

Marching ahead with **Confidence...**



PHOENIX

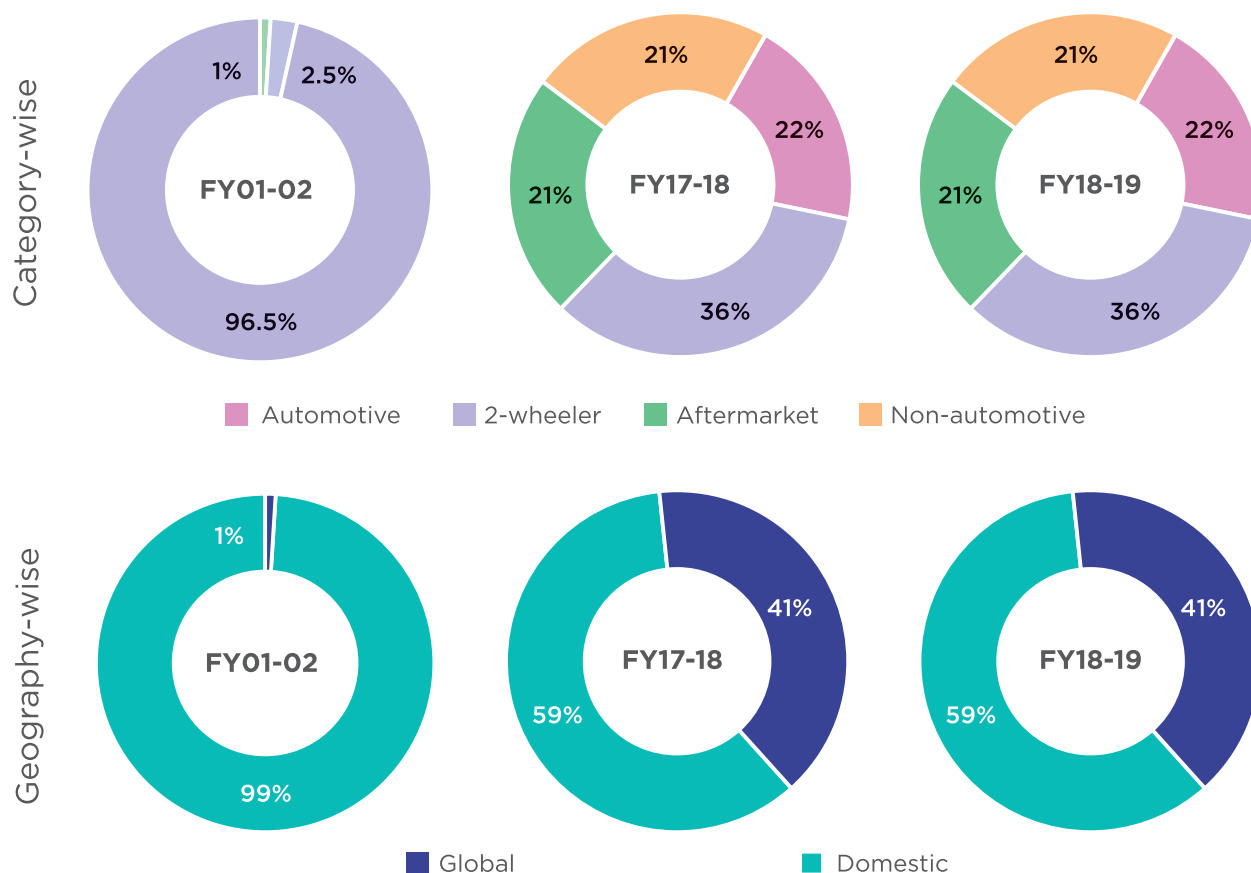


Suprajit Engineering Limited

Thirty Fourth Annual Report 2018 - 2019

THE TRANSFORMATION CONTINUES

Segmental and Geographic Synergies



GROUP FINANCIAL HIGHLIGHTS AND KEY INDICATORS

₹ in Million

| Description | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Gross Income | 2270 | 2663 | 3792 | 4612 | 5107 | 6006 | 6718 | 10504 | 12954 | 14546 | 15899 |
| Profit After Tax (PAT) | 90 | 222 | 333 | 398 | 471 | 508 | 503 | 803 | 1137 | 1385 | 1338 |
| Equity and Reserves | 546 | 702 | 969 | 1292 | 1667 | 2047 | 2408 | 4476 | 5242 | 6549 | 7751 |
| ROE% | 15.49 | 33.89 | 39.84 | 35.22 | 31.85 | 27.36 | 22.58 | 20.90 | 25.49 | 23.49 | 18.71 |
| Asset Turnover Ratio (Net Assets) | 3.25 | 3.81 | 4.37 | 4.58 | 4.29 | 3.94 | 4.00 | 4.69 | 4.04 | 3.56 | 3.86 |
| Debt Equity Ratio (Term Debt) | 0.46 | 0.39 | 0.44 | 0.30 | 0.27 | 0.27 | 0.38 | 0.26 | 0.47 | 0.26 | 0.21 |
| Current Ratio | 1.24 | 1.30 | 1.59 | 1.50 | 1.57 | 1.60 | 1.85 | 1.81 | 1.61 | 1.53 | 1.65 |
| Operational EBIDTA % | 13.22 | 17.28 | 16.18 | 15.51 | 15.69 | 16.01 | 14.90 | 16.20 | 16.55 | 16.53 | 14.64 |
| ROCE % | 20.27 | 17.21 | 26.31 | 39.28 | 36.11 | 35.94 | 32.84 | 29.99 | 23.62 | 26.90 | 22.80 |
| Book Value of Shares (₹) | 4.54 | 5.85 | 8.07 | 10.76 | 13.89 | 17.05 | 20.06 | 25.96 | 36.81 | 46.82 | 55.41 |
| EPS (₹) | 0.74 | 1.84 | 2.77 | 3.31 | 3.92 | 4.23 | 4.19 | 6.11 | 8.13 | 9.90 | 9.57 |
| Pay-out Ratio (%) to PAT ** | 25.72 | 27.32 | 20.19 | 23.12 | 22.13 | 27.99 | 30.27 | 31.36 | 20.35 | 23.19 | *22.23 |

**Pay-out ratio on standalone basis

* subject to shareholder's approval.

Marching ahead with Confidence...



My Dear Shareholder,

I have pleasure in sharing with you yet another year of satisfying performance. The enclosed reports and financial statements provide you with detailed and relevant information.

The year gone by had significant ups and downs. While the domestic growth in the first half of the year was good, the second half turned out to be disappointing. The overall growth of the Indian Automotive Industry for the year was 6.45%, much lower than most expected during the beginning of the year.

The overall business of your Company grew well. This is largely due to the strong aftermarket growth, both at Cables and Phoenix Lamps Division (PLD), strong export growth of cables at Suprajit Automotive Private Limited (SAL) and industry beating performance in the domestic OEM cable business. Wescon and PLD continue to consolidate their businesses in spite of competition, global economic scenario, tariff wars etc. Your Company has initiated changes at the top management of the group and enhanced grass-root level operational improvements, which are expected to be positive for the group in the longer run.

Your Company has now planned to increase the annual capacity from 250 million to 325 million from the earlier 300 million cables. Trial production at our new Narsapura plant has started. An additional infrastructural facility at the existing Manesar plant is planned. Trial production at the new plant at SAL is expected to start during the second quarter of this year to meet significant new businesses, both from Europe and North America. Suprajit Europe will set up a comprehensive warehouse in Slovenia to augment European customers' requirements and Brexit.

Your Company recently announced an Asset Purchase Agreement to acquire the Halogen Bulb manufacturing facility near Chennai from M/s. Osram India Pvt. Ltd. (Osram). The transaction is expected to be completed by the end of September, 2019. This is very strategic for your Company to derisk and grow profitably with a marquee new global customer, Osram.

Your Company has started a "Chairman's Club" to identify and reward top 100 employees of the Company.

The year ahead is expected to be even more challenging with slowing domestic and global economy. The automotive growth in India continues to be sluggish due to difficulty in vehicle financing, concerns on BS VI implementation, currency fluctuations, wage increases, insurance costs, tariff wars, global risks, commodity prices, etc. Your Company continues to have strong focus on various operational matrices, which is expected to drive all the divisions of your Company to perform satisfactorily, in this difficult environment.

To this end, I seek your continued support and good wishes in our endeavour to excel in our business as we continue to March ahead with Confidence.

With warm personal regards,

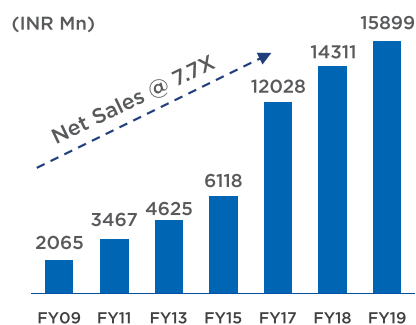
Yours sincerely,

K. Ajith Kumar Rai
Founder and Chairman

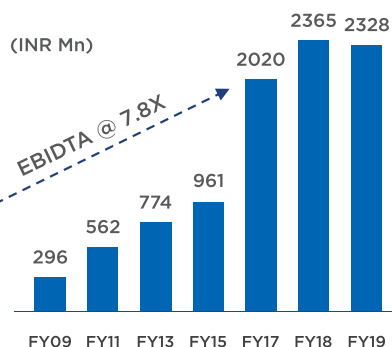


ROBUST FINANCIALS (GROUP)

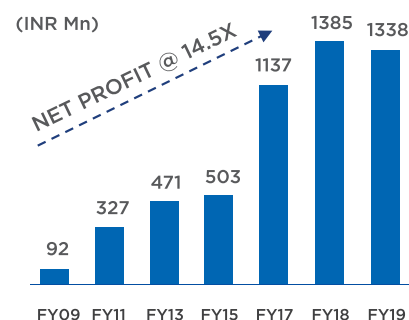
Robust growth in net sales...



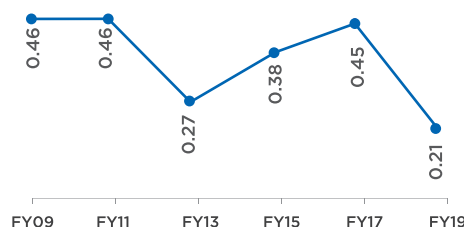
...high EBITDA ...



...and high net profit



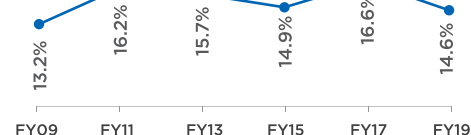
supported by low Long Term Liabilities / Equity...



resulting in exceptional ROCE...

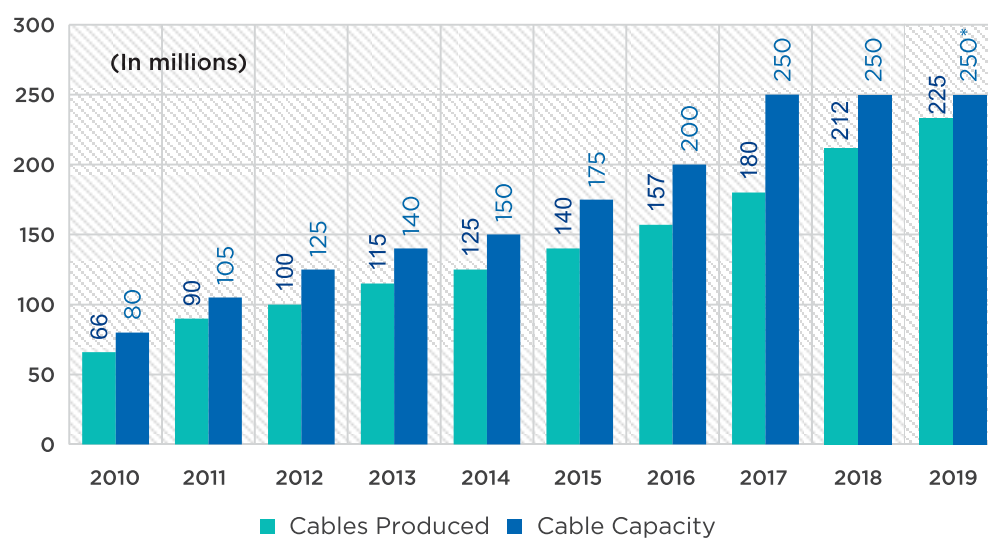


....and high EBITDA margins

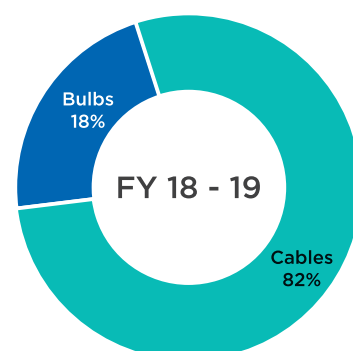


CAPACITIES

Cable Capacity



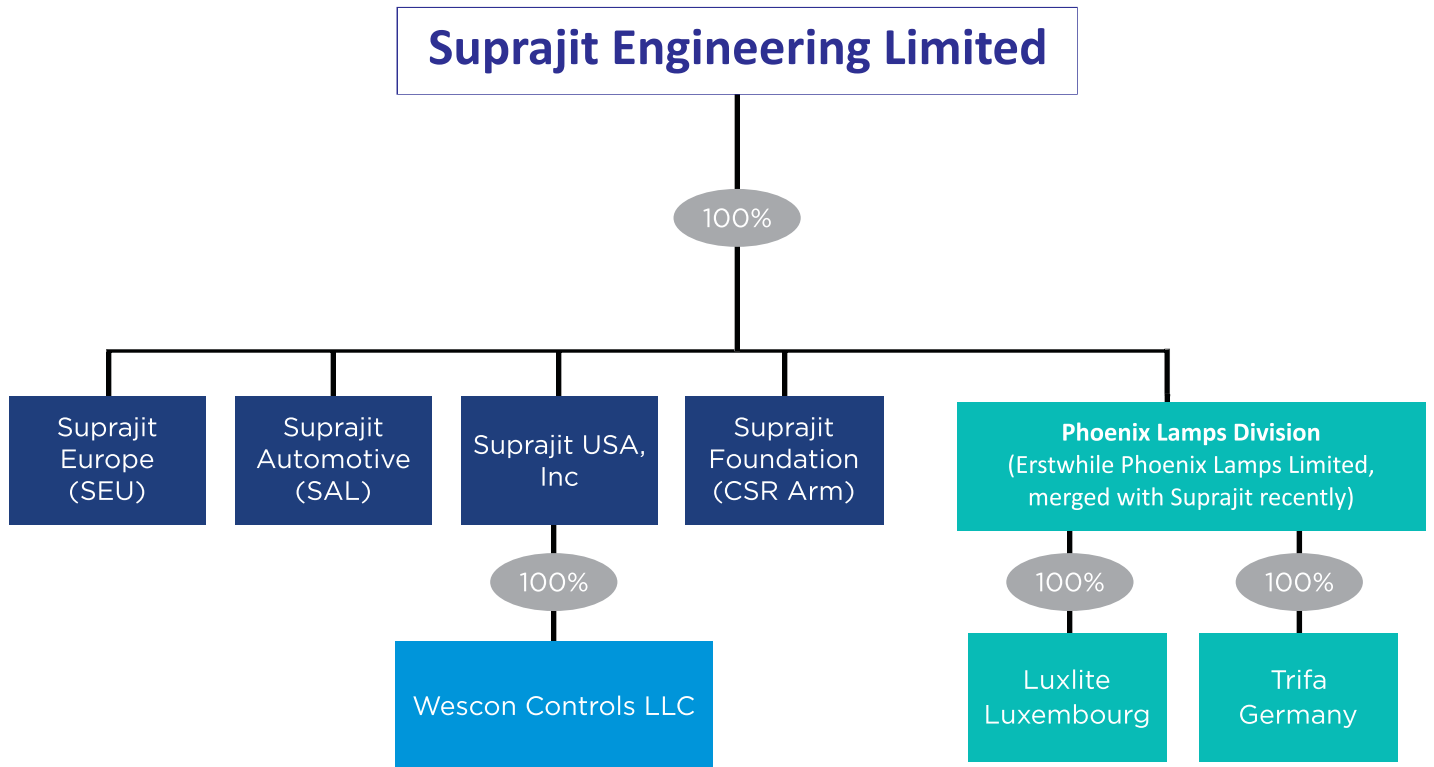
Revenue Split



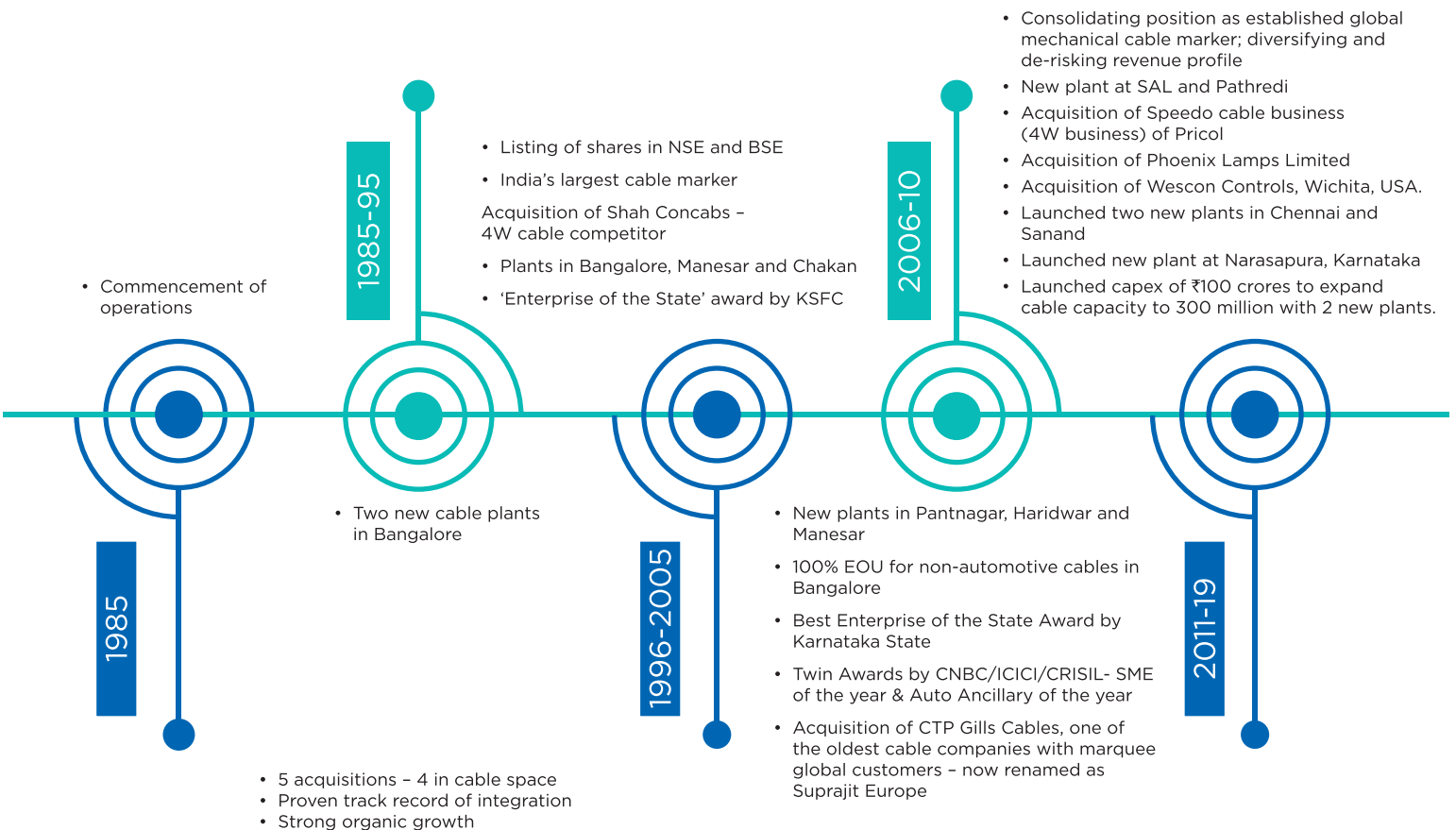
*Capacity expansion plan (Cables) - 325 million

2019 - Bulbs Capacity - 87 million / Utilized Capacity - 60 million

Suprajit Group Stucture



KEY MILESTONES IN OUR JOURNEY





AWARDS AND RECOGNITIONS



Customer awards and recognitions

- 🏆 Volkswagen - 'A' Grade Supplier Award, Quality Performance Award
- 🏆 Honda Motor Cycles and Scooters - Quality and Delivery Achievement Award
- 🏆 General Motors - Supplier Quality Excellence Award (3 years in a row)
- 🏆 John Deere - Accelerated Global Sourcing Award
- 🏆 Brose Key Supplier Award
- 🏆 Bajaj Auto Limited - TPM Excellence Award
- 🏆 Tata Motors - Green Card for 'O' PPM
- 🏆 Hero MotoCorp Limited - Direct Online Supply (DOL) Award
- 🏆 Bajaj Auto Limited - Quality Consistency Gold Award
- 🏆 Yamaha - Cost Reduction & VA/VE Activity Award A grade excellence Award
- 🏆 TVS, Bajaj and Mahindra - various Awards And many more....
- 🏆 Best Delivery and Quality Supplier of the Year - AISIN Group

Other Awards

- 🏆 1995 KSFC: Entrepreneur of the Year for the Promoter
- 🏆 2006 CNBC / ICICI / CRISIL: SME of the Year Auto Ancillary of the Year
- 🏆 2007 NASSCOM: Best IT User Award in Automotive Sector
- 🏆 2010 KSFC: Outstanding Enterprise of the State
- 🏆 2017BMA - Entrepreneur of the Year



3 BRAND STRATEGY

Suprajit Engineering



Suprajit

Automotive Cables

- 18 manufacturing facilities in India, including EOU for non-automotive
- SAL - EOU facility for automotive
- SEU - Tech Centre in Tamworth, UK
- Over 30 years of expertise in cables

Phoenix Lamps



PHOENIX



Halogen Lamps

- 2 manufacturing facilities in India.
- 2 facilities in Germany and Luxembourg
- Acquired by Suprajit in May 2015 and merged with Suprajit in August 2017
- Over 25 years of expertise in Halogen Lamps

Wescon Controls



Non-Automotive cables

- Manufacturing facility in Wichita, Kansas, USA
- 1 Maquiladora facility in Juarez, Mexico
- Acquired by Suprajit in September 2016
- Over 70 years of expertise in cables & controls

DE-RISK AND GROW PROFITABLY



BEST-IN-CLASS FACILITIES IATF16949 Plants

- World-class manufacturing with operations IATF 16949 certified
- Global standards in manufacturing, testing and quality assurance
- Vertical process integration for key processes and optimized supply chain

PRODUCT RANGE



Top Management Speaks



MOHAN N S
Managing Director & Group CEO

The year 2018-19 has continued to be a year of consolidation at Suprajit group.

Our efforts to focus and build a solid foundation for good corporate governance and strengthening the managerial processes of retaining a balance between entrepreneurial independence of business units, while aligning to the group aspirations, goals, ethics and strict fiscal discipline, continues.

Exports of Automotive cable continue to grow, warranting an expansion in capacities at Suprajit Automotive Ltd. The trust posed in marquee global customers in Europe and offlets in US, has helped in establishing Suprajit as one of the key players in the European automotive market. Our plans to open a warehouse in Slovenia show our commitment to mainland EU customers and a way to de-risk the Brexit uncertainties.

On the domestic cable division front, we continued to be a partner of choice with our customers. This lead to the plan of opening another plant at Narasapura. Our plan to “autonomate” manufacturing process and modernise our plants have gathered pace.

Phoenix lamps division continues on its journey to expand the market share in the Indian Aftermarket, hold on to the market position in the OEM segment and make forays into new territories in the export market. Re-structuring the business in Europe by bringing both the entities under a single leadership has started to yield operational efficiencies and reducing costs.

During the year, we had a change in the leadership at Wescon. We are making qualitative changes at Wescon and have kicked off a new initiative called “Wescon In New Environment”. This is a companywide initiative involving the employees at all levels to bring in Automotive business practices to the shop floor and aims to increase operational efficiencies and reduce waste and costs. Suprajit Engineering Non Automotive (SENA) strongly has been given a fresh impetus.

Our plan to acquire Osram, a leading world player in the lighting market as our new customer has been given momentum in our signing for an asset purchase of Osram’s manufacturing assets near Chennai. Our search for appropriate acquired growth continues.

Engineering is the backbone of our Industry. Engineering innovations continue to get the spotlight to generate new products, applications and patents for the same. Implementation of Product Life Cycle Management (PLM) software to ensure standardization and bring in the discipline in program launches has been a highlight of the year.

As we stare at volatility in the industry within India and in the world markets, we, at Suprajit have started to tighten the belt and get ready to face the rough weather while not losing sight of our long-term objective of becoming an Engineering company of repute.



MEDAPPA GOWDA J
CFO - Group

The Company has established a good governance system across Indian and overseas locations to ensure statutory compliance requirements. Robust management information system evolved over the years with effective internal control systems is the backbone of the Organization with good risk management practices. The Company is in a position to effectively manage multi-state, multi-location and multi geographical presence, though challenging.

The effective cash management system, optimal debt structure with minimal cost, overseas structured debt management, efficient capital allocation, treasury management, good credit ratings, with renowned rating agencies, effective foreign currency management with balanced hedging policies are delivering positive results. The Company has consistently maintained healthy key financial ratios like ROCE, Debt : Equity, ROE, Debt to EBIDTA, Asset

Turnover, etc, which continue to be our strength and primary objective. Highest levels of transparent business practices, simplified ethical business model, timely disclosure of information to the general public, has increased the confidence level with its investor fraternity.

Advanced IT tools and communication systems have supported the Company to manage the operations and to meet the customers advanced requirement globally.



NARAYANA SHANKAR K
COO
Domestic Cable Division

Graduating the "Team Operations" from routine to strategic thinking has been the success story of the year of Operations Team. We now work on the theme of Rhythm and harmony in operations at all our manufacturing units to get focused attention on all key critical issues like Quality, Cost, Delivery and development. Units have been able to make head way in upgrading the thought processes on various operational issues and concentrate on planned improvements. The customer rating has improved uniformly in all the units and has been one of the measures of success of the units.

Commissioning Narasapura unit as one of the modern units of the company has been achieved during the year. Business from the unit is very promising for the existing and future customers, in the coming years.

Competition has increased during the year and cost challenges continue for Operations Team. We have always been proactive in driving profits as per budget by making continual improvements. Cost management along with technology development will continue to be the challenges of the operations in the days to come. Automation continues to be a focus area with emphasis on a disciplined approach to implement systems, processes and procedures.

The team is well knit and motivated to meet the above challenges by working smartly and with a clear focus on results.



PETER GREENSMITH
Managing Director
Suprajit Europe Ltd.

2018-19 was a year of sustained growth resulting in the combined turnover of both subsidiaries, Suprajit Europe and Suprajit Automotive increasing by 30%. The development and manufacturing teams worked at full stretch to achieve this result.

In preparation for introducing future contracts, our Suprajit Automotive manufacturing footprint is being doubled in size on the same Bangalore site during 2019.

In 2019, the opening of Suprajit Europe Koper, based in Slovenia, will provide double the current warehousing capacity, together with a structural solution to the anxieties our customers have expressed over possible Brexit outcomes.



AKHILESH GOEL
COO
Phoenix Lamps Division

The Domestic aftermarket sales have grown better than market and we enhanced our market share. This year we continued our efforts on expansion of geographical reach of products. Product basket has been expanded by additional Halogen products. This year, major efforts have been on developing drop in LED Solution.

Significant progress has been made in terms of overall quality improvement through "Q" Challenge as well as low-cost automation for productivity improvement. RGL program launched early last year has been a success. This year, we expanded to P (low power consumption) & T (lower temperature) as well. Last year's initiative "C" Challenge" to improve cost-efficiencies have been expanded to other support functions as well. A new logo for Phoenix Lamps was launched during the year.

Capacity utilization of new H7 line has improved compared to the year before. Significant progress has been on overall Quality & Efficiency levels across the operations.

On the shop floor, a new initiative "Operations - GV (Gyan-Vigyan)" was launched, wherein the Knowledge and Science of the Lamp Making process is being documented. A team of Engineers was deployed, which will work closely with experienced associates.



FRANK KLINKERT
Managing Director
Luxlite Lamps SARL, Luxembourg
& Trifa Lamps Germany GmbH

Working in good times is easy, but working in difficult times is the challenge. As the market becomes more and more competitive, as a team in India and Europe, we can defend & work towards expanding our position. Customers demand in service and quality is increasing and so also the value for money.

We are working towards increasing the operational efficiencies; this will help us to serve customers better in Europe from a single warehousing location. We are expanding the market with representatives in Brazil and USA with Trifa as our brand in Europe, Americas, Middle East, Africa and China. It is our endeavour to be in multiple markets and be successful.



STEVE FRICKER
CEO
SENA & Wescon Controls LLC

Wescon has experienced some headwinds over the past years, primarily due to the changing weather patterns and unpredictability of the "Green and the Snow seasons". To overcome this, we are focusing on establishing new customers in several market sectors beyond the Outdoor Power Equipment (OPE) segment, while maintaining / expanding our dominate position within the OPE sector. With this SENA (Suprajit Engineering Non Automotive) strongly planting several seeds in FY20 that should produce harvest for years to come.

We have realigned our sales team to capture new business in Non-OPE markets. Major emphasis also being placed on developing new customers in South America, Europe and USA. In addition, we are refocusing our efforts on productivity, quality, and customer service. SENA is replacing retiring employees with experienced automotive personnel who are bringing new perspectives and improved skill sets to the organization.



PRAVEEN RAO
Vice President
Sales & Marketing

Brand Suprajit for Control Cables and PHOENIX for Halogen Bulbs once again reinforced its performance and leadership position in its served market of OE & Aftermarket in India and continued its foray into the markets in the world.

We won new businesses from marquee customers in India, Europe and Americas for both cables and halogen lamps. We are in advanced discussions for more businesses with major OEMs. We also ramped up our customer engagement in the Aftermarket, Distributor, Retailer and Mechanic meets promoting product and safety awareness across the Value Chain.

Expanding the product range of cables, strengthening high performance range of bulbs, reinventing Brand Phoenix and expanding export foot print are high on the agenda in the forthcoming year.



BADRINARAYANA H R
Associate Vice President (HR)

**"Human Resource Management isn't something that we do.
It's everything that runs our business..."**

The year 2018-19, continued to be a year of progress for HR in our company. The challenges of wage increases and talent management were the focus of the HR management. We continued our policy of linking compensation to performance for talent retention at various levels.

The initiatives on expanding the depth of managerial talent was given special focus. Specially tailored training modules have been launched in the company and positive results are already seen. We have collaborated with some of our key customers to work on training and enhance our HR capabilities and man management.

The year saw a peaceful IR in all the units. The company commissioned one more unit near Bengaluru with staffing recruited and trained appropriately. HR will continue to contribute to the human resources requirement of the company and well-being of the employees and keeping high, the spirit of "Team Suprajit"

Next Gen...



AKHILESH RAI
Chief Strategy Officer
Suprajit Group

Suprajit will continue to look into strategic acquisitions to bolster our global cable manufacturing footprint and domestic automotive product range. The proposed acquisition of Osram's Chennai assets brings Phoenix Lamps Division important market leadership in India and puts Phoenix Lamps into the supply chain of Osram, a global leader in lighting. The new plant in Suprajit Automotive, and start of operations in Slovenia, are key milestones backing our European business pipeline.

Systems and automation will be a key focus area going forward, ensuring Suprajit is an agile and lean manufacturing company. Strategic initiatives have been taken at all levels to bring an entrepreneurial mindset to all employees, and the rewards will be seen in the coming years.



ASHUTOSH RAI
Head - Suprajit Tech Center (STC)
Suprajit Group

This year we have been successful in strengthening our Engineering and Design capabilities in all areas of the organisation, including our products and systems. The successful implementation of a Product Lifecycle Management System consolidated all design related data in a central, safe location and streamlined our product development cycle.

We have focused on expanding our product portfolio into new and innovative products, applying for 7 patents and closing 1 patent in the process.

With niche electric vehicle customers entering the market, we are dedicating our resources to several of these players and developing a range of products for this new and exciting segment.

SUPRAJIT FOUNDATION - ACTIVITIES 2018-19



BOARD OF DIRECTORS**K Ajith Kumar Rai**

Chairman

N S Mohan

Managing Director & Group CEO

Diwakar S Shetty

Director (Up to March 31, 2019)

Ian Williamson

Director

B S Patil, IAS (Retd.)

Director

Suresh Shetty

Director

M Jayarama Shetty

Director (Up to March 31, 2019)

Dr. (Ms.) Supriya A Rai

Director

M Lakshminarayan

Director (w.e.f. April 01, 2019)

Ms. Bharati Rao

Director (w.e.f. April 01, 2019)

CFO & COMPANY SECRETARY

Medappa Gowda J

STATUTORY AUDITORS

Messrs S R Batliboi & Associates LLP,
Chartered Accountants

INTERNAL AUDITORS

Messrs K S Aiyar & Co.
Chartered Accountants

Messrs R G N Price & Co
Chartered Accountants

SECRETARIAL AUDITOR

Parameshwar G Bhat
Company Secretary

COST AUDITORS

Messrs G N V Associates
Cost Accountants

REGISTERED OFFICE

Plot No. 100 & 101, Bommasandra Industrial Area
Bangalore - 560 099.

Phone : +91-80-43421100

Fax : +91-80-27833279

E-mail : info@suprajit.com

investors@suprajit.com

PLANTS AT :

Karnataka - 8 Plants

Chakan (Maharashtra) - 1 Plant

Vapi and Sanand (Gujarat) - 2 Plants

Manesar (Haryana) - 1 Plant

Pathredi, Bhiwadi (Rajasthan) - 1 Plant

Haridwar and Pantnagar (Uttarakhand) - 2 Plants

Vallam-Vadagal, Chennai (Tamilnadu) - 1 Plant

Noida (Uttar Pradesh) - 2 Plants

WHOLLY OWNED SUBSIDIARIES:

Suprajit Automotive Private Limited, India

Suprajit Europe Limited, U.K.

Suprajit USA INC, U.S.A.

Wescon Controls LLC, U.S.A.

Luxlite Lamps SARL, Luxembourg

TRIFA LAMPS GERMANY, GmbH

STOCK EXCHANGES

BSE Ltd [BSE]

National Stock Exchange [NSE]

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services
Private Limited

No. 30, Ramana Residency,

Malleswaram, Bangalore - 560 003

Phone: +91-80-23460815-18

Fax: +91-80-23460819

E-mail : irg@integratedindia.in

BANKERS

State Bank of India

Citi Bank N.A.

