities			
Borrowings	15	179.72	349.26
(b) Provisions	16	19.11	17.29
<b>Total non-current liabilities</b>		<b>198.83</b>	<b>366.55</b>
(2) <b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	-	-
(ii) Trade payables			
(a) Due to micro and small enterprises	18	3.30	9.19
(b) Due to creditors other than micro and small enterprises	18	633.93	654.98
(iii) Other financial liabilities	19	217.14	365.69
(b) Other current liabilities	20	58.27	23.10
(c) Provisions	21	164.77	151.81
<b>Total current liabilities</b>		<b>1,077.41</b>	<b>1,204.77</b>
<b>Total liabilities</b>		<b>1,276.24</b>	<b>1,571.32</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,744.04</b>	<b>2,669.80</b>
Significant accounting policies	1		
Contingent liabilities and commitments	31		
Other notes	32 to 47		

The accompanying notes form an integral part of the financial statements

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

₹crore

Particulars	Notes	2019-20	2018-19
<b>Income</b>			
I. Revenue from operations	23	4,511.97	4,478.91
II. Other income	24	58.87	48.26
<b>III. Total Income (I+II)</b>		<b>4,570.84</b>	<b>4,527.17</b>
<b>IV. Expenses</b>			
Cost of materials consumed	25	979.46	1,056.49
Purchase of stock-in-trade	26	2,211.85	2,058.62
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(126.29)	(23.29)
Employee benefits expense	28	310.95	291.88
Finance costs	29	40.67	59.60
Depreciation and amortisation expense	2	26.79	12.89
Other expenses	30	539.14	509.42
<b>Total Expenses (IV)</b>		<b>3,982.57</b>	<b>3,965.61</b>
<b>V. Profit before tax</b>		<b>588.27</b>	<b>561.56</b>
<b>VI. Tax expense:</b>			
Current tax (Refer Note 44)		83.81	171.12
Deferred tax	22	9.76	(12.08)
<b>VII. Profit for the year</b>		<b>494.70</b>	<b>402.52</b>
<b>VIII. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gain / (loss) on defined benefit plans		(2.88)	0.80
(ii) Income tax related to items that will not be reclassified to profit or loss		0.73	(0.28)
<b>Other comprehensive income for the year (net of tax)</b>		<b>(2.15)</b>	<b>0.52</b>
<b>IX. Total comprehensive income for the year</b>		<b>492.55</b>	<b>403.04</b>
<b>X. Earnings per equity share</b>			
	37		
1. Basic (₹)		7.89	6.42
2. Diluted (₹)		7.83	6.38
Significant accounting policies	1		
Other Notes	32 to 47		

The accompanying notes form an integral part of the financial statements

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

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Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2020

## (A) EQUITY SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	No. of Shares	Amount ₹ crore	No. of Shares	Amount ₹ crore
Balance as at the beginning of the reporting period	62,69,85,920	125.40	62,67,85,105	125.36
Changes in equity share capital during the year	2,98,052	0.06	2,00,815	0.04
Balance as at the end of the reporting period	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

## (B) OTHER EQUITY

Particulars	Reserves and Surplus					Other comprehensive income	Total Other Equity
	Capital Reserve	Securities premium	Employee stock options outstanding account	Debenture redemption reserve	Retained earnings	Remeasurement gain / (loss) on defined benefit plans	
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>0.05</b>	<b>0.96</b>	<b>87.73</b>	<b>-</b>	<b>574.78</b>	<b>0.62</b>	<b>664.14</b>
Profit for the year	-	-	-	-	402.52	-	402.52
Dividends paid including dividend distribution tax	-	-	-	-	(132.24)	-	(132.24)
Securities premium received	-	3.71	-	-	-	-	3.71
Amount transferred to Securities premium	-	1.33	(1.33)	-	-	-	-
Amount transferred to Debenture redemption reserve	-	-	-	75.00	(75.00)	-	-
Movement in Other comprehensive income for the year	-	-	-	-	-	0.52	0.52
Add: Employee compensation expense for the year (Refer Note 28)	-	-	34.43	-	-	-	34.43
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>0.05</b>	<b>6.00</b>	<b>120.83</b>	<b>75.00</b>	<b>770.06</b>	<b>1.14</b>	<b>973.08</b>
Profit for the year	-	-	-	-	494.70	-	494.70
Dividends paid including dividend distribution tax	-	-	-	-	(151.17)	-	(151.17)
Securities premium received	-	5.05	-	-	-	-	5.05
Amount transferred to Securities premium	-	2.31	(2.31)	-	-	-	-
Amount transferred to Retained earnings	-	-	(0.11)	-	0.11	-	-
Movement in Other comprehensive income for the year	-	-	-	-	-	(2.15)	(2.15)
Add: Employee compensation expense for the year (Refer Note 28)	-	-	22.83	-	-	-	22.83
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>0.05</b>	<b>13.36</b>	<b>141.24</b>	<b>75.00</b>	<b>1,113.70</b>	<b>(1.01)</b>	<b>1,342.34</b>

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	2019-20	2018-19
<b>[A] CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>588.27</b>	<b>561.56</b>
Adjustments for:		
Depreciation and amortisation expense	26.79	12.89
Interest expense	40.67	59.60
Loss on sale of property, plant and equipment	0.15	0.09
Provision for expenses on Employee stock options	22.83	34.43
Net (gain) / loss on sale/ fair valuation of investments	(33.37)	(16.05)
Interest income	(23.38)	(19.67)
Income from mutual funds	-	(10.62)
Unrealised exchange loss / (gain) (net)	3.84	(1.28)
	<b>37.53</b>	<b>59.39</b>
<b>Cash Generated from operations before working capital changes</b>	<b>625.80</b>	<b>620.95</b>
Adjustments for:		
Decrease / (Increase) in trade and other receivables	77.56	(17.87)
(Increase) / Decrease in inventories	(111.23)	(49.14)
(Decrease) / Increase in trade and other payables	(38.41)	(108.74)
Increase / (Decrease) in provisions	11.90	55.59
	<b>(60.19)</b>	<b>(120.16)</b>
Cash generated from operations	<b>565.61</b>	<b>500.79</b>
Taxes paid (net of refunds)	(144.54)	(199.35)
<b>Net cash (used in) / generated from operating activities</b> [A]	<b>421.07</b>	<b>301.44</b>
<b>[B] CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Add: Inflows from investing activities</b>		
Interest received	20.85	15.22
Income from mutual funds	-	10.62
Sale of property, plant and equipment	1.13	0.40
	<b>21.98</b>	<b>26.24</b>
<b>Less: Outflows from investing activities</b>		
Investment in subsidiaries	-	14.20
(Sale) / Purchase of current investments (net)	(23.78)	146.35
(Decrease) / Increase in other bank balances	(1.97)	21.18
Purchase of property, plant and equipment and intangible assets	49.40	15.95
	<b>23.65</b>	<b>197.68</b>
<b>Net Cash (used in) / generated from investing activities</b> [B]	<b>(1.67)</b>	<b>(171.44)</b>

## Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	2019-20	2018-19
<b>[C] CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Add: Inflows from financing activities</b>		
Proceeds from issue of equity shares	5.15	3.75
	<b>5.15</b>	<b>3.75</b>
<b>Less: Outflows from financing activities</b>		
Payment of dividend including dividend distribution tax	150.55	131.17
Repayment of debentures	300.00	-
Repayment of lease liability	8.79	-
Interest paid	58.58	58.73
	<b>517.92</b>	<b>189.90</b>
<b>Net Cash (used in) / generated from financing activities</b> [C]	<b>(512.77)</b>	<b>(186.15)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b> (A+B+C)	<b>(93.37)</b>	<b>(56.15)</b>
(a) Cash and cash equivalents at beginning of the year	116.34	<b>172.49</b>
(b) Cash and cash equivalents at end of the year	22.97	<b>116.34</b>
<b>(c) Net (decrease) / increase in cash and cash equivalents</b> (c = b-a)	<b>(93.37)</b>	<b>(56.15)</b>

### Notes:

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, *Statement of Cash Flows* as specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- Additions to property, plant and equipment include movements of capital work-in-progress during the year.
- Figures for the previous year have been regrouped wherever necessary.

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**H. M. Nerurkar**  
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Director  
DIN: 00016304

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## COMPANY OVERVIEW

Crompton Greaves Consumer Electricals Limited (the 'Company' or 'Crompton') is engaged in the business of manufacturing, trading, selling and distribution of fans, lighting, pumps and appliances. The Company is a public limited company incorporated and domiciled in India and has its registered office at Mumbai, India.

### 1. Significant Accounting policies

#### 1) Statement of compliances and basis of preparation and presentation

a) The Company's financial statements have been prepared in compliance with Indian Accounting Standards (the 'Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

#### b) Basis of presentation

The Balance sheet and the Statement of profit and loss are prepared and presented in the format prescribed in the Division II of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, *Statement of Cash Flows*. The disclosure requirements with respect to items in the Balance sheet and Statement of profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The financial statements of the Company for the year ended 31<sup>st</sup> March, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 15<sup>th</sup> May, 2020.

#### c) Basis of preparation

The financial statements have been prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

1. Financial instruments measured at fair value through profit or loss; and

2. Defined benefit plans – plan assets measured at fair value.

#### d) Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- 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 held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

- e) 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.

#### f) Fair Value Measurement:

Fair value measurements are categorised as below based on the degree to which the inputs

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity:

- **Level 1:** Level 1 inputs include financial instruments measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimate. If all significant inputs require to fair value an instrument are observable, the instrument is included in level 2; and
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

## 2. Rounding of amounts

All amounts disclosed in the financial statements and notes are presented in crore and have been rounded off to two decimal as per the requirement of Division II of Schedule III to the Act, unless otherwise stated.

## 3. Key estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates

used in preparation of the financial statements are prudent and reasonable.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Assessment of functional currency [Refer Note (1.4)];
- Financial instruments [Refer Note 41];
- Estimates of useful lives and residual value of property, plant and equipment and intangible assets [Refer Note (1.5) and (1.6)];
- Impairment of investments [Refer Note (1.12)]
- Valuation of inventories [Refer Note (1.10)];
- Measurement of recoverable amounts of cash-generating units [Refer Note 38];
- Measurement of Defined Benefit Obligation, key actuarial assumptions [Refer Note 35];
- Provisions and Contingencies [Refer Note (1.13) and 31];
- Provision for product warranty [Refer Note (1.13)]
- Recognition of revenue from contracts based on stage on completion [Refer Note (1.14)]; and
- Evaluation of recoverability of deferred tax assets [Refer Note (1.18)].
- Estimates related to Share-based Payments [Refer Note 39].

## 4. Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing on reporting date are generally recognised in Statement of profit and loss.

## 5. Property, plant and equipment (PPE)

### (a) Recognition and measurement

Freehold land is carried at historical cost. All other items of PPE are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of an item of PPE comprises:

- i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PPE which are not ready for intended use as on the date of Balance sheet are disclosed as Capital work-in-progress.

Where cost of a part of an asset (asset component) is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of profit and loss.

Any gain or loss on disposal of an item of PPE is recognised in Statement of profit and loss.

### (b) Subsequent expenditure

Subsequent expenditure is capitalised only, if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### (c) Depreciation

Depreciable amount for assets is the cost of an asset or other amount substituted for cost less its estimated residual value.

Depreciation on PPE (other than leasehold land) has been provided based on useful life of the assets as estimated by the management on Straight Line Method. The useful lives used are in agreement with those specified in Schedule II to the Companies Act, 2013 except in respect of following category of tangible assets where the useful life is considered differently based on technical evaluation.

- Plant and equipment– maximum 21 years
- Furniture and fixtures - maximum 15 years

Premium paid on leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the management estimate of useful life, where the lease period is beyond the life of the building. In other cases, buildings constructed on leasehold land is amortised over the primary lease period of the land.

Depreciation on addition to/deductions from, owned assets is calculated *pro rata* to the period of use. Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date and the effect of any change in the estimates of useful life/ residual value is adjusted prospectively.

Gains or losses arising from derecognition of a PPE are measured as the difference between the disposal proceeds and the carrying amount of the asset and are accordingly recognised in the Statement of profit and loss.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 6. Intangible assets

#### (a) Recognition and measurement

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the asset. These are included in Statement of profit and loss within other gains/ (losses).

The estimated useful life and amortisation methods are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

#### (b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### (c) Amortisation

Intangible assets comprise computer software purchased, which are not an integral part of the related hardware and technical know-how and are amortised on a straight line basis over a period of 5 years, which in management's estimate represents the period during which the economic benefits will be derived from their use.

#### (d) Goodwill

Goodwill arising as a result of business combination is not amortised and is tested for impairment every year.

### (e) Research and development cost

#### (i) Research cost

Revenue expenditure on research is charged to Statement of profit and loss under the respective heads of accounts in the period in which it is incurred.

#### (ii) Development cost

Development expenditure on new product is capitalised as intangible asset, if all of the following can be demonstrated:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. the Company has intention to complete the development of intangible asset and use or sell it;
- iii. the Company has ability to use or sell the intangible asset;
- iv. the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. the Company has ability to measure the expenditure attributable to the intangible asset during the development reliably.

Development costs on the intangible assets, fulfilling the criteria are amortised over a period of five years, otherwise are expensed in the period in which they are incurred.

- (f) Intangibles which are not ready for intended use as on the date of Balance sheet are disclosed as Intangibles under development.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 7. Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less costs of disposal and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. For the purposes of assessing impairment, assets are grouped at their 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 and loss in the year in which the asset is identified as impaired. The carrying amount of the asset is reduced to its recoverable amount.

An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

### Goodwill impairment

For testing of impairment of goodwill, if events or changes in circumstances indicate a potential impairment, as part of the review process, the carrying amount of the Cash Generating Units (CGUs) (including allocated goodwill) is compared with its recoverable amount by the company. The recoverable amount is the higher of fair value less costs to sell and value in use, both of which are calculated by the company using a discounted cash flow analysis. Calculating the future net cash flows expected to be generated to determine if impairment exists and to calculate the impairment involves significant assumptions, estimation and judgment. The estimation and judgment involve, but is not limited to, industry trends including pricing, estimating long-term revenues, revenue growth and

operating expenses. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## 8. Borrowings and loans

Borrowings and loans are initially recognised at fair value, net of transaction costs incurred. It is subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs that are an integral part of the effective interest rate. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of profit and loss over the period of borrowings using the effective interest rate.

## 9. Borrowing costs

Borrowing costs includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of profit and loss on the basis of effective interest rate. Borrowing costs net of any investment income from temporary investment of related borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are recognised as expense in the Statement of profit or loss in the period in which they are incurred.

## 10. Inventories

Inventories are valued after providing for obsolescence, where considered necessary, as under:

(a)	Raw materials, components, stores and spare parts	:	At lower of cost computed, on weighted average basis and net realisable value
(b)	Work -in-progress – Manufacturing	:	At lower of cost of materials, plus appropriate production overheads and net realisable value

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(c)	Finished goods – Manufacturing	:	At lower of cost of materials plus appropriate production overheads and net realisable value
(d)	Finished goods – Trading	:	At lower of cost computed, on weighted average basis and net realisable value

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. 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. Materials and supplies held for use in the production are not written down, if the finished goods in which they will be used are expected to be sold at or above cost.

## 11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, call deposits and 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. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## 12. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

### (a) Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

- i. those measured at amortised cost, and

- ii. those to be measured at fair value either through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

After initial recognition, financial assets are measured at Fair Value Through Other Comprehensive Income (FVTOCI) or Through Profit or Loss (FVTPL) or Amortised Cost.

#### Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) 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.

#### Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- **Amortised cost**

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt instrument (unhedged) that is subsequently measured at amortised cost is recognised in the Statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate (EIR) method.

- **Fair Value Through Profit or Loss (FVTPL)** category are measured at fair value with all changes recognised in the Statement of profit and loss.

## De-recognition

A financial asset (or where applicable, a part of a financial asset or part of similar 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.
- On derecognition of financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.
- If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

## Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies Expected Credit Loss (ECL) model for recognition and measurement of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits and bank balances

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any.

### (b) Financial liabilities

The Company's financial liabilities comprise of borrowings including bank overdrafts and derivative financial instruments, trade payable and other liabilities.

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial recognition and measurement

Financial liabilities are initially measured at fair value. In the case of loans and borrowings and payables, financial liability is recognised net of directly attributable transaction costs.

#### Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period at effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of profit and loss.

#### Derecognition

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 and loss.

#### Other financial liabilities

These are measured at amortised cost using the effective interest method.

#### 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 the Company or the counterparty

#### Derivative financial instruments

The Company uses derivative financial instruments, such as foreign currency forward contracts and foreign currency option contracts to manage its exposure to foreign exchange risks. For these contracts, hedge accounting is not followed and such designated derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time of issuance of guarantee. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised.

## 13. Provisions, contingent liabilities, contingent assets and commitments

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate of the amount can be made. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

A contingent liability is disclosed when there is a possible but not probable obligation arising from past events, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable. However, when the realisation of income

is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

## 14. Revenue recognition

### (a) Revenue from goods and services:

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed.

### (b) Dividend income

Dividend is recognised as revenue when the right to receive payment has been established.

### (c) Interest income

For all interest bearing financial assets measured at amortised cost, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**(d) Other income**

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

**15. Government grants and incentives**

Government incentives, such as export benefits etc., are recognised at fair value when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.

The Government incentives are recognised in profit or loss on a systematic basis over the period in which the Company recognises as expenses. The related costs for which the incentives are intended to compensate or immediately if the costs have already been incurred.

**16. Employee benefit plans**

**(a) Short-term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits, such as, salaries, wages, short-term compensated absences, performance incentives, etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

**(b) Post-employment benefits:**

**Defined contribution plans:**

The Company's contribution to defined contribution plans, namely State governed provident fund, superannuation fund, employee state insurance scheme, employee pension scheme and labour welfare fund are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The contributions are classified as Defined Contribution Scheme as the company has no further defined obligations beyond the monthly contributions.

**Defined benefit plans:**

Defined benefit schemes in the form of gratuity liability and post-retirement medical benefits, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discounting rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations.

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

The retirement benefit obligations recognised in the balance sheet represents that present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of the scheme of assets.

In case of funded plans, the fair value of the plan asset is reduced from the gross obligations under the defined benefit plans to recognise the obligation on a net basis.

**(c) Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

**(d) Termination benefits:**

Termination benefits are recognised as an expense in the period in which they are incurred.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## (e) Share-based Payments:

Employees of the Company receive remuneration in the form of Share-based Payments in consideration of the services rendered.

Under the equity settled share-based payment, the fair value on the grant date of the award given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

## 17. Leases- Operating

Ind AS 116, *Leases*, requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### The Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset; (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a Right-of-Use asset (RoU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The RoU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The RoU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. RoU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related RoU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Lease liability and RoU asset have been separately presented in the Balance sheet and lease payments have been classified as financing cash flows.

### 18. Income taxes

Income tax expense comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### (a) Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current tax assets and liabilities are offset only if:

- i) there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and
- ii) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for deductible temporary differences (if any) to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in

case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary difference or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax asset can be realised.

Deferred tax assets and deferred tax liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset, only if, they relate to income taxes levied by the same taxation authority on the same taxable entity.

### 19. Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to owners of the Company, by using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

### 20. Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company is such that its disclosure improves the understanding of the performance of the Company. Such income or expense is classified as

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

an exceptional item and accordingly, disclosed in the notes to the financial statements.