HSBC Limited

Syndicate Bank

ICICI Bank Limited

Corporation Bank

Standard Chartered Bank

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SUPRAJIT ENGINEERING LIMITED

CIN: L29199KA1985PLC006934

Registered & Corporate Office: No. 100 & 101, Bommasandra Industrial Area, Bengaluru-560 099

Telephone: +91-80-4342 1100, Fax: +91-80- 2783 3279

Website: www.suprajit.com, Email: info@suprajit.com

NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth Annual General Meeting of Suprajit Engineering Limited will be held on Saturday, 10th day of August, 2019 at the Registered office of the Company at Plot No. 100 & 101, Bommasandra Industrial Area, Bengaluru - 560 099 at 2.30 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company which include Audited Balance Sheet as at March 31, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income and Cash Flow of the Company as on that date together with the Auditors' Report thereon and Report of the Board of Directors.
2. To appoint Ms. Supriya A. Rai (DIN 01756994), Director who retires by rotation and being eligible, offers herself for re-appointment.
3. To confirm the payment of Interim Dividend of Re. 0.70 (70%) and to declare Final Dividend of Re. 0.85 (85%) for the financial year 2018-19.

SPECIAL BUSINESS

4. **To appoint Mr. Mohan Srinivasan Nagamangala (DIN: 01916468) as Managing Director and Group Chief Executive officer:**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or any amendment thereof, the consent of the Members of the Company be and is hereby accorded to appoint Mr. Mohan Srinivasan Nagamangala (DIN: 01916468) who is currently Whole Time Director (designated as Director & Chief Executive officer), as Managing Director and Group Chief Executive officer, for a period of 5 years with effect from April 01, 2019, on the following terms and conditions:

- i. **BASIC SALARY:** ₹ 5,12,000 /- (Rupees Five Lakhs Twelve Thousand) only per month.
- ii. **HOUSE RENT ALLOWANCE:** ₹ 2,55,000/- (Rupees Two Lakhs Fifty Five Thousand) only per month.
- iii. **CONVEYANCE ALLOWANCE:** ₹ 1,95,000/- (Rupees One Lakh Ninety Five Thousand) only per month. The Car will be provided by the Company. The expenditure

towards taxes, maintenance and insurance of the car will be borne by the Company. Fuel Expenses up to ₹ 20,000/- (Rupees Twenty Thousand) per month and driver allowance of ₹ 15,000/- (Fifteen thousand) only per month will be provided by the Company. Fuel expenses in excess of ₹ 20,000/- per month will be reimbursed by the Company, if incurred for official purpose.

- iv. **ANNUAL BONUS:** 20% of Basic salary i.e ₹12,28,800/- (Rupees Twelve Lakhs Twenty Eight Thousand Eight Hundred) only per annum.
- v. **LEAVE:** As per the policy of the Company.
- vi. **LEAVE TRAVEL ALLOWANCE:** Expenses for self and family (as defined above) of travel anywhere in India on leave will be reimbursed up to ₹ 1,00,000/- (Rupees One Lakh) only per annum.
- vii. **PROVIDENT FUND:** Contribution of 13% of the basic salary by the Company to the Provident Fund.
- viii. **GRATUITY:** The gratuity payable will be ₹ 2,95,526/- (Rupees Two Lakhs Ninety Five Thousand and Five Hundred Twenty Six) only per annum.
- ix. **CONTRIBUTION TO NATIONAL PENSION SCHEME (NPS):** Contribution towards NPS shall be ₹ 51,200/- (Rupees Fifty One Thousand Two Hundred) only per month.
- x. **REIMBURSEMENT OF BUSINESS EXPENSES:** Reimbursement of actual conveyance, reasonable travel, entertainment expenses incurred for the purpose of the business of the Company.
- xi. **PERFORMANCE COMMISSION:** He is eligible to receive a performance based commission, linked to Revenue Growth (consolidated group Operational Income) and consolidated EBITDA (% to Operational Income) for every year as assessed and recommended by the Nomination & Remuneration Committee of the Board of Directors and as approved by the Board from time to time.
- xii. **ANNUAL REVISION IN THE SALARY, IF ANY:** Annual revision in the salary, if any, shall be decided by the Nomination and Remuneration Committee of the Board of Directors based upon Company's performance and personal performance measured against agreed objectives for the year as decided by the Board from time to time subject to the condition that the overall remuneration shall not exceed the limits specified

under the Companies Act, 2013 and Schedule V of the Companies Act, 2013.

- xiii. He shall not become interested or otherwise concerned directly or indirectly in any selling agency of Company's products nor be involved in any other gainful employment directly or indirectly.
- xiv. The contract is terminable with three months notice on either side.
- xv. He will not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
- xvi. He shall be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Section 197 and other applicable provisions of the Companies Act, 2013, the aforesaid remuneration be paid as a minimum remuneration notwithstanding that in any financial year during the tenure of his appointment the Company makes no profit or its profits are inadequate.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution also to take necessary steps to file necessary returns with the Registrar of Companies and comply with other formalities if any as may be required pursuant to the provisions of the Companies Act, 2013 or such other regulations."

5. To appoint Mr. K. Ajith Kumar Rai (DIN: 01160327) as Executive Chairman of the Company:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and applicable regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 approval of the Members of the Company be and is accorded to appoint Mr. K Ajith Kumar Rai (DIN 01160327) as Executive Chairman of the Company for a period of 5 (five) years w.e.f April 01, 2019 on the following terms and conditions:

- i. Basic salary ₹ 15, 00,000- 1,50,000 – 21,00,000 per month.
- ii. House Rent Allowance of ₹ 2,00,000 – 20,000 – 2,80,000/- per month.
- iii. Commission: Commission of 3% of the net profits of the Company in any year computed in accordance with the Companies Act, 2013, subject however to the condition that the overall remuneration shall not exceed 3% of the profits of the Company calculated in terms of Section 198 of the Companies Act, 2013 in any financial year.

- iv. Use of Company's telephone at residence, the rent, call charges and other outgoings in respect thereof to be paid by the Company except the personal long distance calls of the Executive Chairman.
- v. Reimbursement of actual conveyance expenses incurred by the Executive Chairman for the purpose of the business of the Company.
- vi. Use of chauffer driven motorcar, all expenses running and upkeep of such motorcar and also the salary of the chauffeur to be borne by the Company.
- vii. Reimbursement of entertainment expenses incurred by Executive Chairman for the purpose of the business of the Company.
- viii. Benefit of the Company's Provident Fund scheme, Gratuity benefits, Encashment of Leave etc., is as per the rules and as applicable to the employees of the Company from time to time.
- ix. Executive Chairman will not be entitled to sitting fees for attending the meetings of the Board of Directors and of any Committees thereof.
- x. The contract is terminable with three months' notice on either side.
- xi. He shall not become interested or otherwise concerned directly or indirectly in any selling agency of Company's products without complying with the provisions of the Companies Act, 2013.
- xii. Executive Chairman shall be liable to retire by rotation.
- xiii. Annual revision in the salary, if any: Annual revision in the salary, if any shall be decided by the Nomination and Remuneration Committee or Board, based upon Company's performance and personal performance measured against agreed objectives for the year as decided by the Board or Nomination and Remuneration Committee in line with policy of the Company from time to time subject to the condition that the overall remuneration shall not exceed the limits as specified under Companies Act, 2013 and schedule V of the Companies Act, 2013.

xiv. MINIMUM REMUNERATION

Subject to the approval of the Members in General Meeting and pursuant to Section 197 and other applicable provisions of the Companies Act, 2013, the aforesaid remuneration be paid as a minimum remuneration notwithstanding that in any financial year during the tenure of his appointment the Company makes no profit or its profits are inadequate.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution also to take necessary steps to file necessary returns with the Registrar of Companies and comply with other formalities if any as

may be required pursuant to the provisions of Companies Act, 2013 or such other regulations.”

6. To pay remuneration in excess of ₹ 5 Crores or 2.5 % of the net profit, whichever is more to Mr. K Ajith Kumar Rai, Promoter & Executive Director of the Company:

To consider and if thought fit, to pass the following resolution as Special Resolution:

“RESOLVED THAT pursuant Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the Members of the Company be and is hereby accorded to pay remuneration in excess of 2.5 % of the net profit or ₹ 5 Crores, whichever is higher, to Mr. K Ajith Kumar Rai, Promoter and Executive Director, subject to the above conditions and limits, during the tenure of his appointment.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution.”

7. To pay gratuity amount due to Mr. K. Ajith Kumar Rai, Chairman of the Company:

To consider and if thought fit, to pass the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant applicable provisions of the Companies Act, 2013 and Rules made there under, if any and also, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of Members of the Company be and is hereby accorded to pay gratuity due to Mr. K. Ajith Kumar Rai, who has attained the age of 60 years and eligible to receive gratuity amount as per Payment of Gratuity Act, 1972, which was part of the remuneration earlier approved by the Shareholders.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution.”

8. To appoint of Mrs. Bharati Rao (DIN-01892516) as an Independent Director of the Company:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 of the Companies Act, 2013 and the Rules made there under and other applicable laws, if any, Mrs. Bharati Rao (DIN: 01892516), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 01, 2019 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company for a period of Three (3) years with effect from April 01, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution.”

9. To appoint Mr. Muthuswami Lakshminarayan (DIN-00064750) as an Independent Director of the Company:

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 of the Companies Act, 2013 and the Rules made there under and other applicable laws, if any, Mr. Muthuswami Lakshminarayan (DIN- 00064750), who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 01, 2019 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company for a period of Three (3) years with effect from April 01, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Mr. Medappa Gowda J, Chief Financial Officer & Company Secretary be and are hereby severally authorized to do such acts, deeds, things as may be required to give effect to the above resolution.

10. To ratify the remuneration payable to Messrs G N V and Associates, Cost Accountants, Cost Auditors of the Company for the financial year 2019-20:

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) the remuneration payable to Messrs G N V and Associates, Cost Accountants, Bangalore, Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct audit of the cost records for the financial year 2019-20 at a remuneration of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses, at actuals, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby severally authorized to do all acts, deeds and things as may be deemed necessary to give effect to the above Resolution.”

By Order of the Board
For **Suprajit Engineering Limited**

Medappa Gowda J
Company Secretary

Place: Bengaluru
Date: May 27, 2019

Membership No.: FCS - 4111

NOTES

1. A Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty Members holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the Meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authorization letter, as applicable.

3. The Register of Members and the Share Transfer books of the Company will remain closed from August 03, 2019 to August 10, 2019 (both days inclusive).
4. An Interim Dividend of Re. 0.70 (70%) as declared at the Board Meeting held on February 11, 2019 was paid to those members, whose names appeared on the Company's Register of Members/ Beneficial Owners Position as per the records of the Depositories as on February 22, 2019. (Record Date).
5. Final Dividend of Re. 0.85 (85%) per Equity Share as recommended by the Board, if approved by the Members, will be paid to those Members whose names appear on the Register of Members of the Company/ beneficial owners as per the records of depositories as at the end of August 02, 2019.
6. Securities and Exchange Board of India (SEBI) vide its notification dated November 30, 2018 has prohibited transfer of shares in physical form. Hence, with effect from April 01, 2019, the shareholders who intend to transfer the physical shares required to dematerialize it before such transfer. The Company had sent necessary reminder to the shareholders to this effect.

For any further information relating to physical shares, shareholders are requested to contact the Company's Registrar and Share Transfer Agent (RTAs), Integrated Registry Management Services Private Limited situated at No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, Phone : +91-80-23460815 to 818, Fax: +91-80-23460819, E-mail: irg@integratedindia.in

Shareholders, whose shareholdings are in electronic format are requested to direct change of address notification(s), registration of email address and updation of bank account detail to their respective depository participants.

7. Members are requested to quote the Folio Numbers or Demat Account Numbers and Depository Participant ID (DPID) in all correspondence to the RTAs of the Company.
8. Members holding Shares in physical form in identical orders of names in more than one folio are requested to send to the Company or RTAs, the details of such folio together with the Shares Certificates for consolidating their holding in one folio. A consolidated Share Certificate will be returned to such Members after making requisite changes thereon.
9. Relevant documents referred to, in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company during normal business hours (9.00 A.M. to 5.00 P.M.) on all working days except Saturdays and Sundays, up to the conclusion of Annual General Meeting of the Company.
10. In case of joint holders attending the Meeting, the Member whose name appears as first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. Members seeking any information with regard to the Annual Accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
12. The notice of the Annual General Meeting along with the Annual Report 2018-19 are being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted modes.

Any person, who acquires shares of the Company and becomes the Member of the Company after dispatch of the Annual Report and holding shares as on the cut-off date (i.e August 03, 2019), may contact the RTAs or email to irg@integrated.in and obtain copy of the Annual Report.

13. The Equity Shares of the Company are available for trading in dematerialized form (electronic form) through depository participants. The Company has entered in to agreements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). ISIN Code No. INE399CO1030. All Shareholders holding Shares in physical form are requested to make use of this facility. Members are requested to open Demat account with any of the depository participants to enable transacting in the Stock Exchanges.
14. Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 mandates the companies to transfer dividend that has remained unclaimed for a period seven years from the unpaid

dividend account to Investor Education and Protection Fund (IEPF). Further, the rules also mandate the transfer of Shares with respect to the Dividend, which has not been paid or claimed for seven consecutive years or more to IEPF. Accordingly, the Dividend for the below mentioned years will be transferred to the IEPF on the respective dates, if the dividend remains unclaimed for seven years, and the respective Shares will also be transferred to IEPF, if dividend is unclaimed for seven consecutive years.

The particulars of unpaid/unclaimed Dividend etc. are available on the Company's website at www.suprajit.com (http://www.suprajit.com/reports_category/unclaimed-dividends/) which is in compliance with the Investor Education and Protection Fund (Uploading of Information Regarding Unpaid And Unclaimed Amounts Lying With Companies) Rules, 2012.

Following are the details of unpaid Dividends with due date within which it can be claimed:

| FY | Year of declaration | Type of Dividend | Dividend per share (Re.) | Date of declaration | Due date for transfer |
|---------|---------------------|------------------|--------------------------|---------------------|-----------------------|
| 2011-12 | 2012 | Final | 0.35 | 31-Jul-12 | 5-Sep-19 |
| 2012-13 | 2013 | Interim | 0.35 | 30-Jan-13 | 7-Mar-20 |
| 2012-13 | 2013 | Final | 0.40 | 31-Jul-13 | 5-Sep-20 |
| 2013-14 | 2014 | Interim | 0.45 | 31-Jan-14 | 8-Mar-21 |
| 2013-14 | 2014 | Final | 0.50 | 31-Jul-14 | 5-Sep-21 |
| 2014-15 | 2015 | Interim | 0.45 | 3-Feb-15 | 11-Mar-22 |
| 2014-15 | 2015 | Final | 0.50 | 19-Sep-15 | 25-Oct-22 |
| 2015-16 | 2016 | Interim | 0.50 | 9-Feb-15 | 16-Mar-23 |
| 2015-16 | 2016 | Final | 0.55 | 24-Sep-16 | 30-Oct-23 |
| 2016-17 | 2017 | Interim | 0.50 | 13-Feb-17 | 21-Mar-24 |
| 2016-17 | 2017 | Final | 0.60 | 11-Nov-17 | 18-Dec-24 |
| 2017-18 | 2018 | Interim | 0.60 | 12-Feb-18 | 20-Mar-25 |
| 2017-18 | 2018 | Final | 0.80 | 14-Aug-18 | 19-Sept-25 |
| 2018-19 | 2019 | Interim | 0.70 | 11-Feb-19 | 19-Mar-26 |

15. Details of the Directors proposed to be appointed/re-appointed pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

The details of Directors proposed to be appointed/re-appointed at the Annual General Meeting are produced below, in terms of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

i. DR. SUPRIYA A. RAI:

Dr. Supriya A. Rai is a dentist by profession having experience of around 30 years. She is spouse of

Mr. Ajith Kumar Rai, Chairman of the Company. She has been appointed as Director of the Company with effect from May 30, 2014.

ii. MRS. BHARATI RAO

Mrs. Bharati Rao holds a post graduate degree in Economics and a CAIIB. She has more than 40 years of experience in the Banking industry. She joined State Bank of India in 1972 and in her long and distinguished career in the bank, she had held both domestic and international positions and was in-charge of areas such as project finance, credit & risk management, international banking, human resources, mergers and acquisitions. She had held concurrent charge of SBI's 7 associate banks and 7 non-banking subsidiaries. She also played a key role in the planned merger between State Bank of India and State Bank of Saurashtra which was completed in 2008. She retired as the Deputy Managing Director of SBI.

Mrs. Bharati Rao is currently a Member on the Boards of various listed and unlisted companies like Can Fin Homes Limited, Cholamandalam Investments and Finance Company Ltd., Carborundum Universal Limited, TATA Teleservices Ltd., Wheels India Ltd., Delphi TVS Technologies Ltd. SBI Capital Markets Limited, SBI Cap Securities Limited, etc.

iii. MR. M. LAKSHMINARAYAN

Mr. Lakshminarayan, holds Masters degree in Technology from the Indian Institute of Technology, Mumbai. His experience has spanned over 35 distinguished years in companies such as Bosch and Tata Motors. He spent over 22 years at Bosch and retired after serving on the Board of Bosch as Jt. Managing Director for 9 years. He established HARMAN operations in India in 2009, a leader in Connected Car Electronics and Audio Systems, where he was the Chairman of the Company.

Mr. Lakshminarayan is one of the founders and present Chairman of the 'Bengaluru City Connect Foundation' - a non-profit forum which addresses issues related to urban management in the city of Bengaluru. He has also served as the Chairman at Confederation of Indian Industry (CII), Southern Region and Bangalore Chamber of Commerce and Industries.

Currently, he serves as the Chairman of WABCO India Ltd and TVS Automobile Solutions Pvt. Ltd apart from serving the Boards at Kirloskar Oil Engines, TVS Electronics, Rane Madras and other Companies.

Additional information:

| Name | Supriya A. Rai | Bharati Rao | M. Lakshminarayan |
|---|---|---|--|
| Age | 57 years | 71 years | 73 years |
| Date of Appointment | May 30, 2014 | April 01, 2019 | April 01, 2019 |
| Relationship between Directors inter-se | Promoter and spouse of Mr. K. Ajith Kumar Rai, Chairman | NIL | NIL |
| Names of listed entities in which the person holds the directorship | NIL | 1.Cholamandalam Investment and Finance Company Limited 2.Carborundum Universal Limited 3. Can Fin Homes Limited 4. Neuland Laboratories Limited | 1. ASM Technologies Limited 2. Wabco India Limited 3. Kirloskar Oil Engines Limited 4. Rane (Madras) Limited 5. Wendt India Limited 6. TVS Electronics Limited |
| Membership of Committees of the Board of other listed entity | NA | Audit Committee 1.Cholamandalam Investment and Finance Company Limited – Member 2. Carborundum Universal Limited - Member 3. Can Fin Homes Limited - Member 4. Neuland Laboratories Limited - Member Nomination & Remuneration Committee 1.Cholamandalam Investment and Finance Company Limited - Member 2. Can Fin Homes Limited – Member 3. Neuland Laboratories Limited - Member Stakeholders' Relationship Committee 1.Cholamandalam Investment and Finance Company Limited – Chair Person 2. Can Fin Homes Limited – Member CSR Committee 1.Cholamandalam Investment and Finance Company Limited – Chair Person 2. Can Fin Homes Limited - Chair Person Risk Management Committee 1. Can Fin Homes Limited - Member | Audit Committee 1. ASM Technologies Limited – Member 2. Wabco India Limited – Member 3. Rane (Madras) Limited – Member 4. Wendt India Limited - Member 5. TVS Electronics Limited – Chairman Nomination & Remuneration Committee 1. ASM Technologies Limited – Member 2. Wabco India Limited – Member 3. Kirloskar Oil Engines Limited – Chairman 4. Rane (Madras) Limited - Chairman 5. Wendt India Limited – Member 6. TVS Electronics Limited - Member Stakeholders' Relationship Committee 1. Wabco India Limited – Member CSR Committee 1. Wabco India Limited – Member 2. TVS Electronics Limited - Member Risk Management Committee 1. Kirloskar Oil Engines Limited - Chairman |
| No. of shares held in the Company | 1,43,46,358 | Nil | 3,804 |

16. **For the convenience of the Members, the Company will provide coach service on the day of the Annual General Meeting; Members are requested to report at 12.00 P.M at Town Hall, J.C. Road, Bangalore - 560 002 and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.**

Contact persons:

1. Mr. K S Ranganath- Mobile No. 9945108318
2. Mr. S L Satish - Mobile No. 9342135877

17. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Integrated Registry Management Services Private Limited /Depositories.

18. Voting through Electronic means:

- A. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015, the Company is pleased to provide remote e-voting facility to its members to exercise their vote on Resolutions

proposed to be passed in the Thirty Fourth Annual General Meeting by electronic means.

- B. The facility for voting through Ballot Paper shall be made available at the Meeting and the members attending the Meeting who have not cast their votes by remote e-voting shall be able to vote at the Meeting.
- C. Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The voting period begins on August 07, 2019 (9.00 a.m.) and ends on August 09, 2019 (5.00 p.m.). During this period, Shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date of i.e, August 03, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

19. The instructions for Shareholders voting electronically are as under:

- i. The Shareholders should log on to the e-voting website www.evotingindia.com.
- ii. Click on Shareholders / Members
- iii. Now enter your User ID
 - a) For CDSL: 16 digits beneficiary ID
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
- c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|-----|--|
| PAN | Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. |

| | |
|--|--|
| PAN | <ul style="list-style-type: none"> In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii). |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding Shares in physical form will then directly reach the Company selection screen. However, Members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding Shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant SUPRAJIT ENGINEERING LIMITED on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual Shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a Compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- (xx) Further, Members may note the following:
- a. Remote e-voting shall not be allowed beyond the said date and time.
 - b. The Company is providing facility to vote on a poll to the Members present at the meeting.
 - c. The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
 - d. A person whose name is recorded in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the General Meeting.
21. Mr. Parameshwar G. Bhat, Practising Company Secretary (Membership No. FCS-8860), Bengaluru has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within 48 (Forty Eight) hours from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses who are not in the employment of the Company and make his report of the votes cast in favour or against and shall submit to the Chairman of the Meeting.
22. The results of the Annual General Meeting shall be declared within 48 (Forty Eight) hours from the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website (www.suprajit.com) and on the website of CDSL and shall be communicated to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**Item No. 4:**

Based on the recommendations of the Nomination and Remuneration Committee, the Board at its Meeting held on February 11, 2019 has appointed Mr. Mohan Srinivasan Nagamangala, (who has been appointed as Whole Time Director of the Company in February 2017) as Managing Director and Group Chief Executive officer of the Company for a period of 5 (five) years with effect from April 01, 2019.

In this connection, the Board recommends the resolution as set out in Item no. 4 for the approval of the Members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made there under for the appointment of Mr. Mohan Srinivasan Nagamangala. The terms and conditions of his appointment are set out in the resolution.

Except Mr. Mohan Srinivasan Nagamangala, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise in the said Resolutions.

Item Nos. 5 & 6:

The Board of Directors of the Company, based on the recommendation of Nomination and Remuneration Committee, at its meeting held on February 11, 2019 has appointed Mr. K. Ajith Kumar Rai, as Executive Chairman of the Company for a period of 5 (Five) years with effect from April 01, 2019 and also, subject to the approval of Members of the Company, approved the remuneration payable to him.

Further, Regulation 17(6) (e) (i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (SEBI) (Amendment) Regulations, 2018, which is effective from April 01, 2019, has made it mandatory to pass a Special Resolution, if annual remuneration payable to Executive Director, who is a Promoter or Members of Promoter Group, exceeds Rupees 5 crores or 2.5 % of the net profits of the Company, whichever is higher.

In this connection, the Board recommends the resolution as set out in Item nos. 5 & 6 for the approval of the Members for the approval of remuneration payable to Mr. K. Ajith Kumar Rai, Chairman. The terms and conditions of his appointment are set out in the resolution.

Except Mr. K. Ajith Kumar Rai, Chairman, Dr. Supriya A. Rai, Director and their Sons, namely, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise in the said Resolutions.

Item No. 7:

Mr. Ajith Kumar Rai, Chairman of the Company, has attained the age of 60 years in 2018, is eligible to receive gratuity amount accrued to him during the tenure of 33 years of employment from the date of inception of the Company, as per Payment of Gratuity Act, 1972. The Shareholders had approved the remuneration payable to him during all his previous appointments including gratuity payable to him.

Since the gratuity is payable after the attainment of age of 60 years, the Company, as a matter of abundant caution and compliance, proposes to obtaining shareholders' approval once

again for payment of gratuity. In this connection, the Board recommends the resolution as set out in Item no. 7 for the approval of the Members.

Except Mr. K. Ajith Kumar Rai, Chairman, Dr. Supriya A. Rai, Director and their Sons, namely, Mr. Akhilesh Rai, Mr. Ashutosh Rai and Mr. Aashish Rai, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise in the said Resolutions.

Item Nos. 8 & 9:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on February 28, 2019, had appointed Mrs. Bharati Rao (DIN: 01892516) and Mr. M. Lakshminarayan (DIN: 00064750) as Additional Directors (Independent Directors) of the Company with effect from April 01, 2019.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, the Additional Director appointed by the Board will hold office up to the date of the ensuing Annual General Meeting. Hence, the approval of the Members of the Company is required to appoint Mrs. Bharati Rao and Mr. M. Lakshminarayan as Independent Directors of the Company for a period of Three (3) years with effect from April 01, 2019. Brief profile and other details of the both have been provided in the notes.

In this connection, the Board recommends the resolution as set out in Item nos. 8 & 9 for the approval of the Members of the Company.

Except Mrs. Bharati Rao and Mr. M. Lakshminarayan, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested financially or otherwise in the said Resolutions.

Item No. 10:

The Board on the recommendation of Audit Committee had appointed Messrs G N V and Associates, as the Cost Auditors of the Company for the financial year 2019-20 and fixed a remuneration of ₹ 1,25,000/- plus applicable taxes and reimbursement of out of pocket expenses at actuals.

Further, in terms of the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to Cost Auditors requires to be ratified by the Members of the Company at the Annual General Meeting.

Hence, your Board recommends the Ordinary Resolution as set out in Item no. 10 for the approval of the Members. None of the Directors, Key Managerial Personnel of the Company or their relatives, is concerned or interested financially or otherwise in the said Resolution.

By Order of the Board
For **Suprajit Engineering Limited**

Medappa Gowda J

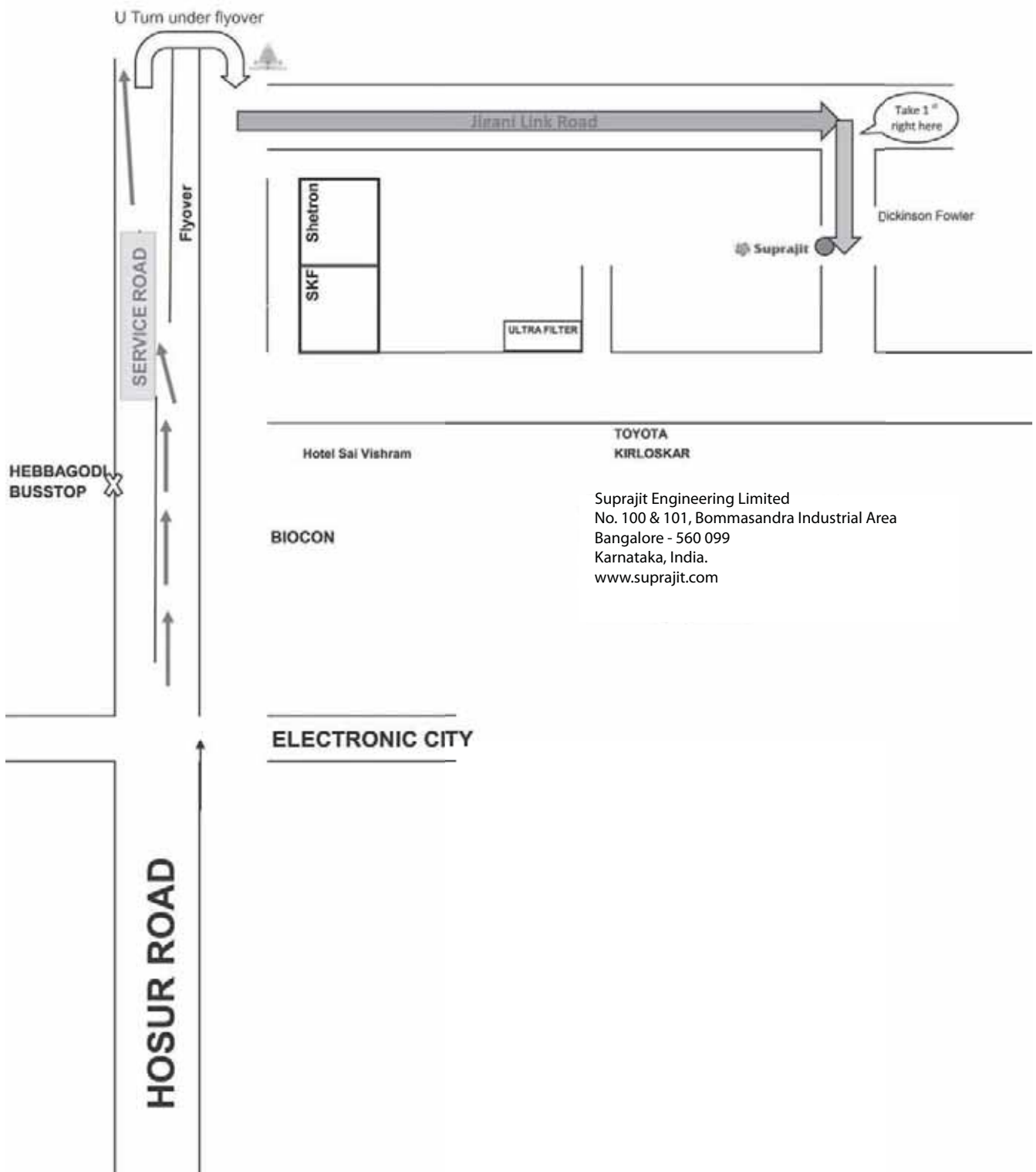
Company Secretary

Membership No. : FCS - 4111

Place: Bengaluru

Date: May 27, 2019

**ROUTE MAP OF VENUE AS PER SECRETARIAL STANDARDS
EFFECTIVE FROM 1ST JULY, 2015**



BOARD'S REPORT

Your Directors have pleasure in presenting their Thirty Fourth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2019 together with the Independent Auditor's Report.

STANDALONE AND CONSOLIDATED FINANCIAL RESULTS:

(₹ in Millions)

| Particulars | Standalone | | Consolidated | |
|---|------------|-----------|--------------|-----------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Total Income | 10,891.66 | 10,107.36 | 16,278.95 | 14,758.44 |
| Profit before tax | 1,738.90 | 1,589.89 | 2,052.21 | 1,934.23 |
| Less: Provision for taxation | (603.91) | (519.26) | (733.20) | (520.40) |
| Profit after tax before prior period adjustment | 1,134.99 | 1,070.63 | 1,319.01 | 1,413.83 |
| Current Tax relating to earlier periods | (13.24) | 24.22 | (18.93) | 29.00 |
| Profit after tax | 1,148.23 | 1,046.41 | 1,337.94 | 1,384.83 |
| Add: Surplus from last year | 1,598.96 | 1,447.47 | 1,723.59 | 1,245.97 |
| Less: Re-measurement loss on define benefit obligation (net of tax) | (7.77) | (5.04) | (8.85) | (5.20) |
| Less: Net change in fair value of Hedging instrument (net of tax) | - | - | (2.44) | - |
| Profit available for appropriation after adjustments prior period taxes | 2,739.42 | 2,488.84 | 3,050.24 | 2,625.60 |
| APPROPRIATIONS: | | | | |
| 1. Final Dividend for 2017-18 – 80% (last year 60%) | 111.90 | 83.92 | 111.90 | 83.92 |
| 2. Interim Dividend 70% for 2018-19 (last year interim 60%) | 97.91 | 83.92 | 97.91 | 83.92 |
| 3. Tax on Dividend | 30.86 | 22.04 | 43.13 | 34.17 |
| 4. Transfer to General Reserve | 750.00 | 700.00 | 900.00 | 700.00 |
| 5. Balance carried to Balance Sheet | 1,748.75 | 1,598.96 | 1,897.30 | 1,723.59 |

TRANSFER TO RESERVES:

During the financial year the Company has transferred an amount of ₹ 750 Million to General Reserves.

DIVIDEND:

An Interim Dividend of Re. 0.70 per Share of Re. 1/- each (70%) was declared and paid during the year under report. In view of the satisfactory financial performance of your Company, your Directors have pleasure in recommending a Final Dividend of Re 0.85 per Share of Re. 1/- each (85%). The total outgo, considering the interim dividend and proposed final dividend including taxation, will be ₹ 255.23 millions as against ₹ 240.64 million during the last year.

PARTICULARS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED (RETIRED) DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019:

The composition of the Board of Directors of the Company is in conformity with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year there were changes in the Board of Directors.

Mr. M. Jayarama Shetty and Mr. Diwakar S. Shetty, Independent Directors of the Company have retired from the Directorship upon completion of their term of appointment of 5 years, on March 31, 2019.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on February 28, 2019, has appointed Mrs. Bharati Rao and

Mr. M. Lakshminarayan as Additional Directors (Independent) of the Company with effect from April 01, 2019.

The composition of the Board of Directors of the Company as on the date of this report is as below:

- 1 Mr. Kula Ajith Kumar Rai - Chairman
- 2 Mr. Mohan Srinivasan Nagamangala - Managing Director
- 3 Mr. Babugowda Sanganagowda Patil (IAS Retd.) - Independent Director
- 4 Mr. Ian Williamson - Independent Director
- 5 Mr. Suresh Shetty - Independent Director
- 6 Mrs. Supriya A. Rai - Non Executive Director
- 7 Mr. M. Lakshminarayan - Independent Director
- 8 Mrs. Bharati Rao - Independent Director

SHARE CAPITAL:

During the financial year there were no changes in the Authorized Share Capital and Paid up Share Capital of the Company.

As on March 31, 2019, the Authorized Share Capital of the Company was ₹ 850,000,000 (Rupees Eight fifty Million) and the Paid up Share Capital was ₹ 139,872,473/- (Rupees One Thirty Nine Million Eight Hundred Seventy Two Thousand Four Hundred Seventy Three Only).

DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS AND/ OR ISSUE OF SWEAT EQUITY SHARES:

During the year under review, the Company has not issued any Shares with Differential voting Rights and / or any Sweat Equity Shares.

CHANGE IN NATURE OF BUSINESS:

The Company is engaged in the business of manufacturing and selling of automotive and other components and that are considered as single segment. There were no changes in the nature of business during the financial year.

OPERATIONS – MANAGEMENT DISCUSSION AND ANALYSIS:

The Indian Automotive industry grew at 6.45 % as against 14.48% previous year, showing lower growth. Your Company, on a standalone basis, recorded an operational income of ₹ 10,584.94 million during the financial year 2018-19 as against ₹ 9,648.21 million during the financial year 2017-18, recording a growth of 9.71%. The Profit for the year was ₹ 1,148.23 million during the financial year 2018-19 as against the Profit for the year of ₹ 1,046.41 million during the financial year 2017-18, recording a growth of 9.73 %. The consolidated Group operational income was ₹ 15,899 million for the financial year 2018-19 against ₹ 14,310.60 million for the financial year 2017-18, recording a growth of 11.10 %. The consolidated Profit for the year was ₹ 1,337.94 million during the financial year 2018-19 as against ₹ 1,384.83 million during the financial year 2017-18, a negative growth of 3.39%. The performance of your Company has been satisfactory, despite challenging environment.