## 21. Segment accounting

### (a) Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. The Company identifies primary business segment based on the different risks and returns, the organisation structure and the internal reporting systems. Secondary segments are identified on the basis of geography in which sales have been effected. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

iv) Segment results include margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### (b) Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

## 22. Statement of cash flows

Cash flows are reported using the indirect method, whereby profit or loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as at the date of balance sheet.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 2 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

ASSETS	Gross block (Cost)				Depreciation/ Amortisation				Net Block	
	As at 1 <sup>st</sup> April, 2019	Additions	Deductions	As at 31 <sup>st</sup> March, 2020	Upto 31 <sup>st</sup> March, 2019	For the year	Deductions	Upto 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
(i) <b>Property, plant and equipment</b>										
Owned assets:										
Freehold land	4.41	-	-	4.41	-	-	-	-	4.41	4.41
Leasehold land	2.69	-	-	2.69	0.72	0.03	-	0.75	1.94	1.97
Buildings:										
Owned assets	30.27	4.76	-	35.03	4.67	1.61	-	6.28	28.75	25.60
Right-of-Use assets	-	50.75	-	50.75	-	9.28	-	9.28	41.47	-
Plant and equipment	54.14	12.81	1.32	65.63	18.18	9.95	0.55	27.58	38.05	35.96
Furniture and fixtures	4.75	0.11	0.23	4.63	1.69	0.57	0.09	2.17	2.46	3.06
Office equipment	8.36	3.27	0.23	11.40	3.86	2.50	0.15	6.21	5.19	4.50
Vehicles	4.18	0.93	0.67	4.44	1.13	0.89	0.37	1.65	2.79	3.05
<b>Sub-total (i)</b>	<b>108.80</b>	<b>72.63</b>	<b>2.45</b>	<b>178.98</b>	<b>30.25</b>	<b>24.83</b>	<b>1.16</b>	<b>53.92</b>	<b>125.06</b>	<b>78.55</b>
(ii) <b>Intangible assets</b>										
Goodwill	779.41	-	-	779.41	-	-	-	-	779.41	779.41
<b>Subtotal (ii)</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>779.41</b>
(iii) <b>Other Intangibles</b>										
Computer software	8.29	1.27	-	9.56	3.39	1.72	-	5.11	4.45	4.90
Technical knowhow	1.90	-	-	1.90	1.67	0.22	-	1.89	0.01	0.23
Research and development	0.68	-	-	0.68	0.62	0.02	-	0.64	0.04	0.06
<b>Sub-total (iii)</b>	<b>10.87</b>	<b>1.27</b>	<b>-</b>	<b>12.14</b>	<b>5.68</b>	<b>1.96</b>	<b>-</b>	<b>7.64</b>	<b>4.50</b>	<b>5.19</b>
<b>Total (i) + (ii) + (iii)</b>	<b>899.08</b>	<b>73.90</b>	<b>2.45</b>	<b>970.53</b>	<b>35.93</b>	<b>26.79</b>	<b>1.16</b>	<b>61.56</b>	<b>908.97</b>	<b>863.15</b>

- Notes:**
- Cost of freehold land included ₹ 0.34 crore (Previous year ₹ 0.34 crore) for which conveyance is yet to be completed.
  - Cost / valuation of buildings includes ownership accommodation in various co-operative societies and apartments: ₹ 0.67 crore; (Previous year ₹ 0.67 crore), including 3 shares of ₹ 100 each, which is in the process of transferring in the Company's name.
  - Carrying amount of property, plant and equipment and intangible assets given as collateral for borrowings is ₹ 785.41 crore; (Previous year ₹ 785.44 crore).

ASSETS	Gross block (Cost)				Depreciation/ Amortisation				Net Block	
	As at 1 <sup>st</sup> April, 2018	Additions	Deductions	As at 31 <sup>st</sup> March, 2019	Upto 31 <sup>st</sup> March, 2018	For the year	Deductions	Upto 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(i) <b>Property, plant and equipment</b>										
Owned assets:										
Freehold land	4.41	-	-	4.41	-	-	-	-	4.41	4.41
Leasehold land	2.69	-	-	2.69	0.69	0.03	-	0.72	1.97	2.00
Buildings	29.91	0.36	-	30.27	3.10	1.57	-	4.67	25.60	26.81
Plant and equipments	44.41	10.15	0.42	54.14	12.12	6.21	0.15	18.18	35.96	32.29
Furniture and fixtures	4.56	0.30	0.11	4.75	1.16	0.57	0.04	1.69	3.06	3.40
Office equipment	6.66	1.80	0.10	8.36	1.93	1.99	0.06	3.86	4.50	4.73
Vehicles	2.78	1.54	0.14	4.18	0.42	0.76	0.05	1.13	3.05	2.36
<b>Sub-total (i)</b>	<b>95.42</b>	<b>14.15</b>	<b>0.77</b>	<b>108.80</b>	<b>19.42</b>	<b>11.13</b>	<b>0.30</b>	<b>30.25</b>	<b>78.55</b>	<b>76.00</b>
(ii) <b>Intangible assets</b>										
Goodwill	779.41	-	-	779.41	-	-	-	-	779.41	779.41
<b>Subtotal (ii)</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>779.41</b>
(iii) <b>Other Intangibles</b>										
Computer software	7.52	0.79	0.02	8.29	1.76	1.64	0.01	3.39	4.90	5.76
Technical knowhow	1.90	-	-	1.90	1.67	-	-	1.67	0.23	0.23
Research and development	0.68	-	-	0.68	0.50	0.12	-	0.62	0.06	0.18
<b>Sub-total (iii)</b>	<b>10.10</b>	<b>0.79</b>	<b>0.02</b>	<b>10.87</b>	<b>3.93</b>	<b>1.76</b>	<b>0.01</b>	<b>5.68</b>	<b>5.19</b>	<b>6.17</b>
<b>Total (i) + (ii) + (iii)</b>	<b>884.93</b>	<b>14.94</b>	<b>0.79</b>	<b>899.08</b>	<b>23.35</b>	<b>12.89</b>	<b>0.31</b>	<b>35.93</b>	<b>863.15</b>	<b>861.58</b>



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 3 NON-CURRENT - FINANCIAL ASSETS - INVESTMENTS

Particulars	Face Value per Share	Number of shares as at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020 ₹ crore	As at 31 <sup>st</sup> March, 2019 ₹ crore
<b>Investments in equity instruments (fully paid-up)</b>				
<b>Unquoted</b>				
<b>At Cost</b>				
<b>In Subsidiary companies</b>				
<b>Equity shares</b>				
Pinnacles Lighting Project Private Limited	10	67,00,000	6.70	6.70
Nexustar Lighting Project Private Limited	10	75,00,000	7.50	7.50
<b>Total</b>			<b>14.20</b>	<b>14.20</b>

### Details of unquoted investments:

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Aggregate amount of unquoted investments - Book value	14.20	14.20
Aggregate amount of impairment in value of investments	-	-
<b>Total</b>	<b>14.20</b>	<b>14.20</b>

Note: The investments is in compliance with Section 186(4) of the Companies Act, 2013, as amended.

## 4 NON-CURRENT FINANCIAL ASSETS - OTHERS

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits	6.84	6.80
Deposits with banks (with maturity period of more than 12 months)	0.28	0.28
Others	0.70	2.87
<b>Total</b>	<b>7.82</b>	<b>9.95</b>

[Note: Deposits of ₹ 0.28 crore (Previous year ₹ 0.28 crore) are under lien with banks.]

## 5 OTHER NON-CURRENT ASSETS

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital advances	9.28	1.94
Less: Allowance for doubtful advances	(1.07)	(1.07)
	<b>8.21</b>	<b>0.87</b>
Others	14.58	14.58
<b>Total</b>	<b>22.79</b>	<b>15.45</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 6 INVENTORIES (At lower of cost and net realisable value)

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw materials	60.48	68.12
Add: Goods-in-transit	3.55	11.20
	<b>64.03</b>	<b>79.32</b>
Work-in-progress - manufacturing	16.65	27.03
Finished goods - manufacturing	90.61	52.37
Add: Goods-in-transit	15.09	9.39
	<b>105.70</b>	<b>61.76</b>
Stock-in-trade	236.22	162.75
Add: Goods-in-transit	37.56	18.30
	<b>273.78</b>	<b>181.05</b>
Stores, spares and packing materials	3.45	3.22
	<b>463.61</b>	<b>352.38</b>

#### Notes:

- 1) Inventories are hypothecated with the bankers against working capital facilities (Refer Note 17).
- 2) During the year, ₹ 15.96 crore (Previous year ₹ 7.27 crore) was charged to Statement of profit and loss on account of obsolete and slow moving inventories.

### 7 CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
- <b>Measured at Amortised Cost</b>		
Investment in Bonds (Quoted)	10.50	20.07
- <b>Measured at Fair value through Profit and Loss</b>		
Investment in Mutual funds (Unquoted)	529.08	509.91
<b>Total</b>	<b>539.58</b>	<b>529.98</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Particulars	Face Value per Bond/ Unit	Number of Bonds/ Units as at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020 ₹ crore	As at 31 <sup>st</sup> March, 2019 ₹ crore
<b>(A) Investment in Bonds (Quoted)</b>				
Option-I ISIN INE535H07AZ6 of Market Linked Debentures of Fullerton India Credit Company Limited	10,00,000	100	10.50	-
8.5% NABARD Unsecured Rated Listed Redeemable Non Convertible Taxable Bonds	10,00,000	100	-	10.06
8.12% ONGC Mangalore Petrochemicals Limited Secured Redeemable Non Convertible Debentures	10,00,000	100	-	10.01
<b>Total (A)</b>			<b>10.50</b>	<b>20.07</b>
<b>(B) Investment in Mutual funds (Unquoted)</b>				
<b>Unquoted</b>				
Aditya Birla SL Liquid Fund - Direct - Growth	-	-	-	11.61
Aditya Birla SL Money Manager Fund - Direct - Growth	100	11,83,715	32.07	35.18
Aditya Birla Sun Life Floating Rate Fund - Direct - Growth	100	6,08,076	15.34	-
Axis Banking & PSU Debt Fund Direct - Growth	1,000	53,976	10.48	-
Axis Treasury Advantage Fund - Direct - Growth	1,000	1,45,372	33.80	-
DSP Liquidity Fund - Direct - Growth	-	-	-	10.69
DSP Low Duration Fund - Direct - Growth	10	1,02,69,775	15.31	-
DSP Savings Fund - Direct - Growth	10	39,62,135	15.79	10.06
HDFC Liquid Fund - Direct - Growth	-	-	-	27.98
HDFC Money Market Fund - Direct - Growth	1,000	59,123	24.95	-
HDFC Ultra Short Term Fund Direct- Growth	10	1,37,85,047	15.52	4.10
ICICI Prudential Liquid Fund - Direct - Growth	-	-	-	2.64
ICICI Money Market - Direct - Growth	100	6,57,051	18.35	41.25
ICICI Prudential Corporate Bond Fund - Direct - Growth	10	47,08,147	10.13	9.26
ICICI Prudential Savings Fund - Direct - Growth	100	6,44,106	25.14	7.62
IDFC Banking & PSU Debt Fund - Direct - Growth	10	58,85,616	10.57	-
IDFC Corporate Bond - Direct - Growth	-	-	-	24.34
IDFC Low Duration Fund - Direct - Growth	10	73,14,113	21.13	5.11
IDFC Ultra Short Term Fund - Direct - Growth	10	2,28,02,185	26.01	-
Invesco India Corporate Bond Fund - Direct - Growth	1,000	21,782	5.24	-
Invesco India Liquid Fund - Direct - Growth	-	-	-	8.54

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Particulars	Face Value per Bond/ Unit	Number of Bonds/ Units as at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020 ₹ crore	As at 31 <sup>st</sup> March, 2019 ₹ crore
Invesco India Money Market Fund - Direct - Growth	1,000	73,693	17.06	33.15
Invesco India Treasury Advantage Fund - Direct - Growth	1,000	1,12,552	32.21	-
Kotak Corporate Bond Fund - Direct - Growth	1,000	93,118	25.70	-
Kotak Liquid Fund - Direct - Growth	-	-	-	10.90
Kotak Money Market Fund - Direct - Growth	1,000	1,05,458	34.94	31.88
Kotak Savings Fund - Direct - Growth	10	24,46,730	8.04	30.39
L&T Banking & PSU Debt fund - Direct - Growth	10	26,98,779	5.01	-
L&T Ultra Short Term Fund - Direct - Growth	10	68,91,026	23.04	17.20
Nippon Liquid Fund - Direct - Growth	-	-	-	10.55
Nippon India Floating Rate Fund - Direct - Growth	10	15,58,249	5.12	-
Nippon India Money Market - Direct - Growth	1,000	1,10,789	33.82	41.54
Nippon Quarterly Interval Fund Series II	-	-	-	9.24
SBI Liquid Fund - Direct - Growth	-	-	-	11.88
SBI Magnum Low Duration Fund - Direct - Growth	-	-	-	17.17
SBI Magnum Ultra Short Duration Fund - Direct - Growth	1,000	66,609	29.84	-
SBI Savings Fund - Direct - Growth	10	90,98,193	29.45	-
SBI Debt Fund Series C - 31 (365 Days) Direct - Growth	-	-	-	10.31
SBI Debt Fund Series C - 37 (365 Days) Direct - Growth	-	-	-	10.20
SBI Debt Fund Series C - 42 (365 Days) Direct - Growth	-	-	-	9.12
SBI Debt Fund Series C - 47 (360 Days) Direct - Growth	-	-	-	10.06
Sundaram Money Fund Direct Plan - Growth	-	-	-	5.18
Sundaram Corporate Bond Fund - Direct - Growth	10	17,05,495	5.02	-
Tata Liquid Fund - Direct - Growth	-	-	-	15.33
UTI Money Market Fund - Direct - Growth	-	-	-	27.31
Yes Liquid Fund - Direct - Growth	-	-	-	10.12
<b>Total (B)</b>			<b>529.08</b>	<b>509.91</b>
			<b>539.58</b>	<b>529.98</b>

(Refer Note 41 A for information about fair value measurement and Note 41 D (ii) for credit risk of investments.)

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Details of investments:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Aggregate amount of quoted investments and market value thereof:</b>		
Book value	10.50	20.07
Market value	10.50	20.07
<b>Aggregate amount of unquoted investments:</b>		
Book value (accounted based on NAV)	529.08	509.91

## 8 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unsecured</b>		
Trade receivables, considered good	458.71	565.98
Trade receivable, considered doubtful	23.24	19.64
	<b>481.95</b>	<b>585.62</b>
Less: Allowance for doubtful trade receivables	23.24	19.64
<b>Total</b>	<b>458.71</b>	<b>565.98</b>

## 9 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance with banks :</b>		
In current accounts	10.94	30.93
In deposit accounts (with less than 3 months maturity)	12.00	85.38
<b>Cash on hand</b>	0.03	0.03
<b>Total</b>	<b>22.97</b>	<b>116.34</b>

## 10 CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Bank deposits with maturity more than 3 months but less than 12 months	22.40	25.00
Unclaimed dividend account	1.69	1.07
<b>Total</b>	<b>24.09</b>	<b>26.07</b>

[Note: Deposits of ₹ Nil (Previous year ₹ Nil) are under lien with banks.]

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 11 CURRENT FINANCIAL ASSETS - OTHERS

₹ crore

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits	12.76	12.42
Other receivables - from Related parties	0.96	0.44
<b>Total</b>	<b>13.72</b>	<b>12.86</b>

## 12 OTHER CURRENT ASSETS

₹ crore

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advance to suppliers	23.78	17.60
Balances with Indirect tax authorities	15.40	4.94
Other recoverables	39.21	38.02
Others	39.85	24.16
<b>Total</b>	<b>118.24</b>	<b>84.72</b>

## 13 SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
<b>Authorised capital</b>				
Equity shares of ₹ 2 each	65,00,00,000	130.00	65,00,00,000	130.00
<b>Issued, subscribed and paid-up</b>				
Equity shares of ₹ 2 each, fully paid-up	62,72,83,972	125.46	62,69,85,920	125.40
	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
Outstanding at the beginning of the year	62,69,85,920	125.40	62,67,85,105	125.36
Shares issued on account of exercising Employee stock option schemes	2,98,052	0.06	2,00,815	0.04
<b>Outstanding at the end of the year</b>	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## b. Rights, preferences and restrictions on shares

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	% holding	Number	% holding
<b>Equity shares of ₹ 2 each fully paid</b>				
Amalfiaco Limited	10,77,41,623	17.18%	14,00,37,623	22.34%
Macritchie Investments Pte Ltd	5,65,38,546	9.01%	7,54,04,873	12.03%
SBI Mutual Fund	3,20,52,041	5.11%	18,58,365	0.30%
Aditya Birla Sun Life Trustee Private Limited	3,13,70,834	5.00%	3,21,59,335	5.13%

## d. Shares reserved for issuance under Stock Option Plans of the Company at face value of ₹ 2 (Also Refer Note 39)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
Crompton Stock Option Plan 2016 (ESOP 2016)	34,15,883	0.68	31,33,769	0.63
Crompton Performance Share Plan 1 2016 (PSP 1)	1,07,53,536	2.15	1,09,68,057	2.19
Crompton Performance Share Plan 2 2016 (PSP 2)	30,86,725	0.62	31,33,731	0.63
Crompton Stock Option Plan 2019 (ESOP 2019)	3,70,000	0.07	-	-

e. There are no bonus shares issued/ shares bought back.

f. There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

g. The Board of Directors has recommended a dividend of ₹ Nil (Previous year ₹ 2) per fully paid up equity share of ₹ 2 each, aggregating to ₹ Nil (Previous year ₹ 151.17 crore), including dividend distribution tax.

## 14 OTHER EQUITY

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital reserve	0.05	0.05
Securities premium	13.36	6.00
Employee stock option outstanding account	141.24	120.83
Retained earnings	1,113.70	770.06
Other comprehensive income	(1.01)	1.14
Debenture redemption reserve	75.00	75.00
<b>Total</b>	<b>1,342.34</b>	<b>973.08</b>

**Note:** For movements in reserves - refer Standalone Statement of Changes in Equity.

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### Nature and purpose of reserves

#### Capital reserve

Capital reserve was created on cancellation of shares as per statutory requirement.

#### Securities premium

Securities premium was created on issue of shares at premium in accordance with Employee Stock Option Plans (ESOP).

#### Employee stock option outstanding

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

#### Retained earnings

Retained earnings are the profits that the Company has earned till date, net-off less any transfers to general reserve, dividends or other distributions paid to shareholders.

#### Debenture redemption reserve

Debenture redemption reserve is a Statutory Reserve (as per the Companies Act, 2013) created out of profits of the Company for the purpose of redemption of debentures issued by the Company. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debenture issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. On completion of redemption, the reserve is transferred to retained earnings.

### 15 FINANCIAL LIABILITIES - BORROWINGS

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Measured at amortised cost</b>		
i) Non-Current Borrowings		
Secured		
Debentures	179.72	349.26
	<b>179.72</b>	<b>349.26</b>
ii) Current maturities of Borrowings - (Refer Note 19)		
Debentures	170.00	300.00
<b>Total</b>	<b>349.72</b>	<b>649.26</b>



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Terms of Debentures:

Particulars of Debentures	Series B	Series C
Face value per debenture (₹)	10,00,000	10,00,000
Date of allotment	24 <sup>th</sup> June, 2016	24 <sup>th</sup> June, 2016
As at 31 <sup>st</sup> March, 2020 (₹ crore)	170.00	180.00
As at 31 <sup>st</sup> March, 2019 (₹ crore)	170.00	180.00
Interest	8.95% p.a. payable annually	8.95% p.a. payable annually
Terms of repayment	Redeemable at face value at the end of 4 years from the date of allotment	Redeemable at face value at the end of 5 years from the date of allotment

## Debentures are secured by:

- Charge on 'Crompton' Brand and Registered Trade Marks of the Company; and
- Charge by way of equitable mortgage by deposit of title deeds of immovable properties situated in the State of Maharashtra, Himachal Pradesh and Goa.

## 16 NON-CURRENT PROVISIONS

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits (post medical retirement benefits and compensated absences)	19.11	17.29
<b>Total</b>	<b>19.11</b>	<b>17.29</b>

## 17 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
Working capital demand loan from bank	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Note: Working capital demand loan is secured by way of charge on the Company's inventories and trade receivables.)

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 18 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Acceptances	126.61	158.57
Due to micro and small enterprises (refer note below)	3.30	9.19
Due to creditors other than micro and small enterprises	507.32	496.41
<b>Total</b>	<b>637.23</b>	<b>664.17</b>

**Note:**

- (a) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues to suppliers which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March, 2020. The disclosure pursuant to the said Act is as under:

₹ crore

Particulars	31 <sup>st</sup> March, 2020/2019-20	31 <sup>st</sup> March, 2019/2018-19
Principal amount due to suppliers under MSMED Act	3.30	9.19
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.54	10.29
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	0.06
Interest accrued and remaining unpaid at the end of each of the year to suppliers under MSMED Act	0.07	0.07
Further, interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-	-

- (b) The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 19 CURRENT FINANCIAL LIABILITIES - OTHERS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of non-convertible debentures (Refer Note 15)	170.00	300.00
Interest accrued but not due on borrowings	24.12	44.47
Security deposits	23.02	21.22
<b>Total</b>	<b>217.14</b>	<b>365.69</b>

## 20 OTHER CURRENT LIABILITIES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advances from customers	8.08	8.98
Statutory dues payables	5.74	8.79
Others	44.45	5.33
<b>Total</b>	<b>58.27</b>	<b>23.10</b>

## 21 CURRENT PROVISIONS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits (post medical retirement benefits and compensated absences)	2.47	2.39
Other provisions (refer note below)	162.30	149.42
<b>Total</b>	<b>164.77</b>	<b>151.81</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### Notes:

₹ crore

(a) Movement of provisions	Warranty	Sales tax / VAT/ Other taxes	Other litigation claims
Carrying amount at the beginning of the year	131.64	11.09	0.06
Additional provision made during the year	126.99	1.56	-
Amounts used during the year	(114.06)	-	-
Unused amounts reversed during the year	-	-	-
<b>Carrying amount at the end of the year</b>	<b>144.57</b>	<b>12.65</b>	<b>0.06</b>

₹ crore

Movement of provisions	Others	Total
Carrying amount at the beginning of the year	6.63	149.42
Additional provision made during the year	5.02	133.57
Amounts used during the year	(6.63)	(120.69)
Unused amounts reversed during the year	-	-
<b>Carrying amount at the end of the year</b>	<b>5.02</b>	<b>162.30</b>

### (b) Nature of provisions:

- (i) Product warranties: The Company gives warranties on certain products and services, undertaking to repair / replace products, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of repair / replacement. The timing of outflows is expected to be within a period of two years.
- (ii) Provision for sales tax / VAT / other taxes represents liability on account of non-collection of declaration forms and other legal matters which are in appeal under the Acts / Rules.
- (iii) Provision for other litigation obligation claims represents liabilities that are expected to materialise in respect of matters in appeal.
- (iv) Others represent provision made towards probable cash discount and probable return of goods from customers.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 22 INCOME TAXES

### (a) Tax expense recognised in Statement of profit and loss comprises :

Particulars	₹ crore	
	2019-20	2018-19
Current income tax charge net of write-back (Refer Note 44)	83.81	171.12
<b>Deferred tax (asset) / liability (net)</b>		
Origination and reversal of temporary differences	9.76	(12.08)
<b>Tax expense for the year</b>	<b>93.57</b>	<b>159.04</b>

### (b) Amounts recognised in Other comprehensive income

Particulars	2019-20			2018-19		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
	₹ crore					
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements gains / (losses) on post employment defined benefit plans and tax thereon	(2.88)	0.73	(2.16)	0.80	(0.28)	0.52
	<b>(2.88)</b>	<b>0.73</b>	<b>(2.16)</b>	<b>0.80</b>	<b>(0.28)</b>	<b>0.52</b>

### (c) Reconciliation of effective tax rate

Particulars	₹ crore	
	2019-20	2018-19
Profit before tax	588.27	561.56
Applicable tax rate*	25.17%	34.94%
Computed tax expense	148.05	196.23
Exempted dividend income	-	(3.72)
Tax incentive under Section 80-IC of Income tax Act, 1961	-	(7.13)
Others**	(54.48)	(26.34)
<b>Income tax expense for the current year</b>	<b>93.57</b>	<b>159.04</b>
Effective tax rate	<b>15.91%</b>	<b>28.32%</b>

\* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for year ended 31<sup>st</sup> March, 2020.