While the first half of the year witnessed a decent growth, the second half turned out to be weak with lower festival sales, unavailability of credit in the market, increased concern on BS VI norms and the national elections.

DOMESTIC CABLE DIVISION (DCD):

Your Company's plan to set up a plant at Narsapura is in advanced stage of completion with trial production commenced. The overall performance was ahead of industry growth, with good performance both with OEM's and aftermarket.

PHOENIX LAMPS DIVISION (PLD) :

PLD had a muted year largely due to underperformance of subsidiaries and exports, while the domestic business grew in line with the industry. Your Company is taking steps to improve performance in the current year.

WHOLLY OWNED SUBSIDIARIES:

The consolidated sales of all the subsidiaries were ₹ 5314.06 million against ₹ 4666.92 million previous financial year. The EBITDA was ₹ 614.35 million against ₹ 618.93 million previous financial year. The Profit Before Tax was ₹ 313.31 million against ₹ 344.34 million previous financial year. The Profit for the year was ₹ 189.71 million against ₹ 338.42 million previous financial year.

The wholly owned cable subsidiaries namely Suprajit Automotive Private Limited and Suprajit Europe Limited, focused on automotive business, have performed well during the year gone by. The new plant at Doddaballpur Indl. Area is expected to start trial production in the new factory in Q2 during current financial year.

Suprajit USA Inc (Wescon Controls LLC), 100% owned subsidiary of your Company is focused on non-automotive business. The

sales were ₹ 2862.69 million against ₹ 2562.51 million previous year. The EBITDA was ₹ 256.30 million against ₹ 356.35 million previous year. The Profit Before Tax was ₹ 8.47 million against ₹ 118.99 million previous year. The Profit for the year was ₹ 6.65 million against ₹ 202.85 million previous year.

The strategy -SENA (Suprajit Engineering Non-Automotive), will now be driven by the new CEO and expected to provide better results in the coming years.

Trifa & Luxlite:

Trifa and Luxlite, the 100% owned subsidiaries relating to PLD had a challenging year. The combined sales increased to ₹ 1485.14 million from ₹ 1452.14 in the previous year. EBITDA was ₹ (41.41) million as against ₹ 11.05 million in the previous financial year.

Trifa & Luxlite are only marketing arms of PLD and the performance has to be seen under the consolidated performance of PLD.

CURRENT YEAR & OUTLOOK:

The Indian economy is likely to have a difficult year, with uncertain, credit crisis and down trend in automotive sector. The performance for the year is expected to be further challenged by global uncertainties with tariff war, fluctuating commodity / oil prices etc. However, your Company's Value for Money approach, close monitoring of operations and continued customer focus is expected to yield a reasonable year.

SALIENT FEATURE OF FINANCIAL STATEMENT OF SUBSIDIARIES

A separate statement in Form AOC-1, is given as **Annexure-1**, which contains the salient features of the financial statement of subsidiaries. The Annual Accounts and related documents of the Subsidiary Companies will be kept open for inspection at the Registered Office of the Company. The aforesaid documents will also be made available to the Members of the Company upon receipt of written request from them.

CREDIT RATING:

The Company's financial discipline and prudence are reflected in the strong credit ratings ascribed by rating agencies as exhibited below:

| Instrument | Rating Agency | Rating | Outlook |
|----------------|---------------------------|--------|---------|
| Long Term Debt | CRISIL | AA | Stable |
| Long Term Debt | ICRA | AA | Stable |
| Long Term Debt | India Ratings & Research | AA | Stable |
| Short Term | CRISIL | A1+ | Stable |
| Short Term | ICRA | A1+ | Stable |
| Short Term | India Ratings & Research | A1+ | Stable |
| Term Deposit | Indian Ratings & Research | tAA+ | Stable |

FRAUD REPORTED BY THE AUDITORS DURING THE YEAR:

Not applicable as there were no such instances during the year.

DEPOSITS:

During the year the Company has repaid all the deposits to the Deposit Holders, with interest. Hence, as on March 31, 2019, the Company has no deposits.

MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There were no material changes and commitments between the end of the financial year and the date of the Report, which affect the financial position of the Company.

EXTRACT OF THE ANNUAL RETURN:

The extract of the annual return in Form MGT-9 is enclosed as a part of this report in compliance with Section 134 (3) of the Companies Act, 2013 as **Annexure – 2**.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

During the year the Company has not provided any loan/ guarantee / security which fall under the provisions of Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:

All related party transactions which were entered into during the financial year were on at arm's length basis and were in the ordinary course of business and with the omnibus approval of the Audit Committee. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions, wherever applicable, are placed before the Audit Committee. The quarterly disclosures of transactions with related parties are made to the Audit Committee. In compliance with the provisions of Section 134(3) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in the provisions of Section 188(1) of the Companies Act, 2013 are enclosed, in the Form AOC-2, as part of this report as **"Annexure- 3"**.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the financial year, 5 (Five) Meetings were held on May 29, 2018, August 14, 2018, November 14, 2018, February 11, 2019 and February 28, 2019 .

Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 134 (3) (c) of the Companies Act, 2013 the Board of Directors of the Company confirms and submits that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there have been no material departure;

- the selected accounting policies were applied consistently and the judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profits of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a 'going concern' basis;
- adequate system of internal financial controls has been laid down and the said system is operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and are operating effectively.

CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT:

Being a Listed Company, necessary measures are taken to comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as amended from time to time. A report on Corporate Governance, along with a Certificate of Compliance from a Practising Company Secretary, forms part of this report.

The Business Responsibility Report as required to be annexed to this report is annexed as **Annexure -4**.

DIVIDEND DISTRIBUTION POLICY:

The Company has a Dividend Distribution Policy in place, which is available on the website of the Company at www.suprajit.com (<http://www.suprajit.com/investors/compliance/policies-codes/>) and also annexed as **Annexure -5**.

RISK MANAGEMENT POLICY:

The Company has Risk Management Policy in place. With effect from April 01, 2019, the Company has constituted Risk Management Committee to oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of Risk Management Policy has been covered in the management discussion and analysis, which forms part of this report. The Company has taken Directors' and Officers' Liability Insurance Policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)/ SUPRAJIT FOUNDATION:

Your Company has been active in CSR activities through Suprajit Foundation for the last 8 years. The Companies Act, 2013, based on the prescribed criteria, mandates the companies to contribute 2% on CSR. During the year, your Company has paid ₹ 24.87 millions. Also, Suprajit Automotive, a Wholly Owned Subsidiary

of your Company has paid ₹ 3.36 millions to Suprajit Foundation for various activities undertaken by the said Foundation. The detailed activities of Suprajit Foundation have been provided in **Annexure -6** to this report. The copy of the CSR Policy is available on the website of the Company at www.suprajit.com (<http://suprajit.com/investors/compliance/policies-codes/>).

The Suprajit Foundation was established in 2011 as a not-for-profit Trust to conduct social welfare activities. Over the years, the Foundation has initiated, guided and conducted several programs in education, healthcare and rural development.

Your Directors would like to thank the honorary Trustees of the Foundation, who continue to devote their valuable time and energy in planning, directing and monitoring its activities.

DETAILS OF EMPLOYEES STOCK BENEFIT SCHEMES:

The Shareholders of the Company have approved 'SEL Employee Stock Appreciation Rights Plan 2017' ("ESAR 2017") at the 32nd Annual General Meeting of the Company held on November 11, 2017. The Company, through Nomination and Remuneration Committee, has taken necessary steps to implement the same during the year. Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (SEBI) (Share Based Employee Benefits) Regulations, 2014 is enclosed as **Annexure -7**.

A Certificate from the Statutory Auditors confirming the implementation of 'ESAR 2017' in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Shareholders Resolution shall be placed before the Annual General Meeting.

CONSERVATION OF ENERGY:

Conservation of energy is one of the highest priority measures directly supervised by the senior management of the Company. As and when new plants are getting added by the Company, the management ensures that various measures like rain- water harvesting, STP, water usage control, planting of trees, discarding of old gen-sets and minimum usage of lighting power during day time are well adopted from day one.

In addition, the following new initiatives have been undertaken during the financial year at various plants:

- The Company has installed 100 kWp solar capacity as the first pilot project in the year 2016, to assess the use of solar energy for the operational requirements of the Company. The Company will monitor the performance of this project and based on the success, will consider deploying such projects at various units.
- Various plants have started using LED lamp to reduce power consumption.
- Additional facilities have been fitted with Automatic Water Level Controllers along with the water pumps which are used for pumping water to the storage tanks.
- Electrical systems in all the new plants have been provided with individual controls so that the user can select particular

fan, light etc., depending upon requirement at that particular point of time. This avoids indiscriminate bulk selection of electrical systems.

- Additional facilities, Shop floors having roofing sheets with thermal vents on top of the roofing sheets (circulating fans operating with wind) in order to reduce the heat effect in summer and also to reduce usage of electrically operated fans in the shop floor.
- Rain water harvesting has been modified to properly channelize the rain water into earth in manner bore well gets adequate water for its re-generation.
- Efforts made to improve power factors by installing additional active capacitors
- Continuous efforts in reduction of power load by replacing DC drive to AC drive.
- Compressor room temperature reduction for reducing maintenance cost.

RESEARCH AND DEVELOPMENT, TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION:

a) Research and Development (R&D):

- The Company has set up a centralized Suprajit Tech Centre (STC) at Bengaluru. STC has Engineers for R&D, testing and validation teams to products as per customers' requirements. The Group also has tech centers at Tamworth, U.K (Suprajit Europe Limited) and Wichita, USA (Wescon).
- The Company has product & process patents, which are deployed commercially. The Company's R&D has developed many specialized cables, lamps and other products for Customers as per the end user requirements. This is being successfully deployed by the customer with significant cost savings.
- Development cells in respective units have been upgraded with more Engineers and latest equipments.
- The Company has developed many types of equipments and automation specialized for cable and lamps with significant energy savings and increased productivity.
- "Product Life Cycle Management"-software has been implemented to enhance standardization of new product launch and change management.
- Launch of RGL and C program to enhance robustness, geometry tolerances and life of the halogen bulbs, has led to significant improvements in quality, cost and productivity at Phoenix Lamps Division.

b) Expenditure on Research and Development:

(₹ in Millions)

| Particulars | 2018-19 | 2017-18 |
|----------------------------|--------------|--------------|
| Salaries, Wages & Bonus | 18.53 | 12.29 |
| Cost of materials consumed | 2.72 | 3.27 |
| Other expenses | 2.64 | 5.06 |
| Total | 23.89 | 20.62 |

c) Technology Absorption, Adaptation, Innovation and particulars of imported technology:

- 1) The Company has not imported any technology during the financial year.
- 2) The Company has developed innovative and path-breaking products and processes for both lamps and Cables for which patents are pending.
- 3) The Company has successfully adopted customer's designs for new types of cables, halogen lamps and also other products.

GREEN INITIATIVES:

The Company has initiated a sustainability initiative with the aim of going green and minimizing our impact on the environment. Like the previous years, this year too, the Company is publishing only the statutory disclosures in the print version of the Annual Report.

FOREIGN EXCHANGE EARNINGS AND OUTFLOW:

The Company earned ₹ 1,331.53 Millions and expended ₹ 1,404.50 Millions during the financial year under review.

INDUSTRIAL RELATIONS:

Industrial relations have been cordial and constructive, which have helped your Company to achieve production targets.

DECLARATION BY THE INDEPENDENT DIRECTORS:

The Company has received necessary declarations from each Independent Director pursuant to the provisions of Section 149(7) of the Companies Act, 2013, that he meets the criteria of Independence laid down in the provisions of Section 149(6) of the Companies Act, 2013.

Further, the Board hereby confirms that all the Independent Directors of the Company fulfill the conditions as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all the Independent Directors are independent of the management.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

FAMILIARISATION PROGRAMMES OF INDEPENDENT DIRECTORS:

To familiarize the new inductees with the strategy, operations and functions of the Company, the Executive Directors / Senior Managerial Personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management at the Board Meetings. The copy of Familiarization Programme of Independent Directors is available on the website of the Company at [www.suprajit.com](http://www.suprajit.com/investors/compliance/policies-codes/) (<http://www.suprajit.com/investors/compliance/policies-codes/>).

NOMINATION AND REMUNERATION POLICY:

Your Company has adopted a Nomination and Remuneration Policy on Directors' Appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under the provisions of Section 178(3) of the Companies Act, 2013. The Policy is available at the website of the Company at [www.suprajit.com](http://www.suprajit.com/investors/compliance/policies-codes/) (<http://www.suprajit.com/investors/compliance/policies-codes/>).

COMPOSITION OF AUDIT COMMITTEE:

Your Company has an Audit Committee comprising of Mr. Diwakar S Shetty, as Chairman of the Committee, Mr. M Jayarama Shetty and Mr. Suresh Shetty, as other Members of the Committee. The composition of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013. The Committee was reconstituted post retirement of two Directors and as on date of this report, the composition of the Committee is as follows:

1. Mr. Suresh Shetty – Chairman
2. Mr. Ian Williamson – Member
3. Mr. K.Ajith Kumar Rai – Member

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

Your Company has formulated the Whistle Blower Policy with a view to provide a mechanism for Employees and Directors of the Company to approach the Compliance Officer/Chairman of the Audit Committee of the Company in compliance with Section 177(9) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Whistle Blower Policy are explained in the Report on Corporate Governance and Whistle Blower Policy of the Company is available on the website of the Company at [www.suprajit.com](http://www.suprajit.com/investors/compliance/policies-codes/) (<http://www.suprajit.com/investors/compliance/policies-codes/>).

AUDITORS:

i. Statutory Auditors:

The Members of the Company at the 32nd Annual General Meeting of the Company held on November 11, 2017, have appointed Messrs S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) as Statutory Auditors of the Company for a period of 5 (Five) years. They will continue to be Auditors of the Company till the conclusion of Thirty Seventh Annual General Meeting to be held in the year 2022.

As per the Companies (Amendment) Act, 2017 and Rules made there under, with effect from May 7, 2018, the Central Government notified the omission of the requirement related to ratification of appointment of auditors by members at every Annual General Meeting. Accordingly the resolution for ratification has not been placed before the members.

ii. Cost Auditors:

Messrs G N V Associates, Cost Accountants, was appointed as the Cost Auditors of your Company for the financial year 2018-19. The cost audit report for the previous year has been filed with Registrar of Companies, Karnataka within due date.

iii. Secretarial Auditor:

The Board has appointed Mr. Parameshwar G. Bhat, a Practising Company Secretary (Membership No.FCS-8860) as the Secretarial Auditor as per the provisions of Section 204 of the Companies Act, 2013 for the financial year 2018-19. The Secretarial Audit Report issued by him is enclosed as “Annexure-8” to this Report.

QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS

There are no qualifications or adverse remarks in the Statutory Auditors’ Report which require any explanation from the Board of Directors. The Statutory Auditors have expressed an unmodified opinion in the audit reports in respect of the Audited standalone and consolidated Financial Statements for the financial year ended March 31, 2019.

Further, there are also no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor in his Secretarial Audit Report.

REGULATORY / COURT ORDERS:

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION (HSE):

The Company’s efforts towards reinforcing a positive safety culture have resulted in reduction of total lost time due to Injuries this year. Similarly, the lost Time Injury Frequency Rate reduced from a year ago.

Further, during the financial year, no occupational illness case was reported. Due to continued efforts to conserve water and energy, specific water and energy consumption also got reduced.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. 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.

Summary of sexual harassment complaints received and disposed off during the financial year 2018-19:

No. of complaints received: NIL

No. of complaints disposed off: NA

PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees’ particulars, which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

The ratio of the remuneration of each Director to the median employee’s remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as “Annexure –9”.

CAUTIONARY NOTE:

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges and such statements may be “forward looking” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets/currency fluctuations in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

ACKNOWLEDGEMENT:

The Directors place on record their appreciation for valuable contribution made by employees at all levels, active support and encouragement received from various Governmental agencies, Company’s Bankers, Customers, vendors, distributors, Business Associates and other Acquaintances.

Your Directors recognize the continued support extended by all the Shareholders and gratefully acknowledge with a firm belief that the support and trust will continue in the future.

For and on behalf of the Board

K Ajith Kumar Rai

Chairman

(DIN: 01160327)

Place: Bengaluru

Date: May 27, 2019

ANNEXURE TO THE BOARD'S REPORT REPORT ON CORPORATE GOVERNANCE MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy is sustained profitable growth and increase in stakeholders' value. This will be done through proper transparency and disclosures, adequate internal controls in its business practices and risk management, proper communication and good standards in safety, health, environment management, highest standards in accounting fidelity, product and service quality. The Company complies with the listing requirements of the Stock Exchanges, where its Shares are listed and endeavors to meet necessary listing guidelines. The Company has complied with all the provisions of Companies Act, SEBI guidelines/regulations and also those of the Stock Exchanges guidelines and is committed to good Corporate Governance. The Board fully understands and takes responsibility for its commitments to stakeholders, employees, vendors, customers and the communities where it operates. The primary objective of customer satisfaction is relentlessly pursued. Following is a report on the status and progress on various aspects of Corporate Governance of the Company.

2. BOARD OF DIRECTORS:

(a) THE BOARD OF DIRECTORS AND THE MEETINGS ATTENDED BY RESPECTIVE DIRECTORS DURING THE YEAR AS UNDER:

| Name of the Director | Category | Inter se relationship | Board Meetings held | Board Meetings Attended | Attended Last AGM |
|-----------------------------------|---------------------------------|---------------------------------|---------------------|-------------------------|-------------------|
| Mr. K Ajith Kumar Rai* | Promoter and Executive Director | Spouse of Dr. Supriya Rai | 5 | 5 | Yes |
| Mr. Mohan Srinivasan Nagamangala* | Executive Director | NIL | 5 | 5 | Yes |
| Mr. M Jayarama Shetty** | Independent | NIL | 5 | 5 | Yes |
| Mr. B S Patil | Independent | NIL | 5 | 5 | Yes |
| Dr. Supriya A Rai | Promoter -Non Executive | Spouse of Mr. K Ajith Kumar Rai | 5 | 5 | Yes |
| Mr. Diwakar S Shetty** | Independent | Nil | 5 | 4 | Yes |
| Mr. Ian Williamson | Independent | Nil | 5 | 4 | Yes |
| Mr. Suresh Shetty | Independent | Nil | 5 | 4 | Yes |

* Mr. K Ajith Kumar Rai has been appointed as Executive Chairman and Mr. Mohan Srinivasan Nagamangala as Managing Director & Group Chief Executive Officer of the Company with effect from April 01, 2019.

** Mr. M Jayarama Shetty and Mr. Diwakar S Shetty have been retired as Independent Directors of the Company on March 31, 2019.

Skills / Expertise / Competencies of the Board of Directors:

The following is the list of core skills / expertise / competencies identified by the Board of Directors:

- Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates;
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making;
- Financial and Management skills; and
- Technical / Professional skills and specialized knowledge in relation to Company's business

Certificate from Practicing Company Secretary:

A Certificate from Mr. Vijaykrishna K. T, Practicing Company Secretary confirming that none of the Directors on the Board of the Company has 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 statutory authority is enclosed as **Annexure-10**.

(b) DETAILS OF THE BOARD MEETINGS HELD DURING THE FINANCIAL YEAR:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. The Board of Directors duly met 5 (Five) times during the year on:

- May 29, 2018
- August 14, 2018
- November 14, 2018
- February 11, 2019
- February 28, 2019

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

3. OUTSIDE DIRECTORSHIPS / COMMITTEE POSITIONS AS ON MARCH 31, 2019:

| Name of the Directors | In Listed Companies | Name of the Listed Entity and category | In Unlisted Public Limited Companies | As Chairman / Member of Board Committees |
|----------------------------------|---------------------|--|--------------------------------------|---|
| Mr. K Ajith Kumar Rai | Nil | NA | Nil | Nil |
| Mr. Mohan Srinivasan Nagamangala | Nil | NA | Nil | Nil |
| Dr. Supriya A Rai | Nil | NA | Nil | Nil |
| Mr. M. Jayarama Shetty | Nil | NA | Nil | Nil |
| Mr. B S Patil | 1 | Shetron Limited (Independent Director) | Nil | 1. Board – Member 2. Audit Committee – Chairman 3. Nomination & Remuneration Committee – Chairman 4. Stakeholder Relationship Committee - Chairman |
| Mr. Diwakar S. Shetty | 1 | Shetron Limited (Whole Time Director) | 4 | 1. Board – Chairman 2. Audit Committee – Member 3. Nomination & Remuneration Committee – Member 4. Stakeholder Relationship Committee - Member |
| Mr. Ian Williamson | Nil | NA | Nil | Nil |
| Mr. Suresh Shetty | Nil | NA | Nil | Nil |

Notes:

- Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for the above purpose.
- None of the Directors is a member in neither more than 10 Committees, nor a Chairman in more than 5 Committees across all Companies in which he is a Director.

4. AUDIT COMMITTEE:

The Company has complied with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to the composition of the Audit Committee. During the year, the composition of the Audit Committee was as follows -Mr. Diwakar Shetty – Chairman, Mr. Suresh Shetty and Mr. Jayarama Shetty, Members.

In view of the retirement of Mr. Diwakar Shetty and Mr. Jayarama Shetty, the Audit Committee has been reconstituted as below: (w.e.f April 01, 2019):

- Mr. Suresh Shetty – Chairman
- Mr. Ian Williamson – Member
- Mr. K.Ajith Kumar Rai – Member

Chairman, Managing Director, Chief Financial Officer, Chief Operating Officer, Internal Auditors and Statutory Auditors are invitees to the Meeting. Company Secretary of the Company acts as the Secretary to the Committee Meetings.

The Audit Committee Meetings were held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. During the year, the Audit Committee has met 4 (Four) times on May 29, 2018, August 14, 2018, November 14, 2018 and February 11, 2019.

The attendance details of each Member of the Committee are as below:

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. Diwakar S Shetty | 4 | 4 |
| Mr. M. Jayarama Shetty | 4 | 4 |
| Mr. Suresh Shetty | 4 | 4 |

The terms of reference / role of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as well as the provisions of Section 177 of the Companies Act, 2013. The brief description of the terms of reference of the Audit Committee is given below:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to the Statutory Auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval,
- Reviewing, with the management, the quarterly Financial results before submission to the board for approval

- (f) Reviewing the statement of significant related party transactions
- (g) Discussion with internal auditors of any significant findings

5. NOMINATION AND REMUNERATION COMMITTEE (NRC):

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted Nomination and Remuneration Committee.

The terms of reference of the Committee *inter alia*, the following:

- (a) **Chairman:** Chairman of the Committee shall be an Independent Director as may be elected by the members of the Committee.
- (b) **Quorum:** Quorum for Meeting of the Committee shall be a minimum of two members provided one of them shall always be an Independent Director.
- (c) **Frequency of Meetings:** The Committee may meet at such times as may be deemed necessary.
- (d) **Role:** The Role of the Committee shall include *inter-alia* the following:
- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
 - Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
 - Devising a Policy on Board diversity;
 - Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board for their appointment and removal.
 - Such other matters as may be prescribed under the Companies Act, 2013, listing agreement and by the Board of Directors of the Company from time to time.
 - recommend to the board, all remuneration, in whatever form, payable to senior management.
- (e) **Invitees:** The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) **Secretary to the Committee:** The Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

The composition of the Committee during the year was as follows: Mr. B S Patil - Chairman, Mr. Diwakar Shetty, Mr. M Jayarama Shetty and Mr. Ajith Kumar Rai - Members.

In view of the retirement of Mr. Diwakar Shetty and Mr. Jayarama Shetty, the Committee has been reconstituted as below: (w.e.f April 01, 2019):

- | | | | |
|----|------------------------|---|----------|
| 1. | Mr. B. S Patil | – | Chairman |
| 2. | Mr. Suresh Shetty | – | Member |
| 3. | Mr. M Lakshminarayan | – | Member |
| 4. | Mr. K. Ajith Kumar Rai | – | Member |

During the financial year Three (3) Meeting of the Committee were held on May 04, 2018, June 08, 2018 and February 11, 2019.

The attendance details of each Member of the Committee are as below:

| Name of the Director | No. of Meetings held | No. of Meetings attended |
|------------------------|----------------------|--------------------------|
| Mr. B. S Patil | 3 | 3 |
| Mr. Diwakar S Shetty | 3 | 1 |
| Mr. M Jayarama Shetty | 3 | 3 |
| Mr. K. Ajith Kumar Rai | 3 | 1 |

Remuneration paid/payable to Directors during the financial year 2018-19

(Rs in Millions)

| Sl. No | Name of the Director | Sitting Fees | Salary & PF | Commission | Bonus | Share based payment | Total |
|--------|------------------------------------|--------------|--------------|--------------|-------------|---------------------|--------------|
| 1 | Mr. K Ajith Kumar Rai* | - | 19.46 | 33.32 | - | - | 52.78 |
| 2 | Mr. Mohan Srinivasan Nagamangala** | - | 11.97 | - | 4.69 | 1.11 | 17.77 |
| 3 | Mr. M Jayarama Shetty | 0.23 | - | 0.5 | - | - | 0.73 |
| 4 | Mr. B S Patil | 0.17 | - | 0.5 | - | - | 0.67 |
| 5 | Dr. Supriya A Rai | Waived | - | Waived | - | - | Waived |
| 6 | Mr. Diwakar S Shetty | 0.17 | - | 0.5 | - | - | 0.67 |
| 7 | Mr. Suresh Shetty | 0.16 | - | 0.5 | - | - | 0.66 |
| 8 | Mr. Ian Williamson | Waived | - | Waived | - | - | Waived |
| | Total | 0.72 | 31.43 | 35.32 | 4.69 | 1.11 | 73.27 |

* The remuneration paid/payable to Mr. K. Ajith Kumar Rai, was approved by the Shareholders at the Twenty Ninth Annual General Meeting held on July 31, 2014 based on the recommendation of the Nomination and Remuneration Committee and with the approval of the Board. This was reviewed by the said Committee and the Board. The remuneration consists of fixed salary and commission taking into accounts the economic results and individual performance.

**The remuneration paid/payable to Mr. Mohan Srinivasan Nagamangala was approved by the Shareholders at the Thirty Second Annual General Meeting held on November 11, 2017 based on the recommendation of the Nomination and Remuneration Committee and with the approval of the Board.

The information on remuneration paid to Chairman and Managing Director and Executive Director are disclosed in the notes to the accounts.

Details of the sitting fees fixed by the Board for attending the Board / Committee Meetings are as below:

| | |
|-------------------------------------|----------|
| Board Meeting | ₹ 25,000 |
| Audit Committee Meeting | ₹ 15,000 |
| Stakeholders Relationship Committee | ₹ 10,000 |
| Other Committee Meeting | ₹ 10,000 |

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

As required under the provisions of Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility (CSR) Committee comprises of Mr. K Ajith Kumar Rai, as Chairman, Mr. Ian Williamson and Dr. Supriya A Rai as its Members. The terms of reference of the Committee are in line with provisions of Section 135 of the Companies Act, 2013.

The terms of Reference of the Committee are as under:

- Composition:** The CSR Committee shall have at least one Independent Director. The Committee may invite such other expert in the relevant field and also such other executives as may be required to carry out the functions of the Committee.
- Quorum:** Quorum of the CSR Committee shall be minimum of two members provided one of them shall always be an Independent Director.
- Frequency of Meetings:** The CSR Committee may meet at such times may be deemed necessary.
- Role:** The Role of the CSR Committee shall include *inter alia* the following:
 - Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company from time to time;
 - Recommend the amount of expenditure to be incurred on the activities undertaken as specified in Schedule VII of the Companies Act, 2013;
 - Monitor the Corporate Social Responsibility Policy of the Company from time to time;
 - Perform such functions as may be statutorily required by the CSR Committee;
 - Other matters as may be assigned by the Board from time to time.

One Meeting of CSR Committee was held on May 27, 2018. All the Members were present at the Meeting.

INDEPENDENT DIRECTORS MEETING & PERFORMANCE EVALUATION:

During the year under review, the Independent Directors met on February 11, 2019, *inter alia*, and transacted the following business:

- Evaluation of the performance of the Non-Independent Directors and the Board in general

- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non- Executive Directors
 - Evaluation of the process of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties
- All the Independent Directors were present in the Meeting.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the year, the composition of the Stakeholders' Relationship Committee was as follows: Mr. M Jayarama Shetty - Chairman, Mr. Diwakar S. Shetty and Mr. K Ajith Kumar Rai, Members. Mr. Medappa Gowda. J, Chief Financial Officer & Company Secretary is the Secretary of the Committee.

In view of the retirement of Mr. Diwakar Shetty and Mr. Jayarama Shetty, the Committee has been reconstituted as below: (w.e.f April 01, 2019):

- Dr. Supriya A. Rai - Chairperson
- Mr. K. Ajith Kumar Rai - Member
- Mr. Suresh Shetty - Member

This Committee monitors and addresses investors complaints, transfer of Shares, transmission etc. based on the information provided by the Company's Registrars and Share Transfer Agents. No queries/complaints were received from the Shareholders during the period except change of address and non-receipt of dividend warrants and non receipt of share certificates. All of them have been addressed to the satisfaction of the Shareholders. As of March 31, 2019, no complaints were pending.

8. SHARES HELD BY NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors as on March 31, 2019, who held Shares in Suprajit Engineering Limited, are as under:

| Name of Directors | Number of Shares held |
|-----------------------|-----------------------|
| Mr. M Jayarama Shetty | 3,71,500 |
| Mr. Suresh Shetty | 7,63,080 |
| Mr. Diwakar S Shetty | 18,941 |

9. GENERAL MEETINGS:

The details of holding of last three Annual General Meetings of the Company are given below:

Annual General Meetings:

| Year | Date | Time | Location |
|---------|------------|-----------|--|
| 2015-16 | 24.09.2016 | 01.00 p.m | No. 101, Bommasandra Industrial Area, Bangalore- 560 099 |
| 2016-17 | 11.11.2017 | 02.30 p.m | No. 101, Bommasandra Industrial Area, Bangalore- 560 099 |
| 2017-18 | 14.08.2018 | 1.00 p.m | No. 101, Bommasandra Industrial Area, Bangalore- 560 099 |

Special Resolutions passed in the previous three Annual General Meetings (AGM):

| Date of AGM | Special Resolutions |
|-------------|---|
| 24.09.2016 | Nil |
| 11.11.2017 | Approval of SEL Employee Stock Appreciation Rights Plan 2017 Approval of grant of ESARs to the Employees/Directors of the Subsidiary Company(ies) / of the Company under ESAR 2017 |
| 14.08.2018 | Nil |

Postal Ballot:

During the period under review, the Company has passed a Special Resolution through Postal Ballot. The Board of Directors had appointed Mr. Parameshwar G. Bhat, Practicing Company Secretary, Bangalore as the Scrutinizer to conduct the Postal Ballot in a fair and transparent way and in accordance with the Companies Act, 2013 and Rules made there under and also, SEBI Regulation.

Details of Resolution passed through postal ballot during the year:

| Resolution for | Nature of resolution | No. of votes casted in favour of the resolution | No. of votes casted against the resolution |
|--|----------------------|---|--|
| Approval for continuation of Directorship of Mr. Babugowda Sanganagowda Patil (holding DIN: 00061959) as Independent Director of the Company | Special Resolution | 8,40,33,582 (99.83%) | 1,40,595 (0.17%) |

Further, as on the date of this report, there is no proposal of passing any Resolution through Postal Ballot during the financial year 2019-20.

10. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT PURSUANT TO SEBI CIRCULAR NO. SEBI/LAD-NRO/GN/2015-16/013, DATED 2ND SEPTEMBER, 2015:

As per the above mentioned Circular, there are "Nil" Shares in the Demat Suspense Account or Unclaimed Suspense Account.

However, the Company proposes to transfer unclaimed shares to the Suspense Account in the current year, after complying with necessary procedures as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:

Mr. Medappa Gowda J – Chief Financial Officer & Company Secretary is the Compliance Officer of the Company. He can be contacted for any investors' related matters of the

Company. Telephone No. +91-80-43421100, Fax: +91-80-27833279, E-mail: mgj@suprajit.com.

12. OTHER DISCLOSURES:

Related party transactions:

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Details of related party transaction are disclosed along with the compliance report on Corporate Governance.

The Company continued to comply with the requirements of the Stock Exchanges, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authorities relating to the above.

Accounting Treatment:

The Financial Statement of the Company is prepared as per the prescribed Accounting Standards and reflects true and fair view of the business transactions in the Corporate Governance.

Details of fees paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part as per Clause 10 (k), Part C of Schedule V of SEBI (LODR) Regulations, 2015:

Below are the details of fees paid (on a consolidated basis) by the Company and its subsidiaries namely Trifa Lamps Germany and Luxlite Lamps Sarl, to S.R. Batliboi & Associates LLP, Statutory Auditors and other network entities, which they are part:

(INR Million)

| | |
|--|-------------|
| Fees paid to S.R. Batliboi & Associates LLP for Audit and related services | 7.09 |
| Fees paid to network firms of S.R. Batliboi & Associates LLP for audit of overseas entities. | 2.79 |
| Total | 9.88 |

Disclosure of transaction with any person or entity belonging to the Promoter or Promoter Group, who holds 10 % or more:

Other than payment of remuneration to Mr. K. Ajith Kumar Rai in the capacity of Chairman and Managing Director, during the year, the Company has not entered in to any transaction with Mr. K. Ajith Kumar Rai and Dr. Supriya Rai, Promoters and holding more than 10% of the shareholding of the Company. Details of remuneration are disclosed in this report.

CEO and CFO Certification:

The Chief Executive officer and Chief Financial Officer have certified to the Board of Directors, *Inter alia*, the accuracy of Financial Statements and adequacy of Internal Controls

for the Financial Reporting purpose as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2019.

Code of Conduct:

The Company has adopted a Code of Conduct and is available on the website of the Company at www.suprajit.com (<http://suprajit.com/investors/compliance/policies-codes/>). The Code of Conduct is made applicable to the Directors and Senior Management Team.

Whistle Blower Policy

The Board of Directors has laid down Whistle Blower Policy for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Further, the Company affirms that no employees have been denied access to Audit Committee on any issue related thereto. The copy of Whistle Blower policy is available on the website of the Company at www.suprajit.com (<http://www.suprajit.com/investors/compliance/policies-codes/>).

13. MEANS OF COMMUNICATION:

The quarterly and annual financial results of the Company are generally published in leading newspapers. These results are uploaded on the website of the Stock Exchanges immediately after the Board approves the same. Half yearly results were sent to each Shareholder along with a review of the business. The website of the Company i.e., www.suprajit.com (http://www.suprajit.com/reports_category/quarterly-reports/) gives information on the Company including Financial Results.

14. MANDATORY / NON-MANDATORY REQUIREMENTS:

The Company has complied with the requirements relating to Corporate Governance as mandated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

15. CERTIFICATE ON CORPORATE GOVERNANCE:

The Company has obtained the Certificate from a Practising Company Secretary regarding compliance with the provisions relating to Corporate Governance as set out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

16. GENERAL SHAREHOLDER INFORMATION:

a. Thirty Fourth Annual General Meeting:

| Date | Time | Venue |
|-----------------|----------|--|
| August 10, 2019 | 2.30 p.m | Plot No. 100 & 101 Bommasandra Industrial Area Bangalore-560 099 |

b. Financial Calendar:

| | |
|-----------------------|----------------------------|
| Financial Year | - April 2019 to March 2020 |
| First Quarter Results | - In August 2019 |

| | |
|---|---|
| Half Yearly Results | - In November 2019 |
| Third Quarter Results | - In February 2020 |
| Results for the year ended 31 st March | - By May 2020 |
| Book Closure Date | - August 03, 2019 to August 10, 2019 (both days inclusive) |
| Proposed Final Dividend | - Re. 0.85(85 %) |
| Dividend Payment date(s) | - August /September 2019 |
| Scrip Code | - BSE-532509 / NSE-SUPRAJIT |
| Stock Exchange | - BSE Limited, Mumbai National Stock Exchange of India Limited, Mumbai |

International Securities Identification Number (ISIN) for National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL): **INE-399C01030.**

c. Share Transfer System:

The Company's Registrars and Share Transfer Agents, Integrated Registry Management Services Private Limited has adequate infrastructure to process the share transfers. Periodically, a Practising Company Secretary audits the system and a Certificate to that effect is issued and the same is filed with the Stock Exchanges. Additionally, reconciliation on Share Capital audits and Dematerialization related scrutiny are conducted quarterly by a Practising Company Secretary.

With effect from April 01, 2019, transfer of shares in physical form is not allowed. Shareholders are requested to contact our RTA for more details.

d. Dematerialization of Shares and Liquidity:

Equity Shares of the total Equity Capital are held in dematerialized form with NSDL and CDSL.

e. Plant Locations:

The Company has Plants located at:

| | |
|-----------------------------|------------|
| Bangalore - Karnataka | - 8 plants |
| Manesar - Haryana | - 1 Plant |
| Chakan - Maharashtra | - 1 Plant |
| Vapi - Gujarat | - 1 Plant |
| Pantnagar - Uttarakhand | - 1 Plant |
| Haridwar - Uttarakhand | - 1 Plant |
| Sanand - Gujarat | - 1 plant |
| Pathredi - Rajasthan | - 1 plant |
| Chennai - Tamil Nadu | - 1 Plant |
| Noida - Uttar Pradesh | - 2 Plants |
| (Phoenix Lamps Division) | |
| Suprajit Automotive Pvt Ltd | - 1 Plant |
| (Wholly Owned Subsidiary) | |

f. Registered Office / Address for correspondence:

Suprajit Engineering Limited
No. 100 & 101, Bommasandra Indl. Area
Bangalore - 560 099
Tel: +91-80-43421100, Fax: +91-80-27833279
E-mail: investors@suprajit.com / info@suprajit.com

Shareholders holding Shares in electronic mode should address all their correspondence to their respective Depository Participant (DP).

h. Distribution of shareholding according to size class as on March 31, 2019:

| Description | Holders | % of Holders | Holding | % of Holdings |
|----------------|---------------|---------------|---------------------|---------------|
| 1 – 500 | 41,141 | 89.91 | 5,375,990 | 3.84 |
| 501 – 1000 | 2,094 | 4.58 | 1,589,821 | 1.14 |
| 1001 – 2000 | 985 | 2.15 | 1,485,864 | 1.06 |
| 2001 – 5000 | 728 | 1.59 | 2,359,141 | 1.69 |
| 5001 – 10000 | 384 | 0.84 | 2,903,339 | 2.08 |
| 10001 – 20000 | 212 | 0.46 | 3,142,213 | 2.25 |
| 20001 – 100000 | 123 | 0.27 | 5,100,034 | 3.65 |
| 100001 & ABOVE | 83 | 0.18 | 117,916,071 | 84.30 |
| Total | 45,750 | 100.00 | 13,98,72,473 | 100.00 |

g. Shareholding Pattern as on March 31, 2019:

| Category | No. of Shares held | Percentage of Shareholding |
|--|---------------------|----------------------------|
| Promoters | 6,22,43,257 | 44.50 |
| Institutions | | |
| Mutual Funds/ UTI | 56,71,563 | 4.05 |
| Financial Institutions /Banks | 20,554 | 0.01 |
| Foreign Portfolio Investors | 1,59,52,933 | 11.41 |
| Alternative Investment Funds | 20,84,865 | 1.49 |
| Non-institutions | | |
| Individuals - | | |
| i. Individual shareholders holding nominal share capital up to ₹ 2 lakh. | 2,09,73,264 | 14.99 |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh. | 1,24,95,047 | 8.93 |
| Others | | |
| NRI | 31,35,975 | 2.24 |
| Clearing Members | 63,540 | 0.05 |
| LLP | 39,155 | 0.03 |
| Director or Director's Relatives | 15,68,670 | 1.12 |
| HUF | 5,11,667 | 0.37 |
| Trusts | 4,074 | 0.00 |
| Bodies Corporate | 1,50,97,784 | 10.79 |
| NBFCs Registered with RBI | 10,125 | 0.01 |
| GRAND TOTAL (A)+(B)+(C) | 13,98,72,473 | 100.00 |

i. Shares held in Physical and Electronic mode as on March 31, 2019:

| Category | No. of Shares | % to total shareholding |
|--------------|---------------------|-------------------------|
| Physical | 49,52,835 | 3.54 |
| Demat NSDL | 12,42,08,461 | 88.80 |
| Demat CDSL | 1,07,11,177 | 7.66 |
| Total | 13,98,72,473 | 100.00 |

j. Listing of Shares:

The Company's Shares are listed at:

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai-400 051

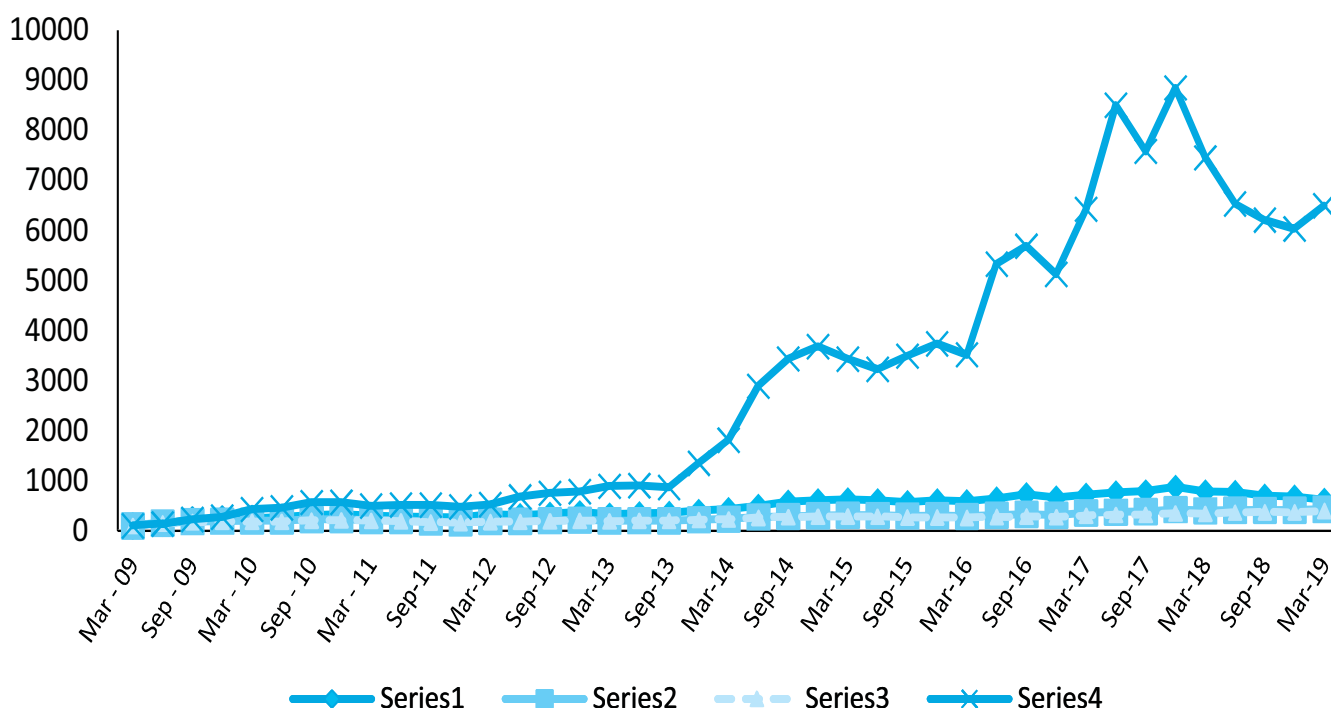
k. SHARE PRICE MOVEMENTS MARCH 2009 – MARCH 2019

| Period | BSE - Auto Index | | S&P BSE 500 | | BSE – SENSEX | | Share Price* | |
|----------|------------------|---------|-------------|---------|--------------|---------|--------------|---------|
| | Closing | Indexed | Closing | Indexed | Closing | Indexed | Closing | Indexed |
| Mar - 09 | 3,061.67 | 100.00 | 3,523.53 | 100.00 | 9,708.50 | 100.00 | 3.75 | 100.00 |
| Jun - 09 | 4,558.43 | 148.89 | 5,492.03 | 155.87 | 14,493.84 | 149.29 | 5.20 | 138.67 |
| Sep - 09 | 6,664.25 | 217.67 | 6,552.75 | 185.97 | 17,126.84 | 176.41 | 8.60 | 229.33 |
| Dec - 09 | 7,435.83 | 242.87 | 6,842.25 | 194.19 | 17,464.81 | 179.89 | 10.30 | 274.67 |
| Mar - 10 | 7,671.24 | 250.56 | 6,919.55 | 196.38 | 17,527.77 | 180.54 | 16.05 | 428.00 |
| Jun - 10 | 8,323.30 | 271.85 | 7,092.20 | 201.28 | 17,700.90 | 182.32 | 17.20 | 458.67 |
| Sep - 10 | 9,527.64 | 311.19 | 7,984.45 | 226.60 | 20,069.12 | 206.72 | 21.25 | 566.67 |
| Dec-10 | 10,235.41 | 334.31 | 7,961.06 | 225.94 | 20,509.09 | 211.25 | 21.40 | 570.67 |
| Mar - 11 | 9,290.75 | 303.45 | 7,437.26 | 211.07 | 19,445.22 | 200.29 | 18.65 | 497.33 |
| Jun-11 | 8,798.48 | 287.38 | 7,265.32 | 206.19 | 18,845.87 | 194.12 | 19.45 | 518.67 |
| Sep-11 | 8,498.42 | 277.57 | 6,385.76 | 181.23 | 16,453.76 | 169.48 | 19.25 | 513.33 |
| Dec-11 | 8,143.65 | 265.99 | 5,778.68 | 164.00 | 15,454.92 | 159.19 | 18.00 | 480.00 |
| Mar-12 | 10,134.88 | 331.02 | 6,759.63 | 191.84 | 17,404.20 | 179.27 | 19.75 | 526.67 |
| Jun-12 | 9,457.91 | 308.91 | 6,682.47 | 189.65 | 17,429.98 | 179.53 | 25.45 | 678.67 |
| Sep-12 | 10,413.19 | 340.11 | 7,206.51 | 204.53 | 18762.74 | 193.26 | 28.20 | 752.00 |
| Dec-12 | 11,426.21 | 373.20 | 7,581.57 | 215.17 | 19426.71 | 200.10 | 29.35 | 782.67 |
| Mar-13 | 9,994.23 | 326.43 | 7,084.96 | 201.08 | 18,835.77 | 194.01 | 33.40 | 890.67 |

| Period | BSE - Auto Index | | S&P BSE 500 | | BSE - SENSEX | | Share Price* | |
|--------|------------------|---------|-------------|---------|--------------|---------|--------------|----------|
| | Closing | Indexed | Closing | Indexed | Closing | Indexed | Closing | Indexed |
| Jun-13 | 10,715.77 | 350.00 | 7,164.06 | 203.32 | 19,395.81 | 199.78 | 34.00 | 906.67 |
| Sep-13 | 10,996.59 | 359.17 | 7,019.96 | 199.23 | 19,379.77 | 199.62 | 32.50 | 866.67 |
| Dec-13 | 12,258.83 | 400.40 | 7,828.34 | 222.17 | 21,170.68 | 218.06 | 50.70 | 1,352.00 |
| Mar-14 | 13,280.27 | 433.76 | 8,295.26 | 235.42 | 22,386.27 | 230.58 | 67.95 | 1,812.00 |
| Jun-14 | 15,249.29 | 498.07 | 9,791.34 | 277.88 | 25,413.78 | 261.77 | 108.40 | 2,890.67 |
| Sep-14 | 17,746.90 | 579.65 | 10,173.26 | 288.72 | 26,630.51 | 274.30 | 128.85 | 3,436.00 |
| Dec-14 | 18,630.84 | 608.52 | 10,721.62 | 304.29 | 27,499.42 | 283.25 | 138.05 | 3,681.33 |
| Mar-15 | 19,258.66 | 629.02 | 11,048.75 | 313.57 | 27,957.49 | 287.97 | 128.80 | 3,434.67 |
| Jun-15 | 18,712.17 | 611.18 | 10,903.53 | 309.45 | 27,780.83 | 286.15 | 121.10 | 3,229.33 |
| Sep-15 | 17,391.08 | 568.03 | 10,498.27 | 297.95 | 26,154.83 | 269.40 | 131.00 | 3,493.33 |
| Dec-15 | 18,519.08 | 604.87 | 10,634.22 | 301.81 | 26,117.54 | 269.02 | 140.10 | 3,736.00 |
| Mar-16 | 18,001.76 | 587.97 | 10,185.12 | 289.06 | 25,341.86 | 261.03 | 132.00 | 3,520.00 |
| Jun-16 | 19,744.64 | 644.90 | 11,029.45 | 313.02 | 26,999.72 | 278.10 | 199.9 | 5,330.67 |
| Sep-16 | 22,231.66 | 726.13 | 11,700.65 | 332.07 | 27,865.96 | 287.03 | 213.3 | 5,688.00 |
| Dec-16 | 20,257.43 | 661.65 | 11,036.44 | 313.22 | 26,626.46 | 274.26 | 192.15 | 5,124.00 |
| Mar-17 | 22,012.66 | 718.98 | 12,631.90 | 358.50 | 29,620.50 | 305.10 | 241.00 | 6,426.67 |
| Jun-17 | 23,408.17 | 764.56 | 13,178.45 | 374.01 | 30,921.61 | 318.50 | 319.00 | 8,506.67 |
| Sep-17 | 24,180.04 | 789.77 | 13,610.70 | 386.28 | 31,283.72 | 322.23 | 284.40 | 7,584.00 |
| Dec-17 | 26,751.20 | 873.75 | 15,002.73 | 425.79 | 34,056.83 | 350.79 | 331.95 | 8,852.00 |
| Mar-18 | 24,057.25 | 785.76 | 14,125.53 | 400.89 | 32,968.68 | 339.59 | 279.60 | 7,456.00 |
| Jun-18 | 23,838.30 | 778.60 | 14,528.54 | 412.33 | 35,423.48 | 364.87 | 244.90 | 6,530.67 |
| Sep-18 | 21,476.52 | 701.46 | 14,445.89 | 409.98 | 36,227.14 | 373.15 | 233.00 | 6,213.33 |
| Dec-18 | 20,833.73 | 680.47 | 14,540.39 | 412.67 | 36,068.33 | 371.51 | 226.35 | 6,036.00 |
| Mar-19 | 18,824.89 | 614.86 | 15,304.57 | 434.35 | 38,672.91 | 398.34 | 243.75 | 6,500.00 |

* Price indexed for :

- Sub division of the original Equity Shaers of ₹ 10/- each into two Equity Shares of ₹ 5/- each and 1:1 bonus issued during March 2004.
- Sub division of the Equity Shares of ₹ 5/- each into five Equity Shares of Re.1/- each and 1:1 bonus issued during March 2010.



I. Registrar and Share Transfer Agent:

Integrated Registry Management Services Private Limited
 No. 30, Ramana Residency, 4th Cross, Sampige Road
 Malleswaram, Bangalore - 560 003
 Tel: +91-80-23460815
 Fax: +91-80-23460819
 E-mail: irg@integratedindia.in

m. Nomination Facility:

The provisions of Section 72 of the Companies Act, 2013, introduced the concept of nomination by securities holders. The facility is mainly useful for all holders holding the Shares in single name. Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the lengthy process of transmission formalities.

The nomination form may be obtained from the Company/ Registrars and Share Transfer Agents on request.

However, if the Shares are held in dematerialized form, the nomination has to be conveyed by the Shareholders to their respective Depository Participant (DP) directly, as per the format prescribed by them.

n. Shareholders' Rights:

Upon the approval of quarterly and annual Financial Results by the Board of Directors, these are sent to the Stock Exchanges with whom the Shares of the Company are listed. Also, the results, in the prescribed proforma are published in National and Local dailies i.e., Business Standards (English) and Sanjevani (Kannada) in the prescribed time limit.

o. Reporting of Internal Auditors:

The Internal Auditors report to the Audit Committee.

p. Commodity price risk or foreign exchange risk and hedging activities:

Details of Commodity price risk or foreign exchange risk and hedging activities are given in notes to accounts in note no. 43 of the standalone financial statement.

q. Disclosure as per Regulation 34(3) and Para A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

| Name of the Subsidiary | As at March 31, 2019 | |
|-------------------------------------|----------------------|---|
| | Outstanding amount | Maximum balance Outstanding during the year |
| Suprajit Automotive Private Limited | 4.33 | 4.33 |

17. MANAGEMENT DISCUSSION & ANALYSIS REPORT**a) INDUSTRY STRUCTURE AND DEVELOPMENT**

Your Company retained its position as a market leader in Automotive cables and halogen lamps in India with supplies to major Original Equipment Manufacturers

(OEMs). It is also a major exporter to developed countries. The long term outlook for the Indian automotive industry remains positive due to strong macroeconomic fundamentals, improving economic activity, easy availability of finance and introduction of GST. Your Directors are looking at satisfactory performance for your Company in the coming years. Added to this, opportunities to export countries to be satisfactory. It may be noted that current year out look is challenging due to de-growth in the automotive sector.

b) OPPORTUNITIES AND THREATS
OPPORTUNITIES

- Good potential to grow the exports business for both cable & halogen lamps.
- Good Potential to secure the business from new model launches in the OEM segment in India and overseas, as a value for money supplier.
- Potential to grow aftermarket business including OLM.
- To introduce more and higher margin in products in the aftermarket.
- Strategic and niche opportunities in the inorganic space.

THREATS

- Any slowdown in the Indian Auto industry can impact OEM volumes, which is the case currently.
- Service quality and delivery issues can reduce customer business.
- Currency fluctuations can affect the net realization of sales and hence the margins.
- Increase in the commodity prices.

c) SEGMENT WISE OR PRODUCT WISE PERFORMANCE

As at 31 March 2019, the Company is engaged in manufacturing and trading of automotive cables and components & halogen lamps predominantly.

The Company has identified a single business segment being manufacturing and selling of automotive and other components. The internal reporting and performance of the Group is assessed by the Chief Executive Officer as single segment. However for the purpose of explaining the performance of the Company to investors, the management provides further break down at product and customer level.

d) OUTLOOK

Indian economy is expected to grow at less than 7%. Outlook for automotive sector is not ok this year due to multiple challenges, Global economy continues to struggle. With focused customer service and operational improvements, the outlook for the Company appears in line with the industry.

e) RISKS AND CONCERNS:

The Company's risk management strategy encompasses in-depth identification, assessment and prioritization of risk followed by speedy mobilization of resources to minimize, monitor, and control the losses of unfortunate events.

Excessive volatility in the prices of the Company's key raw materials can have impact on its profitability. As the Company derives a significant portion of its revenues from exports and pays for purchases in foreign exchange, excessive fluctuations in currency rates can have impact. Quality related costs can also add to the risk and concerns.

f) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has an adequate system of internal controls commensurate with its size to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. All the transactions are authorized, recorded and reported correctly.

The Company's internal control systems are further supplemented by an extensive programme of internal audit by a firm of Chartered Accountants and periodic review by the Management. The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and for maintaining accountability of assets.

g) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES & INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED:

Employees continue to be the key for the continued success of Organization. Industrial relations have been generally harmonious in all units. Sound human resource development policies of the Company ensure that each employee grows as an individual and contributes to the performance and growth of the Company. Regular in-house training programs for employees at all levels help in this objective. While getting skilled manpower at various levels in the operations continues to be a challenge and employee turnover remained low during the year. The Company has satisfactory recruitment system in place to address the every challenging requirement of the Company at all levels of the organization.

h) Details of Key Financial Ratios and changes thereto, if any during the year:
Standalone

| Sl. No. | Key Ratios | As on March 31, 2019 | As on March 31, 2018 | Reason for significant changes, if any |
|---------|--------------------------|----------------------|----------------------|--|
| 1 | Debtor Turnover Ratio | 5.34 | 5.55 | NA |
| 2 | Inventory Turnover Ratio | 8.38 | 9.50 | NA |

| Sl. No. | Key Ratios | As on March 31, 2019 | As on March 31, 2018 | Reason for significant changes, if any |
|---------|-----------------------------|----------------------|----------------------|--|
| 3 | Interest Coverage Ratio | 12.45 | 9.62 | Repayment of borrowings |
| 4 | Current Ratio | 1.79 | 1.45 | NA |
| 5 | Debt Equity Ratio | 0.24 | 0.29 | NA |
| 6 | Operating Profit Margin (%) | 16.88 | 17.94 | NA |
| 7 | Net Profit Margin (%) | 10.54 | 10.35 | NA |
| 8 | Return on net worth | 17.57 | 18.57 | Refer page no.12 of the Report |

Consolidated

| Sl. No. | Key Ratios | As on March 31, 2019 | As on March 31, 2018 | Reason for significant changes, if any |
|---------|-----------------------------|----------------------|----------------------|--|
| 1 | Debtor Turnover Ratio | 5.48 | 5.46 | NA |
| 2 | Inventory Turnover Ratio | 6.27 | 6.64 | NA |
| 3 | Interest Coverage Ratio | 9.36 | 8.14 | NA |
| 4 | Current Ratio | 1.65 | 1.53 | NA |
| 5 | Debt Equity Ratio | 0.47 | 0.53 | NA |
| 6 | Operating Profit Margin (%) | 14.64 | 16.53 | NA |
| 7 | Net Profit Margin (%) | 8.22 | 9.38 | NA |
| 8 | Return on net worth | 18.71 | 23.49 | Refer page no.12 of the Report |

For and on behalf of the Board

K Ajith Kumar Rai

Chairman

(DIN: 01160327)

Place: Bengaluru

Date: May 27, 2019

Form AOC-I
(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

(Information in respect of each subsidiary to be presented with amounts in Millions.)

| Sl. No. | 1 | 2 | 3 | 4 | 5 | 6 |
|---------|---|--|--------------------------------|-------------------------|--|--|
| 1 | Name of the subsidiary | Suprajit Automotive Private Limited | Suprajit Europe Limited | Suprajit USA Inc | Luxlite Lamps SARRL, Luxembourg | Trifa Lamps Germany GmbH, Annweiler |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR | GBP 1 GBP = 90.4756 | USD 1 USD = 69.1713 | EURO 1 EURO = 77.7024 | EURO 1 EURO = 77.7024 |
| 4 | Share capital | 19.90 | 186.00 | 0.07 | 773.22 | 2.19 |
| 5 | Reserves & surplus | 611.68 | 99.29 | 1767.96 | (667.99) | 286.62 |
| 6 | Total Assets | 1373.91 | 443.80 | 3867.57 | 439.91 | 399.54 |
| 7 | Total Liabilities | 742.34 | 158.51 | 2098.66 | 334.68 | 110.73 |
| 8 | Investments | 0 | 0 | 0 | 0 | 0 |
| 9 | Turnover (Note 3) | 1477.54 | 1191.97 | 2862.69 | 904.73 | 707.52 |
| 10 | Profit before taxation | 347.74 | 94.57 | 8.47 | (44.55) | (8.94) |
| 11 | Provision for taxation (Note 4) | 103.58 | 18.05 | 1.83 | 0.55 | (1.45) |
| 12 | Profit after taxation | 244.16 | 76.52 | 6.65 | (45.10) | (7.49) |
| 13 | Proposed Dividend | 0 | 0 | 0 | 0 | 0 |
| 14 | % of Shareholding | 100% | 100% | 100% | 100% | 100% |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – Nil
- Names of subsidiaries which have been liquidated or sold during the year – Nil
- Considered only Revenue from Operations (Net) as per section 2(91) of the Companies Act, 2013.
- Includes Tax expense pertaining to earlier years and deferred tax
- The figures in the audited consolidated financial statements of the subsidiary are in ₹ millions and have been considered in the table above in the same manner.

Part "B": Associates and Joint Ventures

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

| Name of Associates/Joint Ventures | |
|--|--|
| 1 Latest audited Balance Sheet Date | The Company has no Associates or Joint Ventures as on March 31, 2019. Hence Part "B" is not applicable to the Company |
| 2 Shares of Associate/Joint Ventures held by the company on the year end No. | |
| Amount of Investment in Associates/Joint Venture | |
| Extend of Holding % | |
| 3 Description of how there is significant influence | |
| 4 Reason why the associate/joint venture is not consolidated | |
| 5 Networth attributable to Shareholding as per latest audited Balance Sheet | |
| 6 Profit / Loss for the year | |
| i. Considered in Consolidation | |
| ii. Not Considered in Consolidation | |

- 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 of
Suprajit Engineering Limited

K AJITH KUMAR RAI
Chairman

MOHAN SRINIVASAN NAGAMANGALA
Managing Director &
Group Chief Executive Officer

MEDAPPA GOWDA J
Chief Financial Officer &
Company Secretary

Place : Bengaluru
Date : May 27, 2019

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

| | |
|---|---|
| CIN | L29199KA1985PLC006934 |
| Registration Date | 24.05.1985 |
| Name of the Company | Suprajit Engineering Limited |
| Category / Sub-Category of the Company | Company limited by Shares / Non-Govt. Company |
| Address of the Registered office and contact details | No. 100 & 101, Bommasandra Industrial Area, Bangalore – 560 099 |
| Whether listed company | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Integrated Registry Management Services Private Limited 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore – 560 003. Phone : +91-80-23460218 |

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 :-

| Sl.No. | Name and Description of main products/services | NIC code of the Product/Service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1. | Automotive Cables | 3758 | 77.79 |
| 2. | Automotive Lamps | 274 | 22.21 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary Associate | % of Shares Held | Applicable Section |
|---------|--|-----------------------|-------------------------------|------------------|--------------------|
| 1. | Suprajit Automotive Private Limited | U29299KA2004PTC035283 | Subsidiary | 100% | 2(87) (ii) |
| 2. | Suprajit Europe Limited | NA | Subsidiary | 100% | 2(87) (ii) |
| 3. | Luxlite Lamps SARL, Luxembourg | NA | Subsidiary | 100% | 2(87) (ii) |
| 4. | Trifa Lamps Germany GMBH, Annweiler | NA | Subsidiary | 100% | 2(87) (ii) |
| 5. | SUPRAJIT USA Inc (Wescon Controls LLC) | NA | Subsidiary | 100% | 2(87) (ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2018] | | | | No. of Shares held at the end of the year [As on 31-March-2019] | | | | % Change during the year |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 62213157 | - | 62213157 | 44.48 | 62243257 | - | 62243257 | 44.50 | 0.02 |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) (1) | 62213157 | - | 62213157 | 44.48 | 62243257 | - | 62243257 | 44.50 | 0.02 |

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2018] | | | | No. of Shares held at the end of the year[As on 31-March-2019] | | | | % Change during the year |
|---|---|----------------|------------------|-------------------|--|----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) Individual / HUF | - | - | - | - | - | - | - | - | - |
| b) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 62213157 | - | 62213157 | 44.48 | 62243257 | - | 62243257 | 44.50 | 0.02 |
| B.Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 4305314 | - | 4305314 | 3.08 | 5668363 | 3200 | 5671563 | 4.05 | 0.97 |
| b) Banks / FI | 29650 | 3200 | 32850 | 0.02 | 20554 | - | 20554 | 0.01 | -0.01 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies- | - | - | - | - | - | - | - | - | - |
| g) FIs | 16140037 | - | 16140037 | 11.54 | 15952933 | - | 15952933 | 11.41 | -0.13 |
| h) Foreign Venture Capital Funds | - | - | - | - | | | | | |
| i) Others (specify) Alternative Investment Funds | 1870278 | - | 1870278 | 1.34 | 2084865 | - | 2084865 | 1.49 | 0.15 |
| Sub-total (B)(1):- | 22345279 | 3200 | 22348479 | 15.98 | 23726715 | 3200 | 23729915 | 16.97 | 0.98 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 14463986 | 1015280 | 15479266 | 11.07 | 14084344 | 1013440 | 15097784 | 10.79 | -0.28 |
| ii) Overseas | - | - | - | - | | | | | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 17046380 | 2334551 | 19380931 | 13.86 | 16532928 | 2126195 | 18659123 | 13.34 | -0.52 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 14644090 | 2303600 | 16947690 | 12.12 | 15399525 | 1490000 | 16889525 | 12.07 | -0.05 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians (NRI) | 2974023 | 320000 | 3294023 | 2.36 | 2815975 | 320000 | 3135975 | 2.24 | -0.12 |
| LLP | 30296 | - | 30296 | 0.02 | 39155 | 0 | 39155 | 0.03 | 0.01 |
| Trusts | 1997 | - | 1997 | 0 | 4074 | - | 4074 | 0 | 0 |
| NBFC | - | - | - | - | 10125 | 0 | 10125 | 0.01 | 0.01 |
| Clearing Members | 176634 | - | 176634 | 0.13 | 63540 | - | 63540 | 0.05 | -0.08 |
| Sub-total (B)(2):- | 49337406 | 5973431 | 55310837 | 39.54 | 48949666 | 4949635 | 53899301 | 38.54 | -1.02 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 71682685 | 5976631 | 77659316 | 55.52 | 72676381 | 4952835 | 77629216 | 55.50 | -0.02 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 133895842 | 5976631 | 139872473 | 100 | 134919638 | 4952835 | 139872473 | 100.00 | - |

(ii) **Shareholding of Promoters:**

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | %change in share holding 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 | K Ajith Kumar Rai | 44266799 | 31.65 | - | 44296399 | 31.67 | - | 0.02 |
| 2 | Supriya A Rai | 14346358 | 10.26 | - | 14346358 | 10.26 | - | - |
| 3 | Akhilesh Rai | 1200000 | 0.86 | - | 1200000 | 0.86 | - | - |
| 4 | Ashutosh Rai | 1200000 | 0.86 | - | 1200500 | 0.86 | - | - |
| 5 | Aashish Rai | 1200000 | 0.86 | - | 1200000 | 0.86 | - | - |
| | Total | 62213157 | 44.48 | - | 62243257 | 44.50 | - | 0.02 |

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the Year 01.04.2018 | | Date | Increase/Decrease in Share Holding | Reason | Cumulative Share holding during the year 31.03.2019 | |
|---------|--------------------|--|----------------------------------|------------|------------------------------------|----------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | | | | No. of shares | % of total shares of the company |
| 1 | K Ajith Kumar Rai | 44266799 | 31.65 | 15-06-2018 | 20600 | BY INHERITANCE | 44287399 | 31.66 |
| | | | | 06-12-2018 | 9000 | BOUGHT | 44296399 | 31.67 |
| | | | | 31-03-2019 | - | - | 44296399 | 31.67 |
| 2 | Supriya A Rai | 14346358 | 10.26 | - | - | - | 14346358 | 10.26 |
| 3 | Akhilesh Rai | 1200000 | 0.86 | - | - | - | 1200000 | 0.86 |
| 4 | Ashutosh Rai | 1200000 | 0.86 | 6-12-2018 | 500 | BOUGHT | 1200500 | 0.86 |
| | | | | 31-03-2019 | - | - | 1200500 | 0.86 |
| 5 | Aashish Rai | 1200000 | 0.86 | - | - | - | 1200000 | 0.86 |