\*\* Others includes refunds, adjustment due to completed assessments and impact of rate change.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**(d) Components of deferred tax assets / (liabilities) recognised in Balance sheet and Statement of profit and loss:**

₹ crore

Sr. no.	Particulars	Balance sheet		Statement of profit and loss	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	2019-20	2018-19
(a)	Deferred tax asset on employee stock option outstanding	32.89	38.56	(5.67)	11.78
(b)	Items disallowed under Section 43B of the Income tax Act, 1961 on payment basis	9.86	11.80	(1.94)	1.11
(c)	Allowance for doubtful debts and advances	5.85	6.86	(1.01)	1.89
(d)	Difference between book depreciation and tax depreciation	(1.88)	(4.11)	2.23	0.27
(e)	Other temporary differences	3.90	6.54	(3.37)	(2.97)
	Deferred tax income /(expense)			<b>(9.76)</b>	<b>12.08</b>
	Net deferred tax assets / (liabilities)	<b>50.62</b>	<b>59.65</b>		

**(e) Reconciliation of deferred tax assets/(liabilities):**

₹ crore

Sr. no.	Particulars	2019-20	2018-19
(a)	Opening balance as at 1 <sup>st</sup> April	59.65	47.85
(b)	Tax (income)/expense during the period recognised in:		
(i)	Statement of profit and loss in profit or loss	(9.76)	12.08
(ii)	Statement of profit and loss under OCI	0.73	(0.28)
(c)	<b>Closing balance as at 31<sup>st</sup> March</b>	<b>50.62</b>	<b>59.65</b>

**23 REVENUE FROM OPERATIONS**

₹ crore

Particulars	2019-20	2018-19
<b>A. Sales of products and services</b>		
Sale of products (excluding GST, as applicable)		
(i) Electric consumer durables	3,376.12	3,200.35
(ii) Lighting products	1,115.97	1,261.95
	<b>4,492.09</b>	<b>4,462.30</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	2019-20	2018-19
Sale of services		
(i) Electric consumer durables	0.27	-
(ii) Lighting products	4.82	1.58
	<b>5.09</b>	<b>1.58</b>
	<b>4,497.18</b>	<b>4,463.88</b>
<b>B. Other operating revenue</b>		
Export benefits and other incentives	6.68	6.80
Scrap sales	8.11	8.23
	<b>14.79</b>	<b>15.03</b>
<b>Total</b>	<b>4,511.97</b>	<b>4,478.91</b>

## 24 OTHER INCOME

₹ crore

Particulars	2019-20	2018-19
Interest income	23.38	19.67
Income from mutual funds	-	10.62
Net gain / (loss) on sale or fair valuation of investments	33.37	16.05
Other	1.71	1.48
Income from subsidiary companies	0.41	0.44
<b>Total</b>	<b>58.87</b>	<b>48.26</b>

## 25 COST OF MATERIALS CONSUMED

₹ crore

Particulars	2019-20	2018-19
Opening stock	79.32	53.55
Add: Purchases	907.91	1,015.61
Less: Closing stock	64.03	79.32
Raw materials consumed	923.20	989.84
Add: Sub-contracting charges	56.26	66.65
<b>Total</b>	<b>979.46</b>	<b>1,056.49</b>

## 26 PURCHASE OF STOCK-IN-TRADE

₹ crore

Particulars	2019-20	2018-19
Electric consumer durables	1,631.26	1,442.17
Lighting products	580.59	616.45
<b>Total</b>	<b>2,211.85</b>	<b>2,058.62</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 27 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	₹ crore	
Particulars	2019-20	2018-19
<b>Opening Stock :</b>		
Finished goods	61.76	77.24
Stock-in-trade	181.05	140.21
Work-in-progress	27.03	29.10
	<b>269.84</b>	<b>246.55</b>
Less:		
<b>Closing Stock:</b>		
Finished goods	105.70	61.76
Stock-in-trade	273.78	181.05
Work-in-progress	16.65	27.03
	<b>396.13</b>	<b>269.84</b>
<b>Changes in inventories:</b>		
Finished goods	(43.94)	15.48
Stock-in-trade	(92.73)	(40.84)
Work-in-progress	10.38	2.07
	<b>(126.29)</b>	<b>(23.29)</b>

### 28 EMPLOYEE BENEFITS EXPENSE

	₹ crore	
Particulars	2019-20	2018-19
Salaries, wages, bonus and other benefits	257.69	229.16
Contribution to provident and other funds	11.19	9.47
Staff welfare expenses	19.24	18.82
Share-based payments to employees (Refer Note 39)	22.83	34.43
<b>Total</b>	<b>310.95</b>	<b>291.88</b>

(Remuneration paid to key management personnel Refer Note 36)



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 29 FINANCE COSTS

₹ crore

Particulars	2019-20	2018-19
Interest	40.67	59.60
	<b>40.67</b>	<b>59.60</b>

## 30 OTHER EXPENSES

₹ crore

Particulars	2019-20	2018-19
Consumption of stores and spares	14.92	17.10
Power and fuel	5.61	6.15
Rent	13.34	19.23
Repair to property, plant and equipment	2.61	2.59
Insurance	1.91	1.74
Rates and taxes	4.30	13.39
Freight and forwarding	131.33	129.36
Packing materials	60.18	63.88
After sales service including warranty	51.27	48.03
Sales promotion	49.40	62.49
Corporate social responsibility expenses (Refer Note 33)	10.01	7.20
Advertising	49.53	28.67
Legal and professional charges	69.14	57.85
Miscellaneous expenses	75.59	51.74
<b>Total</b>	<b>539.14</b>	<b>509.42</b>
<b>Payment to the auditors</b> (included in Miscellaneous expenses)		
<b>Auditors' remuneration</b> (excluding taxes)		
Audit fees	0.40	0.32
Tax audit fees	0.08	0.07
Other services		
(i) Certification work	0.03	0.01
(ii) Others	0.30	0.29
Reimbursement of expenses	0.06	0.07
	<b>0.87</b>	<b>0.76</b>

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 31 CONTINGENT LIABILITIES AND COMMITMENTS

₹ crore

Sr. no.	Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>A</b>	<b>Contingent Liabilities (to the extent not provided for):</b>		
(a)	Claims against the Company not acknowledged as debts	23.69	0.74
(b)	Income tax liability that may arise in respect of matters in appeal	28.68	26.81
(c)	Excise duty/ customs duty / service tax liability that may arise in respect of matters in appeal	5.60	-
(d)	GST/ Sales tax / VAT liability that may arise in respect of matters in appeal	57.11	30.63
<b>B</b>	<b>Commitments:</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	23.02	16.51

#### Notes:

- 1 The Company does not expect any reimbursements in respect of the above contingent liabilities.
- 2 It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration/appellate proceedings.

### 32 EXPENDITURE ON RESEARCH AND DEVELOPMENT

₹ crore

Sr. no.	Particulars	2019-20	2018-19
(a)	<b>Capital expenditure</b>	1.81	1.83
	<b>Sub-total (a)</b>	<b>1.81</b>	<b>1.83</b>
(b)	<b>Revenue expenditure</b>		
	Raw materials consumed	0.16	0.03
	Employee benefits	9.61	5.78
	Depreciation and amortisation	1.52	0.99
	Other expenses		
	Consumption of stores and spares	0.45	1.57
	Repairs and maintenance	0.02	0.12
	Miscellaneous expenses	4.53	3.25
	<b>Sub-total (b)</b>	<b>16.29</b>	<b>11.74</b>
	<b>Total (a) + (b)</b>	<b>18.10</b>	<b>13.57</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 33 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

- (a) Gross amount required to be spent by the Company during the year is ₹ 9.97 crore; (Previous year ₹ 7.20 crore)  
 (b) Amount spent during the year is ₹ 10.01 crore; (Previous year ₹ 7.20 crore)

₹ crore

Sr. no.	Particulars	Disclosed under	2019-20			2018-19		
			In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of assets charged to the statement of profit and loss	-	-	-	-	-	-	-
ii)	For purpose other than (i) above	Note 30	10.01	-	10.01	7.20	-	7.20
	<b>Total</b>		<b>10.01</b>	<b>-</b>	<b>10.01</b>	<b>7.20</b>	<b>-</b>	<b>7.20</b>

## 34 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 116, LEASES

### Company as lessee

#### A Right-of-Use assets

##### Buildings

₹ crore

Cost	Amount
Balance as at 1 <sup>st</sup> April, 2019	-
Additions	50.75
Disposal / derecognised during the year	-
Balance as at 31 <sup>st</sup> March, 2020	50.75
<b>Accumulated depreciation</b>	
Balance as at 1 <sup>st</sup> April, 2019	-
Depreciation expense	9.28
Disposal / derecognised during the year	-
Balance as at 31 <sup>st</sup> March, 2020	9.28
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>41.47</b>
Balance as at 1 <sup>st</sup> April, 2019	-

#### B Lease liabilities

##### Buildings

₹ crore

Particulars	Amount
Balance as at 1 <sup>st</sup> April, 2019	-
Addition	50.75
Accreditation of interest	1.98
Payments	(8.79)
Adjustments for disposals	-
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>43.94</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## C Amounts recognised in Statement of profit and loss

		₹ crore
Particulars		2019-20
Depreciation expense of Right-of-Use assets (Refer Note 2)		9.28
Interest expense on lease liabilities (Refer Note 29)		1.98
		<b>11.26</b>

## 35 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 19, EMPLOYEE BENEFITS

### (a) Defined contribution plans (Refer Accounting Policy Note 1.16)

Amount of ₹ 11.19 crore (Previous year ₹ 9.47 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans: (Refer Note 28)

		₹ crore	
Benefits (Contribution to)		2019-20	2018-19
Provident fund		7.24	6.16
Superannuation fund		1.37	1.47
Employee state insurance scheme		0.29	0.09
Labour welfare scheme		0.01	0.01
Gratuity		1.86	1.38
National Pension Scheme		0.43	0.36
<b>Total</b>		<b>11.19</b>	<b>9.47</b>

### (b) Defined Benefit Plans (Refer Accounting Policy Note 1.16) as per Actuarial Valuation are as under:

		₹ crore			
Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
I	<b>Change in present value of defined benefit obligation during the year</b>				
	Present value of defined benefit obligation at the beginning of the year	20.65	18.86	5.84	6.79
	Amount recognised in statement of profit and loss	-	-	-	-
	Interest cost	1.54	1.43	0.46	0.53
	Current service cost	2.08	1.74	0.35	0.40
	Past service cost	-	-	-	-
	Amount recognised in other comprehensive income	-	-	-	-
	Actuarial (gains) / losses	-	-	(0.07)	(1.53)
	Financial assumptions	0.89	0.11	-	-
	Due to experience	0.28	0.48	-	-
	Benefits paid	(2.59)	(1.97)	(0.16)	(0.35)
	Present Value of defined benefit obligation at the end of the year	22.85	20.65	6.42	5.84

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
<b>II</b>	<b>Change in fair value of plan assets during the year</b>				
	Fair value of plan assets at the beginning of the year	23.68	23.68		
	Expected return on plan assets	1.77	1.79		
	Contributions	-	0.26	-	-
	Benefits paid from the fund	(2.57)	(1.90)	-	-
	Amount recognised in other comprehensive income	-	-	-	-
	Actuarial gain / (loss)	(1.78)	(0.15)	-	-
	Fair value of plan assets at the end of the year	21.10	23.68	-	-
<b>III</b>	<b>Actual return on plan assets</b>				
	Expected return on plan assets	1.77	1.79	-	-
	Actuarial gain / (loss)	(1.78)	(0.15)	-	-
	Actual return on plan assets	(0.01)	1.64	-	-
<b>IV</b>	<b>Net asset / (liability) recognised in the balance sheet</b>				
	Present Value of defined benefit obligation at the end of the year	(22.86)	(20.65)	(6.44)	(5.84)
	Fair value of plan assets at the end of the year	21.10	23.68	-	-
	Asset / (Liability) recognised in the balance sheet	(1.76)	3.03	(6.44)	(5.84)
<b>V</b>	<b>Expenses recognised in the statement of profit and loss</b>				
	Current service cost	2.09	1.74	0.36	0.40
	Interest cost	(0.23)	(0.36)	0.46	0.53
	Past Service cost	-	-	-	-
		1.86	1.38	0.82	0.93
<b>VI</b>	<b>Expenses recognised in the Other comprehensive income</b>				
	Remeasurements (gain) / loss on defined benefit plans	2.95	0.74	(0.07)	(1.53)
<b>VII</b>	<b>The major categories of plan assets as a percentage of total plan</b>				
	Insurer managed funds	100%	100%	NA	NA
<b>VIII</b>	<b>Sensitivity analysis for significant assumptions:</b>				
	Increase/(Decrease) on present value of defined benefits obligation at the end of the year				
	1% increase in discount rate	(1.35)	(1.20)	(0.79)	(0.64)
	1% decrease in discount rate	1.51	1.35	1.01	0.80
	1% increase in salary escalation rate	1.51	1.35	-	-

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
	1% decrease in salary escalation rate	(1.37)	(1.23)	-	-
	1% increase in employee turnover rate	0.01	0.06	-	-
	1% decrease in employee turnover rate	(0.01)	(0.07)	-	-
	1% increase in Medical inflation rate	-	-	1.01	0.81
	1% decrease in Medical inflation rate	-	-	(0.80)	(0.65)
<b>IX</b>	<b>Maturity profile of defined benefit obligations</b>				
	Within the next 12 months	3.21	3.02	-	-
	Between 1 and 5 years	8.51	7.19	-	-
	Between 5 and 10 years	11.13	10.44	-	-
<b>X</b>	<b>Actuarial assumptions</b>				
	Discount rate	6.82%	7.47%	6.81%	7.92%
	Expected Return on Plan Assets (p.a.)	6.82%	7.47%	N.A	N.A
	Employee turnover rate	6.00%	6.00%	6.00%	6.00%
	Salary escalation	6.00%	6.00%	N.A	N.A
	Mortality pre retirement rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
	Mortality post retirement rate	N.A	N.A	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
	Medical premium inflation rate	N.A	N.A	2%	2%

- (c) The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.
- (d) The Company makes contributions to the Gratuity Trust, which manages the investment. The Trust is a funded defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.
- (e) The Company provides post retirement medical benefits to qualifying employees.
- (f) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- (g) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- (h) Expected rate of return on the plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.
- (i) The Company expects to fund ₹ 4.25 crore; (Previous year: ₹ Nil) towards its gratuity plan during the year 2020-21.
- (j) The salary escalation rate considered in the actuarial valuation is arrived after taking into consideration the seniority, the promotion, inflation and other relevant factors.

## 36 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24, *RELATED PARTY DISCLOSURES*

### i) List of related parties over which control exist:

#### Name of the subsidiary companies (wholly owned):

- 1 Pinnacles Lighting Project Private Limited (from 31<sup>st</sup> December, 2018)
- 2 Nexustar Lighting Project Private Limited (from 2<sup>nd</sup> January, 2019)

### ii) Other Related Parties:

- 1 ASK Wealth Advisors Private Limited
- 2 Crompton CSR Foundation

### iii) Name of Post employment benefit plans with whom transactions were carried out during the year:

- 1 Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust
- 2 Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund

### iv) Key Management Personnel:

- 1 Mr. H. M. Nerurkar, Chairman and Independent Director
- 2 Mr. D. Sundaram, Independent Director
- 3 Mr. P. M. Murty, Independent Director
- 4 Ms. Smita Anand, Independent Director (from 10<sup>th</sup> December, 2018)
- 5 Ms. Shweta Jalan, Non-Executive Director
- 6 Mr. Sahil Dalal, Non-Executive Director
- 7 Mr. Promeet Ghosh, Non-Executive Director
- 8 Mr. Shantanu Khosla, Managing Director
- 9 Mr. Mathew Job, Chief Executive Officer
- 10 Mr. Sandeep Batra, Chief Financial Officer
- 11 Ms. Pragya Kaul, Company Secretary

## Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### v) Details of related party transactions:

		₹ crore	
Sr. no.	Nature of transaction	2019-20	2018-19
<b>1</b>	<b>Services received</b>		
	ASK Wealth Advisors Private Limited	0.19	0.19
	<b>Total</b>	<b>0.19</b>	<b>0.19</b>
<b>2</b>	<b>Services rendered</b>		
	Pinnacles Lighting Project Private Limited	0.20	0.22
	Nexustar Lighting Project Private Limited	0.20	0.22
	<b>Total</b>	<b>0.40</b>	<b>0.44</b>
<b>3</b>	<b>Investment in equity shares of subsidiary companies</b>		
	Pinnacles Lighting Project Private Limited	-	6.70
	Nexustar Lighting Project Private Limited	-	7.50
	<b>Total</b>	<b>-</b>	<b>14.20</b>
<b>4</b>	<b>Contributions (Employer's) to Post Retirement Funds</b>		
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	-	0.26
	Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund	1.37	1.60
	<b>Total</b>	<b>1.37</b>	<b>1.86</b>
<b>5</b>	<b>Compensation to Key Management Personnel</b>		
	Short-term benefits	19.13	16.94
	Share-based Payments (refer note b below)	19.39	28.48
	Director's sitting fees	0.26	0.18
	Commission	0.62	0.35
	<b>Total</b>	<b>39.40</b>	<b>45.95</b>
<b>6</b>	<b>Donations Paid</b>		
	Crompton CSR Foundation	0.46	-
	<b>Total</b>	<b>0.46</b>	<b>-</b>

#### Notes:

- a) Liabilities for post retirement benefits being Gratuity, Leave encashment and Post retirement medical benefits are provided on actuarial basis for the Company as a whole. The amount pertaining to Key management personnel are not included above.
- b) The Company has granted shares under various Schemes to the eligible Key Management Personnel. The amount mentioned is the fair value of the grant charged to Statement of profit and loss.



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## vi) Amount due to / from related parties

		₹ crore	
Sr. no.	Nature of transaction	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
1	<b>Other Receivable</b>		
	Pinnacles Lighting Project Private Limited	0.48	0.22
	Nexustar Lighting Project Private Limited	0.48	0.22
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	-	3.03
	<b>Total</b>	<b>0.96</b>	<b>3.47</b>
2	<b>Other Payable</b>		
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	1.76	-
	Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund	0.10	0.12
	<b>Total</b>	<b>1.86</b>	<b>0.12</b>

### Notes:

- All the related party contracts/ arrangements have been entered on arms' length basis.
- The amount of outstanding balances as shown above are unsecured and will be settled/ recovered in cash.

## 37 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 33, EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

		2019-20	2018-19
(a)	<b>Basic earnings per share</b>		
	Numerator for earnings per share		
	Profit after tax	₹ crore 494.70	402.52
	Denominator for earnings per share		
	Weighted number of equity shares outstanding during the year	Nos 62,70,96,946	62,68,41,880
	Earnings per share - Basic (one equity share of ₹ 2 each)	₹ 7.89	6.42

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

			2019-20	2018-19
<b>(b)</b>	<b>Diluted earnings per share</b>			
	Numerator for earnings per share			
	Profit after tax	₹ crore	494.70	402.52
	Denominator for earnings per share			
	Weighted number of equity shares outstanding for basic EPS during the year	Nos	62,70,96,946	62,68,41,880
	Add: Weighted average number of potential equity shares on account of Employee Stock Option Schemes	Nos	48,68,618	38,87,606
	Weighted number of equity shares outstanding for diluted EPS during the year	Nos	63,19,65,564	63,07,29,486
	Earnings per share - Diluted (one equity share of ₹ 2 each)	₹	7.83	6.38

## 38 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 36, *IMPAIRMENT OF ASSETS*

For the purpose of impairment testing, goodwill is allocated to the Company's operating division (not at segment level), which is not higher than the Company's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Electric Consumer Durables	590.10	590.10
Lighting Products	189.31	189.31
<b>Total</b>	<b>779.41</b>	<b>779.41</b>

The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax budgeted EBITDA projections of the next five years which is considered by the Board as a reasonable period.