(iv) **Shareholding Pattern of top 10 Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs):**

| SI No. | NAME OF THE SHARE HOLDER | SHAREHOLDING AT THE BEGINNING OF THE YEAR 01.04.2018 | | Date | Increase/Decrease in Share Holding | Reason | CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019 | |
|--------|------------------------------|--|----------------------------------|------------|------------------------------------|--------|--|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | | | | No. of Shares | % of Total Shares of the Company |
| 1 | SUNDARAM CLAYTON LIMITED | 5,772,000 | 4.13 | - | - | - | 5,772,000 | 4.13 |
| 2 | DSP BLACKROCK SMALL CAP FUND | 3,899,149 | 2.79 | 06-04-2018 | 4542 | BOUGHT | 3,903,691 | 2.79 |
| | | | | 20-04-2018 | 33494 | BOUGHT | 3,937,185 | 2.81 |
| | | | | 27-04-2018 | 1380 | BOUGHT | 3,938,565 | 2.82 |
| | | | | 04-05-2018 | 5730 | BOUGHT | 3,944,295 | 2.82 |
| | | | | 11-05-2018 | 191 | BOUGHT | 3,944,486 | 2.82 |
| | | | | 18-05-2018 | 24702 | BOUGHT | 3,969,188 | 2.84 |
| | | | | 25-05-2018 | 29689 | BOUGHT | 3,998,877 | 2.86 |
| | | | | 01-06-2018 | 372867 | BOUGHT | 4,371,744 | 3.13 |
| | | | | 08-06-2018 | 10479 | BOUGHT | 4,382,223 | 3.13 |
| | | | | 15-06-2018 | 77472 | BOUGHT | 4,459,695 | 3.19 |
| | | | | 22-06-2018 | 70777 | BOUGHT | 4,530,472 | 3.24 |
| | | | | 30-06-2018 | 39500 | BOUGHT | 4,569,972 | 3.27 |
| | | | | 06-07-2018 | 9538 | BOUGHT | 4,579,510 | 3.27 |
| | | | | 17-08-2018 | 11598 | BOUGHT | 4,591,108 | 3.28 |
| | | | | 24-08-2018 | 371907 | BOUGHT | 4,963,015 | 3.55 |
| | | | | 31-08-2018 | 300000 | BOUGHT | 5,263,015 | 3.76 |
| | | | | 31-03-2019 | - | - | 5,263,015 | 3.76 |

| SI No. | NAME OF THE SHARE HOLDER | SHAREHOLDING AT THE BEGINNING OF THE YEAR 01.04.2018 | | | | | CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019 | |
|--------|--|--|----------------------------------|-------------------|-------------------------------------|---------------|--|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Share Holding | Reason | No of Shares | % of Total Shares of the Company |
| 3 | FIRST STATE INVESTMENTS ICVC-STEWART INVESTORS AS | - | - | 22-02-2019 | 32,462 | BOUGHT | 32,462 | 0.02 |
| | | | | 01-03-2019 | 3,978,934 | BOUGHT | 4,011,396 | 2.87 |
| | | | | 31-03-2019 | - | - | 4,011,396 | 2.87 |
| 4 | TVS MOTOR COMPANY LIMITED | 2,892,000 | 2.07 | - | - | - | 2,892,000 | 2.07 |
| 5 | SHOBITA PUNJA | 2,052,500 | 1.47 | - | - | - | 2,052,500 | 1.47 |
| 6 | EMERGING SECURITIES PVT LTD | 1,900,200 | 1.36 | - | - | - | 1,900,200 | 1.36 |
| 7 | BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD. | 1,735,981 | 1.24 | 06-04-2018 | 32,000 | BOUGHT | 1,767,981 | 1.26 |
| | | | | 08-06-2018 | 2,500 | BOUGHT | 1,770,481 | 1.27 |
| | | | | 24-08-2018 | 25,000 | BOUGHT | 1,795,481 | 1.28 |
| | | | | 31-08-2018 | 10,000 | BOUGHT | 1,805,481 | 1.29 |
| | | | | 12-10-2018 | 56,000 | BOUGHT | 1,861,481 | 1.33 |
| | | | | 19-10-2018 | 7,930 | BOUGHT | 1,869,411 | 1.34 |
| | | | | 02-11-2018 | 53,200 | BOUGHT | 1,922,611 | 1.37 |
| | | | | 16-11-2018 | 17,847 | BOUGHT | 1,940,458 | 1.39 |
| | | | | 30-11-2018 | 18,421 | BOUGHT | 1,958,879 | 1.40 |
| | | | | 07-12-2018 | 200 | BOUGHT | 1,959,079 | 1.40 |
| | | | | 14-12-2018 | 24,459 | BOUGHT | 1,983,538 | 1.42 |
| | | | | 21-12-2018 | 42,300 | BOUGHT | 2,025,838 | 1.45 |
| | | | | 31-12-2018 | 45,700 | BOUGHT | 2,071,538 | 1.48 |
| | | | | 04-01-2019 | 30,395 | BOUGHT | 2,101,933 | 1.50 |
| | | | | 01-02-2019 | 8,400 | BOUGHT | 2,110,333 | 1.51 |
| | | | | 08-02-2019 | (167,000) | SOLD | 1,943,333 | 1.39 |
| | | | | 22-02-2019 | 11,000 | BOUGHT | 1,954,333 | 1.40 |
| | | | | 01-03-2019 | 10,000 | BOUGHT | 1,964,333 | 1.40 |
| | | | | 15-03-2019 | (175,500) | SOLD | 1,788,833 | 1.28 |
| | | | | 22-03-2019 | (405,000) | SOLD | 1,383,833 | 0.99 |
| | | | | 31-03-2019 | 485,000 | BOUGHT | 1,868,833 | 1.34 |
| 8 | KULA RAMPRASAD RAI | 1,800,000 | 1.29 | - | - | - | 1,800,000 | 1.29 |
| 9 | MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND,L. | 1,722,792 | 1.23 | 20-07-2018 | -4147 | SOLD | 1,718,645 | 1.23 |
| | | | | 27-07-2018 | -44517 | SOLD | 1,674,128 | 1.20 |
| | | | | 03-08-2018 | -38197 | SOLD | 1,635,931 | 1.17 |
| | | | | 10-08-2018 | -11803 | SOLD | 1,624,128 | 1.16 |
| | | | | 25-01-2019 | 161536 | BOUGHT | 1,785,664 | 1.28 |
| | | | | 31-03-2019 | - | - | 1,785,664 | 1.28 |
| 10 | MALABAR INDIA FUND LIMITED | 1,400,817 | 1.00 | - | - | - | 1,400,817 | 1.00 |

| SI No. | NAME OF THE SHARE HOLDER | SHAREHOLDING AT THE BEGINNING OF THE YEAR 01.04.2018 | | | | | CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019 | |
|--------|--------------------------------------|--|----------------------------------|------------|-------------------------------------|--------|--|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date | Increase/ Decrease in Share Holding | Reason | No of Shares | % of Total Shares of the Company |
| 11 | SMALLCAP WORLD FUND, INC | 6,075,000 | 4.34 | 01-03-2019 | (5,777,010) | SOLD | 297,990 | 0.21 |
| | | | | 08-03-2019 | (297,990) | SOLD | 0 | 0 |
| | | | | 31-03-2019 | - | - | 0 | 0 |
| 12 | DSP BLACKROCK EMERGING STARS FUND | 1,681,711 | 1.20 | 25-05-2018 | (372,633) | SOLD | 1,309,078 | 0.94 |
| | | | | 31-03-2019 | - | - | 1,309,078 | 0.94 |
| 13 | FIRST STATE INDIAN SUBCONTINENT FUND | 813,980 | 0.58 | 01-03-2019 | 473751 | BOUGHT | 1,287,731 | 0.92 |
| | | | | 08-03-2019 | 70495 | BOUGHT | 1,358,226 | 0.97 |
| | | | | 31-03-2019 | - | - | 1,358,226 | 0.97 |

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Mr. K Ajith Kumar Rai Chairman | 4,42,66,799 | 31.65 | 4,42,96,399 | 31.67 |
| 2 | Mohan Srinivasan Nagamangala Managing Director & Group Chief Executive Officer | 4,890 | 0.003 | 5,590 | 0.004 |
| 3 | Mr. Diwakar S Shetty Independent Director | 14,106 | 0.01 | 18,941 | 0.013 |
| 4 | Mr. M Jayarama Shetty Independent Director | 3,71,500 | 0.27 | 3,71,500 | 0.27 |
| 5 | Mr. Suresh Shetty Independent Director | 7,63,080 | 0.55 | 7,63,080 | 0.55 |
| 6 | Shri B.S Patil Independent Director | - | - | - | - |
| 7 | Mr. Ian Williamson Independent Director | - | - | - | - |
| 8 | Dr. Supriya A Rai Non-Executive Director | 1,43,46,358 | 10.26 | 1,43,46,358 | 10.26 |
| 9 | Mr. Medappa Gowda. J Chief Financial Officer & Company Secretary | 750 | 0.001 | 750 | 0.001 |

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ In Millions)

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total |
|---|----------------------------------|-----------------|--------------|-----------------|
| Indebtedness at the beginning of the year | | | | |
| i) Principal Amount | 1,733.79 | - | 4.15 | 1,737.94 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 6.58 | - | 0.01 | 6.59 |
| Total (i+ii+iii) | 1,740.37 | - | 4.16 | 1,744.53 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 194.26 | - | - | 194.26 |
| * Reduction | -236.27 | - | -4.16 | -240.43 |
| Net Change | -42.01 | - | -4.16 | -46.17 |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 1,690.98 | - | - | 1,690.98 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii) Interest accrued but not due | 7.38 | - | - | 7.38 |

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total |
|-------------------------|-------------------------------------|--------------------|----------|-----------------|
| Total (i+ii+iii) | 1,698.36 | - | - | 1,698.36 |

(vi) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

(₹ in Millions)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total |
|---------|--|------------------------|----------------------------------|---------------|
| | | MD | WTD | |
| | | Mr. K Ajith Kumar Rai* | Mr. Mohan Srinivasan Nagamangala | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961 | 17.40 | 11.04 | 28.44 |
| | (b) Value of perquisites u/s 17(2) Income –tax Act, 1961 | 0.04 | 0.27 | 0.31 |
| | (c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | 1.11 | 1.11 |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | 33.32 | - | 33.32 |
| 5 | Others | 2.02 | | 7.37 |
| | Contribution to PF | | 0.66 | |
| | Bonus | | 4.69 | |
| | Total (A) | 52.78 | 17.77 | 70.55 |
| | Ceiling as per the Act | | | 164.73 |

B. Remuneration to other Directors :

(₹ in Millions)

| Sl. No. | Particulars of Remuneration | Mr. Diwakar S Shetty | Mr. Suresh Shetty | Mr. Jayarama M Shetty | Mr. Ian Williamson | Mr. B S Patil | Dr. Supriya A Rai | Total Amount |
|---------|---|-------------------------|-------------------|-----------------------|--------------------|---------------|-------------------|--------------|
| 1 | Independent Directors | | | | | | | |
| | Fee for attending board/ committee meetings | 0.17 | 0.16 | 0.23 | Waived | 0.17 | - | 0.72 |
| | Commission | 0.5 | 0.5 | 0.5 | Waived | 0.5 | - | 2.00 |
| | Others, please specify | - | - | - | - | - | - | - |
| | Total (1) | 0.67 | 0.66 | 0.73 | - | 0.67 | - | 2.72 |
| 2 | Other Non-Executive Director | | | | | | | |
| | Fee for attending board/ committee meetings | - | - | - | - | - | Waived | - |
| | Commission | - | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | NA | - |
| | Total (2) | - | - | - | - | - | - | - |
| | Total (B) = (1+2) | 0.67 | 0.66 | 0.73 | - | 0.67 | - | 2.72 |
| | Total Managerial Remuneration (A+B) | ₹ 73.27 Million | | | | | | |
| | Overall ceiling as per the Act | ₹ 179.57 Million | | | | | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WT D

(₹ In Millions)

| Sl. No. | Particulars of Remuneration | CFO & CS | Total |
|---------|---|----------------|----------------|
| 1 | Gross salary (a) Salary as per provisions contained u/s 17(1) of the Income tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961 | 4.67 - - | 4.67 - - |
| 2 | Stock Option | 0.46 | 0.46 |
| 3 | Sweat Equity | - | - |
| 4 | Commission : | | |
| | - As % of profit | - | - |
| | - Others (Bonus) | 2.16 | 2.16 |
| 5 | Others (Contribution to PF and Superannuation Fund) | 0.27 | 0.27 |
| | TOTAL | 7.56 | 7.56 |

(viii) Penalties/Punishment/Compounding of offences: NIL

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

Annexure – 3

Form No. AOC-2

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

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

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

2. Details of the material contracts or arrangements or transactions at arm's length basis :

(₹ in millions)

| Name of the Related Party | Nature of relationship | Nature of transactions | Duration of Contract | Salient terms | Amount |
|--|--|------------------------|----------------------|---------------|--------|
| Suprajit Automotive Private Limited | Wholly Owned Subsidiary | Sales / Purchase | NA | NA | 99.00 |
| Luxlite Lamps SARL, Luxembourg | Wholly Owned Subsidiary | Sales / Purchase | NA | NA | 409.98 |
| Trifa Lamps Germany GmbH, | Wholly Owned Subsidiary | Sales | NA | NA | 236.57 |
| Suprajit USA Inc(Wescon Controls LLC) | Wholly Owned Subsidiary (step down subsidiary) | Sales / Purchase | NA | NA | 45.10 |

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

BUSINESS RESPONSIBILITY REPORT**[Regulation 34(2)(f)] of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]****SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

- Corporate Identity Number (CIN) of the Company: L29199KA1985PLC006934
- Name of the Company: SUPRAJIT ENGINEERING LIMITED
- Registered address : No. 100 & 101, Bommasandra Industrial Area, Bangalore – 560 099
- Website: www.suprajit.com
- E-mail id: investors@suprajit.com
- Financial Year reported: 2018-19
- Sector(s) that the Company is engaged in (industrial activity code-wise): 29301 – Automotive cables and accessories (Automotive equipments)
- List three key products/services that the Company manufactures/provides (as in Balance Sheet): Automotive Cables, Automotive Lamps and Speedo meters
- Total number of locations where business activity is undertaken by the Company:
 - Number of International Locations (Provide details of major 5): 5 (USA, U.K, Germany, Luxemburg and Mexico)
 - Number of National Locations: 18 Plants across India
- Markets served by the Company – Local, State, National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY (as at March 31, 2019)

- Paid up Capital (INR): ₹ 139.87 Million
- Total Turnover (INR): ₹ 10,584.94 Million
- Total profit after taxes (INR): ₹ 1,148.23 Million
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2% of average net profits of the Company made during the three immediately preceding financial years. Refer to Annexure – 6 in the Annual Report
- List of activities in which expenditure in 4 above has been incurred:-
 - Education & Rural Development
 - Health care

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? : Yes
- 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): Yes. 1
- 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%]: NA

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR**

- Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN : 01160327
- Name: Mr. Kula Ajith Kumar Rai
- Designation: Chairman

- Details of the BR head:

| No. | Particulars | Details |
|-----|------------------|--------------------------|
| 1 | DIN Number | 01160327 |
| 2 | Name | Mr. Kula Ajith Kumar Rai |
| 3 | Designation | Chairman |
| 4 | Telephone Number | 080- 43421100 |
| 5 | E-mail | info@suprajit.com |

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

Principle 1: Ethics, Transparency and Accountability [P1]
 Principle 2: Product Lifecycle Sustainability [P2]
 Principle 3: Employees Wellbeing [P3]
 Principle 4: Stakeholder Engagement [P4]
 Principle 5: Human Rights [P5]
 Principle 6: Preservation of Environment [P6]
 Principle 7: Responsible Advocacy [P7]
 Principle 8: Inclusive Growth & Equitable Development [P8]
 Principle 9: Customer Value [P9]

| Sl. 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? | The Company has formulated the policies and adopted the same in consultation with the relevant stakeholders | | | | | | | | |
| 3 | Does the policy confirm to any national/ international standards? If yes, specify? | Yes. The policy/ practice confirms to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs, Government of India, July 2011 and the policies are compliant with the applicable laws as mapped against the principles mentioned in NVGs. | | | | | | | | |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Yes. The Policies have been approved by the Board and signed by the Chairman and Managing Director. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy? | Yes. The Company's officials/ respective departments are authorised to oversee the implementation of the policies. | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | www.suprajit.com (http://suprajit.com/investors/compliance/policies-codes/) | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes. Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent possible. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | N | N | N | N | N | N | N | N | N |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – NOT APPLICABLE

| Sl. No | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|----------------|----|----|----|----|----|----|----|----|
| 1 | The company has not understood the Principles | Not applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

3. Governance related to BR

| | |
|--|---|
| (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | The Executive Directors of the Company periodically assess the BR Performance of the Company. |
| (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 has published its first Business Responsibility Report for FY17-18 which formed part of the Annual Report. The same can be accessed at www.suprajit.com . |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 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?
Yes. The policy is applicable to only individuals working in the Company its subsidiary.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
No such complaints received during the financial year. Hence not applicable.

Principle 2:

- List up to 3 of your products whose design has incorporated social or environmental concerns, risks and/or opportunities. – NA
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): NA
- Does the company have procedures in place for sustainable sourcing (including transportation)? –NA
- Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? – Yes.
(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Yes. Working closely with the local and small vendors across all locations to encourage them.
- Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
Not applicable.

Principle 3:

- Please indicate the Total number of employees – 1540
- Please indicate the Total number of employees hired on temporary/contractual/casual basis:
The Company hires contractual / casual labors. Number of such casual / contractual labors depends on the orders received by the Company from customers. from time to time. Hence it is difficult to provide exact number.
- Please indicate the Number of permanent women employees – 141
- Please indicate the Number of permanent employees with disabilities – NIL
- Do you have an employee association that is recognized by management – NO
- What percentage of your permanent employees is members of this recognized employee association? – NA
- Please indicate the 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. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|-----|---|--|--|
| 1 | Child labour/forced labour/involuntary labour | NIL | NA |
| 2 | Sexual harassment | | |
| 3 | Discriminatory employment | | |

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
(a) Permanent Employees – 100%
(b) Permanent Women Employees – 100%
(c) Casual/Temporary/Contractual Employees – 100%
(d) Employees with Disabilities - NIL

Principle 4:

- Has the company mapped its internal and external stakeholders? – Yes.
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
All stakeholders are equally significant and no one is considered as disadvantaged, vulnerable and marginalized.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. - Not applicable

Principle 5:

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? – Yes. The Policy applies to the Group.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? – NIL

Principle 6:

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. – It extends to the Group.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. – Not applicable.
3. Does the company identify and assess potential environmental risks? Y/N – Not applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed? – No such mechanism. Hence not applicable.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. –
Yes. Company has installed 100 kWp solar capacity as the first pilot project in the year 2016, to assess the use of solar energy for the operational requirements of the Company. The Company will monitor the performance of this project and based on the success, will consider deploying such projects at various units.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? –
Yes. The Emissions/Waste generated by the company is within the permissible limits.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. –
The Company has not received any show cause notice as at March 31, 2019. Therefore not applicable.

Principle 7:

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
Yes the Company is a member of below mentioned associations:
 - a. Confederation of Indian Industries (CII)
 - b. Automotive Component Manufacturers Association (ACMA)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) - Not applicable.

Principle 8:

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
Yes. The Company has Corporate Social Expenditure (CSR) Policy in line with the requirement of Companies Act, 2013 ("Act"). The Company, based on the recommendation of the CSR Committee, makes contribution of 2% of net profit as required under the Act, every year to Suprajit Foundation, CSR wing of the Company.
2. Are the programmes /projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
The CSR programmes of the Company are undertaken through Suprajit Foundation. Details of the activities undertaken by Suprajit Foundation and amount spent thereof are provided as Annexure to the Board's Report.
3. Have you done any impact assessment of your initiative?
We assess the impact of our CSR initiatives on regular basis.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
Details of the CSR activities undertaken by Suprajit Foundation are given as Annexure 6 to the Board's Report.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Not applicable.

Principle 9:

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. – NIL.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?
Yes. The product information is displayed on the product label to the extent required by the applicable law.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. –No.
4. Did your company carry out any consumer survey/ consumer satisfaction trends? – No.

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

DIVIDEND DISTRIBUTION POLICY

This Policy applies to the distribution of Dividend by Suprajit Engineering Limited (“the Company”) in accordance with the provisions of the Companies Act, 2013 (‘the Act’) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SEBI, vide its notification dated July 08, 2016, notified Regulation 43A – Dividend Distribution Policy which requires top 500 listed Companies based on market capitalization to formulate Dividend Distribution Policy.

This Policy sets the parameters and circumstances that will be taken in to account by the Board of Directors of the Company in declaring dividend or retaining the profit, as the case may be.

A. THE CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND;

The Company shall comply with the Companies Act, 2013 and/ or rules made there under or such other applicable statutory / regulatory requirements, if any while declaring / recommending the dividend. The Board shall, after taking in to consideration financial performance of the Company, determine the dividend payable to the Shareholders.

B. THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND;

Following financial parameters shall be considered by the Board of Directors while distributing dividend:

- a. Working Capital requirement of the Company in near future
- b. Capital expenditure towards purchase / maintenance of machineries and Building
- c. Acquisition / take over as part of growth plans
- d. Cash required for contingencies
- e. Servicing the outstanding loans, etc

C. INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND;

The Board of Directors shall provide due regard to the following internal / external parameters while declaring or recommending the dividend:

- Any political, regulatory, or such other changes that may have major impact on the industry in which the Company is operating.
- Any changes in the competitive environment requiring significant investment
- Any significant changes in the business or technology, which requires substantial investment

D. POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED;

The consolidated profits earned by the Company can be retained in the business or used for the above mentioned purposes or it may be distributed to the shareholders.

E. PARAMETERS THAT SHALL BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES:

The provisions of this Policy shall be applicable to all the classes of Shares of the Company. Presently, the Company has only one class of Shares i.e. Equity Shares.

REVIEW / AMENDMENT:

The Board may review this Policy from time to time and may at its discretion amend the provisions of this Policy, whenever it thinks necessary. Any amendments in Companies Act, 2013 / or rules made there under or SEBI regulations or such other statutory amendments, to the extent applicable shall automatically apply to this Policy.

In the event of any difference between Companies Act, 2013 and SEBI Regulations or such other statutory enactments (“the Regulations”) and provisions of this Policy, the Regulations shall prevail.

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

Annual Report on the CSR activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy: Suprajit Foundation is spearheading the CSR activities of the Company. The focus areas of the Foundation activities are education, healthcare and rural development. The policy of the Company is to give back to society that is in need of education, healthcare and upliftment of rural community. Suprajit Foundation is focused on executing socially relevant projects in these areas.
2. Overview of projects or programs proposed to be undertaken: Various projects under the above CSR policy are undertaken through Suprajit Foundation. Some of these educational projects are undertaken by Bharatiya Vidya Bhavan, Vittala Vidya Sangha, etc. The mid-day meal program is undertaken through Akshayapatra, Rotary Indiranagar, Needy Heart Foundation, One Billionaire Literates Foundation, etc. Suprajit Foundation has received the amounts due as per the CSR policy requirements. It spends a portion of the funds received and is developing a corpus fund for the significant future project in the area of focus as above.
3. The Composition of CSR Committee : Mr. K Ajith Kumar – Chairman
Mr. Ian Williamson – Member
Dr. Supriya A Rai – Member
4. Average net profit of the company for last three financial years : ₹ 1,215.21 Million
5. Prescribed CSR Expenditure (2% of the amount as in item 4 above) : ₹ 24.30 Million
6. Details of CSR spends during the financial year :
 - a. Total amount spent for the financial year : ₹ 24.87 Million
 - b. Amount unspent, if any : NIL
 - c. Manner in which the amount spent during the financial year is detailed below.
7. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report - NA
8. 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. : To discharge the duties, members of CSR Committee visited places where implementing agencies are executing the projects, on a regular basis.

Activities of Suprajit Foundation:

| Projects | 2018-19 (Amount in INR Million) | Places and Area undertaken |
|---|------------------------------------|-----------------------------|
| Scholarships and related expenses | 4.31 | Various places in Karnataka |
| One Billion Literates Foundation | 0.30 | |
| Akshaya Patra Foundation (Mid-day meal program) | 0.55 | |
| Bharatiya Vidya Bhavan-Vocational Training | 0.34 | |
| Bharatiya Vidya Bhavan-BBMP School, Srirampuram | 2.13 | |
| Other educational and rural development projects | 0.10 | |
| Total spent on Education & Rural Development | 7.73 | |
| Healthcare Projects: | | |
| Dialysis consumables project | 0.19 | |
| Total Spent on Healthcare | 0.19 | |
| Miscellaneous Projects | 0.10 | |
| Miscellaneous Expense | 0.08 | |
| Grand Total | 8.10 | |

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

Details pursuant to Regulation 14 of Securities and Exchange Board of India (SEBI) (Share Based Employee Benefits) Regulations, 2014 for Stock Appreciation Rights (SARs) granted by the Company under Suprajit Employee Stock Appreciation Rights Plan, 2017 ("SEL ESAR 2017" / Plan):

A. Summary of status of SARs Granted:

The position of the existing plan is summarized as under:

I. Details of the ESAR

| Sr. No. | Particulars | SEL ESAR 2017 |
|---------|-------------------------------------|--|
| 1 | Date of Shareholders approval | 11.11.2017 |
| 2 | Total No. of SARs approved | 13,98,725 |
| 3 | Vesting requirements | ESARs granted under the Plan would vest after 1 (one) year but not later the 5 (five) years from the date of grant |
| 4 | Pricing Formula | Equal market price of the date of grant |
| 5 | Maximum term of SARs granted (year) | 9 years |
| 6 | Method of settlement | Equity Shares |
| 7 | Source of shares | Primary Allotment |
| 8 | Variation, if any in the Plan | NA |

II. Option movement during the year ended March 31, 2019

| Sr. No. | Particulars | No. of SARs | Weighted average exercise price |
|---------|--|-------------|---------------------------------|
| 1 | No. of SARs outstanding at the beginning of the year | 0 | 0.0 |
| 2 | SARs granted during the period | 8,83,440 | 1.0 |
| 3 | SARs forfeited / surrendered during the year | 34,998 | 0.0 |
| 4 | SARs lapsed during the year | 0 | 0.0 |
| 5 | SARs exercised during the year | 0 | 0.0 |
| 6 | No. of SARs outstanding at the end of the year | 8,48,442 | 1.0 |
| 7 | No. of SARs exercisable at the end of the year | 0 | 0.0 |

III. Weighted Average remaining contractual life

| No. of SARs outstanding | Weighted average contractual life (years) as on March 31, 2019 |
|-------------------------|--|
| 8,48,442 | 8.02 |

IV. Weighted average Fair Value of SARs granted during the year ended March 31, 2019

| | | |
|---|---|--------|
| a | Exercise price equals market price | Nil |
| b | Exercise price is greater than market price | 248.14 |
| c | Exercise price is less than market price | Nil |

V. Weighted average market price of SARs exercised during the year ended March 31, 2019 NA

VI. Employee wise details of SARs granted during the year ended March 31, 2019

(i) Senior managerial personnel

| Sl. No. | Name of the employee | No. of SARs granted |
|---------|--|---------------------|
| 1 | Mohan Srinivasan Nagamangala – Managing Director & Group Chief Executive Officer | 115385 |
| 2 | Narayana Shankar. K – COO- Cable Division | 61538 |
| 3 | Medappa Gowda. J – Chief Financial Officer & Company Secretary | 48077 |
| 4 | Akhilesh Goel | 38462 |

(ii) Other employee who were granted, during the year, SARs amounting to 5% or more of the SARs granted during the year - NIL

iii. Employees, who were granted option, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – NIL

VII. Method of assumptions used to estimate the fair value of SARs granted during the year ended March 31, 2019

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

The assumption used in the model are as follows:

| Variables | Weighted Average |
|--|------------------|
| Risk free interest Rate | 7.92 |
| Expected Life (in years) | 6.53 |
| Expected volatility | 35.79 |
| Dividend yield | 0.54 |
| Exercise Price | 1.00 |
| Price of the underlying share in market at the time of the grant of option | 257.65 |

VIII. Effect of share based payment transactions on the entity's Profit for the period:

| Particulars | As on March 31, 2019 |
|--|----------------------|
| Employee option plan expense | ₹ 45.89 Million |
| Total Liability at the end of the period | ₹ 45.89 Million |

For and on behalf of the Board

Place: Bengaluru
Date: May 27, 2019

K Ajith Kumar Rai
Chairman
(DIN: 01160327)

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
SUPRAJIT ENGINEERING LIMITED
Bangalore
(CIN: L29199KA1985PLC006934)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SUPRAJIT ENGINEERING LIMITED (CIN: L29199KA1985PLC006934) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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 authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SUPRAJIT ENGINEERING LIMITED for the financial year ended on 31.03.2019 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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
 - (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (i) Circulars/Guidelines issued there under;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:

(1) Employer/Employee Related laws & Rules:

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961
- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972

- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvi. The Labour Welfare Fund Act, 1965
- xxvii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxviii. For majority of Central Labour Laws the respective States have introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Air (Prevention & Control of Pollution) Act, 1981
- iv. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above as may be applicable during the year under review. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Secretarial Standards, Labour Laws were addressed suitably by the Management..

Further I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which 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 are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such instance.

I 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.

(Parameshwar G. Bhat)

Place : Bengaluru

FCS No.: 8860

Date : May 27, 2019

C P No.: 11004

Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure'

My report of even date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, GST Act.
4. Wherever required, the Company has represented about the compliances of laws, rules and regulations and happenings of events etc as applicable from time to time.
5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

(Parameshwar G. Bhat)

Place : Bengaluru

FCS No.: 8860

Date : May 27, 2019

C P No.: 11004

- a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

| Requirements | Particulars |
|---|---|
| The ratio of the remuneration of each director to the median remuneration of the employees for the financial year. | As per note 1 |
| The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | As per note 2 |
| The percentage increase in the median remuneration of employees in the financial year. | 7.63% |
| The number of permanent employees on the rolls of Company | 1,540 |
| 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. | The net sales for the financial year ended March 31, 2019 has increased by 9.71%. The aggregate remuneration of employees excluding Chairman & Managing Director grew by 15.54% over the previous financial year. The aggregate increase in salary for Chairman & Managing Director was 13.63% in the financial year 2018-19 over financial year 2017-18. |
| The key parameters for any variable component of remuneration availed by the directors. | The Directors are not eligible for any variable compensation other than Commission as per the provisions of the Act. |
| Affirmation that the remuneration is as per the remuneration policy of the company. | We affirm that the remuneration is as per the remuneration policy of the Company. |

Notes :

- The ratio of the remuneration of each director to the median remuneration of the employees for the financial year ended on 31.03.2019 is as follows :

| Sl.No. | Name of the Directors | Ratio |
|--------|------------------------------|----------|
| 1 | Mr. K Ajith Kumar Rai | 233.03 x |
| 2 | Mohan Srinivasan Nagamangala | 78.45 x |
| 3 | Mr. Diwakar S Shetty | 2.21 x |
| 4 | Mr. Jayarama M Shetty | 2.21 x |
| 5 | Mr. B S Patil | 2.21 x |
| 6 | Mr. Suresh Shetty | 2.21 x |
| 7 | Mr. Ian Williamson | 0 x |
| 8 | Dr. Supriya A Rai | 0 x |

During the year, the non-executive directors received sitting fees and commission as remuneration.

The Median remuneration of the employees for the financial year ends March 31, 2019 is ₹ 2,26,488/-

- The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year ended on 31.03.2019 is as follow :

(in Millions)

| Sl. No | Name of the Director/ KMP | Designation | For the year ended 31.03.2019 | For the year ended 31.03.2018 | % increase for ended on 31.03.2019 |
|--------|----------------------------------|---|-------------------------------|-------------------------------|------------------------------------|
| 1 | Mr. K Ajith Kumar Rai | Chairman | 52.78 | 46.45 | 13.63% |
| 2 | Mr. Mohan Srinivasan Nagamangala | Managing Director & Group Chief Executive Officer | 17.77 | 14.40 | 23.40% |
| 3 | Mr. Diwakar S Shetty* | Independent Director | 0.50 | 0.50 | - |
| 4 | Mr. Jayarama M Shetty* | Independent Director | 0.50 | 0.50 | - |
| 5 | Mr. Suresh Shetty* | Independent Director | 0.50 | 0.50 | - |
| 6 | Mr. B S Patil* | Independent Director | 0.50 | 0.50 | - |
| 7 | Mr. Ian Williamson | Independent Director | NA | NA | - |
| 8 | Dr. Supriya A Rai | Non – Executive Director | NA | NA | - |
| 9 | Mr. Medappa Gowda J | Chief Financial Officer & Company Secretary | 7.56 | 6.55 | 15.42 |

* The above remuneration to the non-executive directors does not include the sitting fees paid during the year.

b) Information as per Rule 5(2) of Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

- (i) During the financial year 2018-19, no employee received the remuneration aggregating to ₹10.20 million p.a or ₹ 0.85 million p.m, except the following

| Sl. No | Employee Name | Designation | Educational Qualification | Age | Experience (in Years) | Date of joining | Remuneration (in millions) | Previous Employment |
|--------|----------------------------------|---|---------------------------|-----|-----------------------|-----------------|----------------------------|---|
| 1 | Mr. K Ajith Kumar Rai | Chairman | B.E.M.A.Sc (Canada) | 60 | 34 | 24.05.1985 | 52.78 | Research & Teaching Assitant, Technical University of Novascotia, Canada. |
| 2 | Mr. Mohan Srinivasan Nagamangala | Managing Director & Group Chief Executive officer | B.E (Mechanical), ICWA | 57 | 33 | 05.12.2013 | 17.77 | ZF Industrial Technology Ltd |

- (ii) Employed for part of the year with an average salary above 0.85 Million per month : NIL
 (iii) During the financial year 2018-19, no employee received remuneration in excess of the highest-paid director.

For and on behalf of the Board

Place: Bengaluru
 Date: May 27, 2019

K Ajith Kumar Rai
 Chairman
 (DIN: 01160327)

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
Suprajit Engineering Limited
No.100, Bommasandra Industrial Area
Anekal Taluk
Bangalore- 560 099

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Suprajit Engineering Limited having CIN L29199KA1985PLC006934 and having Registered Office at No No.100, Bommasandra Industrial Area, Anekal Taluk, Bangalore- 560 099 (hereinafter referred to as 'the Company'), produced before me 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 my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019, has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|------------------------|----------|--------------------------------|
| 1 | Mr. K. Ajith Kumar Rai | 01160327 | 01/04/2009 |
| 2 | Mr. N. S. Mohan | 01916468 | 13/02/2017 |
| 3 | Mr. Diwakar Shetty | 00432755 | 21/10/2006 |
| 4 | Mr. M. Jayarama Shetty | 00303743 | 14/04/1995 |
| 5 | Mr. B. S. Patil | 00061959 | 31/07/2006 |
| 6 | Mr. Suresh Shetty | 00316830 | 31/01/2011 |
| 7 | Mr. Ian Williamson | 01805348 | 23/06/2007 |
| 8 | Dr. Supriya A Rai | 01756994 | 30/05/2014 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my 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.

Place: Bengaluru
Date: 27.05.2019

Vijayakrishna K T
FCS No.: 1788
C P No.: 980

CEO & CFO CERTIFICATION

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and certify, to the best of our knowledge and belief, that:
- i. these statements present a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations;
 - ii. these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading;
 - iii. no transactions entered into by the company during the year were fraudulent, illegal or violative of the Company's code of conduct and no instances of fraud took place;
 - iv. we accept responsibility for establishing and maintaining internal controls for financial reporting;
 - v. we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and have taken steps to rectify the same, wherever found;
 - vi. significant changes in internal control over financial reporting, as well as changes in accounting policies, if any, have been intimated to the auditors and the Audit Committee and been disclosed in the notes to the financial statements;

For **Suprajit Engineering Limited**

Place :Bengaluru
Date : May 27, 2019

Medappa Gowda J
Chief Financial Officer & Company Secretary

Mohan Srinivasan Nagamangala
Managing Director &
Chief Executive Officer
DIN : 01916468

DECLARATION BY CHIEF EXECUTIVE OFFICER (MANAGING DIRECTOR)

I, Mohan Srinivasan Nagamangala Managing Director & Group Chief Executive officer of Suprajit Engineering Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended March 31, 2019 compliance with the code of conduct of the Company laid down for them.

Place :Bengaluru
Date : May 27, 2019

Mohan Srinivasan Nagamangala
Managing Director & Chief Executive officer
DIN : 01916468

CERTIFICATE

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members
Suprajit Engineering Limited
Bangalore

I have examined all the relevant records of Suprajit Engineering Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the financial year ended 31st March, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

I 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.