### The key assumptions used in value-in-use calculations are as follows:

- Earnings (before interest and tax) margin: The margins have been estimated based on past experience after considering incremental revenue and savings from the efficiencies and cost saving initiatives driven by the Company.
- Discount rate: Discount rate reflects the current market assessment of the risks specific to a cash generating unit and is estimated based on the weighted average cost of capital.
- Long-term growth rate: The growth rates used are in line with the long-term average growth rates of the Company and are consistent with the internal / external sources of information.

The assumptions used are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Based on the above assumptions and analysis, no impairment was identified for any of the cash generating unit as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March, 2019 as the recoverable value of the cash generating unit exceeded the carrying value.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. The Company has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

## 39 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 102, SHARE-BASED PAYMENTS

### Employee stock options - equity settled

(a) The Members of the Company have approved by way of postal ballots grant of Employee stock options under various Schemes. The plan envisaged grant of shares to eligible employees at market price/pre-determined value as determined by the Nomination and Remuneration Committee (NRC) of the Board of Directors from time to time.

#### Disclosures:

Particulars	₹ crore	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Charge for the year	22.83	34.43
Employee Stock option outstanding	141.24	120.83

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

Particulars	31 <sup>st</sup> March, 2020				31 <sup>st</sup> March, 2019		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
Date of Shareholder's approval	19 <sup>th</sup> January, 2020	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016
Total number of options approved under ESOS	48,00,000	40,00,000	1,09,68,057	31,33,731	40,00,000	1,09,68,057	31,33,731
Vesting requirements	1-5 Years	1-5 Years	1-10 Years	1-10 Years	1-5 Years	1-10 Years	1-10 Years
Exercise price or pricing formula (₹)	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	92.83	185.66	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	92.83	185.66

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Particulars	31 <sup>st</sup> March, 2020				31 <sup>st</sup> March, 2019		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
Maximum term of Options granted (years)	Options granted under ESOP 2019 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under ESOP 2016 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under PSP 1 and PSP 2 would vest not earlier than one year and not later than 10 years from the date of grant		Options granted under ESOP 2016 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under PSP 1 and PSP 2 would vest not earlier than one year and not later than 10 years from the date of grant	
Source of shares (Primary, Secondary or combination)	Primary						
Variation in terms of options	There have been no variations in the terms of the options						

### (c) Options movement during the year:

Particulars	31 <sup>st</sup> March, 2020				31 <sup>st</sup> March, 2019		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
No. of options outstanding at the beginning of the year	-	31,33,769	1,09,68,057	31,33,731	31,56,404	1,09,68,057	31,33,731
No. of options granted during the year	3,70,000	10,10,000	-	-	5,20,000	-	-
No. of options forfeited / lapsed during the year	-	4,79,834	1,64,521	47,006	3,41,820	-	-
Number of options vested but not exercised at the end of the year	-	13,65,883	50,50,147	14,57,184	10,06,269	39,48,500	11,28,142
Number of options exercised during the year	-	2,48,052	50,000	-	2,00,815	-	-
Money realised by exercise of options (₹)	-	4,68,48,804	46,41,500	-	3,74,72,079	-	-
No. of options outstanding at the end of the year	3,70,000	34,15,883	1,07,53,536	30,86,725	31,33,769	1,09,68,057	31,33,731
No. of options exercisable at the end of the year	-	13,65,883	50,50,147	14,57,184	10,06,269	39,48,500	11,28,142
Weighted Average Remaining Contractual Life (in years)	8.09	5.31	4.91	4.90	5.52	5.89	5.89

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**(d) Weighted average information for year:**

Particulars	2019-20				2018-19		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
<b>Weighted average exercise price of options granted during the year whose</b>							
Exercise price equals market price (₹)	264.73	258.65	-	-	235.20	-	-
Exercise price is greater than market price (₹)	-	-	-	-	-	-	-
Exercise price is less than market price (₹)	-	-	-	-	-	-	-
<b>Weighted average fair value of options granted during the year whose</b>							
Exercise price equals market price (₹)	95.76	100.56	-	-	94.95	-	-
Exercise price is greater than market price (₹)	-	-	-	-	-	-	-
Exercise price is less than market price (₹)	-	-	-	-	-	-	-

**(e) The Black-Scholes Valuation Model has been used for computing weighted average fair value considering the following inputs:**

Particulars	2019-20		2018-19
	ESOP 2019	ESOP 2016	ESOP 2016
Price of the underlying share in market at the time of the option grant (₹)	264.73	258.65	235.20
Exercise price (₹)	264.73	258.65	235.20
Risk free interest rate (based on government securities)	6.20%	6.49%	7.87%
Expected life (years)	5.00	5.76	5.00
Expected volatility	31.39%	30.63%	32.48%
Dividend yield	0.75%	0.77%	0.64%

**(f) Number and Weighted Average Exercise Price of Options:**

Particulars	2019-20		2018-19	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,72,35,557	129.18	1,72,58,192	128.25
Granted during the year	13,80,000	263.10	5,20,000	235.20
Forfeited during the year	6,91,361	172.17	3,41,820	210.06
Exercised during the year	2,98,052	172.76	2,00,815	186.60
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,76,26,144	137.24	1,72,35,557	129.18
Exercisable at the end of the period	78,73,214	127.59	60,82,911	126.13

**(g) Weighted average share price of options exercised during the year is ₹ 244.21 (Previous year ₹ 223.43).**

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 40 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108, *OPERATING SEGMENTS*

### A. General Information

#### (i) Basis of identifying operating segments :

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and performance assessment; and (c) for which discrete financial information is available.

The Company has two reportable segments as described under 'Segment Composition' below. The nature of products and services offered by these businesses are different and are managed separately given the different sets of technology and competency requirements.

#### (ii) Reportable segments :

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

#### (iii) Segment profit :

Performance of a segment is measured based on segment profit (before interest and tax), as included in the internal management reports that are reviewed by the Company's Board of Directors.

#### (iv) Segment composition :

Electric Consumer Durables comprises the product categories of Fans, Pumps and Appliances. Lighting products comprises of Luminaires and Light Sources.

### B. Information about reportable segments:

2019-20	Reportable segments		
	Electric Consumer Durables	Lighting Products	Total
<b>Revenue</b>			
External Customers	3,389.04	1,122.93	4,511.97
Inter-segment	-	-	-
<b>Total revenue</b>	<b>3,389.04</b>	<b>1,122.93</b>	<b>4,511.97</b>
<b>Segment profit</b>	<b>673.10</b>	<b>68.00</b>	<b>741.10</b>
<b>Segment profit includes:</b>			
Depreciation and amortisation expense	4.92	8.39	13.32
<b>Segment assets</b>	<b>721.88</b>	<b>478.23</b>	<b>1,200.11</b>
<b>Segment liabilities</b>	<b>479.17</b>	<b>384.08</b>	<b>863.25</b>
<b>Other disclosures:</b>			
Capital expenditure	37.36	14.95	52.31

₹ crore

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

2018-19	Reportable segments		
	Electric Consumer Durables	Lighting Products	Total
<b>Income</b>			
External Customers	3,213.57	1,265.34	4,478.91
Inter-segment	-	-	-
<b>Total income</b>	<b>3,213.57</b>	<b>1,265.34</b>	<b>4,478.91</b>
<b>Segment profit</b>	616.15	106.87	723.02
Segment profit includes:			
Depreciation and amortisation expense	3.79	5.53	9.32
<b>Segment assets</b>	<b>606.19</b>	<b>497.33</b>	<b>1,103.52</b>
<b>Segment liabilities</b>	<b>384.81</b>	<b>453.35</b>	<b>838.16</b>
<b>Other disclosures</b>			
Capital expenditure	10.61	4.34	14.95

## C. Reconciliations of information on reportable segments

₹ crore

Particulars	2019-20	2018-19
<b>(a) Income</b>		
Total income for reportable segments	4,511.97	4,478.91
Elimination of inter-segment revenue	-	-
<b>Total income</b> (Refer Note 23)	<b>4,511.97</b>	<b>4,478.91</b>
<b>(b) Profit before tax</b>		
Total profit before tax for reportable segments	741.10	723.02
Unallocated amounts:		
Expense on Employee Stock Option Scheme	(22.83)	(34.43)
Finance costs	(40.67)	(59.60)
Other unallocable expenditure net of unallocable Income	(89.33)	(67.43)
<b>Total profit before tax from operations as reported in Statement of profit and loss</b>	<b>588.27</b>	<b>561.56</b>

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(c) Assets</b>		
Total assets for reportable segments	1,200.11	1,103.52
Other unallocated amounts		
Goodwill	779.41	779.41
Other assets	713.90	727.22
Deferred tax assets (net)	50.62	59.65
<b>Total assets as reported in Balance sheet</b>	<b>2,744.04</b>	<b>2,669.80</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(d) Liabilities</b>		
Total liabilities for reportable segments	863.25	838.16
Other unallocated amounts		
Borrowings	349.72	649.26
Other liabilities	63.27	83.90
<b>Total liabilities as reported in Balance sheet</b>	<b>1,276.24</b>	<b>1,571.32</b>

## D. Disaggregation of revenue based on products

Information given above concerning reportable segment-wise revenue are sufficient to meet the required disclosures under Ind AS 115, *Revenue from Contracts with Customers*, with respect to disaggregation of revenue.

## E. Geographic information

The Company mainly caters to Indian Market, accordingly, secondary information/ geographical segment is not applicable.

## F. Information about major customers

There are no customers having revenue exceeding 10% of total revenues.

## 41 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 107, *FINANCIAL INSTRUMENTS – DISCLOSURES*

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

₹ crore

As at 31 <sup>st</sup> March, 2020	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Other non-current financial assets							
Security deposits		6.84	6.84				
In Deposit accounts- bank deposits with maturity beyond 12 months		0.28	0.28				
Others		0.70	0.70				
Cash and cash equivalents		22.97	22.97				
Bank balance other than cash and cash equivalents		24.09	24.09				
Current investments	539.58		539.58		539.58		539.58
Trade receivables		458.71	458.71				
Other current financial assets		13.72	13.72				
	<b>539.58</b>	<b>527.31</b>	<b>1,066.89</b>	<b>-</b>	<b>539.58</b>	<b>-</b>	<b>539.58</b>



# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

<b>Financial liabilities</b>							
Borrowings		349.72	349.72				
Trade payables		637.22	637.22				
Other current financial liabilities		47.14	47.14				
		-	1,034.08	1,034.08	-	-	-

₹ crore

As at 31 <sup>st</sup> March, 2019	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Other non-current financial assets							
Security deposits		6.80	6.80				
In Deposit accounts- bank deposits with maturity beyond 12 months		0.28	0.28				
Others		2.87	2.87				
Cash and cash equivalents		116.34	116.34				
Bank balance other than cash and cash equivalents		26.07	26.07				
Current investments	529.98		529.98		529.98		529.98
Trade receivables		565.98	565.98				
Other current financial assets		12.86	12.86				
	529.98	731.20	1,261.18	-	529.98	-	529.98
<b>Financial liabilities</b>							
Borrowings		649.26	649.26				
Trade payables		664.17	664.17				
Other current financial liabilities		65.69	65.69				
	-	1,379.12	1,379.12	-	-	-	-

## B. Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## C. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments - forwards foreign exchange contracts	The Company has used discounted mark to market of forward contracts using current forward rates for remaining tenure of the forward contract as provided by respective banks.	Not applicable	Not applicable
Derivative instruments - options foreign exchange contracts	Fair value of foreign currency options contract is provided by bank's with whom the derivatives are entered into.	Not applicable	Not applicable
Investment in mutual funds	The fair value of the units of mutual fund scheme are based on net asset value at the reporting date.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates.	Not applicable	Not applicable

## D. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Company has constituted a Risk Management Committee (RMC) for identification, evaluation and mitigation of operations, strategic and external risks. RMC has the overall responsibility for monitoring and recovering the Risk Management Plan and associated practices of the Company.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RMC oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## i. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Fixed-rate instruments</b>		
Financial assets		
Bank deposits	34.68	110.66
<b>Total</b>	<b>34.68</b>	<b>110.66</b>
<b>Financial liabilities</b>		
Non-current borrowings	179.72	349.26
Current maturities of non-current borrowings	170.00	300.00
<b>Total</b>	<b>349.72</b>	<b>649.26</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

## ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in mutual funds and cash and cash equivalents. The Company makes provision on trade receivables based on Expected Credit loss (ECL) method based on provision matrix.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has a detailed review mechanism of overdue trade receivables at various levels in the organisation to ensure proper attention and focus on realisation.

**Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:**

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Not past due	276.56	402.42
Past due 1-360 days	164.49	158.84
Past due 361- 720 days	17.66	4.72
more than 720 days	-	-
	<b>458.71</b>	<b>565.98</b>

## Expected credit loss assessment

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

**The movement in the allowance for impairment in respect of trade receivables during the year was as follows:**

Particulars	₹ crore
<b>Balance as at 1<sup>st</sup> April,2018</b>	<b>14.21</b>
Impairment loss recognised/ (reversed)	11.92
Write-off of bad debts	(6.49)
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>19.64</b>
Impairment loss recognised	27.96
Write-off of bad debts	(24.36)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>23.24</b>

## Cash and cash equivalents and bank deposits

The Company held cash and cash equivalents and bank deposits with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an on-going basis and is considered to be good. Investment of surplus funds are made in bank deposits and other risk free securities.

## Derivatives

The derivatives (forwards and options for foreign currency payments) are entered into with banks and financial institution counterparties with good credit ratings.

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Investment in mutual funds

The Company limits its exposure to credit risk by investing only with counterparties that have a good credit rating. The Company does not expect any losses from non performance by these counter parties.

Other than trade receivables, the Company has no other financial assets that are past due but not impaired.

## iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due at reasonable price. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company monitors cash flow requirements and aims at optimising its cash return on investments and to maintain the level of its cash and bank balance and other highly marketable mutual fund investments at an amount in excess of expected cash outflows on financial liabilities.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flows are gross and undiscounted, and include estimated interest payments.

₹ crore						
As at 31 <sup>st</sup> March, 2020	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non current financial liabilities</b>						
Borrowings (including interest)	373.83	397.44	201.33	196.11	-	-
<b>Current financial liabilities</b>						
Trade payables	637.22	637.22	637.22	-	-	-
Other financial liabilities	23.02	23.02	23.02	-	-	-
₹ crore						
As at 31 <sup>st</sup> March, 2019	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non current financial liabilities</b>						
Borrowings (including interest)	693.73	755.46	358.02	201.33	196.11	-
<b>Current financial liabilities</b>						
Trade payables	664.17	664.17	664.17	-	-	-
Other financial liabilities	21.22	21.22	21.22	-	-	-

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company’s income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of investments. Thus, Company’s exposure to market risk is a function of investing and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### v. Currency risk

The Company is exposed to currency risk on account of its receivable and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward foreign exchange contracts and options foreign exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

Company do not use derivative financial instruments for trading or speculative purposes.

**Following is the derivative financial instruments to hedge the foreign exchange rate risk:**

Category	Instrument	Currency	Cross Currency	Amounts (\$ in million)	Buy/Sell	Period
Hedges of recognised liabilities	Option Contract	USD	INR	7.40	Buy	As at 31 <sup>st</sup> March, 2020
Hedges of recognised liabilities	Forward Contract	USD	INR	0.16	Buy	As at 31 <sup>st</sup> March, 2020

#### Exposure to currency risk

The currency profile of financial assets and financial liabilities denominated in USD are as below:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Financial assets</b>		
Trade receivables	20.01	19.05
	<b>20.01</b>	<b>19.05</b>
<b>Financial liabilities</b>		
Trade payables	70.31	92.41
	<b>70.31</b>	<b>92.41</b>
Net foreign currency exposure	<b>(50.30)</b>	<b>(73.36)</b>

#### Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the Indian Rupee against foreign currencies at reporting date would have affected the measurement of financial instruments denominated in foreign

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹ crore	Profit or loss		
	Movement	Strengthening	Weakening
<b>31<sup>st</sup> March, 2020</b>			
USD	5%	(2.51)	2.51
		<b>(2.51)</b>	<b>2.51</b>

Effect in ₹ crore	Profit or loss		
	Movement	Strengthening	Weakening
<b>31<sup>st</sup> March, 2019</b>			
USD	5%	(3.67)	3.67
		<b>(3.67)</b>	<b>3.67</b>

## 42 CAPITAL MANAGEMENT

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents, other bank balances and current investments. Total equity comprises all components of equity.

**The Company's adjusted net debt-to-equity ratio at 31<sup>st</sup> March, 2020 was as follows:**

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Total borrowings (including current portion of long-term debts)	349.72	649.26
Less : Cash and cash equivalents	22.97	116.34
Less : Other bank balances	24.09	26.07
Less : Current investments	539.58	529.98
<b>Adjusted net debt</b>	<b>(236.92)</b>	<b>(23.13)</b>
Total equity	<b>1,467.80</b>	<b>1,098.48</b>
Adjusted net debt to adjusted equity ratio	<b>(0.16)</b>	<b>(0.02)</b>

# Notes to the Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**43** Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, *Separate Financial Statements*

Investments in following subsidiary companies are accounted at cost:

Sr. no.	Name of the subsidiary companies	Principal place of business	Proportion of direct ownership as on 31 <sup>st</sup> March, 2020	Proportion of direct ownership as on 31 <sup>st</sup> March, 2019
1	Pinnacles Lighting Project Private Limited	India	100%	100%
2	Nexustar Lighting Project Private Limited	India	100%	100%

**44** Based on assessment order received during the year, the Company has written-back an amount of ₹ 57.38 crore (Previous year ₹ 28.45 crore) in respect of earlier years and the same is netted-off from current tax expense for the year ended 31<sup>st</sup> March, 2020.

**45** COVID-19 has caused significant disruptions to businesses across India. The management has considered the possible effects, if any, that may impact the carrying amounts of inventories, receivables and intangibles (including goodwill). In making the assumptions and estimates relating to the uncertainties as at the balance sheet date in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financials results. The management expects no impairment to the carrying amounts of these assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on the operations.

**46** Amount shown as 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

**47** Figures for the previous year have been regrouped wherever necessary.

Signatures to Notes 1 to 47

**SHARP & TANNAN**

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**Edwin P. Augustine**

Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**H. M. Nerurkar**

Chairman  
DIN: 00265887

**Mathew Job**

Chief Executive Officer

**Shantanu Khosla**

Managing Director  
DIN: 00059877

**Sandeep Batra**

Chief Financial Officer

Mumbai, 15<sup>th</sup> May, 2020

**D. Sundaram**

Director  
DIN: 00016304

**Pragya Kaul**

Company Secretary  
Membership No. A17167



# Independent Auditor's Report

**To the Members of Crompton Greaves Consumer Electricals Limited**

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated financial statements of **Crompton Greaves Consumer Electricals Limited** (the 'Holding Company'/Company) and its subsidiaries (Holding Company and its subsidiaries together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31<sup>st</sup> March, 2020, and of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note 45 to the consolidated financial results which explains COVID-19 that has caused significant

disruptions in the business operations of companies across India and has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31<sup>st</sup> March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

The Company's management, however, conducted physical verification of inventories on dates other than the date of financial statements but prior to the date of the board meeting to be held for the purpose of adopting the financial results at certain locations (factories and warehouses) and has made available the documents in confirmation thereof. Inventories, being material to the financial statements/results of the Company, the Standard on Auditing (SA) 501, *Audit Evidence - Specific Considerations for Selected items*, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

We have performed alternate audit procedures based on documents and other information made available to us, to audit the existence of inventories as per the Guidance provided by the Standard on Auditing (SA) 501, *Audit Evidence - Specific Considerations for Selected items*, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these consolidated financial results.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

- 1. Goodwill** (refer notes 2 and 38 to the consolidated financial statements)  
On the demerger of the Consumer Business from Crompton Greaves Limited (CGL) (now CG Power and

Industrial Solutions Limited) and in terms of 'Scheme of Arrangement' the assets and liabilities of the Consumer Business along with certain brand usage rights were transferred to Crompton Greaves Consumer Electricals Limited (CGCEL). The excess of liabilities over net assets based on fair value and the share capital amounting to ₹ 779.41 crore, was recorded as Goodwill in the books of CGCEL. The Company has adopted the policy of amortising the goodwill in the books of account, on the outcome of impairment test if there is an indication of impairment as at the reporting date. Based on the valuation done by the management's consultant, the value of the goodwill is more than book value of goodwill as at 31<sup>st</sup> March, 2020, and hence, there is no indication of impairment.

We draw attention to note 45 to the consolidated financial statements and our observations under paragraph Emphasis of Matter of our report. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis for computing the value of goodwill and the assessment of recoverability, these are the key judgement areas. In view of the above, the Company has carried out an impairment assessment of goodwill using the value-in-use model which is based on the net present value of the forecast earnings of the cash generating units. The computation involved using certain assumptions around discount rates, growth rates and cash flow forecasts. Accordingly, this is considered as the key audit matter.

### Principal Audit Procedures

We have performed the audit procedures in the circumstances as stated above, including:

- a) Critically reviewing the Company's assumptions pertaining to externally derived data in relation to key inputs, such as, long-term growth rates and discount rates;
- b) Assessed the appropriateness of the forecasted cash flows based on our understanding of the business and sector experience;
- c) Recalculated the weighted average cost of capital (WACC) used to discount the cash flows and assessed those rates to be reasonable based on knowledge of the economic environment and the risk premium associated with respective industries and countries.

- d) Compared the cash flow forecasts used in the impairment assessment prepared by management consultant with the budgeted numbers to the extent available;
- e) Evaluated the reasonableness of the forecasts made by the management by comparing past forecasts to historical results, where this was available, and by comparing to the current year results of the Company;
- f) Subjected related key assumptions to sensitivity analysis;
- g) Evaluated whether the Company's disclosures concerning the sensitivity of the impairment assessment to changes in key assumptions, reasonably reflected the risks inherent in the valuation of goodwill;
- h) Skeptically reviewed management's assumptions, judgement and the appropriateness of the valuation model used;
  - i) Tested the mathematical accuracy of management's calculations.

Our audit procedures did not reveal material variations.

## 2. Ongoing tax matters, including provision for tax

The Company's unsettled tax positions includes matters under dispute which involves significant judgment to determine the possible outcome of these disputes. These provisions are estimated using a significant degree of management judgement in interpreting the various relevant rules, regulations and practices. Provision for tax is also based on the presumption of significant estimates and assumptions on the allowability / disallowability of claims at the assessment level. Hence, it is considered as a Key Audit Matter.

### Principal Audit Procedures

We have performed audit procedures, which including:

- a) Obtained understanding of the key uncertain tax provisions and also obtained information of completed tax assessments and demands / refunds received by the Company during the financial year 2019-20;
- b) Critically reviewed the processes and controls in place over tax assessments and demands / refunds

- through discussions with the management's internal experts / external consultants and reviewed the communications with those charged with governance pertaining to this issue;
- c) Involved our tax team to discuss with the appropriate management to critically evaluate the key assumptions in estimating the tax provisions and assessed the possible outcome of the assessment / demands of the disputed claims. Our tax team considered past precedence and other rulings in evaluating Company's position on these uncertain tax positions.
  - d) Assessed whether the Company's disclosures in Note 30 to the consolidated financial statements - Contingent liabilities and commitments, adequately disclose the relevant facts and circumstances and potential liabilities of the Company.
  - e) Further, considered the effect of all the information in respect of uncertain tax positions as at 1<sup>st</sup> April, 2019 and provision for tax to evaluate whether any review was necessary to Company's position on these uncertainties.
- b) Reviewed the recognition and appropriateness of provisions by re-computing the amounts, obtaining management statements, evidence and supporting documents, such as, correspondence with clients or legal assessments of internal sources, where available;
  - c) Considered the historical accuracy of estimates made by management through reviews of actual facts. In order to gain a complete and clear understanding, additionally performed enquiry procedures and reviewed relevant documents.

Our audit procedures did not reveal any observations of any material differences.

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting

Our audit procedures did not reveal any negative observations in the matter.

### 3. Estimates - Provision for warranty

Computation of provision for warranties and returns involves critical evaluation of historical data with respect to the nature of repair and returns, and estimation of costs in respect of future warranty claims and refunds. In view of the estimates being based on facts and circumstances that can change from period to period, this is considered to be a significant management judgement. Hence, a Key Audit Matter.

#### Principal Audit Procedures

We have performed audit procedures in the circumstances as stated above, which includes:

- a) Reviewed management's contract risk assessments by enquiries, inspection of minutes of meeting and review of correspondence with customers, where available. As we have the knowledge gained through field involvement and feedback on review of the operation, contract and project reviews, we also assessed the justification for and the accuracy of provisions;

records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

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

The respective Board of Directors of companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statement of which we are independent auditors regarding, among other matters, the planned scope and timing of the

audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statement.
- d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors

of the Holding Company and the reports of the statutory auditors of Group companies incorporated in India, none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'A'**;
- g) with respect to the other matters to be included in the Auditors Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act; and
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (a) the Consolidated financial statements has disclosed the impact of pending litigations on consolidated financial position of the Group - (Refer Note 30 to the consolidated financial statements);
  - (b) the Group did not have any material foreseeable losses on the long-term contracts including derivative contracts; and
  - (c) the requirements to transfer amounts to the Investor Education and Protection Fund is not presently applicable to the Group.

### SHARP & TANNAN

Chartered Accountants

Firm's Registration No.109982W

by the hand of

### Edwin P. Augustine

Partner

Membership No. 043385

UDIN: 20043385AAAACN3329

Mumbai, 15<sup>th</sup> May, 2020

## Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

### **Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **Crompton Greaves Consumer Electricals Limited** (the 'Company') as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, read together with Note 45 to the consolidated financial statements and our observations under paragraph Emphasis of Matter of our main report, the Company has, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal

financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

### Edwin P. Augustine

Partner  
Membership No. 043385  
UDIN: 20043385AAAAACN3329

Mumbai, 15<sup>th</sup> May, 2020

# Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2020

Particulars	Notes	₹ crore	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2	125.06	78.55
(b) Capital work-in-progress		19.90	0.98
(c) Goodwill	2	779.41	779.41
(d) Other intangible assets	2	4.50	5.19
(e) Financial assets			
(i) Others	3	7.82	9.95
(f) Deferred tax assets (net)	21	50.67	60.25
(g) Other non-current assets	4	22.79	15.45
<b>Total non-current assets</b>		<b>1,010.15</b>	<b>949.78</b>
<b>(2) Current assets</b>			
(a) Inventories	5	463.61	352.38
(b) Financial assets			
(i) Investments	6	540.82	541.21
(ii) Trade receivables	7	463.46	565.98
(iii) Cash and cash equivalents	8	24.03	116.98
(iv) Bank balances other than (iii) above	9	24.09	26.07
(v) Others	10	12.77	12.42
(c) Current tax assets (net)		78.84	18.09
(d) Other current assets	11	134.05	86.74
<b>Total current assets</b>		<b>1,741.67</b>	<b>1,719.87</b>
<b>TOTAL ASSETS</b>		<b>2,751.82</b>	<b>2,669.65</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	125.46	125.40
(b) Other equity	13	1,342.88	971.94
<b>Total equity</b>		<b>1,468.34</b>	<b>1,097.34</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
Borrowings	14	179.72	349.26
(b) Provisions	15	19.11	17.29
<b>Total non-current liabilities</b>		<b>198.83</b>	<b>366.55</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	-	-
(ii) Trade payables			
(a) Due to micro and small enterprises	17	3.30	9.19
(b) Due to creditors other than micro and small enterprises	17	640.27	655.82
(iii) Other financial liabilities	18	217.14	365.69
(b) Other current liabilities	19	58.31	23.25
(c) Provisions	20	165.51	151.81
(d) Current tax liabilities (net)		0.12	-
<b>Total current liabilities</b>		<b>1,084.65</b>	<b>1,205.76</b>
<b>Total liabilities</b>		<b>1,283.48</b>	<b>1,572.31</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,751.82</b>	<b>2,669.65</b>
Significant accounting policies	1		
Contingent liabilities and commitments	30		
Other notes	31 to 47		
The accompanying notes form an integral part of the financial statements			

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2020

₹crore

Particulars	Notes	2019-20	2018-19
<b>Income</b>			
I. Revenue from operations	22	4,520.26	4,478.91
II. Other income	23	59.05	48.01
<b>III. Total Income (I+II)</b>		<b>4,579.31</b>	<b>4,526.92</b>
<b>IV. Expenses</b>			
Cost of materials consumed	24	979.46	1,056.49
Purchase of stock-in-trade	25	2,217.16	2,058.62
Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	(126.29)	(23.29)
Employee benefits expense	27	310.95	291.88
Finance costs	28	40.67	59.60
Depreciation and amortisation expense	2	26.79	12.89
Other expenses	29	539.88	510.89
<b>Total Expenses (IV)</b>		<b>3,988.62</b>	<b>3,967.08</b>
<b>V. Profit before tax</b>		<b>590.69</b>	<b>559.84</b>
<b>VI. Tax expense:</b>			
Current tax (Refer Note 44)		84.00	171.12
Deferred tax	21	10.30	(12.67)
<b>VII. Profit for the year</b>		<b>496.39</b>	<b>401.39</b>
<b>VIII. Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
Remeasurements gain / (loss) on defined benefit plans		(2.88)	0.80
(ii) Income tax related to items that will not be reclassified to profit or loss		0.73	(0.28)
<b>Other comprehensive income for the year (net of tax)</b>		<b>(2.15)</b>	<b>0.52</b>
<b>IX. Total comprehensive income for the year</b>		<b>494.24</b>	<b>401.91</b>
<b>X. Earnings per equity share</b>	36		
1. Basic (₹)		7.92	6.40
2. Diluted (₹)		7.85	6.36
Significant accounting policies	1		
Other Notes	31 to 47		
The accompanying notes form an integral part of the financial statements			

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2020

## (A) EQUITY SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	No. of Shares	Amount ₹ crore	No. of Shares	Amount ₹ crore
Balance as at the beginning of the reporting period	62,69,85,920	125.40	62,67,85,105	125.36
Changes in equity share capital during the year	2,98,052	0.06	2,00,815	0.04
Balance as at the end of the reporting period	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

## (B) OTHER EQUITY - OWNERS

Particulars	Reserves and Surplus					Other comprehensive income	Total Other Equity
	Capital Reserve	Securities premium	Employee stock options outstanding account	Debenture redemption reserve	Retained earnings	Remeasurement gain / (loss) on defined benefit plans	
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>0.05</b>	<b>0.96</b>	<b>87.73</b>	<b>-</b>	<b>574.78</b>	<b>0.62</b>	<b>664.14</b>
Profit for the year	-	-	-	-	401.38	-	401.38
Dividends paid including dividend distribution tax	-	-	-	-	(132.24)	-	(132.24)
Securities premium received	-	3.71	-	-	-	-	3.71
Amount transferred to Securities premium	-	1.33	(1.33)	-	-	-	-
Amount transferred to Debenture redemption reserve	-	-	-	75.00	(75.00)	-	-
Movement in Other comprehensive income for the year	-	-	-	-	-	0.52	0.52
Add: Employee compensation expense for the year (Refer Note 27)	-	-	34.43	-	-	-	34.43
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>0.05</b>	<b>6.00</b>	<b>120.83</b>	<b>75.00</b>	<b>768.92</b>	<b>1.14</b>	<b>971.94</b>
Profit for the year	-	-	-	-	496.39	-	496.39
Dividends paid including dividend distribution tax	-	-	-	-	(151.17)	-	(151.17)
Securities premium received	-	5.05	-	-	-	-	5.05
Amount transferred to Securities premium	-	2.31	(2.31)	-	-	-	-
Amount transferred to Retained earnings	-	-	(0.11)	-	0.11	-	-
Movement in Other comprehensive income for the year	-	-	-	-	-	(2.15)	(2.15)
Add: Employee compensation expense for the year (Refer Note 27)	-	-	22.83	-	-	-	22.83
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>0.05</b>	<b>13.36</b>	<b>141.24</b>	<b>75.00</b>	<b>1,114.25</b>	<b>(1.01)</b>	<b>1,342.88</b>

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Mathew Job**  
Chief Executive Officer

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**D. Sundaram**  
Director  
DIN: 00016304

**Pragya Kaul**  
Company Secretary  
Membership No A17167

Mumbai, 15<sup>th</sup> May, 2020

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	2019-20	2018-19
<b>[A] CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>590.69</b>	559.84
Adjustments for:		
Depreciation and amortisation expense	26.79	12.89
Interest expense	40.67	59.60
Loss on sale of property, plant and equipment	0.15	0.09
Provision for expenses on employee stock options	22.83	34.43
Net (gain) / loss on sale/ fair valuation of investments	(33.96)	(16.16)
Interest income	(23.38)	(19.74)
Income from mutual funds	-	(10.63)
Unrealised exchange loss / (gain) (net)	3.84	(1.28)
	<b>36.94</b>	<b>59.20</b>
<b>Cash Generated from operations before working capital changes</b>	<b>627.63</b>	<b>619.04</b>
Adjustments for:		
Decrease / (Increase) in trade and other receivables	59.51	(19.44)
(Increase) / Decrease in inventories	(111.23)	(49.14)
(Decrease) / Increase in trade and other payables	(33.00)	(107.77)
Increase / (Decrease) in provisions	12.64	55.59
	<b>(72.08)</b>	<b>(120.76)</b>
Cash generated from operations	555.55	498.28
Taxes paid (net of refunds)	(144.63)	(199.35)
<b>Net cash (used in) / generated from operating activities</b> [A]	<b>410.92</b>	<b>298.93</b>
<b>[B] CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Add: Inflows from investing activities</b>		
Interest received	20.85	15.28
Income from mutual funds	-	10.63
Sale of property, plant and equipment	1.13	0.40
	<b>21.98</b>	<b>26.31</b>
<b>Less: Outflows from investing activities</b>		
Purchase / (sale) of current investments (net)	(34.35)	157.47
Increase / (Decrease) in other bank balances	(1.97)	21.18
Purchase of property, plant and equipment and intangible assets	49.40	15.95
	<b>13.08</b>	<b>194.60</b>
<b>Net Cash (used in) / generated from investing activities</b> [B]	<b>8.90</b>	<b>(168.29)</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Particulars	2019-20	2018-19
<b>[C] CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Add: Inflows from financing activities</b>		
Proceeds from issue of equity shares	5.15	3.75
	<b>5.15</b>	<b>3.75</b>
<b>Less: Outflows from financing activities</b>		
Payment of dividend including dividend distribution tax	150.55	131.17
Repayment of debentures	300.00	-
Repayment of lease liability	8.79	-
Interest paid	58.58	58.73
	<b>517.92</b>	<b>189.90</b>
<b>Net Cash (used in) / generated from financing activities</b> [C]	<b>(512.77)</b>	<b>(186.15)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b> (A+B+C)	<b>(92.95)</b>	<b>(55.51)</b>
(a) Cash and cash equivalents at beginning of the year	116.98	172.49
(b) Cash and cash equivalents at end of the year	24.03	116.98
<b>(c) Net (decrease) / increase in cash and cash equivalents</b> (c = b-a)	<b>(92.95)</b>	<b>(55.51)</b>

**Notes:**

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, *Statement of Cash Flows* as specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- Additions to property, plant and equipment include movements of capital work-in-progress during the year.
- Figures for the previous year have been regrouped wherever necessary.

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## COMPANY OVERVIEW

Crompton Greaves Consumer Electricals Limited and its subsidiaries (the 'Company' or 'Crompton') is engaged in the business of manufacturing, trading, selling and distribution of fans, lighting, pumps and appliances. The Company is a public limited company incorporated and domiciled in India and has its registered office at Mumbai, India.

The consolidated financial statements comprise the financial statements of Crompton Greaves Consumer Electricals Limited ("the Company") and its subsidiaries (collectively, the Group).

### 1. Significant Accounting policies

#### 1) Statement of compliances and basis of preparation and presentation

a) The consolidated financial statements have been prepared in compliance with Indian Accounting Standards (the 'Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

#### b) Basis of presentation

The Balance sheet and the Statement of profit and loss are prepared and presented in the format prescribed in the Division II of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance sheet and Statement of profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The financial statements of the Company for the year ended 31<sup>st</sup> March, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 15<sup>th</sup> May, 2020.

#### c) Basis of preparation

The financial statements have been prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

1. Financial instruments measured at fair value through profit or loss; and
2. Defined benefit plans – plan assets measured at fair value.

These financial statements are prepared by applying uniform accounting policies with those used by the parent Company. Subsidiaries are consolidated on a line-by-line basis. Intercompany transactions, balances, income and expenses are eliminated on consolidation.

When parent Company has sold materials to a supplier / vendor, who has processed further the said material and sold it to a 100% Subsidiary of the parent Company; the value of such transaction of purchase/sale has been eliminated in consolidated financial statements.

#### d) Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- 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 held primarily for the purpose of trading;

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- 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.

The Company classifies all other liabilities as non-current.

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

- e) 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.

**f) Fair Value Measurement**

Fair value measurements are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity:

- **Level 1:** Level 1 inputs include financial instruments measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimate. If all significant inputs require to fair value an instrument are observable, the instrument is included in level 2; and
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Above levels of fair value hierarchy are applied consistently and generally, there are no transfers between the levels of the fair value hierarchy unless the circumstances change warranting such transfer.

**2. Rounding of amounts**

All amounts disclosed in the financial statements and notes are presented in crore and have been rounded off to two decimal as per the requirement of Division II of Schedule III to the Act, unless otherwise stated.

**3. Key estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Assessment of functional currency [Refer Note (1.4)];
- Financial instruments [Refer Note 40];
- Estimates of useful lives and residual value of property, plant and equipment and intangible assets [Refer Note (1.5) and (1.6)];
- Valuation of inventories [Refer Note (1.10)];
- Measurement of recoverable amounts of cash-generating units [Refer Note 37];
- Measurement of Defined Benefit Obligation, key actuarial assumptions [Refer Note 34];

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- Provisions and Contingencies [Refer Note (1.13) and 32];
- Provision for product warranty [Refer Note (1.13)];
- Recognition of revenue from contracts based on stage of completion [Refer Note (1.14)];
- Evaluation of recoverability of deferred tax assets [Refer Note (1.18)]; and
- Estimates related to Share-based Payments [Refer Note 38].

## 4. Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing on reporting date are generally recognised in Statement of profit and loss.

## 5. Property, plant and equipment (PPE)

### (a) Recognition and measurement

Freehold land is carried at historical cost. All other items of PPE are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of an item of PPE comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PPE which are not ready for intended use as on the date of Balance sheet are disclosed as Capital work-in-progress.

Where cost of a part of an asset (asset component) is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of profit and loss.

Any gain or loss on disposal of an item of PPE is recognised in Statement of profit and loss.

### (b) Subsequent expenditure

Subsequent expenditure is capitalised only, if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### (c) Depreciation

Depreciable amount for assets is the cost of an asset or other amount substituted for cost less its estimated residual value.

Depreciation on PPE (other than leasehold land) has been provided based on useful life of the assets as estimated by the management on Straight Line Method. The useful lives used are in agreement with those specified in Schedule II to the Companies Act, 2013 except in respect of following category of tangible assets where the useful life is considered differently based on technical evaluation.

- Plant and equipment– maximum 21 years
- Furniture and fixtures - maximum 15 years

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Premium paid on leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the management estimate of useful life, where the lease period is beyond the life of the building. In other cases, buildings constructed on leasehold land is amortised over the primary lease period of the land.

Depreciation on addition to/deductions from, owned assets is calculated *pro-rata* to the period of use. Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date and the effect of any change in the estimates of useful life/ residual value is adjusted prospectively.

Gains or losses arising from derecognition of a PPE are measured as the difference between the disposal proceeds and the carrying amount of the asset and are accordingly recognised in the Statement of profit and loss.

### 6. Intangible assets

#### (a) Recognition and measurement

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the asset. These are included in Statement of profit and loss within other gains/ (losses).

The estimated useful life and amortisation methods are reviewed at the end of each

annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

#### (b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### (c) Amortisation

Intangible assets comprise computer software purchased, which are not an integral part of the related hardware and technical know-how and are amortised on a straight line basis over a period of 5 years, which in management's estimate represents the period during which the economic benefits will be derived from their use.

#### (d) Goodwill

Goodwill arising as a result of business combination is not amortised and is tested for impairment every year.

#### (e) Research and development cost

##### (i) Research cost

Revenue expenditure on research is charged to Statement of profit and loss under the respective heads of accounts in the period in which it is incurred.

##### (ii) Development cost

Development expenditure on new product is capitalised as intangible asset, if all of the following can be demonstrated:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. the Company has intention to complete the development of intangible asset and use or sell it;
- iii. the Company has ability to use or sell the intangible asset;



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

- iv. the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the intangible asset itself or if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. the Company has ability to measure the expenditure attributable to the intangible asset during the development reliably.

Development costs on the intangible assets, fulfilling the criteria are amortised over a period of five years, otherwise are expensed in the period in which they are incurred.

- (f) Intangibles which are not ready for intended use as on the date of Balance sheet are disclosed as Intangibles under development.

## 7. Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less costs of disposal and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. For the purposes of assessing impairment, assets are grouped at their 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 and loss in the year in which the asset is identified as impaired. The carrying amount of the asset is reduced to its recoverable amount.