Vijayakrishna K T

Practising Company Secretary

FCS No.: - 1788

C P No.: - 980

Place : Bengaluru

Date : May 27, 2019

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

To
The Members of **SUPRAJIT ENGINEERING LIMITED**

Report on the Audit of the standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Suprajit Engineering Limited ("the Company"), which comprise the standalone Balance sheet as at March 31, 2019, the standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's

Responsibilities for the Audit of the standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| Impairment assessment of Investments in Subsidiaries (as described in note 5 of the standalone Ind AS financial statements) | |
| <p>As at March 31, 2019, the carrying value of investment in wholly owned subsidiaries in the standalone Ind AS balance sheet amounts to ₹ 2,524.59 Million, which is assessed for impairment.</p> <p>To assess if there is an impairment in the investment, management conducted impairment tests, annually or whenever changes in circumstances or events indicate that, the carrying amount of such investment may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value.</p> <p>The recoverable amount is estimated by calculating the value in use, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation report/future business plans which are reviewed and approved by the Audit Committee/ Board of Directors of the Company. This is a key audit matter as the testing of investment impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth etc.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We understood the Company's process for identification of indicators for impairment and evaluated the Company's internal controls over its impairment assessment of investment in subsidiaries. We understood the key assumptions applied by the management such as revenue growth, operating margins, discount rates and terminal growth rates in determining impairment; • In respect of the external valuation specialist engaged by the management, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert; • We tested the key assumptions and considered the sensitivity scenarios performed by management's expert; • We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and • We assessed the disclosures made in the standalone Ind AS financial statements. |

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's report including annexures, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The standalone Ind AS Balance Sheet, the standalone Ind AS Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is

disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 34(a) to the standalone Ind AS financial statements;
 - ii. The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date : May 27, 2019

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED

Statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's report) Order, 2016 ("the Order")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment. However, identification/ tagging of certain classes of assets needs to be further strengthened to facilitate timely reconciliation with results of physical verification.
- (b) During the year, the Company has carried out physical verification of certain property, plant and equipment and no material discrepancies were noted on such verification. In our opinion, the process of physical verification of property, plant and equipment and reconciliation thereof needs to be further strengthened.
- (c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given by the management, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans to directors including entities in which they are interested and in respect of loans and advances given, making investments and providing guarantees and securities, as applicable.
- (v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of automobile components and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other material statutory dues applicable to it. Also Refer Note 34(d) to the standalone Ind AS financial statements.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. Also Refer Note 34(d) to the standalone Ind AS financial statements.
- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess which have not been deposited on account of any dispute, except the following:

| Name of the statute | Nature of the dues | Amount (₹ in Million) | Payment / Refund adjusted under protest | Period (financial year) to which the amount relates | Forum where dispute is pending |
|-----------------------------|---|--------------------------|--|---|---|
| The Income Tax Act, 1961 | Disallowance of certain expenses and benefit | 3.35 | 0.90 | 2008-09 & 2009-10 | Income Tax Appellate Tribunal |
| The Income Tax Act, 1961 | Disallowance of certain expenses and benefit | 7.96 | 7.96 | 2010-11 & 2011-12 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act, 1961 | Disallowance of certain expenses and benefit (including interest) | 1.26 | 1.26 | 2012-13 | Income Tax Appellate Tribunal |
| The Finance Act, 1994 | Ineligible cenvat credit availed (including interest and penalty) | 1.03 | - | 2009-10 & 2010-11 | Customs, Excise and Service Tax Appellate Tribunal, New Delhi |
| | | 0.11 | - | 2015-16 | Customs Excise & service tax Appellate Tribunal |
| Central Sales Tax Act, 1956 | Central Sales Tax | 2.17 | 0.3 | 2006-07 | Joint Commissioner of Sales Tax (Appeals) |

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to bank or dues to a financial institution. The Company did not have any outstanding dues to debenture holders or government during the year.
- (ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of term loans were partly applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs 22.42 Million, of which Rs 22.42 Million was outstanding at the end of the year. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date: May 27, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Suprajit Engineering Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar
Partner

Membership Number: 213803

Place: Bengaluru

Date : May 27, 2019

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019

| ₹ in Million | | | |
|-------------------------------------|----|-------------------------|-------------------------|
| Notes | | As at March 31, 2019 | As at March 31, 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 2,270.59 | 2,283.45 |
| Capital work in progress | 3 | 103.58 | 19.57 |
| Intangible assets | 4 | 31.18 | 10.06 |
| Intangible assets under development | 4 | 5.44 | 7.23 |
| Financial assets | | | |
| Investments | 5 | 2,524.59 | 2,524.59 |
| Other bank balances | 10 | 5.79 | 2.94 |
| Loans | 11 | 38.84 | 35.43 |
| Income tax assets (net) | | 10.72 | 11.81 |
| Other non-current assets | 13 | 228.05 | 214.30 |
| | | 5,218.78 | 5,109.38 |
| Current assets | | | |
| Inventories | 6 | 1,339.32 | 1,186.12 |
| Financial assets | | | |
| Investments | 7 | 1,564.65 | 1,258.09 |
| Trade receivables | 8 | 2,028.54 | 1,938.82 |
| Cash and cash equivalents | 9 | 177.52 | 41.29 |
| Other bank balances | 10 | 21.55 | 17.26 |
| Loans | 11 | 9.87 | 4.80 |
| Other financial assets | 12 | 18.58 | 1.57 |
| Other current assets | 13 | 145.82 | 192.04 |
| | | 5,305.85 | 4,639.99 |
| Total assets | | 10,524.63 | 9,749.37 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14 | 139.87 | 139.87 |
| Other equity | 15 | 6,870.44 | 5,920.43 |
| Total equity | | 7,010.31 | 6,060.30 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 245.36 | 262.61 |
| Other financial liabilities | 18 | 17.37 | 15.13 |
| Provisions | 19 | 54.63 | 40.27 |
| Deferred tax liabilities (net) | 20 | 216.54 | 164.66 |
| Other non-current liabilities | 21 | 11.66 | 13.01 |
| | | 545.56 | 495.68 |

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019

| ₹ in Million | | | |
|--|-------------------------|-------------------------|----------|
| Notes | As at March 31, 2019 | As at March 31, 2018 | |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 | 1,268.64 | 1,245.72 |
| Trade payables | 17 | | |
| Total outstanding dues of micro and small enterprises | | 54.09 | 39.99 |
| Total outstanding dues of creditors other than micro and small enterprises | | 1,045.03 | 1,286.75 |
| Other financial liabilities | 18 | 371.25 | 369.06 |
| Provisions | 19 | 45.64 | 50.68 |
| Other current liabilities | 21 | 90.01 | 95.19 |
| Current tax liabilities (net) | 20 | 94.10 | 106.00 |
| | | 2,968.76 | 3,193.39 |
| Total liabilities | | 3,514.32 | 3,689.07 |
| Total equity and liabilities | | 10,524.63 | 9,749.37 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Million

| | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|-------|------------------------------|------------------------------|
| I Income | | | |
| Revenue from operations | 22 | 10,584.94 | 9,879.24 |
| Other income | 23 | 306.72 | 228.12 |
| Total income | | 10,891.66 | 10,107.36 |
| II Expenses | | | |
| Cost of materials consumed | 24 | 6,686.33 | 5,894.38 |
| Purchases of stock-in-trade | 25 | 62.73 | 96.91 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 26 | (121.35) | (1.94) |
| Excise duty on sale of goods | 22 | - | 231.03 |
| Employee benefits expense | 27 | 1,444.60 | 1,251.04 |
| Finance costs | 28 | 151.92 | 184.50 |
| Depreciation and amortization expense | 29 | 202.55 | 184.44 |
| Other expenses | 30 | 725.98 | 677.11 |
| Total expenses | | 9,152.76 | 8,517.47 |
| III Profit before tax expense (I-II) | | 1,738.90 | 1,589.89 |
| IV Tax expense (net): | 31 | | |
| Current tax | | 547.85 | 485.74 |
| Deferred tax charge | | 56.06 | 33.52 |
| Current tax relating to earlier periods | | (13.24) | 24.22 |
| Total tax expenses | | 590.67 | 543.48 |
| V Profit for the year (III-IV) | | 1,148.23 | 1,046.41 |
| VI Other comprehensive income ('OCI'), net of taxes | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Re-measurement loss on defined benefit plan | | (7.77) | (5.04) |
| Total other comprehensive income | | (7.77) | (5.04) |
| VII Total comprehensive income for the year (V+VI) comprising profit and other comprehensive Income | | 1,140.46 | 1,041.37 |
| VIII Basic and Diluted earnings per equity share [nominal value of share ₹ 1 (March 31, 2018: ₹ 1)] | 32 | 8.21 | 7.48 |

Corporate information and significant accounting policies

1 & 2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital (refer note 14)

| | No. in Million | ₹ in Million |
|---|----------------|---------------|
| Equity shares of ₹ 1 each issued, subscribed and fully paid-up | | |
| As at April 1, 2017* | 139.87 | 139.87 |
| Issued during the year | - | - |
| As at March 31, 2018 | 139.87 | 139.87 |
| Issued during the year | - | - |
| As at March 31, 2019 | 139.87 | 139.87 |

* includes 8,533,699 equity shares of ₹ 1 each to be issued to the minority shareholders of erstwhile Phoenix Lamps Limited, as part of merger (refer note 38).

B. Other equity (refer note 15)

₹ in Million

| | Attributable to equity holders of the Company | | | | | | |
|--|---|--------------------|----------------------------|-----------------|-------------------------------|---|----------|
| | Reserves and surplus | | | | | | Total |
| | Capital reserve | Securities premium | Capital redemption reserve | General reserve | Share based payments reserves | Surplus in the statement of profit & loss | |
| As at April 1, 2017 | 5.13 | 1,861.81 | 293.70 | 1,460.83 | - | 1,447.47 | 5,068.94 |
| Add: Profit for the year | - | - | - | - | - | 1,046.41 | 1,046.41 |
| Less: OCI - Re-measurement loss on defined benefit obligation (net of tax) | - | - | - | - | - | (5.04) | (5.04) |
| Add/ Less: Transfer to general reserve | - | - | - | 700.00 | - | (700.00) | - |
| Less: Cash dividends | - | - | - | - | - | (167.84) | (167.84) |
| Less: Dividend distribution tax | - | - | - | - | - | (22.04) | (22.04) |
| Balance as at March 31, 2018 | 5.13 | 1,861.81 | 293.70 | 2,160.83 | - | 1,598.96 | 5,920.43 |
| Add: Profit for the year | - | - | - | - | - | 1,148.23 | 1,148.23 |
| Less: OCI - Re-measurement loss on defined benefit obligation (net of tax) | - | - | - | - | - | (7.77) | (7.77) |
| Add: Share based payments expense | - | - | - | - | 50.22 | - | 50.22 |
| Add/ Less: Transfer to general reserve | - | - | - | 750.00 | - | (750.00) | - |
| Less: Cash dividends | - | - | - | - | - | (209.81) | (209.81) |
| Less: Dividend distribution tax | - | - | - | - | - | (30.86) | (30.86) |
| Balance as at March 31, 2019 | 5.13 | 1,861.81 | 293.70 | 2,910.83 | 50.22 | 1,748.75 | 6,870.44 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| A Operating activities | | |
| Profit before tax expense | 1,738.90 | 1,589.89 |
| <i>Adjustments to reconcile profit before tax expense to net cash flows:</i> | | |
| Depreciation and amortization expense | 202.55 | 184.44 |
| Allowance for doubtful receivables (net) | 0.42 | 0.56 |
| Loss on disposal of property, plant and equipment (net) | 0.08 | 0.41 |
| Fair value gain in financial instruments | (106.56) | (75.26) |
| Finance cost | 151.92 | 184.50 |
| Interest income | (1.86) | (49.94) |
| Dividend income | (66.72) | (59.70) |
| Employee share based payments | 45.89 | - |
| Operating profit before working capital changes | 1,964.62 | 1,774.90 |
| Working capital adjustments: | | |
| (Increase)/decrease in inventories | (153.20) | (292.06) |
| (Increase)/decrease in trade receivables | (90.14) | (318.84) |
| (Increase)/decrease in loans | (4.16) | (1.80) |
| (Increase)/decrease in other assets | 59.82 | (57.71) |
| Increase/(decrease) in trade payables | (227.62) | 660.53 |
| Increase/(decrease) in other financial liabilities | 30.70 | 59.23 |
| Increase/(decrease) in provisions | (2.63) | (37.01) |
| Increase/(decrease) in other liabilities | (6.53) | (3.09) |
| Cash generated from operations | 1,570.86 | 1,784.15 |
| Direct taxes paid (net of refund) | (545.42) | (186.20) |
| Net cash flows from operating activities | 1,025.44 | 1,597.95 |
| B Investing activities | | |
| Purchase of property, plant and equipment and other intangible assets | (314.32) | (180.21) |
| Proceeds from sale of property, plant and equipment | 0.77 | 2.65 |
| Loans repaid by related parties | - | 6.12 |
| Purchase of current investments | (200.00) | (1,000.00) |
| Movement in deposits (net) | (7.14) | (2.44) |
| Interest received | 1.01 | 3.53 |
| Dividend received from subsidiaries | 66.72 | 59.70 |
| Net cash flows used in investing activities | (452.96) | (1,110.65) |
| C Financing activities | | |
| Movement in working capital loans (net) | 22.92 | 197.80 |
| Movement in long term borrowings (net) | (70.28) | (281.41) |
| Interest paid | (151.13) | (197.72) |
| Dividend paid to equity shareholders | (206.90) | (173.97) |
| Dividend distribution tax | (30.86) | (22.04) |
| Net cash flows used in financing activities | (436.25) | (477.34) |

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Million

D Net increase in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the year

E Cash and cash equivalents at the end of the year (refer note 9)

Cash and cash equivalents as at year end comprises -

Cash on hand

Balance with banks on

Current accounts

EEFC accounts

Deposit accounts with original maturity of less than three months

Total cash and cash equivalents

Explanatory notes to statement of cash flows

1 Changes in liabilities arising from financing activities:-

As at April 01, 2018

(Repayments) / proceeds [net]

As at March 31, 2019

| Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------------------|------------------------------|
| 136.23 | 9.96 |
| 41.29 | 31.33 |
| 177.52 | 41.29 |
| 2.98 | 1.30 |
| 119.11 | 19.75 |
| 55.43 | 19.78 |
| - | 0.46 |
| 177.52 | 41.29 |
| Long term borrowings | Short term borrowings |
| 492.62 | 1,245.72 |
| (70.28) | 22.92 |
| 422.34 | 1,268.64 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Corporate information

Suprajit Engineering Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is situated at No. 100 & 101, Bommasandra Industrial Area, Bengaluru - 560 099. The Company CIN is L29199KA1985PLC006934.

The Company is engaged in the business of manufacturing of auto components consisting mainly of control cables, speedo cables, auto lamps and other components for automobiles and caters to both domestic and international markets.

The standalone financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on May 27, 2019.

2. Significant accounting policies

(a) Basis of preparation of standalone financial statements

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

The standalone financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value at the end of the reporting period, as explained further in the accounting policies below. The standalone financial statements are presented in Indian Rupees ("INR/₹") and all values are rounded to the nearest Million (INR 000,000), except when otherwise indicated.

(b) Use of estimates, assumptions and judgments

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of standalone financial statements, which may cause a

material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Impairment of financial assets

In accordance with Ind AS 109, the Company assesses impairment of financial assets ('Financial instruments') and recognises expected credit losses, which are measured through a loss allowance.

The Company provides for impairment of investment in subsidiaries. Impairment exists when there is a diminution in value of the investment and the recoverable value of such investment is lower than the carrying value of such investment.

The Company provides for impairment of trade receivables based on assumptions about risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (refer note 36).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(e).

Share-based payments (Employee Stock Appreciation Plan)

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 44.

Taxes

The Company's major tax jurisdictions is in India. Significant judgments are involved in determining the provision for income taxes and tax credits, including the amount expected to be paid or refunded (refer note 31).

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- 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.

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.

(d) Foreign currencies

The standalone financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

or the statement of profit or loss are also recognized in OCI or the statement of profit or loss, respectively).

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

(e) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

The Company's management determines the policies and procedures for fair value measurement. External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

(f) Revenue from contract with customer

The Company earns revenue from contract with customer primarily from sale of goods.

Effective April 1, 2018, the Company has applied Ind AS 115 Revenue from Contract with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the standalone statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer Note 2(f) – Significant accounting policies – Revenue Recognition - in the annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the standalone financial statements of the Company is insignificant.

Revenue from contract with customers is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer, it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

In accordance with the erstwhile Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, sales for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT, Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly, the same is not recognized as part of sales as per the requirements of the erstwhile Ind AS 18 on "Revenue", now replaced by Ind AS 115 on "Revenue from Contracts with Customers".

Application of Ind AS 115 did not have any significant impact on the standalone Ind AS financial statements.

Contract assets

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

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue). The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods:

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer.

The revenue is collected immediately upon sale of goods or as per agreed credit terms which is within 0 to 270 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Sale of Services

Revenue from service contracts are recognized as per the contractual terms as and when the services are rendered. No further obligations remains and the collection is probable.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount

of the financial asset or to the amortized cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the standalone statement of profit and loss.

Export benefits

Export entitlements in the form of Merchandise Export from India (MEIS) and Duty Entitlement Pass Book / draw back (DEPB) are recognized in the standalone statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Dividend

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(g) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the standalone statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as other liabilities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(h) Taxes

Current income tax

Tax Expense comprises of current tax and deferred tax and is recognized in the standalone statement of profit and loss.

Current income tax assets and liabilities is the amount of income tax determined to be payable/recoverable in respect of taxable income as computed in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside the standalone statement of profit or loss is recognized outside the standalone statement of profit or loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate

Deferred tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax

asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

(i) Property, plant and equipment

Property, plant and equipment and capital-work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the standalone statement of profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, as specified in Schedule II to the Act except in case of certain assets wherein depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

| | <u>Useful lives (years)</u> |
|--------------------------|-----------------------------|
| Buildings – Factory | 30 |
| Buildings- Others | 60 |
| Electrical installations | 21 |
| Plant and equipments | 5 to 30 |
| Dies and moulds | 15 |
| Furniture and fixtures | 10 and 15 |
| Office equipments | 5 and 10 |
| Vehicles | 8 and 10 |
| Computers and networks | 3 and 6 |

In respect of plant and machinery (excluding pipelines and electrical fittings etc.) used at any time during the year on double shift or triple shift basis, the depreciation for that period is increased by 50% or 100%, respectively.

Leasehold land is amortized on a straight-line basis over the period of lease. Leasehold improvements are amortized on straight-line basis over the lower of useful life of the asset and the remaining period of the lease.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

the carrying amount of the asset) is included in the standalone statement of profit and loss when the asset is derecognized.

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

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the standalone statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the standalone statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the standalone statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the Company's intangible assets, is as below:

| | <u>Useful life (years)</u> |
|-----------------|----------------------------|
| Software | 3 |
| Business rights | 5 |
| Patents | 5 |

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The

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

The Company as a lessee

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

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

Operating lease payments are recognized as an expense in the standalone Ind AS statement of profit and loss over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- Finished goods and work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's

or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the standalone statement of profit or loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the standalone statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranty is recognized based on the historical experience and future estimate claims by the management. The estimate of such warranty related costs is revised annually.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund and employee state insurance which are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund and employee state insurance. The Company recognizes contribution payable to the provident fund and employee state insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund i.e. Employee's Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the standalone statement of profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the standalone statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(q) Share-based payment (Employee Stock Appropriation Plan)

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

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The standalone statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

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

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

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

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

A 'debt instrument' is measured at the amortized cost, if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. This category generally applies to trade and other receivables.

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

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the standalone statement of profit or loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the standalone statement of profit or loss.

Investment in subsidiary

Investments in subsidiary are carried at cost less provision for impairment, if any.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the 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.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original Effective interest rate ('EIR'). ECL allowance (or reversal) recognized during the period is considered as income/ expense in the standalone statement of profit and loss. This amount is reflected under the head 'other expenses' in the standalone statement of profit or loss.

The Company uses a provision matrix based on age to determine impairment loss allowance on portfolio of its trade receivables.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through the standalone statement of profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the standalone statement of profit or loss.

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

Loans and borrowings

Borrowings is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in standalone statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the standalone statement of profit and loss.

Financial guarantee

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

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the standalone statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(s) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the standalone statement of profit and loss.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss. Derivative designated as hedge and is effective as per Ind AS 109, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(t) Cash and cash equivalents

Cash and cash equivalents in the standalone balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(u) Standalone statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(v) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more

uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

(x) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The effects of anti-dilutive potential equity shares are not considered in calculating dilutive earnings per share.

(y) Segment reporting

In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3 (i) Property, plant and equipment

| ₹ in Millions | | | | | | | | | | | |
|-----------------------------|---------------|-----------------|-----------|--------------------------|----------------------|-----------------|------------------------|-----------------|-------------------|----------------|-------------------|
| | Freehold Land | Leasehold land* | Buildings | Electrical installations | Plant and equipments | Dies and moulds | Furniture and fixtures | Vehicles | Office equipments | Computers | Total |
| Cost | | | | | | | | | | | |
| As at April 1, 2017 | 183.21 | 27.04 | 1,118.07 | 125.43 | 917.00 | 21.95 | 28.82 | 14.94 | 22.71 | 15.57 | 2,474.74 |
| Additions | - | - | 13.56 | 13.13 (0.11) | 84.19 (6.29) | 6.88 | 8.11 (0.03) | 5.95 (1.63) | 4.51 (0.08) | 3.47 (0.04) | 139.80 (8.18) |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | 183.21 | 27.04 | 1,131.63 | 138.45 | 994.90 | 28.83 | 36.90 | 19.26 | 27.14 | 19.00 | 2,606.36 |
| Additions | - | - | 6.91 | 8.54 | 112.26 (12.64) | 16.08 | 7.49 | 16.84 (2.75) | 5.30 (0.05) | 5.67 (0.08) | 179.09 (15.52) |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | 183.21 | 27.04 | 1,138.54 | 146.99 | 1,094.52 | 44.91 | 44.39 | 33.35 | 32.39 | 24.59 | 2,769.93 |
| Depreciation | | | | | | | | | | | |
| As at April 1, 2017 | - | - | 43.11 | 7.99 | 83.69 | 2.28 | 2.52 | 2.86 | 3.04 | 5.34 | 150.83 |
| Charge for the year | - | - | 45.34 | 8.87 (0.02) | 107.06 (4.48) | 2.23 | 2.97 (0.01) | 3.08 (0.52) | 3.67 (0.07) | 3.98 (0.02) | 177.20 (5.12) |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | - | - | 88.45 | 16.84 | 186.27 | 4.51 | 5.48 | 5.42 | 6.64 | 9.30 | 322.91 |
| Charge for the year | - | - | 45.50 | 9.67 | 116.82 (12.64) | 2.95 | 3.52 | 3.35 (1.90) | 4.07 (0.05) | 5.22 (0.08) | 191.10 (14.67) |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2019 | - | - | 133.95 | 26.51 | 290.45 | 7.46 | 9.00 | 6.87 | 10.66 | 14.44 | 499.34 |
| Net book value | | | | | | | | | | | |
| As at March 31, 2018 | 183.21 | 27.04 | 1,043.18 | 121.61 | 808.63 | 24.32 | 31.42 | 13.84 | 20.50 | 9.70 | 2,283.45 |
| As at March 31, 2019 | 183.21 | 27.04 | 1,004.59 | 120.48 | 804.07 | 37.45 | 35.39 | 26.48 | 21.73 | 10.15 | 2,270.59 |

* Represents land taken on lease cum sale basis from Karnataka Industrial Area Development Board (KIADB), which shall be converted into sale deed on fulfillment of certain conditions laid down in the agreement on completion of 10 years of lease term period.

Notes:

- (a) Property, plant and equipment except leasehold land is owned by the Company. The title deeds of the immovable properties are held in the name of the Company subject to charge created for borrowings as detailed in note no. 16.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3 (i) Property, plant and equipment (cont...)

Notes:

(b) Buildings include those constructed on leasehold land as follows:

| | ₹ in Million | |
|---------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Gross block | 739.57 | 738.97 |
| Additions | 4.84 | 0.60 |
| Total gross block | 744.41 | 739.57 |
| Accumulated depreciation | (55.84) | (27.13) |
| Charge for the year | (28.73) | (28.71) |
| Total accumulated depreciation | (84.57) | (55.84) |
| Net book value | 659.84 | 683.73 |

3 (ii) Capital work in progress

| | ₹ in Million |
|-----------------------------|---------------|
| | Total |
| As at April 1, 2017 | 18.83 |
| Additions | 0.74 |
| Capitalised | - |
| As at March 31, 2018 | 19.57 |
| Additions | 151.96 |
| Capitalised | (67.95) |
| As at March 31, 2019 | 103.58 |

4 (i) Intangible assets

| | ₹ in Million | | | |
|-----------------------------|-----------------|-------------|--------------|--------------|
| Cost | Business rights | Patents | Software | Total |
| As at April 1, 2017 | 13.16 | 0.28 | 4.62 | 18.06 |
| Additions | - | - | 4.42 | 4.42 |
| As at March 31, 2018 | 13.16 | 0.28 | 9.04 | 22.48 |
| Additions | - | 0.21 | 32.36 | 32.57 |
| As at March 31, 2019 | 13.16 | 0.49 | 41.40 | 55.05 |
| Amortization | | | | |
| As at April 1, 2017 | 3.76 | 0.07 | 1.35 | 5.18 |
| Charge for the year | 3.76 | 0.07 | 3.41 | 7.24 |
| As at March 31, 2018 | 7.52 | 0.14 | 4.76 | 12.42 |
| Charge for the year | 3.76 | 0.07 | 7.62 | 11.45 |
| As at March 31, 2019 | 11.28 | 0.21 | 12.38 | 23.87 |
| Net book value | | | | |
| As at March 31, 2018 | 5.64 | 0.14 | 4.28 | 10.06 |
| As at March 31, 2019 | 1.88 | 0.28 | 29.02 | 31.18 |

4 (ii) Intangible assets under development

| | ₹ in Million |
|-----------------------------|--------------|
| | Total |
| As at April 1, 2017 | 1.20 |
| Additions | 6.03 |
| Capitalised | - |
| As at March 31, 2018 | 7.23 |
| Additions | - |
| Capitalised | (1.79) |
| As at March 31, 2019 | 5.44 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Investments

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Investment carried at cost (unquoted equity instruments) | | |
| Investments in equity shares of wholly owned subsidiaries | | |
| Suprajit Automotive Private Limited, India | 19.90 | 19.90 |
| 1,990,000 (March 31, 2018: 1,990,000) equity shares of ₹ 10 each including beneficial holding of 1 equity share. | | |
| Suprajit Europe Limited, UK | 186.00 | 186.00 |
| 2,200,000 (March 31, 2018: 2,200,000) equity shares of GBP 1 each. | | |
| Trifa Lamps Germany, GmbH, Germany | 312.00 | 312.00 |
| 30,000 (March 31, 2018: 30,000) equity shares of Euro 1 each. | | |
| Luxlite Lamps SARL, Luxembourg | 592.76 | 592.76 |
| 91,125 (March 31, 2018: 91,125) equity shares of Euro 100 each. (Net of impairment on investment ₹ 199.54 Million, [March 31, 2018: ₹ 199.54 Million]) | | |
| Suprajit USA Inc., USA | 1,413.93 | 1,413.93 |
| 1,000 (March 31, 2018: 1,000) Common Stock of USD 21,000 each. | | |
| Total | 2,524.59 | 2,524.59 |
| Aggregate amount of unquoted investment in subsidiaries | 2,724.13 | 2,724.13 |
| Less: Aggregate amount of impairment in value of investments | (199.54) | (199.54) |
| Total | 2,524.59 | 2,524.59 |

Note: The Company had assessed the carrying value of its investment in its wholly owned subsidiaries as at March 31, 2019 and March 31, 2018. Based on Networth, future operational plan, projected cash flows and valuation carried out by an external valuer, the management is of the view that, the carrying value of the aforesaid investments in subsidiaries is appropriate.

6 Inventories

(Valued at lower of cost and net realisable value)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Raw materials [includes goods in transit ₹ 141.54 Million (March 31, 2018: ₹ 159.16 Million)] | 853.96 | 802.13 |
| Work-in-progress | 124.98 | 104.34 |
| Finished goods | 402.31 | 295.28 |
| Traded goods | 8.03 | 14.34 |
| Less: Allowance towards slow and non-moving items | (49.96) | (29.97) |
| Total | 1,339.32 | 1,186.12 |

7 Investments

(Valued at fair value through profit and loss)

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|----------------------|----------|--------------|----------------------|----------|--------------|
| | Units | NAV (₹) | ₹ in Million | Units | NAV (₹) | ₹ in Million |
| Quoted mutual funds (fully paid-up) | | | | | | |
| Franklin India Ultra Short bond fund Super Institutional Growth Plan - Direct Growth | 11,272,589 | 26.38 | 297.37 | 11,272,589 | 24.14 | 272.14 |
| Aditya Birla Sun Life Bank & PSU Debt Fund - Growth Direct Plan (formerly known as Aditya Birla Sun Life Treasury Optimizer Plan) | 1,049,608 | 241.91 | 253.91 | 1,049,608 | 224.52 | 235.66 |
| Franklin India Short term Income plan - Retail Plan - Growth | 12,117 | 3,997.27 | 48.44 | 12,117 | 3,670.05 | 44.47 |
| IDFC Dynamic Bond Fund Growth - Regular Plan | 720,861 | 22.34 | 16.10 | 720,861 | 20.64 | 14.88 |
| Aditya Birla Sun Life Credit Risk Fund - Growth Direct (formerly known as Aditya Birla Sun Life Corporate Bond) | 12,123,851 | 14.20 | 172.16 | 12,123,851 | 13.31 | 161.31 |
| HDFC Regular Savings Fund - Direct (G) | - | - | - | 3,024,802 | 35.24 | 106.59 |
| HDFC Credit risk Debt Fund - Direct - Growth | 7,169,229 | 15.92 | 114.13 | - | - | - |
| ICICI Prudential Equity Arbitrage Fund - Direct plan - Growth | 4,490,155 | 25.25 | 113.38 | 4,490,155 | 23.67 | 106.30 |
| Franklin India Short term Income plans - Retail Plan - Direct Growth | 51,682 | 4,195.69 | 216.84 | 27,530 | 3,823.10 | 105.25 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|----------------------|---------|-----------------|----------------------|---------|-----------------|
| | Units | NAV (₹) | ₹ in Million | Units | NAV (₹) | ₹ in Million |
| Franklin India Low Duration Fund - Direct - Growth | 5,182,643 | 22.17 | 114.90 | 5,182,643 | 20.30 | 105.19 |
| Franklin India Low Duration Fund - Regular - Growth | 2,703,170 | 21.74 | 58.77 | 2,703,170 | 19.98 | 54.00 |
| Franklin India Dynamic Accrual Fund-Direct - Growth | 2,262,836 | 70.11 | 158.65 | 817,991 | 63.94 | 52.30 |
| Total | | | 1,564.65 | | | 1,258.09 |
| Aggregate cost of quoted investments | | | 1,336.50 | | | 1,136.50 |

8 Trade receivables

(Unsecured, carried at amortised cost)

| | |
|--|--|
| Trade receivables | |
| Receivables from related parties (refer note 39)* | |
| Total | |
| Break-up for security details: | |
| Current | |
| Unsecured, considered good | |
| Unsecured, credit impaired | |
| Total | |
| Impairment allowance (allowance for bad and doubtful debts) | |
| Trade receivables - credit impaired | |
| Total | |

| ₹ in Million | |
|----------------------|----------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 1,913.88 | 1,853.67 |
| 114.66 | 85.15 |
| 2,028.54 | 1,938.82 |
| 2,028.54 | 1,938.82 |
| 10.62 | 10.72 |
| 2,039.16 | 1,949.54 |
| (10.62) | (10.72) |
| 2,028.54 | 1,938.82 |

* Includes dues from companies where directors are interested.

refer note 39 for related party transactions.

Trade receivables are non interest bearing and are generally on terms of 0 to 270 days.

9 Cash and cash equivalents

| | |
|---|--|
| Current | |
| Cash on hand | |
| Balance with banks on | |
| Current accounts | |
| EEFC accounts | |
| Deposit accounts with original maturity of less than three months | |
| Total | |

| ₹ in Million | |
|----------------------|----------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 2.98 | 1.30 |
| 119.11 | 19.75 |
| 55.43 | 19.78 |
| - | 0.46 |
| 177.52 | 41.29 |

10 Other bank balances

| | |
|--|--|
| Non-current | |
| Margin money deposits* | |
| Total | |
| Current | |
| Balance with banks on deposits with remaining maturity for less than 12 months | |
| Earmarked balances with banks being unpaid dividend accounts** | |
| Total | |

| ₹ in Million | |
|----------------------|----------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 5.79 | 2.94 |
| 5.79 | 2.94 |
| 1.38 | - |
| 20.17 | 17.26 |
| 21.55 | 17.26 |

* includes margin money deposits towards bank guarantees of ₹ Nil (March 31, 2018: ₹ 1 Million) held against public deposits.

**These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities. The Company transferred ₹ 0.46 Million (March 31, 2018 ₹ 0.10 Million) during the year to investor education and protection fund as per the provisions of the Companies Act, 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

11 Loans

(Unsecured, considered good, carried at amortised cost)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Security deposits | 38.84 | 35.43 |
| Total | 38.84 | 35.43 |
| Current | | |
| Advances to employees | 5.54 | 4.80 |
| Recoverable from subsidiaries (refer note 39) | 4.33 | - |
| Total | 9.87 | 4.80 |

12 Other financial assets

(Unsecured, considered good)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Carried at fair value through profit and loss | | |
| Foreign currency forward contracts | 16.16 | - |
| Carried at amortised cost | | |
| Interest receivable on bank deposits and others | 2.42 | 1.57 |
| Total | 18.58 | 1.57 |

13 Other assets

(Unsecured, considered good)

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Capital advances | 40.08 | 12.73 |
| Prepaid leasehold land rentals | 160.56 | 162.36 |
| Balances with statutory/government authorities | 27.41 | 39.21 |
| Total | 228.05 | 214.30 |
| Current | | |
| Advances to suppliers | 91.89 | 141.80 |
| Prepaid leasehold land rentals | 1.81 | 1.83 |
| Prepaid expenses | 11.94 | 17.72 |
| Export benefits receivable | 25.91 | 15.78 |
| Balances with statutory/government authorities | 14.27 | 14.91 |
| Total | 145.82 | 192.04 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

14 Equity share capital

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Authorised share capital | | |
| 850,000,000 (March 31, 2018: 850,000,000) equity shares of ₹ 1 each | 850.00 | 850.00 |
| Issued, subscribed and fully paid-up equity share capital | | |
| 139,872,473 (March 31, 2018: 139,872,473) equity shares of ₹ 1 each | 139.87 | 139.87 |
| Total | 139.87 | 139.87 |

(a) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|------------------------------|---------------|------------------------------|---------------|
| | No. in Million | ₹ in Million | No. in Million | ₹ in Million |
| Equity shares | | | | |
| At the beginning of the year | 139.87 | 139.87 | 139.87 | 139.87 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 139.87 | 139.87 | 139.87 | 139.87 |

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

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-------------------------|--------|-------------------------|--------|
| | No. in Million | % | No. in Million | % |
| Equity shares of ₹ 1 each fully paid | | | | |
| Mr. K. Ajith Kumar Rai | 44.30 | 31.67% | 44.27 | 31.65% |
| Smt. Supriya A Rai | 14.35 | 10.26% | 14.35 | 10.26% |

(d) Shares reserved for issue under share based payments

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 44) | | |
| Employee Stock Appreciation Rights (SEL ESAR 2017) | 848,442 | - |

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Equity shares (No.) | | |
| Equity shares allotted as fully paid-up pursuant to contract (no.) | | |
| The Company issued 8,533,699 equity shares of ₹ 1 each to the minority shareholders of Phoenix Lamps Limited, as part of merger. (refer note 38). | 8,533,699 | 8,533,699 |

(f) The Company has neither issued any bonus shares nor bought back any shares for the period of five years immediately preceding the date as at which the Balance sheet is prepared.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

15 Other Equity

Capital reserve

Balance as per last financial statements

Closing balance

Capital redemption reserve

Balance as per last financial statements

Closing balance

Securities premium

Balance as per last financial statements

Closing balance

General reserve

Balance as per last financial statements

Add: Transferred from 'Surplus in the statement of profit & loss'

Closing balance

Share based payments reserves

Balance as per last financial statements

Add: Share based payments expense (refer note 44)

Closing balance

Surplus in the statement of profit & loss

Balance as per last financial statements

Add: Profit for the year

Less: OCI - Re-measurement loss on defined benefit obligation (net of tax)

Less: Appropriations

Interim dividend [₹ 0.70 (March 31, 2018 ₹ 0.60) per share]

Final dividend [March 31, 2018: ₹ 0.80 (March 31, 2017 : ₹ 0.60) per share]

Dividend distribution tax

Transfer to general reserve

Closing balance

Total

Summary of other equity:

₹ in Million

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 5.13 | 5.13 |
| 5.13 | 5.13 |
| 293.70 | 293.70 |
| 293.70 | 293.70 |
| 1,861.81 | 1,861.81 |
| 1,861.81 | 1,861.81 |
| 2,160.83 | 1,460.83 |
| 750.00 | 700.00 |
| 2,910.83 | 2,160.83 |
| - | - |
| 50.22 | - |
| 50.22 | - |
| 1,598.96 | 1,447.47 |
| 1,148.23 | 1,046.41 |
| (7.77) | (5.04) |
| (97.91) | (83.92) |
| (111.90) | (83.92) |
| (30.86) | (22.04) |
| (750.00) | (700.00) |
| 1,748.75 | 1,598.96 |
| 6,870.44 | 5,920.43 |

₹ in Million

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Capital reserve | 5.13 | 5.13 |
| Capital redemption reserve | 293.70 | 293.70 |
| Securities premium | 1,861.81 | 1,861.81 |
| General reserve | 2,910.83 | 2,160.83 |
| Share based payments reserves | 50.22 | - |
| Surplus in the statement of profit & loss | 1,748.75 | 1,598.96 |
| | 6,870.44 | 5,920.43 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Distribution made and proposed

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Cash dividends on equity shares declared and paid: | | |
| Interim dividend for the year ended March 31, 2019: ₹ 0.70 per share (March 31, 2018: ₹ 0.60 per share) | 97.91 | 83.92 |
| Final dividend for the year ended March 31, 2018: ₹ 0.80 per share (March 31, 2017: ₹ 0.60 per share) | 111.90 | 83.92 |
| Dividend distribution tax | 30.86 | 22.04 |
| | 240.67 | 189.88 |
| Proposed dividends on equity shares: | | |
| Dividend for the year ended on March 31, 2019: ₹ 0.85 per share (March 31, 2018: ₹ 0.80 per share) | 118.89 | 111.90 |
| Dividend distribution tax | 24.44 | 22.78 |
| | 143.33 | 134.68 |

Proposed dividend on equity shares are subject to approval by shareholders at the annual general meeting and hence not recognised as a liability (including dividend distribution tax thereon) as at March 31, 2019 and March 31, 2018.