An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to

an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

### Goodwill impairment

For testing of impairment of goodwill, if events or changes in circumstances indicate a potential impairment, as part of the review process, the carrying amount of the Cash Generating Units (CGUs) (including allocated goodwill) is compared with its recoverable amount by the company. The recoverable amount is the higher of fair value less costs to sell and value in use, both of which are calculated by the company using a discounted cash flow analysis. Calculating the future net cash flows expected to be generated to determine if impairment exists and to calculate the impairment involves significant assumptions, estimation and judgment. The estimation and judgment involve, but is not limited to, industry trends including pricing, estimating long-term revenues, revenue growth and operating expenses. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## 8. Borrowings and loans

Borrowings and loans are initially recognised at fair value, net of transaction costs incurred. It is subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs that are an integral part of the effective interest rate. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of profit and loss over the period of borrowings using the effective interest rate.

## 9. Borrowing costs

Borrowing costs includes interest and other costs incurred in connection with the borrowing of funds

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

and charged to Statement of profit and loss on the basis of effective interest rate. Borrowing costs net of any investment income from temporary investment of related borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are recognised as expense in the Statement of profit and loss in the period in which they are incurred.

## 10. Inventories

Inventories are valued after providing for obsolescence, where considered necessary, as under:

(a)	Raw materials, components, stores and spare parts	:	At lower of cost computed, on weighted average basis and net realisable value
(b)	Work -in-progress – Manufacturing	:	At lower of cost of materials, plus appropriate production overheads and net realisable value
(c)	Finished goods – Manufacturing	:	At lower of cost of materials plus appropriate production overheads and net realisable value
(d)	Finished goods – Trading	:	At lower of cost computed, on weighted average basis and net realisable value

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. 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. Materials and supplies held for use in the production of inventories are not written down, if the finished goods in which they will be used are expected to be sold at or above cost.

## 11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, call deposits and 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. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## 12. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, interest rate swaps and currency options and embedded derivatives in the host contract.

### (a) Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

- i. those measured at amortised cost, and
- ii. those to be measured at Fair Value either Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit or Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Subsequent measurement

After initial recognition, financial assets are measured at Fair Value either Through Other Comprehensive Income (FVTOCI) or Through Profit or Loss (FVTPL) or amortised cost.

## Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise to specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

## Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

### Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt instrument (unhedged) that is subsequently measured at amortised cost is recognised in the Statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the Effective Interest Rate (EIR) method.

- **Fair Value Through Profit or Loss (FVTPL)** category are measured at fair value with all changes recognised in the Statement of profit and loss.

## De-recognition

A financial asset (or where applicable, a part of a financial asset or part of similar 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.
- On derecognition of financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.
- If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies Expected Credit Loss (ECL) model for recognition and measurement of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits and bank balances.
- b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### (b) Financial liabilities

The Company's financial liabilities comprise of borrowings including bank overdrafts and derivative financial instruments, trade payable and other liabilities.

### Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

### Initial recognition and measurement

Financial liabilities are initially measured at fair value. In the case of loans and borrowings and

payables, financial liability is recognised net of directly attributable transaction costs.

### Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period at effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of profit and loss.

### 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 and loss.

### Other financial liabilities

These are measured at amortised cost using the effective interest method.

### 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

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

of default, insolvency or bankruptcy of the Company or the counterparty.

## Derivative financial instruments

The Company uses derivative financial instruments, such as foreign currency forward contracts and foreign currency option contracts to manage its exposure to foreign exchange risks. For these contracts hedge accounting is not followed and such designated derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time of issuance of guarantee. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised.

## 13. Provisions, contingent liabilities, contingent assets and commitments

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate of the amount

can be made. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

A contingent liability is disclosed when there is a possible but not probable obligation arising from past events, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefit is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

## 14. Revenue recognition

### (a) Revenue from Goods and Services

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed.

**(b) Dividend income**

Dividend is recognised as revenue when the right to receive payment has been established.

**(c) Interest income**

For all interest bearing financial assets measured at amortised cost, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

**(d) Other income**

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

**15. Government grants and incentives**

Government incentives, such as export benefits etc., are recognised at fair value when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.

The Government incentives are recognised in profit or loss on a systematic basis over the period in which the Company recognises as expenses. The related costs for which the incentives are intended to compensate or immediately if the costs have already been incurred.

**16. Employee benefit plans**

**(a) Short-term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits, such as, salaries, wages, short-term compensated absences, performance incentives, etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

**(b) Post-employment benefits:**

**Defined contribution plans:**

The Company's contribution to defined contribution plans, namely state governed provident fund, superannuation fund, employee state insurance scheme, employee pension scheme and labour welfare fund are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The contributions are classified as Defined Contribution Scheme as the company has no further defined obligations beyond the monthly contributions.

**Defined benefit plans:**

Defined benefit schemes in the form of gratuity liability and post-retirement medical benefits, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discounting rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximately to the terms of related obligations.

Changes in the present value of the defined benefit obligation resulting from Investment plan amendments are recognised immediately in the Statement of profit and loss as past service cost.

The retirement benefit obligations recognised in the balance sheet represents that present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of the scheme of assets.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

In case of funded plans, the fair value of the plan asset is reduced from the gross obligations under the defined benefit plans to recognise the obligation on a net basis.

**(c) Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

**(d) Termination benefits:**

Termination benefits are recognised as an expense in the period in which they are incurred.

**(e) Share-based Payments:**

Employees of the Company receive remuneration in the form of Share-based Payments in consideration of the services rendered.

Under the equity settled Share-based Payment, the fair value on the grant date of the award given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

## 17. Leases- Operating

Ind AS 116, *Leases*, requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. The lease term in future periods is

reassessed to ensure that the lease term reflects the current economic circumstances.

**The Company as a lessee:**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset; (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a Right-of-Use asset (RoU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The RoU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The RoU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. RoU assets are evaluated for recoverability whenever events or changes in

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related RoU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and RoU asset have been separately presented in the Balance sheet and lease payments have been classified as financing cash flows.

### 18. Income taxes

Income tax expense comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### (a) Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current tax assets and liabilities are offset only if:

- i) there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and

- ii) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for deductible temporary differences (if any) to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary difference or there is convincing other evidence that sufficient taxable profits will be available against which such deferred tax asset can be realised.

Deferred tax assets and deferred tax liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Deferred tax assets and liabilities are offset, only if, they relate to income taxes levied by the same taxation authority on the same taxable entity.

## 19. Earnings per share (EPS)

Basic EPS is computed by dividing the profit attributable to owners of the Company, by using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

## 20. Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company is such that its disclosure improves the understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly, disclosed in the notes to the financial statements.

## 21. Segment accounting

### (a) Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. The Company identifies primary business segment based on the different risks and returns, the organisation structure and the internal reporting systems. Secondary segments are identified on the basis of geography in which sales have been effected. In addition, the following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

- ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.
- iv) Segment results include margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company.
- v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### (b) Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

## 22. Statement of cash flows

Cash flows are reported using the indirect method, whereby profit or loss before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as at the date of balance sheet.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 2 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

ASSETS	Gross block (Cost)			Depreciation/ Amortisation				Net Block		₹ crore
	As at 1 <sup>st</sup> April, 2019	Additions	Deductions	As at 31 <sup>st</sup> March, 2020	Upto 31 <sup>st</sup> March, 2019	For the year	Deductions	Upto 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	(i) <b>Property, plant and equipment</b>									
Owned assets:										
Freehold land	4.41	-	-	4.41	-	-	-	-	4.41	4.41
Leasehold land	2.69	-	-	2.69	0.72	0.03	-	0.75	1.94	1.97
Buildings:										
Owned assets	30.27	4.76	-	35.03	4.67	1.61	-	6.28	28.75	25.60
Right-of-Use assets	-	50.75	-	50.75	-	9.28	-	9.28	41.47	-
Plant and equipment	54.14	12.81	1.32	65.63	18.18	9.95	0.55	27.58	38.05	35.96
Furniture and fixtures	4.75	0.11	0.23	4.63	1.69	0.57	0.09	2.17	2.46	3.06
Office equipment	8.36	3.27	0.23	11.40	3.86	2.50	0.15	6.21	5.19	4.50
Vehicles	4.18	0.93	0.67	4.44	1.13	0.89	0.37	1.65	2.79	3.05
<b>Sub-total (i)</b>	<b>108.80</b>	<b>72.63</b>	<b>2.45</b>	<b>178.98</b>	<b>30.25</b>	<b>24.83</b>	<b>1.16</b>	<b>53.92</b>	<b>125.06</b>	<b>78.55</b>
(ii) <b>Intangible assets</b>										
Goodwill	779.41	-	-	779.41	-	-	-	-	779.41	779.41
<b>Subtotal (ii)</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>779.41</b>
(iii) <b>Other Intangibles</b>										
Computer software	8.29	1.27	-	9.56	3.39	1.72	-	5.11	4.45	4.90
Technical knowhow	1.90	-	-	1.90	1.67	0.22	-	1.89	0.01	0.23
Research and development	0.68	-	-	0.68	0.62	0.02	-	0.64	0.04	0.06
<b>Sub-total (iii)</b>	<b>10.87</b>	<b>1.27</b>	<b>-</b>	<b>12.14</b>	<b>5.68</b>	<b>1.96</b>	<b>-</b>	<b>7.64</b>	<b>4.50</b>	<b>5.19</b>
<b>Total (i) + (ii) + (iii)</b>	<b>899.08</b>	<b>73.90</b>	<b>2.45</b>	<b>970.53</b>	<b>35.93</b>	<b>26.79</b>	<b>1.16</b>	<b>61.56</b>	<b>908.97</b>	<b>863.15</b>

- Notes:**
- Cost of freehold land included ₹ 0.34 crore (Previous year ₹ 0.34 crore) for which conveyance is yet to be completed.
  - Cost / valuation of buildings includes ownership accommodation in various co-operative societies and apartments: ₹ 0.67 crore; (Previous year ₹ 0.67 crore), including 3 shares of ₹ 100 each, which is in the process of transferring in the Company's name.
  - Carrying amount of property, plant and equipment and intangible assets given as collateral for borrowings is ₹ 785.41 crore; (Previous year ₹ 785.44 crore).

ASSETS	Gross block (Cost)			Depreciation/ Amortisation				Net Block		₹ crore
	As at 1 <sup>st</sup> April, 2018	Additions	Deductions	As at 31 <sup>st</sup> March, 2019	Upto 31 <sup>st</sup> March, 2018	For the year	Deductions	Upto 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
	(i) <b>Property, plant and equipment</b>									
Owned assets:										
Freehold land	4.41	-	-	4.41	-	-	-	-	4.41	4.41
Leasehold land	2.69	-	-	2.69	0.69	0.03	-	0.72	1.97	2.00
Buildings	29.91	0.36	-	30.27	3.10	1.57	-	4.67	25.60	26.81
Plant and equipments	44.41	10.15	0.42	54.14	12.12	6.21	0.15	18.18	35.96	32.29
Furniture and fixtures	4.56	0.30	0.11	4.75	1.16	0.57	0.04	1.69	3.06	3.40
Office equipment	6.66	1.80	0.10	8.36	1.93	1.99	0.06	3.86	4.50	4.73
Vehicles	2.78	1.54	0.14	4.18	0.42	0.76	0.05	1.13	3.05	2.36
<b>Sub-total (i)</b>	<b>95.42</b>	<b>14.15</b>	<b>0.77</b>	<b>108.80</b>	<b>19.42</b>	<b>11.13</b>	<b>0.30</b>	<b>30.25</b>	<b>78.55</b>	<b>76.00</b>
(ii) <b>Intangible assets</b>										
Goodwill	779.41	-	-	779.41	-	-	-	-	779.41	779.41
<b>Subtotal (ii)</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>779.41</b>	<b>779.41</b>
(iii) <b>Other Intangibles</b>										
Computer software	7.52	0.79	0.02	8.29	1.76	1.64	0.01	3.39	4.90	5.76
Technical know-how	1.90	-	-	1.90	1.67	-	-	1.67	0.23	0.23
Research and development	0.68	-	-	0.68	0.50	0.12	-	0.62	0.06	0.18
<b>Sub-total (iii)</b>	<b>10.10</b>	<b>0.79</b>	<b>0.02</b>	<b>10.87</b>	<b>3.93</b>	<b>1.76</b>	<b>0.01</b>	<b>5.68</b>	<b>5.19</b>	<b>6.17</b>
<b>Total (i) + (ii) + (iii)</b>	<b>884.93</b>	<b>14.94</b>	<b>0.79</b>	<b>899.08</b>	<b>23.35</b>	<b>12.89</b>	<b>0.31</b>	<b>35.93</b>	<b>863.15</b>	<b>861.58</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 3 NON-CURRENT FINANCIAL ASSETS - OTHERS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits	6.84	6.80
Deposits with banks (with maturity period of more than 12 months)	0.28	0.28
Others	0.70	2.87
<b>Total</b>	<b>7.82</b>	<b>9.95</b>

[Note: Deposits of ₹ 0.28 crore (Previous year ₹ 0.28 crore) are under lien with banks.]

## 4 OTHER NON-CURRENT ASSETS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital advances	9.28	1.94
Less: Allowance for doubtful advances	(1.07)	(1.07)
	<b>8.21</b>	<b>0.87</b>
Others	14.58	14.58
<b>Total</b>	<b>22.79</b>	<b>15.45</b>

## 5 INVENTORIES (At lower of cost and net realisable value)

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Raw materials	60.48	68.12
Add: Goods-in-transit	3.55	11.20
	<b>64.03</b>	<b>79.32</b>
Work-in-progress - manufacturing	16.65	27.03
Finished goods - manufacturing	90.61	52.37
Add: Goods-in-transit	15.09	9.39
	<b>105.70</b>	<b>61.76</b>
Stock-in-trade	236.22	162.75
Add: Goods-in-transit	37.56	18.30
	<b>273.78</b>	<b>181.05</b>
Stores, spares and packing materials	3.45	3.22
	<b>463.61</b>	<b>352.38</b>

### Notes:

- Inventories are hypothecated with the bankers against working capital facilities. (Refer Note 16)
- During the year, ₹ 15.96 crore (Previous year ₹ 7.27 crore) was charged to Statement of profit and loss on account of obsolete and slow moving inventories.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 6 CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>- Measured at Amortised Cost</b>		
Investment in Bonds (Quoted)	10.50	20.07
<b>- Measured at Fair value through Profit and Loss</b>		
Investment in Mutual funds (Unquoted)	530.32	521.14
	<b>540.82</b>	<b>541.21</b>
<b>Aggregate amount of quoted investments and market value thereof:</b>		
Book value	10.50	20.07
Market value	10.50	20.07
<b>Aggregate amount of unquoted investments:</b>		
Book value (accounted based on NAV)	530.32	521.14

### 7 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Unsecured</b>		
Trade receivables, considered good	463.46	565.98
Trade receivable, considered doubtful	23.24	19.64
	<b>486.70</b>	<b>585.62</b>
Less: Allowance for doubtful trade receivables	23.24	19.64
<b>Total</b>	<b>463.46</b>	<b>565.98</b>

### 8 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Balance with banks :</b>		
In current accounts	12.00	31.57
In deposit accounts (with less than 3 months maturity)	12.00	85.38
<b>Cash on hand</b>	0.03	0.03
<b>Total</b>	<b>24.03</b>	<b>116.98</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 9 CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Bank deposits with maturity more than 3 months but less than 12 months	22.40	25.00
Unclaimed dividend account	1.69	1.07
<b>Total</b>	<b>24.09</b>	<b>26.07</b>

[Note: Deposits of ₹ Nil (Previous year ₹ Nil) are under lien with banks.]

## 10 CURRENT FINANCIAL ASSETS - OTHERS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Security deposits	12.77	12.42
<b>Total</b>	<b>12.77</b>	<b>12.42</b>

## 11 OTHER CURRENT ASSETS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advance to suppliers	30.32	19.57
Balances with Indirect tax authorities	16.22	4.99
Other recoverables	39.21	38.02
Others	48.30	24.16
<b>Total</b>	<b>134.05</b>	<b>86.74</b>

## 12 SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
<b>Authorised capital</b>				
Equity shares of ₹ 2 each	65,00,00,000	130.00	65,00,00,000	130.00
<b>Issued, subscribed and paid-up</b>				
Equity shares of ₹ 2 each, fully paid-up	62,72,83,972	125.46	62,69,85,920	125.40
	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
Outstanding at the beginning of the year	62,69,85,920	125.40	62,67,85,105	125.36
Shares issued on account of exercising Employee stock option schemes	2,98,052	0.06	2,00,815	0.04
Outstanding at the end of the year	<b>62,72,83,972</b>	<b>125.46</b>	<b>62,69,85,920</b>	<b>125.40</b>

## b. Rights, preferences and restrictions on shares

The Company has one class of share capital, i.e., equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## c. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	% holding	Number	% holding
<b>Equity shares of ₹ 2 each fully paid</b>				
Amalfiaco Limited	10,77,41,623	17.18%	14,00,37,623	22.34%
Macritchie Investments Pte Ltd	5,65,38,546	9.01%	7,54,04,873	12.03%
SBI Mutual Fund	3,20,52,041	5.11%	18,58,365	0.30%
Aditya Birla Sun Life Trustee Private Limited	3,13,70,834	5.00%	3,21,59,335	5.13%

## d. Shares reserved for issuance under Stock Option Plans of the Company at face value of ₹ 2 (Also Refer Note 39)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount ₹ crore	Number	Amount ₹ crore
Crompton Stock Option Plan 2016 (ESOP 2016)	34,15,883	0.68	31,33,769	0.63
Crompton Performance Share Plan 1 2016 (PSP 1)	1,07,53,536	2.15	1,09,68,057	2.19
Crompton Performance Share Plan 2 2016 (PSP 2)	30,86,725	0.62	31,33,731	0.63
Crompton Stock Option Plan 2019 (ESOP 2019)	3,70,000	0.07	-	-

e. There are no bonus shares issued/ shares bought back.

f. There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

g. The Board of Directors has recommended a dividend of ₹ Nil (Previous year ₹ 2) per fully paid up equity share of ₹ 2 each, aggregating to ₹ Nil (Previous year ₹ 151.17 crore), including dividend distribution tax.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 13 OTHER EQUITY

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Capital reserve	0.05	0.05
Securities premium	13.36	6.00
Employee stock option outstanding account	141.24	120.83
Retained earnings	1,114.25	768.92
Other comprehensive income	(1.01)	1.14
Debenture redemption reserve	75.00	75.00
<b>Total</b>	<b>1,342.88</b>	<b>971.94</b>

[Note: For movements in reserves - refer Consolidated Statement of Changes in Equity.]

### Nature and purpose of reserves

#### Capital reserve

Capital reserve was created on cancellation of shares as per statutory requirement.

#### Securities premium

Securities premium was created on issue of shares at premium in accordance with Employee Stock Option Plans (ESOP).

#### Employee stock option outstanding

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

#### Retained earnings

Retained earnings are the profits that the Company has earned till date, net-off less any transfers to general reserve, dividends or other distributions paid to shareholders.

#### Debenture redemption reserve

Debenture redemption reserve is a Statutory Reserve (as per the Companies Act, 2013) created out of profits of the Company for the purpose of redemption of debentures issued by the Company. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debenture issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures. On completion of redemption, the reserve is transferred to retained earnings.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 14 FINANCIAL LIABILITIES - BORROWINGS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Measured at amortised cost</b>		
<b>i) Non-Current Borrowings</b>		
Secured		
Debtentures	179.72	349.26
	<b>179.72</b>	<b>349.26</b>
<b>ii) Current maturities of Borrowings - (Refer Note 18)</b>		
Debtentures	170.00	300.00
<b>Total</b>	<b>349.72</b>	<b>649.26</b>

#### Terms of Debtentures:

Particulars of Debtentures	Series B	Series C
Face value per debtenture (₹)	10,00,000	10,00,000
Date of allotment	24 <sup>th</sup> June, 2016	24 <sup>th</sup> June, 2016
As at 31 <sup>st</sup> March, 2020 (₹ crore)	170.00	180.00
As at 31 <sup>st</sup> March, 2019 (₹ crore)	170.00	180.00
Interest	8.95% p.a. payable annually	8.95% p.a. payable annually
Terms of repayment	Redeemable at face value at the end of 4 years from the date of allotment	Redeemable at face value at the end of 5 years from the date of allotment

#### Debtentures are secured by:

- Charge on 'Crompton' Brand and Registered Trade Marks of the Company; and
- Charge by way of equitable mortgage by deposit of title deeds of immovable properties situated in the State of Maharashtra, Himachal Pradesh and Goa.

### 15 NON-CURRENT PROVISIONS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits (post medical retirement benefits and compensated absences)	19.11	17.29
<b>Total</b>	<b>19.11</b>	<b>17.29</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 16 CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Secured</b>		
Working capital demand loan from bank	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

[Note: Working capital demand loan is secured by way of charge on the Company's inventories and trade receivables.]