Nature and purpose of reserves

15.1 Capital reserve

The Company recognised capital subsidy received (₹ 4.58 Million) prior to April 1, 2017 along with profit on forfeiture of the Company's own equity instruments (₹ 0.55 Million) to capital reserve.

15.2 Capital redemption reserve

The Company recognised capital redemption reserve on redemption of Preference shares of erstwhile Phoenix Lamps Limited and upon merger of erstwhile Phoenix Lamps Limited with the company, the balances have been brought as such to the Company.

15.3 Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

15.4 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

15.5 Share based payments reserves

Share based payments reserves represents employee share based expense recognised in fair valuation of option expenses on ESAR.

16 Borrowings

(Carried at amortised cost)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Secured | | |
| Term loans | | |
| from banks (refer note [i] below) | 83.33 | 249.98 |
| from a financial institution (refer note [ii] below) | 144.75 | 238.49 |
| from banks - External Commercial Borrowing (ECB) (refer note [iii] below) | 194.26 | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Unsecured | | |
| Public deposits (refer note [iv] below) | | |
| from related parties (refer note 39) | - | 2.00 |
| from other than related parties | - | 2.15 |
| Less: Current maturities of (refer note 18): | | |
| Secured term loans | (176.98) | (229.61) |
| Unsecured public deposits | - | (0.40) |
| Total | 245.36 | 262.61 |
| Current | | |
| Secured (refer note [v] below) | | |
| Loans repayable on demand | | |
| Working capital loans from banks | 1,268.64 | 1,245.72 |
| Total | 1,268.64 | 1,245.72 |

(i) Term loan from bank consists of:

- (a) Indian rupee term loan of ₹ Nil (March 31, 2018: ₹ 7.00 Million), which carried floating interest rate of 1.15% above Marginal Cost of funds based Lending Rate (MCLR) p.a. and was repayable in quarterly installments ranging from ₹ 4.50 Million to ₹ 10.00 Million each. The loan was due for repayment in full by June 30, 2018. The loan was secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets of the Company.
- (b) Indian rupee term loan of ₹ 83.33 Million (March 31, 2018: ₹ 194.45 Million), for which interest would be charged at agreed rate over and above MCLR and is repayable in 4 quarterly installments of ₹ 13.90 Million each, after a moratorium of nine months from the date of disbursement of loan, the loan is due for repayment in full by January, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets.
- (c) Indian rupee term loan of ₹ Nil (March 31, 2018: ₹ 48.53 Million) carried floating interest rate of 10.25% to 11.25% p.a. and was repayable in 15 quarterly installments of ₹ 4.40 Million each beginning from May 5, 2017. The loan was repaid in full by November 20, 2018. The loan was secured by exclusive charge on the plant and equipment purchased from the said term loan located at Plot no. 59A to F, Noida Special Economic Zone, Noida and second pari passu charge on all present and future movable and immovable fixed assets at various locations of the Company.
- (ii) Term loan from financial institution represents Indian rupee loan which carries a floating interest rate linked to Bajaj finance limited base rate. The loan is repayable in 15 quarterly installments ranging from ₹ 2.78 Million to ₹ 9.52 Million each, loan is due for repayment in full by November, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets with minimum fixed assets coverage ratio.
- (iii) External commercial borrowing is the term loan of EURO 2.5 Million (₹ 194.26 Million) (March 31, 2018: ₹ Nil) which carries fixed interest rate of 1.75% and is repayable by the Company in 16 quarterly installments of EURO 0.16 Million, the loan repayment starts from May 20, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets of the Company.
- (iv) Public deposits were unsecured deposits that carried an interest rate of 8.00% p.a (March 31, 2018: 8.00% p.a.), payable either quarterly, half-yearly or on maturity. These deposits were repayable over the agreed term of two years from the date of receipt. During the year, the Company has repaid these deposits. Further, the company has maintained margin money deposit of ₹ Nil (March 31, 2018: ₹ 1.00 Million) with the banks towards such deposits as per the requirement of the Act.

(v) Current borrowings represents:

- (a) Working capital loans from banks are secured by current and future current assets. These facilities are also collaterally secured by pari-passu charge on entire property, plant and equipment (except certain plant and equipment on which exclusive charge has been created towards term loans) and equitable mortgage of the properties located at Bengaluru, Doddabalapur and Noida. Working capital demand loan, cash credit and overdraft is repayable on demand. These facilities carry interest in the range of 8% to 12.9% p.a. (March 31, 2018: 8.20% to 11.70% p.a.)
- (b) Packing credit loans from banks are taken for a term not exceeding 180 days and carry interest rate of 4% to 6%. (March 31, 2018: 4% to 6%)
- (c) Bill discounting facility is repayable over a term of 60 to 90 days with an fixed rate of interest 9.75% p.a. (March 31, 2018: 9.75% p.a.)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

17 Trade payables

(Carried at amortised cost)

Current

Trade payables

- Total outstanding dues of micro and small enterprises*
- Total outstanding dues of creditors other than micro and small enterprises#

Total

Terms and conditions of the above financial liabilities:

- Trade payables other than micro and small enterprises are non-interest bearing and are normally settled on 15-60 days terms.
- For explanations on the Company liquidity risk management, refer note 43.

Includes dues to related parties (refer note 39).

*The Company has amounts due to micro and small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019 and March 31, 2018. The details in respect of such dues are as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Principal amount remaining unpaid to any supplier at the end of accounting year | 53.27 | 39.93 |
| Interest due thereon remaining unpaid to any supplier at the end of accounting year | 0.82 | 0.06 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act. | 0.76 | 0.06 |
| The amount of interest accrued and remaining unpaid at the end of accounting year | 0.82 | 0.06 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 0.82 | 0.06 |

The information given above has been determined to the extent such parties have been identified on the basis of information available with the Company.

18 Other financial liabilities

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| (Carried at amortised cost) | | |
| Security deposits* | 17.37 | 15.13 |
| Total | 17.37 | 15.13 |
| Current | | |
| (Carried at amortised cost) | | |
| Current maturities of long-term borrowings (refer note 16) | 176.98 | 229.61 |
| Current maturities of public deposits (refer note 16) | - | 0.40 |
| Interest accrued but not due on borrowings | 7.38 | 6.59 |
| Capital creditors | 14.60 | 7.69 |
| Employee related liabilities | 111.09 | 61.46 |
| Payable to directors (refer note 39) | 39.73 | 30.34 |
| Security deposits | 0.07 | 0.45 |
| Unpaid dividend | 20.17 | 17.26 |
| Others | 1.23 | - |
| (Fair value through profit and loss) | | |
| Provision for MTM losses on foreign currency forward contract | - | 15.26 |
| Total | 371.25 | 369.06 |

*Includes security deposit received from subsidiaries for lease of freehold land (refer note 39).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

19 Provisions

| | ₹ in Million | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 36(b)) | 54.63 | 40.27 |
| Total | 54.63 | 40.27 |
| Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 36(b)) | 7.62 | 9.30 |
| Compensated absences | 34.82 | 38.18 |
| Provision for warranties* | 3.20 | 3.20 |
| Total | 45.64 | 50.68 |

*A provision is recognized for expected warranty claims on products sold during the year, based on past experience of level of repairs and returns. It is expected that the significant portion of these costs will be incurred within one year of the balance sheet date. Assumption used to calculate the provision for warranties are based on current sales level and current information available about warranty claims based on warranty period for all products sold. There is no additional provision made or utilised during the year.

20 Tax liabilities

(a) Deferred tax liabilities (net)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Deferred tax liabilities | | |
| Depreciation and amortization expense | 211.44 | 197.71 |
| (Difference between tax depreciation and depreciation / amortization) | 75.99 | 20.77 |
| Fair valuation of financial instruments | | |
| (A) | 287.43 | 218.48 |
| Deferred tax assets | | |
| Expenditure allowable for tax purposes when paid | 28.80 | 4.02 |
| Provision for doubtful debts and advances | 3.71 | 15.72 |
| Provision for employee benefits | 38.38 | 34.08 |
| (B) | 70.89 | 53.82 |
| Net deferred tax liabilities | (A-B) | 164.66 |

(b) Current tax liabilities (net)

| | | |
|---|--------------|---------------|
| Provision for income tax (net of advance tax and tax deducted at source)* | 94.10 | 106.00 |
| Total | 94.10 | 106.00 |

* represents tax payable for current year, provision for tax under litigations and tax liability arising on amortization of goodwill on business combination.

21 Other liabilities

| | ₹ in Million | |
|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Government grants* | 11.66 | 13.01 |
| Total | 11.66 | 13.01 |
| Current | | |
| Advances from customers | 11.14 | 4.61 |
| Government grants* | 7.39 | 7.35 |
| Unearned income | 12.74 | 19.01 |
| Statutory dues | 58.74 | 64.22 |
| Total | 90.01 | 95.19 |

* Government grants received includes grant received in nature of customs duty exemption on import of certain property, plant and equipment and deferred income on packing credit loans taken from banks at concessional rate of interest. There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| At the beginning of the year | 20.36 | 16.83 |
| Add: Received during the year | 51.13 | 25.62 |
| Less: Transferred to the standalone statement of profit and loss (refer note 23) | (52.44) | (22.09) |
| Closing balance | 19.05 | 20.36 |

22 Revenue from operations

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Sale of products (including excise duty)* | 10,515.05 | 9,827.64 |
| Sale of services (processing charges) | 7.70 | 10.93 |
| Other operating revenue | 62.19 | 40.67 |
| Total | 10,584.94 | 9,879.24 |

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Disaggregated revenue information based on customer geographical location | | |
| India | 9,253.40 | 8,576.65 |
| USA | 309.44 | 292.03 |
| Rest of the world | 1,022.10 | 1,010.56 |
| Total | 10,584.94 | 9,879.24 |

*Revenue from operations includes excise duty collected from customers of ₹ Nil (March 31, 2018: ₹ 231.03 Million). Revenue from operations net of excise duty is ₹ 10,584.94 Million (March 31, 2018: ₹ 9,648.21 Million).

Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Services Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2019 is not comparable with March 31, 2018.

23 Other income

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest income on | | |
| Bank deposits | 0.09 | 0.18 |
| Income tax refund | - | 48.30 |
| Others | 1.77 | 1.46 |
| Dividend income | 66.72 | 59.70 |
| Gain on investments carried at fair value through profit or loss | 106.56 | 75.26 |
| Government grant income | 52.44 | 22.09 |
| Exchange differences (net)* | 62.79 | 6.33 |
| Other non-operating income | 16.35 | 14.80 |
| Total | 306.72 | 228.12 |

*Includes mark to market gain/(loss) on foreign currency forward contracts.

24 Cost of materials consumed

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Inventories at the beginning of the year | 802.13 | 518.99 |
| Add: Purchases | 6,738.16 | 6,177.52 |
| Less: Inventories at the end of the year | (853.96) | (802.13) |
| Cost of materials consumed | 6,686.33 | 5,894.38 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 Purchases of stock-in-trade

| | ₹ in Million | |
|---------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Auto lamps | 35.61 | 74.27 |
| Stop and tail lamps | 14.88 | 14.03 |
| Others | 12.24 | 8.61 |
| Total | 62.73 | 96.91 |

26 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Inventories at the end of the year | | |
| Finished goods | 402.31 | 295.28 |
| Stock-in-trade | 8.03 | 14.34 |
| Work-in-progress | 124.98 | 104.34 |
| Total | (A) 535.32 | 413.96 |
| Inventories at the beginning of the year | | |
| Finished goods | 295.28 | 292.34 |
| Stock-in-trade | 14.34 | 10.68 |
| Work-in-progress | 104.34 | 109.00 |
| Total | (B) 413.96 | 412.02 |
| Net change in inventories of finished goods, work-in-progress and stock-in-trade | (B-A) (121.35) | (1.94) |

27 Employee benefits expense

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Salaries, wages and bonus | 1,282.40 | 1,144.98 |
| Contribution to provident and other funds (refer note 36) | 66.23 | 58.70 |
| Employee share based payments (refer note 44) | 45.89 | - |
| Staff welfare expenses | 50.08 | 47.36 |
| Total | 1,444.60 | 1,251.04 |

28 Finance cost

| | ₹ in Million | |
|-----------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest expense on | | |
| Borrowings | 143.30 | 174.38 |
| Others | 5.76 | 3.59 |
| Loan processing and other charges | 2.86 | 6.53 |
| Total | 151.92 | 184.50 |

29 Depreciation and amortization expense

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Depreciation of property, plant and equipment (refer note 3) | 191.10 | 177.20 |
| Amortization of intangible assets (refer note 4) | 11.45 | 7.24 |
| Total | 202.55 | 184.44 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

30 Other expenses

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Decrease of excise duty on inventory | - | (30.23) |
| Power and fuel | 183.88 | 179.41 |
| Rent | 9.45 | 13.10 |
| Repairs and maintenance | | |
| Buildings | 6.67 | 9.65 |
| Machinery | 50.70 | 51.06 |
| Others | 60.31 | 45.20 |
| Insurance | 17.84 | 15.67 |
| Rates and taxes | 6.06 | 18.50 |
| Travelling and conveyance | 72.92 | 69.45 |
| Legal and professional fees | 42.45 | 39.41 |
| Payment to auditors [refer note (i) below] | 7.09 | 4.76 |
| Freight and forwarding charges | 144.31 | 151.59 |
| Advertisement and sales promotion | 26.38 | 19.85 |
| Sales commission | 5.26 | 5.62 |
| Directors' sitting fees and commission | 2.72 | 2.34 |
| Allowance for doubtful receivables (net) | 0.42 | 0.56 |
| Printing and stationery | 9.31 | 10.79 |
| Security expenses | 28.02 | 27.77 |
| Communication expenses | 9.03 | 8.97 |
| Loss on disposal of property, plant and equipment (net) | 0.08 | 0.41 |
| Research & development expenses | 2.64 | 5.06 |
| CSR expenditure [refer note (ii) below] | 24.87 | 21.27 |
| Miscellaneous expenses | 15.57 | 6.90 |
| Total | 725.98 | 677.11 |

(i) Payment to auditors (excluding Service Tax/ Goods and Services Tax)

| | ₹ in Million | |
|----------------------------|------------------------------|------------------------------|
| As auditor | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Audit fee | 3.55 | 2.80 |
| Limited review fee* | 2.60 | 1.40 |
| Certification Fee | 0.21 | - |
| Reimbursement of expenses* | 0.73 | 0.56 |
| Total | 7.09 | 4.76 |

* ₹ 0.8 Million out of previous year limited review fee and ₹ 0.35 Million out of previous year reimbursement of expenses was paid to a firm of Chartered Accountants other than S.R. Batliboi & Associates LLP.

(ii) Details of CSR expenditure

As per Section 135 of the Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by the Company. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The Company has formed Suprajit Foundation to carry out the CSR activities on behalf of Company. Suprajit Foundation is engaged in the activities of eradication of hunger, malnutrition, promoting education and healthcare.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

| ₹ in Million | | | |
|--|------------------------------|-----------------------------------|--------------|
| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 | |
| a) Gross amount required to be spent by the Company during the year. | 24.30 | 20.92 | |
| Total | 24.30 | 20.92 | |
| b) Amount spent during the year ended March 31, 2019: | In cash | Yet to be paid in cash | Total |
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purposes other than (i) above | 24.87 | - | 24.87 |
| c) Amount spent during the year ended March 31, 2018: | In cash | Yet to be paid in cash | Total |
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purposes other than (i) above | 21.27 | - | 21.27 |
| d) Refer note 39(b) for details of contribution to trust controlled by the Company in relation with CSR expenditure. | | | |

31 Tax expense (net)

Income tax expense in the standalone statement of profit and loss consist of the following:

| ₹ in Million | | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Current tax | 547.85 | 485.74 |
| Deferred tax charge | 56.06 | 33.52 |
| Current tax relating to earlier periods | (13.24) | 24.22 |
| Total | 590.67 | 543.48 |

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

| ₹ in Million | | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Profit before tax expense | 1,738.90 | 1,589.89 |
| Applicable tax rates in India | 34.94% | 34.61% |
| Computed tax charge | (A) 607.57 | 550.26 |
| Components of tax expense | | |
| Tax effect of exempt income | (26.59) | (27.96) |
| Current tax relating to earlier periods | (13.24) | 24.22 |
| Others | 22.93 | (3.04) |
| Total adjustments | (B) (16.90) | (6.78) |
| Total tax expense | (A+B) 590.67 | 543.48 |

32 Earnings per share (EPS)

Basic earnings per share 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 for the year 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.

Computation of basic and diluted EPS:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Nominal value per equity share (₹ per share) | 1 | 1 |
| Profit attributable to equity shareholders (₹ in Million) | 1,148.23 | 1,046.41 |
| Weighted average number of equity shares (No. in Million)* | 139.87 | 139.87 |
| Earnings per share basic and diluted (₹ per share)** | 8.21 | 7.48 |

* There are no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

** Employee stock appreciation rights outstanding as at March 31, 2019 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS for the year ended March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

33 Commitments

(a) Operating lease as lessee

The Company is obligated under non-cancellable operating lease for factory, warehouse, office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ 6.91 Million (March 31, 2018: ₹ 9.02 Million).

The future minimum lease payments under non-cancellable operating leases are as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Not later than one year | 3.38 | 3.38 |
| Later than one year and not later than five years | 13.47 | 13.47 |
| More than five years | 16.25 | 19.62 |
| Total | 33.10 | 36.47 |

The above does not include leasehold land taken by the Company for which the upfront lease premium has been paid in earlier years. (refer note 13).

The Company leases factory, warehouse, office and residential space under cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases amounted to ₹ 2.54 Million (March 31, 2018: ₹ 4.08 Million).

- (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 105.20 Million (March 31, 2018: ₹ 10.34 Million).

34 Contingent liabilities

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| (a) Claims against Company not acknowledge as debts* | | |
| Income tax demands** | 2.44 | 1.26 |
| Value Added Tax/Central Sales Tax demands | 2.17 | 65.35 |
| Excise duty/service tax demand | 1.14 | 1.14 |
| Suspension period wages | 6.80 | 5.35 |
| (A) | 12.55 | 73.10 |
| (b) Others | | |
| Bonds executed in favour of customs authority | 15.00 | 15.00 |
| Bank guarantees (furnished to tax authorities) | 0.80 | 0.75 |
| Corporate guarantees (issued on behalf of subsidiaries to their bankers towards credit facilities) | 2,120.38 | 1,997.46 |
| Others | 4.90 | - |
| (B) | 2,141.08 | 2,013.21 |
| Total | (A+B) 2,153.63 | 2,086.31 |

*These demands are disputed by the Company and the Company has filed appeals against these orders with various appellate authorities. The management is confident that the demands raised by the Officers of the respective departments are not tenable under the respective statutory provisions. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these demands. The Company does not expect any material adverse effect in respect of the above contingent liabilities.

** Net of tax provision made for pending litigations.

- (c) The Company does not have any commitments as at balance sheet date except as disclosed in note 33.
- (d) The Hon'ble Supreme Court (SC) of India in a judgment on Provident Fund (PF) dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the SC judgment on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- 35** The Company has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Company is in the process of carrying out transfer pricing study for the year ended March 31, 2019 in this regard, to comply with the requirements of the Income Tax Act, 1961. The Management of the Company, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the standalone Ind AS financial statements, particularly on account of tax expense and that of provision for taxation.

36 Employee benefit plans

(a) Defined contribution plans

The Company makes contributions to Provident Fund, Employee State Insurance scheme contributions which are defined contribution plan for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company has recognised the following amounts towards the defined contribution plans in the statement of profit and loss:

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Employers contribution to Provident Fund | 39.59 | 36.46 |
| Employers contribution to Employee State Insurance | 10.83 | 10.84 |

(b) Defined benefit plans

Gratuity

The Company offers gratuity benefits to employees, a defined benefit plan, gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the standalone statement of profit and loss and the funded status and amounts recognized in the standalone Balance Sheet.

Disclosure as per Ind AS 19

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| A Change in defined benefit obligation | | |
| Obligations at beginning of the year | 145.20 | 124.06 |
| Service cost | 12.51 | 10.44 |
| Interest cost | 11.11 | 9.19 |
| Benefits settled | (3.73) | (7.09) |
| Transfer in | 1.05 | - |
| Transfer out | (0.05) | - |
| Actuarial loss (through OCI) | 10.85 | 8.60 |
| Obligations at end of the year | 176.94 | 145.20 |
| B Change in plan assets | | |
| Plan assets at beginning of the year, at fair value | 95.63 | 33.63 |
| Expected return on plan assets | 7.89 | 4.72 |
| Contributions | 16.00 | 63.48 |
| Benefits settled | (3.73) | (7.09) |
| Actuarial gain / (loss) (through OCI) | (1.10) | 0.89 |
| Plan assets at the end of the year | 114.69 | 95.63 |
| Present value of defined benefit obligation at the end of the year | (176.94) | (145.20) |
| Fair value of plan assets at the end of the year | 114.69 | 95.63 |
| C Net liability recognised in the standalone balance sheet | (62.25) | (49.57) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| D Expenses recognised in the standalone statement of profit and loss: | | |
| Service cost | 12.51 | 10.44 |
| Interest cost | 11.11 | 9.19 |
| Expected return on plan assets | (7.89) | (4.72) |
| Net gratuity cost | 15.73 | 14.91 |

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| E Re-measurement (gain)/ loss in OCI | | |
| Actuarial (gain) / loss due to demographic assumption changes in Defined Benefit Obligation (DBO) | 2.98 | - |
| Actuarial (gain) / loss due to financial assumption changes in DBO | (1.82) | (4.31) |
| Actuarial (gain)/ loss due to experience on DBO | 9.69 | 12.92 |
| Return on plan assets (greater) / less than discount rate | 1.10 | (0.89) |
| Total expenses recognised through OCI | 11.95 | 7.72 |

| | | |
|---------------------------------------|-------------|-------------|
| F Actual return on plan assets | 6.79 | 5.61 |
|---------------------------------------|-------------|-------------|

| | | |
|---|-------------------------|-------------------------|
| G Assumptions | | |
| Discount rate | 7.75% | 7.63% |
| Estimated rate of return on plan assets | 7.75% | 7.63% |
| Salary increase rate (refer note (i)) | 10.00% | 10.00% |
| Attrition Rate | 9.73% | 6.00% |
| Retirement age | 58 years | 58 years |
| | Indian | Indian |
| | Assured Lives | Assured Lives |
| Mortality table | Mortality(2006-08) Ult. | Mortality(2006-08) Ult. |

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| H Pay-outs to the Plan Assets | | |
| Within one year | 7.62 | 9.30 |
| After one year but not more than five years | 45.41 | 33.04 |
| After five years | 64.09 | 52.26 |
| | 117.12 | 94.60 |

| | | |
|---|------|------|
| I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: | | |
| Investment with insurer | 100% | 100% |

J A quantitative sensitivity analysis for significant assumption is as below (refer note K (ii) below)

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---------------------------|-------------|---------------------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Effect of change in discount rate | (13.08) | 15.24 | (10.79) | 12.63 |
| Effect of change in salary | 14.63 | (12.80) | 11.92 | (10.40) |
| Effect of change in withdrawal assumption | (3.02) | 3.44 | (2.48) | 2.84 |

K Notes

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.
- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.
- The weighted average duration of the defined benefit obligation at the end of the reporting period is 13.31 years (March 31, 2018: 12.62 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

37 Segment reporting

In accordance with Ind AS 108, Operating segments, segment information has been provided in the consolidated Ind AS financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone Ind AS financial statements.

38 Amalgamation of Phoenix Lamps Limited

The scheme of amalgamation of Phoenix Lamps Limited, an erstwhile subsidiary of the Company with Suprajit Engineering Limited with the appointed date as April 1, 2016 was approved by the National Company Law Tribunal (NCLT) vide order dated August 17, 2017 and upon necessary filing with the Registrar of Companies, the scheme had become effective on September 13, 2017. In consideration for aforesaid amalgamation, the Company issued and allotted 8,533,699 equity shares of ₹ 1/- (Rupee one only) each, amounting to ₹ 8.53 Million, to the minority shareholders of erstwhile Phoenix Lamps Limited on September 14, 2017 based on share exchange ratio of 4:5 as per the scheme of amalgamation.

39 Related party transactions

A. Related parties under Ind AS 24 and Companies Act, 2013

| Related party relationship | Name of the related party | |
|--|--|--|
| Subsidiaries (Direct): | Suprajit Automotive Private Limited, India ('Suprajit Automotive') | |
| | Suprajit Europe Limited, U.K. ('Suprajit Europe') | |
| | Suprajit USA Inc., USA ('Suprajit USA') | |
| | Luxlite Lamps SARL, Luxembourg ('Luxlite Lamps') | |
| | Trifa Lamps Germany GmbH, Germany ('Trifa Lamps') | |
| Subsidiaries (Indirect): | Wescon Controls LLC ('Wescon') | |
| Key Management Personnel ('KMP') of the Company | Mr. K Ajith Kumar Rai | Chairman and Managing Director upto March 31, 2019. (Chairman w.e.f. April 01, 2019) |
| | Mr. Mohan Srinivasan Nagamangala | Director and Chief Executive Officer upto March 31, 2019. (Managing Director & Group Chief Executive Officer w.e.f. April 01, 2019) |
| | Mr. Mohan Chelliah | Executive director upto March 11, 2017 |
| | Mr. Medappa Gowda J | Chief Financial Officer and Company Secretary |
| | Mr. Diwakar S. Shetty | Independent Director upto March 31, 2019 |
| | Mr. Ian Williamson | Independent Director |
| | Mr. B.S.Patil, IAS (Retd) | Independent Director |
| | Mr. Suresh Shetty | Independent Director |
| | Mr. M Jayarama Shetty | Independent Director upto March 31, 2019 |
| | Mrs. Dr. Supriya A Rai | Non-Executive Director |
| | Mrs. Sunita Mathur | Independent Director upto September 13, 2017 |
| | Mrs. Bharathi Rao | Independent Director w.e.f. April 01, 2019 |
| | Mr. M. Lakshminarayan | Independent Director w.e.f. April 01, 2019 |
| Relatives of KMP: | Mr. Akhilesh Rai | |
| | Mr. Ashutosh Rai | |
| | Mr. Manjunath Rai K | |
| | Mrs. Hemavathi M Rai | |
| | Mr. Ashok Kumar Rai | |
| Enterprises in which directors/ shareholders have significant influence | Suprajit Foundation | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

B. Details of transactions entered into with related parties are as given below:

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Sale of products and services | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 66.55 | 58.13 |
| Luxlite Lamps | 407.92 | 411.51 |
| Trifa Lamps | 236.57 | 197.83 |
| Wescon | 44.21 | 3.46 |
| | 755.25 | 670.93 |
| Lease Rent Received | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 3.85 | - |
| | 3.85 | - |
| Lease deposit received | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 1.00 | - |
| | 1.00 | - |
| Dividend income | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 59.70 | 59.70 |
| Suprajit Europe | 7.02 | - |
| | 66.72 | 59.70 |
| Purchase of materials | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 12.40 | 8.20 |
| Luxlite Lamps | 2.06 | 6.14 |
| Wescon | 0.89 | 0.81 |
| | 15.35 | 15.15 |
| Purchase of duty licenses | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 19.58 | 8.84 |
| | 19.58 | 8.84 |
| Purchase of Property, plant and equipment | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 0.47 | - |
| | 0.47 | - |
| Salary and perquisites:* | | |
| <i>KMP</i> | | |
| Mr. K Ajith Kumar Rai | 52.78 | 46.45 |
| Mr. Mohan Srinivasan Nagamangala | 17.77 | 14.40 |
| Mr. Medappa Gowda J | 7.56 | 6.55 |
| <i>Relatives of KMP</i> | | |
| Mr. Akhilesh Rai | 3.02 | 0.04 |
| Mr. Ashutosh Rai | 1.82 | 1.01 |
| | 82.95 | 68.45 |
| Independent Directors remuneration | | |
| Mr. B.S.Patil | 0.67 | 0.56 |
| Mr. Diwakar S. Shetty | 0.67 | 0.57 |
| Mr. M Jayarama Shetty | 0.73 | 0.60 |
| Mrs. Sunita Mathur | - | 0.01 |
| Mr. Suresh Shetty | 0.66 | 0.60 |
| | 2.73 | 2.34 |

*As the liabilities for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the KMP and relatives of KMP is not ascertainable and, therefore, not included above.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

B. Details of transactions entered into with related parties are as given below (cont..):

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Dividend Paid | | |
| KMP | | |
| Mr. K Ajith Kumar Rai | 66.44 | 53.12 |
| Mr. Mohan Srinivasan Nagamangala | 0.01 | 0.01 |
| Mr. Medappa Gowda J [^] | - | - |
| Mrs. Supriya Rai | 21.52 | 17.22 |
| Mr. Diwakar S. Shetty | 0.03 | 0.02 |
| Mr. Suresh Shetty | 1.14 | 0.92 |
| Mr. M Jayarama Shetty | 0.56 | 0.45 |
| Relatives of KMP | | |
| Mr. Akhilesh Rai | 1.80 | 1.44 |
| Mr. Ashutosh Rai | 1.80 | 1.44 |
| | 93.30 | 74.62 |
| [^] Rounded off | | |
| Technician charges | | |
| Subsidiaries | | |
| Luxlite Lamps | 1.21 | 0.72 |
| | 1.21 | 0.72 |
| Reimbursements of expenses to | | |
| Subsidiaries | | |
| Suprajit Automotive | 0.68 | 0.25 |
| Wescon | - | 6.67 |
| Trifa Lamps | 0.18 | - |
| Luxlite Lamps | 0.15 | - |
| KMP | | |
| Mr. K Ajith Kumar Rai | 1.64 | 2.16 |
| Mr. Mohan Srinivasan Nagamangala | 0.65 | 1.18 |
| Mr. Medappa Gowda J | 0.18 | 0.62 |
| Relatives of KMP | | |
| Mr. Ashutosh Rai | 0.15 | 0.46 |
| Mr. Akhilesh Rai | 0.13 | - |
| | 3.76 | 11.34 |
| Interest paid on Deposits | | |
| KMP | | |
| Mr. Mohan Chelliah | - | 0.07 |
| Relatives of KMP | | |
| Mr. Manjunath Rai K | - | 0.03 |
| Mrs. Hemavathi M Rai | - | 0.13 |
| Mr. Ashok Kumar Rai | 0.07 | 0.18 |
| | 0.07 | 0.34 |
| CSR expenditure | | |
| Suprajit Foundation (refer note 30 (ii)) | 24.87 | 21.27 |
| | 24.87 | 21.27 |
| Recovery of expenses from | | |
| Subsidiaries | | |
| Suprajit Automotive | 1.66 | 1.39 |
| Luxlite Lamps | 0.85 | 2.14 |
| Trifa Lamps | 0.04 | 0.29 |
| | 2.55 | 3.82 |
| Deposits accepted | | |
| Relatives of KMP | | |
| Mr. Ashok Kumar Rai | - | 1.00 |
| | - | 1.00 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

B. Details of transactions entered into with related parties are as given below (cont.):

| | ₹ in Million | |
|-------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Deposits repaid | | |
| <i>KMP</i> | | |
| Mr. Mohan Chelliah | - | 1.00 |
| <i>Relatives of KMP</i> | | |
| Mr. Manjunath Rai K | - | 1.00 |
| Mrs. Hemavathi M Rai | - | 1.00 |
| Mr. Ashok Kumar Rai | 2.00 | - |
| | 2.00 | 3.00 |

C. Balances outstanding as at year ends:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Investment in shares | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 19.90 | 19.90 |
| Suprajit Europe | 186.00 | 186.00 |
| Suprajit USA | 1,413.93 | 1,413.93 |
| Luxlite Lamps | 792.30 | 792.30 |
| Trifa Lamps | 312.00 | 312.00 |
| | 2,724.13 | 2,724.13 |
| Allowance for impairment in value of investments | | |
| <i>Subsidiaries</i> | | |
| Luxlite Lamps | 199.54 | 199.54 |
| | 199.54 | 199.54 |
| Recoverable from subsidiaries | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 4.33 | - |
| | 4.33 | - |
| Trade receivables | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | - | 0.08 |
| Wescon | 0.05 | 3.43 |
| Luxlite Lamps | 78.57 | 81.59 |
| Trifa Lamps | 36.04 | 0.05 |
| | 114.66 | 85.15 |
| Deposits payable | | |
| <i>Relatives of KMP</i> | | |
| Mr. Ashok Kumar Rai | - | 2.00 |
| | - | 2.00 |
| Interest accrued but not due on deposits | | |
| <i>Relatives of KMP</i> | | |
| Mr. Ashok Kumar Rai | - | 0.04 |
| | - | 0.04 |
| Lease deposit payable | | |
| <i>Subsidiaries</i> | | |
| Suprajit Automotive | 1.00 | - |
| | 1.00 | - |
| Trade payables | | |
| <i>Subsidiaries</i> | | |
| Luxlite Lamps | - | 3.48 |
| Suprajit Automotive | - | 0.04 |
| Wescon | 0.02 | 0.14 |
| | 0.02 | 3.66 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

C. Balances outstanding as at year ends (cont.):

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Payable to KMP / Relatives of KMP | | |
| KMP | | |
| Mr. K Ajith Kumar Rai | 33.32 | 28.34 |
| Mr. Mohan Srinivasan Nagamangala | 4.41 | 3.97 |
| Mr. Medappa Gowda J | 1.88 | 1.65 |
| Mr. Diwakar S. Shetty | 0.50 | 0.50 |
| Mr. B.S.Patil, IAS (Retd) | 0.50 | 0.50 |
| Mr. Suresh Shetty | 0.50 | 0.50 |
| Mr. M Jayarama Shetty | 0.50 | 0.50 |
| Relatives of KMP | | |
| Mr. Ashuthosh Rai | 0.12 | 0.08 |
| | 41.73 | 36.04 |
| Corporate guarantees (refer note 34) | | |
| Suprajit Europe [GBP - 0.5 Million (March 31, 2018 - GBP 0.5 Million)] | 45.24 | 46.14 |
| Suprajit USA [USD 30 Million (March 31, 2018 - USD 30 Million)] | 2,075.14 | 1,951.32 |
| | 2,120.38 | 1,997.46 |

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

40 Operating lease as lessor

During the year the company has entered into lease agreement with subsidiary for the lease of vacant land. The total rental income for the year under non-cancellable operating leases amounted to ₹ 3.85 Million (March 31, 2018 ₹ Nil).