## 17 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Acceptances	126.60	158.57
Due to micro and small enterprises	3.30	9.19
Due to creditors other than micro and small enterprises	513.67	497.25
<b>Total</b>	<b>643.57</b>	<b>665.01</b>

## 18 CURRENT FINANCIAL LIABILITIES - OTHERS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Current maturities of non-convertible debentures (Refer Note 14)	170.00	300.00
Interest accrued but not due on borrowings	24.12	44.47
Security deposits	23.02	21.22
<b>Total</b>	<b>217.14</b>	<b>365.69</b>

## 19 OTHER CURRENT LIABILITIES

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Advances from customers	8.08	8.98
Statutory dues payables	5.79	8.94
Others	44.44	5.33
<b>Total</b>	<b>58.31</b>	<b>23.25</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 20 CURRENT PROVISIONS

₹ crore

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits (post medical retirement benefits and compensated absences)	2.46	2.39
Other provisions (refer note below)	163.05	149.42
<b>Total</b>	<b>165.51</b>	<b>151.81</b>

Note:

₹ crore

(a) Movement of provisions	Warranty	Sales tax / VAT/ Other taxes	Other litigation claims
Carrying amount at the beginning of the year	131.64	11.09	0.06
Additional provision made during the year	127.74	1.56	-
Amounts used during the year	(114.06)	-	-
Unused amounts reversed during the year	-	-	-
<b>Carrying amount at the end of the year</b>	<b>145.32</b>	<b>12.65</b>	<b>0.06</b>

₹ crore

Movement of provisions	Others	Total
Carrying amount at the beginning of the year	6.63	149.42
Additional provision made during the year	5.02	134.32
Amounts used during the year	(6.63)	(120.69)
Unused amounts reversed during the year	-	-
<b>Carrying amount at the end of the year</b>	<b>5.02</b>	<b>163.05</b>

### (b) Nature of provisions:

- (i) Product warranties: The Company gives warranties on certain products and services, undertaking to repair / replace products, which fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligation on account of repair / replacement. The timing of outflows is expected to be within a period of two years.
- (ii) Provision for sales tax / VAT / other taxes represents liability on account of non-collection of declaration forms and other legal matters which are in appeal under the Acts / Rules.
- (iii) Provision for other litigation obligation claims represents liabilities that are expected to materialise in respect of matters in appeal.
- (iv) Others represent provision made towards probable cash discount and probable return of goods from customer.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 21 INCOME TAXES

### (a) Tax expense recognised in Statement of profit and loss comprises :

Particulars	₹ crore	
	2019-20	2018-19
Current income tax charge net of write-back (Refer Note 44)	84.00	171.12
<b>Deferred tax (asset) / liability (net)</b>		
Origination and reversal of temporary differences	10.30	(12.67)
<b>Tax expense for the year</b>	<b>94.30</b>	<b>158.45</b>

### (b) Amounts recognised in Other comprehensive income

Particulars	2019-20			2018-19		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
	<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements gains / (losses) on post employment defined benefit plans and tax thereon	(2.88)	0.73	(2.16)	0.80	(0.28)	0.52
	<b>(2.88)</b>	<b>0.73</b>	<b>(2.16)</b>	<b>0.80</b>	<b>(0.28)</b>	<b>0.52</b>

### (c) Reconciliation of effective tax rate

Particulars	₹ crore	
	2019-20	2018-19
Profit before tax	590.69	559.84
Applicable tax rate*	25.17%	34.94%
Computed tax expense	148.66	195.63
Exempted dividend income	-	(3.72)
Tax incentive under Section 80-IC of Income tax Act, 1961	-	(7.13)
Others**	(54.36)	(26.33)
<b>Income tax expense for the current year</b>	<b>94.30</b>	<b>158.45</b>
Effective tax rate	<b>15.97%</b>	<b>28.30%</b>

\* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Parent Company and subsidiaries have recognised provision for income tax for year ended 31<sup>st</sup> March, 2020.

\*\* Others includes refunds, adjustment due to completed assessments and impact of rate change.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**(d) Components of deferred tax assets / (liabilities) recognised in Balance sheet and Statement of profit and loss:**

₹ crore

Sr. no.	Particulars	Balance sheet		Statement of profit and loss	
		As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019	2019-20	2018-19
(a)	Deferred tax asset on employee stock option outstanding	32.89	38.56	(5.67)	11.78
(b)	Items disallowed under Section 43B of the Income tax Act, 1961 on payment basis	9.86	11.80	(1.94)	1.11
(c)	Allowance for doubtful debts and advances	5.85	6.86	(1.01)	1.89
(d)	Difference between book depreciation and tax depreciation	(1.88)	(4.11)	2.23	0.27
(e)	Other temporary differences	3.95	7.14	(3.92)	(2.38)
	Deferred tax income /(expense)			<b>(10.31)</b>	12.67
	Net deferred tax assets / (liabilities)	<b>50.67</b>	<b>60.25</b>		

**(e) Reconciliation of deferred tax assets/(liabilities):**

₹ crore

Sr. no.	Particulars	2019-20	2018-19
(a)	Opening balance as at 1 <sup>st</sup> April	60.25	47.85
(b)	Tax (income)/expense during the period recognised in:		
(i)	Statement of profit and loss in profit or loss	(10.31)	12.67
(ii)	Statement of profit and loss under OCI	0.73	(0.28)
<b>(c)</b>	<b>Closing balance as at 31<sup>st</sup> March</b>	<b>50.67</b>	<b>60.25</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 22 Revenue from Operations

	₹ crore	
Particulars	2019-20	2018-19
<b>A. Sales of products and services</b>		
Sale of products (excluding GST, as applicable)		
(i) Electric consumer durables	3,384.41	3,200.35
(ii) Lighting products	1,115.97	1,261.95
	<b>4,500.38</b>	<b>4,462.30</b>
Sale of services		
(i) Electric consumer durables	0.27	-
(ii) Lighting products	4.82	1.58
	<b>5.09</b>	<b>1.58</b>
	<b>4,505.47</b>	<b>4,463.88</b>
<b>B. Other operating revenue</b>		
Export benefits and other incentives	6.68	6.80
Scrap sales	8.11	8.23
	<b>14.79</b>	<b>15.03</b>
<b>Total</b>	<b>4,520.26</b>	<b>4,478.91</b>

## 23 OTHER INCOME

	₹ crore	
Particulars	2019-20	2018-19
Interest income	23.38	19.74
Income from mutual funds	-	10.63
Net gain / (loss) on sale or fair valuation of investments	33.96	16.16
Other	1.71	1.48
<b>Total</b>	<b>59.05</b>	<b>48.01</b>

## 24 COST OF MATERIALS CONSUMED

	₹ crore	
Particulars	2019-20	2018-19
Opening stock	79.32	53.55
Add: Purchases	907.91	1,015.61
Less: Closing stock	64.03	79.32
Raw materials consumed	923.20	989.84
Add: Sub-contracting charges	56.26	66.65
<b>Total</b>	<b>979.46</b>	<b>1,056.49</b>

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 25 PURCHASE OF STOCK-IN-TRADE

Particulars	₹ crore	
	2019-20	2018-19
Electric consumer durables	1,636.57	1,442.17
Lighting products	580.59	616.45
<b>Total</b>	<b>2,217.16</b>	<b>2,058.62</b>

### 26 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	₹ crore	
	2019-20	2018-19
<b>Opening Stock :</b>		
Finished goods	61.76	77.24
Stock-in-trade	181.05	140.21
Work-in-progress	27.03	29.10
	<b>269.84</b>	<b>246.55</b>
Less:		
<b>Closing Stock:</b>		
Finished goods	105.70	61.76
Stock-in-trade	273.78	181.05
Work-in-progress	16.65	27.03
	<b>396.13</b>	<b>269.84</b>
<b>Changes in inventories:</b>		
Finished goods	(43.94)	15.48
Stock-in-trade	(92.73)	(40.84)
Work-in-progress	10.38	2.07
	<b>(126.29)</b>	<b>(23.29)</b>

### 27 EMPLOYEE BENEFITS EXPENSE

Particulars	₹ crore	
	2019-20	2018-19
Salaries, wages, bonus and other benefits	257.69	229.16
Contribution to provident and other funds	11.19	9.47
Staff welfare expenses	19.24	18.82
Share-based payments to employees (Refer Note 38)	22.83	34.43
<b>Total</b>	<b>310.95</b>	<b>291.88</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 28 FINANCE COSTS

₹ crore

Particulars	2019-20	2018-19
Interest	40.67	59.60
	<b>40.67</b>	<b>59.60</b>

## 29 OTHER EXPENSES

₹ crore

Particulars	2019-20	2018-19
Consumption of stores and spares	14.92	17.10
Power and fuel	5.61	6.15
Rent	13.36	19.23
Repair to property, plant and equipment	2.61	2.59
Insurance	1.91	1.76
Rates and taxes	4.30	13.39
Freight and forwarding	131.33	129.36
Packing materials	60.18	63.88
After sales service including warranty	51.27	48.03
Sales promotion	49.40	62.49
Corporate social responsibility expenses (Refer Note 32)	10.01	7.20
Advertising	49.53	28.67
Legal and professional charges	69.85	59.06
Miscellaneous expenses	75.60	51.98
<b>Total</b>	<b>539.88</b>	<b>510.89</b>
<b>Payment to the auditors</b> (included in Miscellaneous expenses)		
<b>Auditors' remuneration</b> (excluding taxes)		
Audit fees	0.43	0.32
Tax audit fees	0.08	0.07
<b>Other services</b>		
(i) Certification work	0.03	0.01
(ii) Others	0.30	0.29
Reimbursement of expenses	0.06	0.07
	<b>0.90</b>	<b>0.76</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 30 CONTINGENT LIABILITIES AND COMMITMENTS

₹ crore

Sr. no.	Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>A</b>	<b>Contingent Liabilities (to the extent not provided for):</b>		
(a)	Claims against the Company not acknowledged as debts	23.69	0.74
(b)	Income tax liability that may arise in respect of matters in appeal	28.68	26.81
(c)	Excise duty/ customs duty / service tax liability that may arise in respect of matters in appeal	5.60	-
(d)	GST/ Sales tax / VAT liability that may arise in respect of matters in appeal	57.11	30.63
<b>B</b>	<b>Commitments:</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	23.02	16.51

**Notes:**

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration/appellate proceedings.

## 31 EXPENDITURE ON RESEARCH AND DEVELOPMENT

₹ crore

Sr. no.	Particulars	2019-20	2018-19
<b>(a)</b>	<b>Capital expenditure</b>	1.81	1.83
	<b>Sub-total (a)</b>	<b>1.81</b>	<b>1.83</b>
<b>(b)</b>	<b>Revenue expenditure</b>		
	Raw materials consumed	0.16	0.03
	Employee benefits	9.61	5.78
	Depreciation and amortisation	1.52	0.99
	Other expenses		
	Consumption of stores and spares	0.45	1.57
	Repairs and maintenance	0.02	0.12
	Miscellaneous expenses	4.53	3.25
	<b>Sub-total (b)</b>	<b>16.29</b>	<b>11.74</b>
	<b>Total (a) + (b)</b>	<b>18.10</b>	<b>13.57</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 32 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

The particulars of CSR expenditure are as follows:

- (a) Gross amount required to be spent by the Company during the year is ₹ 9.97 crore; (Previous year ₹ 7.20 crore)  
 (b) Amount spent during the year is ₹ 10.01 crore; (Previous year ₹ 7.20 crore)

₹ crore

Sr. no.	Particulars	Disclosed under	2019-20			2018-19		
			In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i)	Construction/acquisition of assets charged to the statement of profit and loss	-	-	-	-	-	-	-
ii)	For purpose other than (i) above	Note 29	10.01	-	10.01	7.20	-	7.20
	<b>Total</b>		<b>10.01</b>	<b>-</b>	<b>10.01</b>	<b>7.20</b>	<b>-</b>	<b>7.20</b>

## 33 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 116, LEASES

### Company as lessee

#### A Right-of-Use assets

##### Buildings

₹ crore

Cost	Amount
Balance as at 1 <sup>st</sup> April, 2019	-
Additions	50.75
Disposal / derecognised during the year	-
Balance as at 31 <sup>st</sup> March, 2020	50.75
<b>Accumulated depreciation</b>	
Balance as at 1 <sup>st</sup> April, 2019	-
Depreciation expense	9.28
Disposal / derecognised during the year	-
Balance as at 31 <sup>st</sup> March, 2020	9.28
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>41.47</b>
Balance as at 1 <sup>st</sup> April, 2019	-

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### B Lease liabilities

#### Buildings

₹ crore	
Particulars	Amount
Balance as at 1 <sup>st</sup> April, 2019	-
Addition	50.75
Accretion of interest	1.98
Payments	(8.79)
Adjustments for disposals	-
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>43.94</b>

### C Amounts recognised in Statement of profit and loss

₹ crore	
Particulars	2019-20
Depreciation expense of Right-of-Use assets (Refer Note 2)	9.28
Interest expense on lease liabilities (Refer Note 29)	1.98
	<b>11.26</b>

### 34 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 19, EMPLOYEE BENEFITS

#### (a) Defined contribution plans (Refer Accounting Policy Note 1.16)

Amount of ₹ 11.19 crore (Previous year ₹ 9.47 crore) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans: (Refer Note 27)

₹ crore		
Benefits (Contribution to)	2019-20	2018-19
Provident fund	7.24	6.16
Superannuation fund	1.37	1.47
Employee state insurance scheme	0.29	0.09
Labour welfare scheme	0.01	0.01
Gratuity	1.86	1.38
National Pension Scheme	0.43	0.36
<b>Total</b>	<b>11.19</b>	<b>9.47</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## (b) Defined Benefit Plans (Refer Accounting Policy Note 1.16) as per Actuarial Valuation are as under:

₹ crore

Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
<b>I</b>	<b>Change in present value of defined benefit obligation during the year</b>				
	Present value of defined benefit obligation at the beginning of the year	20.65	18.86	5.84	6.79
	Amount recognised in statement of profit and loss	-	-	-	-
	Interest cost	1.54	1.43	0.46	0.53
	Current service cost	2.08	1.74	0.35	0.40
	Past service cost	-	-	-	-
	Amount recognised in other comprehensive income	-	-	-	-
	Actuarial (gains) / losses	-	-	(0.07)	(1.53)
	Financial assumptions	0.89	0.11	-	-
	Due to experience	0.28	0.48	-	-
	Benefits paid	(2.59)	(1.97)	(0.16)	(0.35)
	Present Value of defined benefit obligation at the end of the year	22.85	20.65	6.42	5.84
<b>II</b>	<b>Change in fair value of plan assets during the year</b>				
	Fair value of plan assets at the beginning of the year	23.68	23.68	-	-
	Expected return on plan assets	1.77	1.79	-	-
	Contributions	-	0.26	-	-
	Benefits paid from the fund	(2.57)	(1.90)	-	-
	Amount recognised in other comprehensive income	-	-	-	-
	Actuarial gain / (loss)	(1.78)	(0.15)	-	-
	Fair value of plan assets at the end of the year	21.10	23.68	-	-
<b>III</b>	<b>Actual return on plan assets</b>				
	Expected return on plan assets	1.77	1.79	-	-
	Actuarial gain / (loss)	(1.78)	(0.15)	-	-
	Actual return on plan assets	(0.01)	1.64	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
<b>IV</b>	<b>Net asset / (liability) recognised in the balance sheet</b>				
	Present Value of defined benefit obligation at the end of the year	(22.86)	(20.65)	(6.44)	(5.84)
	Fair value of plan assets at the end of the year	21.10	23.68	-	-
	Asset / (Liability) recognised in the balance sheet	(1.76)	3.03	(6.44)	(5.84)
<b>V</b>	<b>Expenses recognised in the statement of profit and loss</b>				
	Current service cost	2.09	1.74	0.36	0.40
	Interest cost	(0.23)	(0.36)	0.46	0.53
	Past Service cost	-	-	-	-
		1.86	1.38	0.82	0.93
<b>VI</b>	<b>Expenses recognised in the Other comprehensive income</b>				
	Remeasurements (gain) / loss on defined benefit plans	2.95	0.74	(0.07)	(1.53)
<b>VII</b>	<b>The major categories of plan assets as a percentage of total plan</b>				
	Insurer managed funds	100%	100%	NA	NA
<b>VIII</b>	<b>Sensitivity analysis for significant assumptions:</b>				
	Increase/(Decrease) on present value of defined benefits obligation at the end of the year				
	1% increase in discount rate	(1.35)	(1.20)	(0.79)	(0.64)
	1% decrease in discount rate	1.51	1.35	1.01	0.80
	1% increase in salary escalation rate	1.51	1.35	-	-
	1% decrease in salary escalation rate	(1.37)	(1.23)	-	-
	1% increase in employee turnover rate	0.01	0.06	-	-
	1% decrease in employee turnover rate	(0.01)	(0.07)	-	-
	1% increase in Medical inflation rate	-	-	1.01	0.81
	1% decrease in Medical inflation rate	-	-	(0.80)	(0.65)

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

Sr. no.	Particulars	Gratuity		Post Retirement Medical Benefits	
		2019-20 (Funded)	2018-19 (Funded)	2019-20 (Non funded)	2018-19 (Non funded)
<b>IX</b>	<b>Maturity profile of defined benefit obligations</b>				
	Within the next 12 months	3.21	3.02	-	-
	Between 1 and 5 years	8.51	7.19		
	Between 5 and 10 years	11.13	10.44		
<b>X</b>	<b>Actuarial assumptions</b>				
	Discount rate	6.82%	7.47%	6.81%	7.92%
	Expected Return on Plan Assets (p.a.)	6.82%	7.47%	N.A	N.A
	Employee turnover rate	6.00%	6.00%	6.00%	6.00%
	Salary escalation	6.00%	6.00%	N.A	N.A
	Mortality pre retirement rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
	Mortality post retirement rate	N.A	N.A	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
	Medical premium inflation rate	N.A	N.A	2%	2%

- (c) The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.
- (d) The Company makes contributions to the Gratuity Trust, which manages the investment. The Trust is a funded defined benefit plan for qualifying employees. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.
- (e) The Company provides post retirement medical benefits to qualifying employees.
- (f) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- (g) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- (h) Expected rate of return on the plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.
- (i) The Company expects to fund ₹ 4.25 crore; (Previous year: ₹ Nil) towards its gratuity plan during the year 2020-21.
- (j) The salary escalation rate considered in the actuarial valuation is arrived after taking into consideration the seniority, the promotion, inflation and other relevant factors.

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### 35 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24, *RELATED PARTY DISCLOSURES*

#### i) Other Related Parties:

- 1 ASK Wealth Advisors Private Limited
- 2 Crompton CSR Foundation

#### ii) Name of Post employment benefit plans with whom transactions were carried out during the year:

- 1 Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust
- 2 Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund

#### iii) Key Management Personnel:

- 1 Mr. H. M. Nerurkar, Chairman and Independent Director
- 2 Mr. D. Sundaram, Independent Director
- 3 Mr. P. M. Murty, Independent Director
- 4 Ms. Smita Anand, Independent Director (from 10<sup>th</sup> December, 2018)
- 5 Ms. Shweta Jalan, Non-Executive Director
- 6 Mr. Sahil Dalal, Non-Executive Director
- 7 Mr. Promeet Ghosh, Non-Executive Director
- 8 Mr. Shantanu Khosla, Managing Director
- 9 Mr. Mathew Job, Chief Executive Officer
- 10 Mr. Sandeep Batra, Chief Financial Officer
- 11 Ms. Pragya Kaul, Company Secretary

#### iv) Details of related party transactions:

			₹ crore	
Sr. no.	Nature of transaction	2019-20	2018-19	
1	<b>Services received</b>			
	ASK Wealth Advisors Private Limited	0.19	0.19	
	<b>Total</b>	<b>0.19</b>	<b>0.19</b>	
2	<b>Contributions (Employer's) to Post Retirement Funds</b>			
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	-	0.26	
	Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund	1.37	1.60	
	<b>Total</b>	<b>1.37</b>	<b>1.86</b>	

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore			
Sr. no.	Nature of transaction	2019-20	2018-19
<b>3</b>	<b>Compensation to Key Management Personnel</b>		
	Short-term benefits	19.13	16.94
	Share-based Payments (refer note b below)	19.39	28.48
	Director's sitting fees	0.26	0.18
	Commission	0.62	0.35
	<b>Total</b>	<b>39.40</b>	<b>45.95</b>
<b>4</b>	<b>Donations Paid</b>		
	Crompton CSR Foundation	0.46	-
	<b>Total</b>	<b>0.46</b>	<b>-</b>

**Notes:**

- Liabilities for post retirement benefits being Gratuity, Leave encashment and Post retirement medical benefits are provided on actuarial basis for the Company as a whole. The amount pertaining to Key management personnel are not included above.
- The Company has granted shares under various Schemes to the eligible Key Management Personnel. The amount mentioned is the fair value of the grant charged to Statement of profit and loss.

**v) Amount due to / from related parties**

₹ crore			
Sr. no.	Nature of transaction	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>1</b>	<b>Other Receivable</b>		
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	-	3.03
	<b>Total</b>	<b>0.95</b>	<b>3.03</b>
<b>2</b>	<b>Other Payable</b>		
	Crompton Greaves Consumer Electricals Limited Employees' Gratuity Trust	1.76	-
	Crompton Greaves Consumer Electricals Limited Employees' Superannuation Fund	0.10	0.12
	<b>Total</b>	<b>1.86</b>	<b>0.12</b>

**Notes:**

- All the related party contracts/ arrangements have been entered on arms' length basis.
- The amount of outstanding balances as shown above are unsecured and will be settled/ recovered in cash.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 36 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 33, *EARNINGS PER SHARE*

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

		2019-20	2018-19	
<b>(a)</b>	<b>Basic earnings per share</b>			
	Numerator for earnings per share			
	Profit after tax	₹ crore	496.39	401.39
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the year	Nos	62,70,96,946	62,68,41,880
	Earnings per share - Basic (one equity share of ₹ 2 each)	₹	7.92	6.40
<b>(b)</b>	<b>Diluted earnings per share</b>			
	Numerator for earnings per share			
	Profit after tax	₹ crore	496.39	401.39
	Denominator for earnings per share			
	Weighted number of equity shares outstanding for basic EPS during the year	Nos	62,70,96,946	62,68,41,880
	Add: Weighted average number of potential equity shares on account of Employee Stock Option Schemes	Nos	48,68,618	38,87,606
	Weighted number of equity shares outstanding for diluted EPS during the year	Nos	63,19,65,564	63,07,29,486
	Earnings per share - Diluted (one equity share of ₹ 2 each)	₹	7.85	6.36



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 37 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 36, *IMPAIRMENT OF ASSETS*

For the purpose of impairment testing, goodwill is allocated to the Company's operating division (not at segment level), which is not higher than the Company's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Electric Consumer Durables	590.10	590.10
Lighting Products	189.31	189.31
<b>Total</b>	<b>779.41</b>	<b>779.41</b>

The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax budgeted EBITDA projections of the next five years which is considered by the Board as a reasonable period.

### The key assumptions used in value-in-use calculations are as follows:

- a) Earnings (before interest and tax) margin: The margins have been estimated based on past experience after considering incremental revenue and savings from the efficiencies and cost saving initiatives driven by the Company.
- b) Discount rate: Discount rate reflects the current market assessment of the risks specific to a cash generating unit and is estimated based on the weighted average cost of capital.
- c) Long-term growth rate: The growth rates used are in line with the long-term average growth rates of the Company and are consistent with the internal / external sources of information.

The assumptions used are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for any of the cash generating unit as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March, 2019 as the recoverable value of the cash generating unit exceeded the carrying value.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. The Company has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 38 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 102, *SHARE-BASED PAYMENTS*

### Employee stock options - equity settled

(a) The Members of the Company have approved by way of postal ballots grant of Employee stock options under various Schemes. The plan envisaged grant of shares to eligible employees at market price/pre-determined value as determined by the Nomination and Remuneration Committee (NRC) of the Board of Directors from time to time.

#### Disclosures:

₹ crore

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Charge for the year	22.83	34.43
Employee Stock option outstanding	141.24	120.83

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

Particulars	31 <sup>st</sup> March, 2020				31 <sup>st</sup> March, 2019		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
Date of Shareholder's approval	19 <sup>th</sup> January, 2020	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016	22 <sup>nd</sup> October, 2016
Total number of options approved under ESOS	48,00,000	40,00,000	1,09,68,057	31,33,731	40,00,000	1,09,68,057	31,33,731
Vesting requirements	1-5 Years	1-5 Years	1-10 Years	1-10 Years	1-5 Years	1-10 Years	1-10 Years
Exercise price or pricing formula (₹)	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	92.83	185.66	Exercise Price is the closing market price on the Stock Exchange, as on the day prior to the date on which the NRC approves the Grant.	92.83	185.66
Maximum term of Options granted (years)	Options granted under ESOP 2019 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under ESOP 2016 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under PSP 1 and PSP 2 would vest not earlier than one year and not later than 10 years from the date of grant	Options granted under ESOP 2016 would vest not earlier than one year and not later than 5 years from the date of grant.	Options granted under PSP 1 and PSP 2 would vest not earlier than one year and not later than 10 years from the date of grant		
Source of shares (Primary, Secondary or combination)	Primary						
Variation in terms of options	There have been no variations in the terms of the options						

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## (c) Options movement during the year:

Particulars	31 <sup>st</sup> March, 2020				31 <sup>st</sup> March, 2019		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
No. of options outstanding at the beginning of the year	-	31,33,769	1,09,68,057	31,33,731	31,56,404	1,09,68,057	31,33,731
No. of options granted during the year	3,70,000	10,10,000	-	-	5,20,000	-	-
No. of options forfeited / lapsed during the year	-	4,79,834	1,64,521	47,006	3,41,820	-	-
Number of options vested but not exercised at the end of the year	-	13,65,883	50,50,147	14,57,184	10,06,269	39,48,500	11,28,142
Number of options exercised during the year	-	2,48,052	50,000	-	2,00,815	-	-
Money realised by exercise of options (₹)	-	4,68,48,804	46,41,500	-	3,74,72,079	-	-
No. of options outstanding at the end of the year	3,70,000	34,15,883	1,07,53,536	30,86,725	31,33,769	1,09,68,057	31,33,731
No. of options exercisable at the end of the year	-	13,65,883	50,50,147	14,57,184	10,06,269	39,48,500	11,28,142
Weighted Average Remaining Contractual Life (in years)	8.09	5.31	4.91	4.90	5.52	5.89	5.89

## (d) Weighted average information for year:

Particulars	2019-20				2018-19		
	ESOP 2019	ESOP 2016	PSP 1	PSP 2	ESOP 2016	PSP 1	PSP 2
<b>Weighted average exercise price of options granted during the year whose</b>							
Exercise price equals market price (₹)	264.73	258.65	-	-	235.20	-	-
Exercise price is greater than market price (₹)	-	-	-	-	-	-	-
Exercise price is less than market price (₹)	-	-	-	-	-	-	-
<b>Weighted average fair value of options granted during the year whose</b>							
Exercise price equals market price (₹)	95.76	100.56	-	-	94.95	-	-
Exercise price is greater than market price (₹)	-	-	-	-	-	-	-
Exercise price is less than market price (₹)	-	-	-	-	-	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**(e) The Black-Scholes Valuation Model has been used for computing weighted average fair value considering the following inputs:**

Particulars	2019-20		2018-19
	ESOP 2019	ESOP 2016	ESOP 2016
Price of the underlying share in market at the time of the option grant (₹)	264.73	258.65	235.20
Exercise price (₹)	264.73	258.65	235.20
Risk free interest rate (based on government securities)	6.20%	6.49%	7.87%
Expected life (years)	5.00	5.76	5.00
Expected volatility	31.39%	30.63%	32.48%
Dividend yield	0.75%	0.77%	0.64%

**(f) Number and Weighted Average Exercise Price of Options:**

Particulars	2019-20		2018-19	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,72,35,557	129.18	1,72,58,192	128.25
Granted during the year	13,80,000	263.10	5,20,000	235.20
Forfeited during the year	6,91,361	172.17	3,41,820	210.06
Exercised during the year	2,98,052	172.76	2,00,815	186.60
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,76,26,144	137.24	1,72,35,557	129.18
Exercisable at the end of the period	78,73,214	127.59	60,82,911	126.13

**(g)** Weighted average share price of options exercised during the year is ₹ 244.21 (Previous year ₹ 223.43).

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 39 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108, OPERATING SEGMENTS

### A. General Information

#### (i) Basis of identifying operating segments :

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and performance assessment; and (c) for which discrete financial information is available.

The Company has two reportable segments as described under 'Segment Composition' below. The nature of products and services offered by these businesses are different and are managed separately given the different sets of technology and competency requirements.

#### (ii) Reportable segments :

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

#### (iii) Segment profit :

Performance of a segment is measured based on segment profit (before interest and tax), as included in the internal management reports that are reviewed by the Company's Board of Directors.

#### (iv) Segment composition :

Electric Consumer Durables comprises the product categories of Fans, Pumps and Appliances. Lighting products comprises of Luminaires and Light Sources.

### B. Information about reportable segments:

₹ crore

2019-20	Reportable segments		
	Electric Consumer Durables	Lighting Products	Total
<b>Revenue</b>			
External Customers	3,389.04	1,131.22	4,520.26
Inter-segment	-	-	-
<b>Total revenue</b>	<b>3,389.04</b>	<b>1,131.22</b>	<b>4,520.26</b>
<b>Segment profit</b>	<b>673.10</b>	<b>70.59</b>	<b>743.69</b>
<b>Segment profit includes:</b>			
Depreciation and amortisation expense	4.92	8.39	13.32
<b>Segment assets</b>	<b>721.88</b>	<b>501.12</b>	<b>1,223.00</b>
<b>Segment liabilities</b>	<b>479.17</b>	<b>391.48</b>	<b>870.65</b>
<b>Other disclosures:</b>			
Capital expenditure	37.36	14.96	52.33

## Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

2018-19	Reportable segments		
	Electric Consumer Durables	Lighting Products	Total
<b>Particulars</b>			
<b>Income</b>			
External Customers	3,213.57	1,265.34	4,478.91
Inter-segment	-	-	-
<b>Total income</b>	<b>3,213.57</b>	<b>1,265.34</b>	<b>4,478.91</b>
<b>Segment profit</b>	616.15	106.87	723.02
<b>Segment profit includes:</b>			
Depreciation and amortisation expense	3.79	5.53	9.32
<b>Segment assets</b>	606.19	497.33	1,103.52
<b>Segment liabilities</b>	384.81	453.35	838.16
<b>Other disclosures</b>			
Capital expenditure	10.61	4.34	14.95

### C. Reconciliations of information on reportable segments

₹ crore

Particulars	2019-20	2018-19
<b>(a) Income</b>		
Total income for reportable segments	4,520.26	4,478.91
Elimination of inter-segment revenue	-	-
<b>Total income (Refer Note 22)</b>	<b>4,520.26</b>	<b>4,478.91</b>
<b>(b) Profit before tax</b>		
Total profit before tax for reportable segments	743.69	723.02
Unallocated amounts:		
Expense on Employee Stock Option Scheme	(22.83)	(34.43)
Finance costs	(40.67)	(59.60)
Other unallocable expenditure net of unallocable Income	(89.50)	(69.16)
<b>Total profit before tax from operations as reported in Statement of profit and loss</b>	<b>590.69</b>	<b>559.84</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>(c) Assets</b>		
Total assets for reportable segments	1,223.00	1,103.52
Other unallocated amounts		
Goodwill	779.41	779.41
Other assets	698.74	727.22
Deferred tax assets (net)	50.67	60.25
<b>Total assets as reported in Balance sheet</b>	<b>2,751.82</b>	<b>2,669.65</b>
<b>(d) Liabilities</b>		
Total liabilities for reportable segments	870.65	838.16
Other unallocated amounts		
Borrowings	349.72	649.26
Other liabilities	63.11	84.90
<b>Total liabilities as reported in Balance sheet</b>	<b>1,283.48</b>	<b>1,572.31</b>

## D. Disaggregation of revenue based on products

Information given above concerning reportable segment-wise revenue are sufficient to meet the required disclosures under Ind AS 115, *Revenue from Contracts with Customers*, with respect to disaggregation of revenue.

## E. Geographic information

The Company mainly caters to Indian Market, accordingly, secondary information/ geographical segment is not applicable.

## F. Information about major customers

There are no customers having revenue exceeding 10% of total revenues.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## 40 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 107, *FINANCIAL INSTRUMENTS – DISCLOSURES*

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

₹ crore

As at 31 <sup>st</sup> March, 2020	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Other non-current financial assets							
Security deposits		6.84	6.84				
In Deposit accounts- bank deposits with maturity beyond 12 months		0.28	0.28				
Others		0.70	0.70				
Cash and cash equivalents		24.03	24.03				
Bank balance other than cash and cash equivalents		24.09	24.09				
Current investments	540.82		540.82		540.82		540.82
Trade receivables		463.46	463.46				
Other current financial assets		12.77	12.77				
	<b>540.82</b>	<b>532.17</b>	<b>1,072.99</b>	<b>-</b>	<b>540.82</b>	<b>-</b>	<b>540.82</b>
<b>Financial liabilities</b>							
Borrowings		349.72	349.72				
Trade payables		643.57	643.57				
Other current financial liabilities		47.14	47.14				
	<b>-</b>	<b>1,040.43</b>	<b>1,040.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

As at 31 <sup>st</sup> March, 2019	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
<b>Other non-current financial assets</b>							
Security deposits		6.80	6.80				
In Deposit accounts- bank deposits with maturity beyond 12 months		0.28	0.28				
Others		2.87	2.87				
Cash and cash equivalents		116.98	116.98				
Bank balance other than cash and cash equivalents		26.07	26.07				
Current investments	541.21		541.21		541.21		541.21
Trade receivables		565.98	565.98				
Other current financial assets		12.42	12.42				
	<b>541.21</b>	<b>731.40</b>	<b>1,272.61</b>	<b>-</b>	<b>541.21</b>	<b>-</b>	<b>541.21</b>
<b>Financial liabilities</b>							
Borrowings		649.26	649.26				
Trade payables		665.00	665.00				
Other current financial liabilities		65.69	65.69				
	<b>-</b>	<b>1,379.95</b>	<b>1,379.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## B. Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## C. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative instruments - forwards foreign exchange contracts	The Company has used discounted mark to market of forward contracts using current forward rates for remaining tenure of the forward contract as provided by respective banks.	Not applicable	Not applicable
Derivative instruments - options foreign exchange contracts	Fair value of foreign currency options contract is provided by bank's with whom the derivatives are entered into.	Not applicable	Not applicable
Investment in mutual funds	The fair value of the units of mutual fund scheme are based on net asset value at the reporting date.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates.	Not applicable	Not applicable

## D. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Company has constituted a Risk Management Committee (RMC) for identification, evaluation and mitigation of operations, strategic and external risks. RMC has the overall responsibility for monitoring and recovering the Risk Management Plan and associated practices of the Company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RMC oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### i. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

### Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Fixed-rate instruments</b>		
Financial assets		
Bank deposits	34.68	110.66
<b>Total</b>	<b>34.68</b>	<b>110.66</b>
<b>Financial liabilities</b>		
Non-current borrowings	179.72	349.26
Current maturities of non-current borrowings	170.00	300.00
<b>Total</b>	<b>349.72</b>	<b>649.26</b>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investment in mutual funds and cash and cash equivalents. The Company makes provision on trade receivables based on Expected Credit loss (ECL) method based on provision matrix.

### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has a detailed review mechanism of overdue trade receivables at various levels in the organisation to ensure proper attention and focus on realisation.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Not past due	276.56	402.42
Past due 1-360 days	169.24	158.84
Past due 361- 720 days	17.66	4.72
more than 720 days	-	-
	<b>463.46</b>	<b>565.98</b>

### Expected credit loss assessment

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk .

**The movement in the allowance for impairment in respect of trade receivables during the year was as follows:**

Particulars	₹ crore
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>14.21</b>
Impairment loss recognised/ (reversed)	11.92
Write-off of bad debts	(6.49)
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>19.64</b>
Impairment loss recognised	27.95
Write-off of bad debts	(24.36)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>23.24</b>

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Cash and cash equivalents and bank deposits

The Company held cash and cash equivalents and bank deposits with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an on-going basis and is considered to be good. Investment of surplus funds are made in bank deposits and other risk free securities.

## Derivatives

The derivatives (forwards and options for foreign currency payments) are entered into with banks and financial institution counterparties with good credit ratings.

## Investment in mutual funds

The Company limits its exposure to credit risk by investing only with counterparties that have a good credit rating. The Company does not expect any losses from non performance by these counter parties.

Other than trade receivables, the Company has no other financial assets that are past due but not impaired.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due at reasonable price. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company monitors cash flow requirements and aims at optimising its cash return on investments and to maintain the level of its cash and bank balance and other highly marketable mutual fund investments at an amount in excess of expected cash outflows on financial liabilities.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flows are gross and undiscounted, and include estimated interest payments.

As at 31 <sup>st</sup> March, 2020	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non current financial liabilities</b>						
Borrowings (including interest)	373.83	397.44	201.33	196.11	-	-
<b>Current financial liabilities</b>						
Trade payables	643.57	643.57	643.57	-	-	-
Other financial liabilities	23.02	23.02	23.02	-	-	-

₹ crore

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

₹ crore

As at 31 <sup>st</sup> March, 2019	Contractual cash flows					
	Carrying amount	Total	1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non current financial liabilities</b>						
Borrowings (including interest)	693.73	755.46	358.02	201.33	196.11	-
<b>Current financial liabilities</b>						
Trade payables	665.00	665.00	665.00	-	-	-
Other financial liabilities	21.22	21.22	21.22	-	-	-

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company’s income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of investments. Thus, Company’s exposure to market risk is a function of investing and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**v. Currency risk**

The Company is exposed to currency risk on account of its receivable and payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward foreign exchange contracts and options foreign exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

Company do not use derivative financial instruments for trading or speculative purposes.

**Following is the derivative financial instruments to hedge the foreign exchange rate risk:**

Category	Instrument	Currency	Cross Currency	Amounts (\$ in million)	Buy/Sell	Period
Hedges of recognised liabilities	Option Contract	USD	INR	7.40	Buy	As at 31 <sup>st</sup> March, 2020
Hedges of recognised liabilities	Forward Contract	USD	INR	0.16	Buy	As at 31 <sup>st</sup> March, 2020

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

## Exposure to currency risk

The currency profile of financial assets and financial liabilities denominated in USD are as below:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Financial assets</b>		
Trade receivables	20.01	19.05
	<b>20.01</b>	<b>19.05</b>
<b>Financial liabilities</b>		
Trade payables	70.31	92.41
	<b>70.31</b>	<b>92.41</b>
Net foreign currency exposure	<b>(50.30)</b>	<b>(73.36)</b>

## Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the Indian Rupee against foreign currencies at reporting date would have affected the measurement of financial instruments denominated in foreign currencies and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹ crore	Profit or loss		
	Movement	Strengthening	Weakening
<b>As at 31<sup>st</sup> March, 2020</b>			
USD	5%	(2.51)	2.51
		<b>(2.51)</b>	<b>2.51</b>
<b>As at 31<sup>st</sup> March, 2019</b>			
USD	5%	(3.67)	3.67
		<b>(3.67)</b>	<b>3.67</b>

## 41 CAPITAL MANAGEMENT

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents, other bank balances and current investments. Total equity comprises all components of equity.

The Company's adjusted net debt-to-equity ratio at 31<sup>st</sup> March, 2020 was as follows:

Particulars	₹ crore	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Total borrowings (including current portion of long-term debts)	349.72	649.26
Less : Cash and cash equivalents	24.03	116.98
Less : Other bank balances	24.09	26.07
Less : Current investments	540.82	541.21
Adjusted net debt	(239.22)	(35.00)
<b>Total equity</b>	<b>1,468.34</b>	<b>1,097.34</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>(0.16)</b>	<b>(0.03)</b>

**42** Additional Information pursuant to Schedule III to the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2020:

Name of Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated net assets	Amount (₹ crore)	As % of consolidated net assets	Amount (₹ crore)
<b>Parent Company</b>								
Crompton Greaves Consumer Electricals Limited	99.96%	1,467.80	99.66%	494.70	100.00%	(2.15)	99.66%	492.55
<b>Indian Subsidiaries</b>								
Pinnacles Lighting Project Private Limited	0.49%	7.14	0.20%	1.01	0.00%	-	0.20%	1.01
Nexustar Lighting Project Private Limited	0.52%	7.60	0.14%	0.68	0.00%	-	0.14%	0.68



# Notes to the Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

**43** The List of subsidiaries included in Consolidated Financial Statements are as under:

Sr. no.	Name of the subsidiary companies	Principal place of business	Proportion of direct ownership as on 31 <sup>st</sup> March, 2020	Proportion of direct ownership as on 31 <sup>st</sup> March, 2019
1	Pinnacles Lighting Project Private Limited	India	100%	100%
2	Nexustar Lighting Project Private Limited	India	100%	100%

**44** Based on assessment order received during the year, the Company has written-back an amount of ₹ 57.38 crore (Previous year ₹ 28.45 crore) in respect of earlier years and the same is netted-off from current tax expense for the year ended 31<sup>st</sup> March, 2020.

**45** COVID-19 has caused significant disruptions to businesses across India. The management has considered the possible effects, if any, that may impact the carrying amounts of inventories, receivables and intangibles (including goodwill). In making the assumptions and estimates relating to the uncertainties as at the balance sheet date in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financials results. The management expects no impairment to the carrying amounts of these assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on the operations.

**46** Amount shown as 0.00 represents amount below ₹ 50,000 (Rupees Fifty Thousand).

**47** Figures for the previous year have been regrouped wherever necessary.

## Signatures to Notes 1 to 47

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**H. M. Nerurkar**  
Chairman  
DIN: 00265887

**Shantanu Khosla**  
Managing Director  
DIN: 00059877

**D. Sundaram**  
Director  
DIN: 00016304

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
Mumbai, 15<sup>th</sup> May, 2020

**Mathew Job**  
Chief Executive Officer

**Sandeep Batra**  
Chief Financial Officer

**Pragya Kaul**  
Company Secretary  
Membership No. A17167

Mumbai, 15<sup>th</sup> May, 2020





# Crompton

## **Crompton Greaves Consumer Electricals Limited**

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CIN: L31900MH2015PLC262254