The future minimum lease receipts under non-cancellable operating leases are as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Not later than one year | 5.32 | - |
| Later than one year and not later than five years | 17.62 | - |
| More than five years | 292.95 | - |
| Total | 315.89 | - |

41 (i) Fair value

The carrying value of financial instruments by categories is as follows:

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Financial assets measured at amortized cost | | |
| Recoverable from subsidiaries* | 4.33 | - |
| Trade receivables* | 2,028.54 | 1,938.82 |
| Security deposits | 38.84 | 35.43 |
| Advances to employees* | 5.54 | 4.80 |
| Interest receivable on bank deposit and others* | 2.42 | 1.57 |
| Financial assets measured at fair value through profit and loss | | |
| Investment in mutual funds | 1,564.65 | 1,258.09 |
| Foreign currency forward contracts | 16.16 | - |
| | 3,660.48 | 3,238.71 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Cash and cash equivalents and other balances with banks[#] | | |
| Cash on hand | 2.98 | 1.30 |
| Balance with banks in current accounts | 119.11 | 19.75 |
| Balance with banks in EEFC accounts | 55.43 | 19.78 |
| Balance with banks in deposit accounts | 7.17 | 3.40 |
| Earmarked balances with banks being unpaid dividend accounts | 20.17 | 17.26 |
| | 204.86 | 61.49 |
| Financial liabilities measured at amortized cost* | | |
| Borrowings | 1,690.98 | 1,738.34 |
| Trade payables | 1,099.12 | 1,326.74 |
| Employee related liabilities | 111.09 | 61.46 |
| Interest accrued but not due on borrowings | 7.38 | 6.59 |
| Capital creditors | 14.60 | 7.69 |
| Payable to directors | 39.73 | 30.34 |
| Security deposits | 17.44 | 15.58 |
| Unpaid dividend | 20.17 | 17.26 |
| Others | 1.23 | - |
| Financial liabilities measured at fair value through profit and loss | | |
| Provision for MTM losses on foreign currency forward contract | - | 15.26 |
| | 3,001.74 | 3,219.26 |

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature.

[#] These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value.

41 (ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

| | ₹ in Million | | | |
|---|-----------------------|----------|----------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | March 31, 2019 | | | |
| Financial assets and liabilities measured at fair values | | | | |
| Financial assets measured at fair value through profit and loss | | | | |
| Investment in mutual funds | 1,564.65 | - | - | 1,564.65 |
| Foreign currency forward contracts | 16.16 | - | - | 16.16 |
| Total financial assets measured at fair value | 1,580.81 | - | - | 1,580.81 |
| Financial liabilities measured at fair value through profit and loss | | | | |
| Provision for MTM losses on foreign currency forward contract | - | - | - | - |
| Total financial liabilities measured at fair value | - | - | - | - |
| | March 31, 2018 | | | |
| Financial assets and liabilities measured at fair values | | | | |
| Financial assets measured at fair value through profit and loss | | | | |
| Investment in mutual funds | 1,258.09 | - | - | 1,258.09 |
| Foreign currency forward contracts | - | - | - | - |
| Total financial assets measured at fair value | 1,258.09 | - | - | 1,258.09 |
| Financial liabilities measured at fair value through profit and loss | | | | |
| Provision for MTM losses on foreign currency forward contract | 15.26 | - | - | 15.26 |
| Total financial liabilities measured at fair value | 15.26 | - | - | 15.26 |

There have been no transfer between Level 1, Level 2 and Level 3 during the year ended March 31, 2019 and March 31, 2018.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 (iii) Valuation technique used to determine fair value

- The Company enters into derivative forward financial contracts with financial institutions in nature of foreign currency forward contracts which are valued using mark to market valuation provided by financial institutions. The valuation includes foreign currency exchange rates in the active markets. Hence, the valuation is considered Level 1 by the management.
- The Company has investment in quoted mutual funds these investments other than investment in subsidiaries are carried at fair value through profit and loss using quoted prices in active markets and accordingly classified with in Level 1 of the valuation hierarchy

42 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to ensure sustained growth in the business and to maximise the shareholders value.

₹ in Million

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| A. Total equity attributable to the share holders of the Company (Capital) | 7,010.31 | 6,060.30 |
| B. Borrowings | | |
| Non-current borrowings | 245.36 | 262.61 |
| Current borrowings | 1,268.64 | 1,245.72 |
| Current maturities of non-current borrowings | 176.98 | 229.61 |
| Current maturities of public deposits | - | 0.40 |
| Less: Cash and cash equivalents | (177.52) | (41.29) |
| Less: Current investments (limited to the extent of borrowings) | (1,513.46) | (1,258.09) |
| Net debt | - | 438.96 |
| C. Total capital and net debt (A+B) | 7,010.31 | 6,499.26 |
| D. Gearing ratio (B/C) | 0% | 7% |

- The Company is predominantly equity financed as evident from the capital structure table above. Further the Company has sufficient cash and cash equivalents, current investments and financial assets which are liquid to meet the debts.
- In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

43 Financial risk management

Objective and policies:

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, fair value through profit and loss investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2019.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to change in the market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

| | ₹ in Million | | | |
|-------------------------------------|------------------------------|-------------|------------------------------|-------------|
| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Effect of profit before tax expense | (17.07) | 17.07 | (17.53) | 17.53 |

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exchange risk arises from its foreign operations and foreign currency revenues and expenses. The Company has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR') and other currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its trade receivables.

Below is the summary of unhedged foreign currency exposure of Company's financial assets and liabilities.

| Currency | ₹ in Million | | | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Foreign currency amount | | Amount in ₹ | |
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Financial assets | | | | |
| USD | 1.75 | 2.00 | 119.27 | 128.37 |
| EUR | 0.98 | 1.30 | 75.99 | 104.81 |
| GBP | 0.15 | 0.19 | 13.60 | 17.30 |
| Total | | | 208.86 | 250.48 |
| Financial liabilities | | | | |
| USD | 1.74 | 0.83 | 121.83 | 53.97 |
| EUR | 2.88 | 1.08 | 223.71 | 86.67 |
| GBP | - | - | 0.04 | 0.07 |
| Others | 0.74 | 1.79 | 7.59 | 1.10 |
| Total | | | 353.17 | 141.81 |
| Net financial assets | | | (144.31) | 108.67 |

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Forward contracts outstanding are as below:

| Currency | ₹ in Million | | | |
|----------|-------------------------|----------------|----------------|----------------|
| | Foreign currency amount | | Amount in ₹ | |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| EUR* | 0.98 | 1.13 | 75.76 | 91.10 |
| EUR** | 1.60 | 3.23 | 124.32 | 260.41 |

* towards foreign currency receivables

** towards highly probable foreign currency sales.

Sensitivity analysis

Every 1% appreciation or depreciation of the respective foreign currencies compared to functional currency of the Company would cause the profit before tax in proportion to revenue to increase or decrease respectively by 0.01% (March 31, 2018: 0.01%).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(c) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of automotive cables & lamps and therefore require a continuous supply of below said products. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Commodity price sensitivity

The following table shows the effect of price changes in below said products:

| | ₹ in Million | | | |
|------------------------------------|---------------------------|-------------|---------------------------|-------------|
| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on profit before tax | | | | |
| Steel wire | (14.99) | 14.99 | (14.15) | 14.15 |
| Cable components | (38.31) | 38.31 | (37.48) | 37.48 |
| Glass tube | (2.16) | 2.16 | (2.02) | 2.02 |
| Lamp components | (11.40) | 11.40 | (5.30) | 5.30 |

(ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

b. Credit risk exposure

The Company's credit period generally ranges from 0-270 days. The credit risk exposure of the Company is as below:

| | | ₹ in Million | |
|--|-------|----------------------|----------------------|
| | | As at March 31, 2019 | As at March 31, 2018 |
| Trade receivables | (A) | 2,039.16 | 1,949.54 |
| Impairment allowance (allowance for bad and doubtful debts) | | | |
| Balance as per last financial statements | | 10.72 | 10.16 |
| Add: Charge for the year | | 0.42 | 0.56 |
| Less: Utilised during the year | | (0.52) | - |
| Closing balance | (B) | 10.62 | 10.72 |
| Total | (A-B) | 2,028.54 | 1,938.82 |

The Company evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed automobile companies and are spread across multiple geographies.

c. Financial instruments and cash deposits

Credit risk is limited, as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investment primarily includes investment in liquid mutual fund units. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(iii) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, investment in mutual funds and the cash flow that is generated from operations. The Company believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

| | ₹ in Million | |
|----------------------------|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Cash on hand | 2.98 | 1.30 |
| Balance with banks | 175.92 | 39.99 |
| Investment in mutual funds | 1,564.65 | 1,258.09 |
| | 1,743.55 | 1,299.38 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

| | ₹ in Million | | | | |
|-----------------------------|-----------------|-----------------|---------------|---------------|-----------------|
| | On demand | 1-180 days | 180-365 days | > 365 days | Total |
| March 31, 2019 | | | | | |
| Non-current borrowings | - | - | - | 245.36 | 245.36 |
| Current borrowings | 1,268.64 | - | - | - | 1,268.64 |
| Trade payables | - | 1,099.12 | - | - | 1,099.12 |
| Other financial liabilities | 20.17 | 262.59 | 88.49 | 17.37 | 388.62 |
| Total | 1,288.81 | 1,361.71 | 88.49 | 262.73 | 3,001.74 |
| March 31, 2018 | | | | | |
| Non-current borrowings | - | - | - | 262.61 | 262.61 |
| Current borrowings | 1,245.72 | - | - | - | 1,245.72 |
| Trade payables | - | 1,326.74 | - | - | 1,326.74 |
| Other financial liabilities | 17.26 | 236.80 | 115.01 | 15.13 | 384.19 |
| Total | 1,262.98 | 1,563.54 | 115.01 | 277.74 | 3,219.26 |

44 Employee Stock Appreciation Rights ('ESAR') (Equity Settled):

Employee Stock Appreciation Rights Plan – 2017 (the ESAR 2017 Plan): Effective June 26, 2018, the company instituted the ESAR 2017 plan. The Board of directors of the Company and shareholders approved the ESAR 2017 plan at its meeting held on September 13, 2017 and November 11, 2017 respectively. The ESAR 2017 Plan provides for the issue of stock appreciation rights to certain employees of the Company and its subsidiaries.

The ESAR 2017 Plan is administered by the Nomination and Remuneration Committee. As per the ESAR 2017 Plan, the stock appreciation rights are granted at the exercise price of ₹ 1 /-. The equity shares covered under these stock appreciation rights vest over five years from the date of grant. The exercise period is five years from the respective date of vesting.

The movement in the rights under the ESAR 2017 plan for the year ended March 31, 2019 is set out below

| The ESAR 2017 Plan | Year ended March 31, 2019 | |
|--------------------------------------|----------------------------------|-------------------------------------|
| | No. of stock appreciation rights | Weighted Average Exercise Price (₹) |
| Rights outstanding at the beginning | - | - |
| Granted | 883,440 | 1 |
| Forfeited/ Surrendered | 34,998 | - |
| Lapsed | - | - |
| Exercised | - | - |
| Rights outstanding at the end | 848,442 | 1 |

The stock appreciation rights outstanding on March 31, 2019 has an exercise price of ₹ 1.00 and the weighted average remaining contractual life of 8.02 years.

The weighted average fair value of stock appreciation rights granted during the year was ₹ 248.14. The Black - Scholes valuation model has been used for computing the weighted fair value considering the following inputs:

| | March 31, 2019 |
|---|----------------|
| Weighted average share price on the date of Grant (₹) | 257.65 |
| Exercise Price (₹) | 1 |
| Expected Volatility* | 35.79% |
| Weighted average expected life (in years) | 6.53 |
| Average risk free interest rate | 7.92 |
| Dividend Yield | 0.54 |

* The expected volatility was determined based on historical volatility data

Total Employee Compensation Cost pertaining to the ESAR 2017 plan during the year is ₹ 45.89 Million, net of cross charge to subsidiary.

Employee-wise details of ESAR's granted during the year ended March 31, 2019 to:

Senior managerial personal

| Name of the employee | No. of ESAR's Granted |
|----------------------------------|-----------------------|
| Mr. Mohan Srinivasan Nagamangala | 115,385 |
| Mr. Narayan Shankar | 61,538 |
| Mr. Medappa Gowda J | 48,077 |
| Mr. Akhilesh Goel | 38,462 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

45 Standards issued but not yet effective

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

i) Ind AS 116: Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 116, "Leases", will replace existing Ind AS on Lease. It replaces Ind AS 17, "Leases" and is applicable for all accounting periods commencing on or after April 1, 2019.

The standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. For lessees, Ind AS 116 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognised for all leases except for short-term leases and low value assets.

In contrast to lessee accounting, Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The standard permits two possible methods of transition:

Full Retrospective approach: Under this approach the standard will be applied retrospectively to each prior reporting period presented.

Modified Retrospective approach: Under this approach the entity shall not restate the comparative information. Instead, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The Company has established an implementation team to implement Ind AS 116 related to the identification and recognition of leases and continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

During the current period the Company has made progress in a number of areas including the identification of leases and contracts that could be determined to include a lease; the collation of lease data required for the calculation of the impact assessment; identification of areas of complexity or judgment relevant to the Company; identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with Ind AS 116; and development of initial estimates for discount rates.

From the work performed to date and based on the undiscounted lease commitments presented in note 33(a), it is anticipated that implementation of the new standard using the modified retrospective approach will have impact on the reported assets and liabilities of the Company.

These adjustments will lead to an increase in total assets and total liabilities at the date of transition as a result of the recognition of the right of use assets and the corresponding lease liabilities.

In addition, the implementation of the standard will impact the income statement and classification of cash flows.

While the total amount of expenses charged over the term of the lease remains the same, the distribution of such expenses over time and the breakdown of the same into depreciation on the right of use asset and interest expense on the lease liability.

A reliable estimate of the financial impact on the Company's results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection. In addition, the financial impact is dependent on the facts and circumstances at the time of transition.

ii) Amendment to Ind AS 12: Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

iii) Appendix C to Ind AS 12: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available.

iv) Amendment to Ind AS 19: Plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

46 Events after reporting period

The Board of Directors, at its meeting held on May 27, 2019 recommended a final dividend of ₹ 0.85 (85%) per equity share for the financial year ended March 31, 2019. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was ₹ 0.80 (80%) per equity share.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Members of **Suprajit Engineering Limited**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Suprajit Engineering Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including the Statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| <i>Impairment assessment of goodwill (as described in note 4 of the consolidated Ind AS financial statements)</i> | |
| <p>As at March 31, 2019, the total goodwill recognized in the consolidated balance sheet amounts to ₹ 1,418.35 million pertaining to two acquired entities which are separate cash generating units ('CGUs') ie: Wescon Controls LLC and Luxlite Lamps SARM.</p> <p>To assess if there is an impairment in the goodwill, the management conducts impairment tests at CGU level to which the goodwill is attributable, annually or whenever changes in circumstances or events indicate that, the carrying amount of such goodwill may not be recoverable. An impairment loss is recognized if the recoverable amount is lower than the carrying value.</p> <p>The recoverable amount of the CGU is estimated by calculating the value in use of the CGU to which goodwill is attributable, basis valuation conducted by an external valuation specialist ('management's expert') factoring future business plans and such valuation reports/future business plans which are reviewed and approved by the Audit Committee/Board of Directors of the Company. This is a key audit matter as the testing of goodwill impairment is complex and involves significant judgement. The key assumptions involved in impairment tests are projected revenue growth, operating margins, discount rates and terminal growth.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We evaluated the Group's internal controls over its annual impairment assessment and key assumptions applied such as revenue growth, operating margins, discount rates and terminal growth rates; In respect of the external valuation specialist engaged by the Group, we obtained the valuation report from the management and assessed the independence, objectivity and competence of the management expert; We tested the key assumptions and considered the sensitivity scenarios performed by management's expert; We involved valuation specialists for evaluating and testing the key assumptions and methodologies used by the management's expert in their valuation reports; and We assessed the disclosures made in the consolidated Ind AS financial statements. |

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's report including annexures, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors of the Holding Company and its subsidiary company which are incorporated in India as on March 31, 2019, and taken on record by the Board of Directors of the Holding Company and its subsidiary Company, none of the directors of the Holding Company and its subsidiary Company is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary Company incorporated in India, refer to our separate report in "Annexure 1" to this report ;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiary Company, incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer note 38(a) to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Company, which are incorporated in India during the year ended March 31, 2019.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date : May 27, 2019

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS
FINANCIAL STATEMENTS OF SUPRAJIT ENGINEERING LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Suprajit Engineering Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Suprajit Engineering Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership Number: 213803

Place: Bengaluru

Date : May 27, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

| | | ₹ in Million | |
|-------------------------------------|-------|-------------------------|-------------------------|
| | Notes | As at March 31, 2019 | As at March 31, 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 3,057.01 | 3,023.29 |
| Capital work in progress | 3 | 266.37 | 25.33 |
| Goodwill | 4 | 1,418.35 | 1,357.72 |
| Other intangible assets | 5 | 1,057.77 | 1,059.57 |
| Intangible assets under development | 5 | 5.44 | 7.23 |
| Financial assets | | | |
| Other bank balances | 10 | 5.79 | 2.94 |
| Loans | 11 | 45.95 | 42.71 |
| Other financial assets | 12 | 45.71 | - |
| Income tax assets (net) | 13 | 29.50 | 14.37 |
| Deferred tax asset (net) | 14 | 0.32 | 0.56 |
| Other non-current assets | 15 | 249.71 | 213.03 |
| | | 6,181.92 | 5,746.75 |
| Current assets | | | |
| Inventories | 6 | 2,709.78 | 2,364.67 |
| Financial assets | | | |
| Investment | 7 | 1,719.87 | 1,303.99 |
| Trade receivables | 8 | 2,915.65 | 2,890.09 |
| Cash and cash equivalents | 9 | 442.29 | 301.47 |
| Other bank balances | 10 | 23.14 | 19.21 |
| Loans | 11 | 6.41 | 5.54 |
| Other financial assets | 12 | 68.97 | 7.55 |
| Other current assets | 15 | 404.23 | 379.21 |
| | | 8,290.34 | 7,271.73 |
| Total assets | | 14,472.26 | 13,018.48 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 16 | 139.87 | 139.87 |
| Other Equity | 17 | 7,610.86 | 6,409.13 |
| Total Equity | | 7,750.73 | 6,549.00 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 18 | 973.80 | 1,076.03 |
| Other financial liabilities | 20 | 16.98 | 28.48 |
| Provisions | 21 | 68.91 | 56.04 |
| Deferred tax liabilities (net) | 23 | 634.61 | 521.09 |
| Other non current liabilities | 24 | 14.83 | 34.11 |
| | | 1,709.13 | 1,715.75 |

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

| | | ₹ in Million | |
|--|-------|-------------------------|-------------------------|
| | Notes | As at March 31, 2019 | As at March 31, 2018 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 18 | 2,007.60 | 1,741.72 |
| Trade payables | 19 | | |
| Total outstanding dues of micro and small enterprises | | 58.08 | 44.86 |
| Total outstanding dues of creditors other than micro and small enterprises | | 1,693.15 | 1,779.35 |
| Other financial liabilities | 20 | 921.30 | 823.58 |
| Provisions | 21 | 101.99 | 94.78 |
| Other current liabilities | 24 | 111.66 | 114.12 |
| Current tax liabilities (net) | 22 | 118.62 | 155.32 |
| | | 5,012.40 | 4,753.73 |
| Total liabilities | | 6,721.53 | 6,469.48 |
| Total equity and liabilities | | 14,472.26 | 13,018.48 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

| | | ₹ in Million | |
|--|-------|---------------------------|---------------------------|
| | Notes | Year ended March 31, 2019 | Year ended March 31, 2018 |
| I Income | | | |
| Revenue from operations | 25 | 15,899.00 | 14,546.16 |
| Other income | 26 | 379.95 | 212.28 |
| Total income | | 16,278.95 | 14,758.44 |
| II Expenses | | | |
| Cost of materials consumed | 27 | 8,801.24 | 7,419.45 |
| Purchases of stock-in-trade | 28 | 608.97 | 526.95 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29 | (262.04) | 60.34 |
| Excise duty on sale of goods | 25 | - | 235.56 |
| Employee benefits expense | 30 | 3,036.78 | 2,567.54 |
| Finance costs | 31 | 245.54 | 271.05 |
| Depreciation and amortization expense | 32 | 409.97 | 372.48 |
| Other expenses | 33 | 1,386.28 | 1,370.84 |
| Total expenses | | 14,226.74 | 12,824.21 |
| III Profit before tax expense (I-II) | | 2,052.21 | 1,934.23 |
| IV Tax expense (net): | 34 | | |
| Current tax | | 650.95 | 646.21 |
| Deferred tax charge/ (credit) | | 82.25 | (125.81) |
| Current tax relating to earlier periods | | (18.93) | 29.00 |
| Total tax expenses | | 714.27 | 549.40 |
| V Profit for the year (III-IV) | | 1,337.94 | 1,384.83 |
| VI Other comprehensive income ('OCI'), net of taxes | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Re-measurement loss on defined benefit plan | | (8.85) | (5.20) |
| <i>Items that will be reclassified subsequently to profit or loss:</i> | | | |
| Net exchange differences on translation of foreign operations | | 77.80 | 128.98 |
| Net change in fair value of Hedging instrument | | (2.44) | - |
| Total other comprehensive income | | 66.51 | 123.78 |
| VII Total comprehensive income for the year (V+VI) Comprising Profit and other comprehensive Income | | 1,404.45 | 1,508.61 |
| VIII Basic and Diluted earnings per equity share [nominal value of share ₹ 1 (March 31, 2018: ₹ 1)] | 35 | 9.57 | 9.90 |

Corporate information and significant accounting policies

1 & 2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital (refer note 16)

Equity shares of ₹ 1 each issued, subscribed and fully paid-up

As at April 1, 2017*

Issued during the year

As at March 31, 2018

Issued during the year

As at March 31, 2019

| No. in Million | ₹ in Million |
|----------------|---------------|
| 139.87 | 139.87 |
| - | - |
| 139.87 | 139.87 |
| - | - |
| 139.87 | 139.87 |

* includes 8,533,699 equity shares of ₹ 1 each to be issued to the minority shareholders of erstwhile Phoenix Lamps Limited, as part of merger (refer note 41).

B. Other equity (refer note 17)

₹ in Million

| | Attributable to equity holders of the Company | | | | | | | Total |
|--|---|----------------------------|--------------------|-----------------|-------------------------------|---|--------------------------------------|-----------------|
| | Reserves and surplus | | | | | | OCI | |
| | Capital reserve | Capital redemption reserve | Securities premium | General reserve | Share based payments reserves | Surplus in the statement of profit & loss | Foreign currency translation reserve | |
| As at April 1, 2017 | 5.13 | 293.70 | 1,861.81 | 1,718.33 | - | 1,245.97 | (22.41) | 5,102.53 |
| Add: Profit for the year | - | - | - | - | - | 1,384.83 | - | 1,384.83 |
| Less: OCI - Re-measurement loss on defined benefit obligation (net of tax) | - | - | - | - | - | (5.20) | - | (5.20) |
| Add / Less: Transfer to general reserve | - | - | - | 700.00 | - | (700.00) | - | - |
| Less: Cash dividends | - | - | - | - | - | (167.84) | - | (167.84) |
| Less: Dividend distribution tax | - | - | - | - | - | (34.17) | - | (34.17) |
| Add: Effect of foreign exchange rate variations during the year | - | - | - | - | - | - | 128.98 | 128.98 |
| Balance as at March 31, 2018 | 5.13 | 293.70 | 1,861.81 | 2,418.33 | - | 1,723.59 | 106.57 | 6,409.13 |
| Add: Profit for the year | - | - | - | - | - | 1,337.94 | - | 1,337.94 |
| Less: OCI - Re-measurement loss on defined benefit obligation (net of tax) | - | - | - | - | - | (8.85) | - | (8.85) |
| Less: Net change in fair value of Hedging instrument (net of tax) | - | - | - | - | - | (2.44) | - | (2.44) |
| Add: Share based payments expense | - | - | - | - | 50.22 | - | - | 50.22 |
| Add / Less: Transfer to general reserve | - | - | - | 900.00 | - | (900.00) | - | - |
| Less: Cash dividends | - | - | - | - | - | (209.81) | - | (209.81) |
| Less: Dividend distribution tax | - | - | - | - | - | (43.13) | - | (43.13) |
| Add: Effect of foreign exchange rate variations during the year | - | - | - | - | - | - | 77.80 | 77.80 |
| Balance as at March 31, 2019 | 5.13 | 293.70 | 1,861.81 | 3,318.33 | 50.22 | 1,897.30 | 184.37 | 7,610.86 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Million

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| A Operating activities | | |
| Profit before tax expense | 2,052.21 | 1,934.23 |
| Adjustments to reconcile profit before tax expense to net cash flows: | | |
| Depreciation and amortization expense | 409.97 | 372.48 |
| Allowance for doubtful receivables (net) | 2.77 | (1.73) |
| Loss on disposal of property, plant and equipment (net) | 2.01 | 6.21 |
| Liabilities no longer required written back | (0.31) | (1.65) |
| Profit on sale of mutual funds (net) | (2.43) | - |
| Fair value gain in financial instruments | (115.89) | (78.33) |
| Finance cost | 245.54 | 271.05 |
| Interest income | (2.08) | (50.18) |
| Employee share based payments | 50.22 | - |
| Net foreign exchange difference | 9.02 | (3.00) |
| Operating profit before working capital changes | 2,651.03 | 2,449.08 |
| Working capital adjustments: | | |
| (Increase)/decrease in inventories | (323.02) | (275.95) |
| (Increase)/decrease in trade receivables | (15.91) | (369.44) |
| (Increase)/decrease in loans | (4.30) | (2.44) |
| (Increase)/decrease in other financial assets | (106.05) | 59.95 |
| (Increase)/decrease in other assets | (22.76) | (87.75) |
| Increase/(decrease) in trade payables | (71.14) | 719.78 |
| Increase/(decrease) in other financial liabilities | 34.22 | 32.87 |
| Increase/(decrease) in provisions | 6.45 | (24.51) |
| Increase/(decrease) in other liabilities | (23.64) | (15.24) |
| Cash generated from operations | 2,124.88 | 2,486.35 |
| Direct taxes paid (net of refund) | (677.37) | (313.76) |
| Net cash flows from operating activities | 1,447.51 | 2,172.59 |
| B Investing activities | | |
| Purchase of property, plant and equipment and other intangible assets | (589.70) | (257.68) |
| Proceeds from sale of property, plant and equipment | 2.62 | 7.61 |
| Purchase of current investments | (347.56) | (1,000.00) |
| Sales of current investments | 50.00 | - |
| Movement in deposits (net) | (6.78) | (3.45) |
| Interest received | 1.22 | 3.77 |
| Net cash flows used in investing activities | (890.20) | (1,249.75) |
| C Financing activities | | |
| Movement in working capital loans (net) | 261.50 | 373.26 |
| Movement in long term borrowings (net) | (184.26) | (724.90) |
| Interest paid | (244.98) | (283.82) |
| Dividend paid to equity shareholders | (206.90) | (165.01) |
| Dividend distribution tax | (43.13) | (44.95) |
| Net cash flows from/ (used) in financing activities | (417.77) | (845.42) |

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Million

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| D Net increase in cash and cash equivalents (A+B+C) | 139.54 | 77.42 |
| Net foreign exchange difference on cash and cash equivalents | 1.28 | 18.70 |
| Cash and cash equivalents at the beginning of the year | 301.47 | 205.35 |
| E Cash and cash equivalents at the end of the year (refer note 9) | 442.29 | 301.47 |
| Cash and cash equivalents at the end of the year comprises - | | |
| Cash on hand | 3.30 | 1.52 |
| Balance with banks on | | |
| Current accounts | 381.06 | 280.17 |
| EEFC accounts | 57.93 | 19.78 |
| Total cash and cash equivalents | 442.29 | 301.47 |
| Explanatory notes to statement of cash flows | | |
| 1 Changes in liabilities arising from financing activities:- | | |
| As at April 01, 2018 | | |
| (Repayments) / proceeds [net] | 1,712.89 | 1,741.72 |
| As at March 31, 2019 | (184.26) | 261.50 |
| | 1,613.05 | 2,007.60 |

Corporate information and significant accounting policies (refer notes 1 & 2)

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

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

For and on behalf of the Board of Directors of

Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

Medappa Gowda J

Chief Financial Officer & Company Secretary

Place: Bengaluru

Date: May 27, 2019

Place: Bengaluru

Date: May 27, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Corporate information

The consolidated financial statements comprise financial statements of Suprajit Engineering Limited ('SEL' or 'the Company' or 'the Holding Company') and its subsidiaries (collectively, 'the Group'). SEL is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on the Bombay Stock Exchange and the National Stock Exchange in India. The registered office of the Holding Company is situated at No. 100 & 101, Bommasandra Industrial Area, Bengaluru - 560 099.

The Group is engaged in the business of manufacturing of auto components consisting mainly of control cables, speedo cables, auto lamps and other components for automobiles and caters to both domestic and international markets.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on May 27, 2019.

2. Significant accounting policies

(a) Basis of preparation of Consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting

Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value at the end of the reporting period, as explained further in the accounting policies below. The consolidated financial statements are presented in Indian Rupees ("INR/₹") and all values are rounded to the nearest Million (INR 000,000), except when otherwise indicated.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Company's Board of Directors on May 27, 2019.

(b) Basis of consolidation

The consolidated financial statements for the year ended March 31, 2019 comprise the financial statements of Suprajit Engineering Limited and its subsidiaries (collectively referred to as "the Group").

| Name of entity | Relationship | Country of Incorporation | % of Ownership Interest | |
|-------------------------------------|--------------------------------|--------------------------|-------------------------|----------------|
| | | | March 31, 2019 | March 31, 2018 |
| Suprajit Automotive Private Limited | Subsidiary | India | 100% | 100% |
| Suprajit Europe Limited | Subsidiary | United Kingdom | 100% | 100% |
| Suprajit USA Inc. | Subsidiary | USA | 100% | 100% |
| Trifa Lamps, Germany GmbH | Subsidiary | Germany | 100% | 100% |
| Luxlite Lamps SARL | Subsidiary | Luxembourg | 100% | 100% |
| Wescon Controls LLC | Subsidiary of Suprajit USA Inc | USA | 100% | 100% |

All the above subsidiaries are under the same management and are engaged in the same principle activities as the holding company.

Control exists when the parent has:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in

the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent, to enable the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- i. Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investment in the subsidiaries were made, is recognized as 'Goodwill' being an intangible asset in the consolidated financial statements and is tested for an impairment on an annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Company, it is recognized as 'Capital Reserve' and shown in 'Other Equity', in the consolidated financial statements. The 'Goodwill/Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- iii. Eliminate in full intragroup assets and liabilities, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant & equipment are eliminated in full).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group.

(c) Use of estimates, assumptions and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty as at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

Impairment of financial assets

In accordance with Ind AS 109, the Group assesses impairment of financial assets ('Financial instruments')

and recognises expected credit losses, which are measured through a loss allowance.

The Group provides for impairment of trade receivables based on assumptions about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for future years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in note 2(p).

Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by external valuation experts and in certain cases by management internally (refer note 4).

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (Refer note 40).

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer note 2(g).

Share-based payments (Employee Stock Appreciation Plan)

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 47.

Taxes

The Group's two major tax jurisdictions are India and the United States, though the Group also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded. Also refer note 2(j) and note 34.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;

- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

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

(e) Business combination and goodwill

The Group accounts for its business combinations using acquisition method of accounting. Acquisition related costs are recognized in the consolidated statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve.

Business combinations arising from transfers of interests in entities that are under the common control are accounted using pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually as at March 31 or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in the consolidated statement of profit and loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(f) Foreign currencies

The Consolidated financial statements are presented in Indian Rupee (₹), which is also the Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the Company and its Indian subsidiaries is Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the consolidated balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the consolidated statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the consolidated balance sheet date. Statement of profit and loss have been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the consolidated statement of changes in equity.

Effective April 1, 2018, the Group has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

(g) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

The Group's management determines the policies and procedures for fair value measurement. External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

(h) Revenue from contract with customer

The Group earns revenue from contract with customer primarily from sale of goods.

Effective April 1, 2018, the Group has applied Ind AS 115 Revenue from Contract with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer Note 2(h) – Significant accounting policies

– Revenue Recognition - in the annual report of the Group for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the consolidated financial statements of the Group is insignificant.

Revenue from contract with customers is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer, it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

In accordance with the erstwhile Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, sales for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT, Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly, the same is not recognized as part of sales as per the requirements of the erstwhile Ind AS 18 on "Revenue", now replaced by Ind AS 115 on "Revenue from Contracts with Customers".

Application of Ind AS 115 did not have any significant impact on the consolidated Ind AS financial statements.

Contract assets

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

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue).

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods:

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer.

The revenue is collected immediately upon sale of goods or as per agreed credit terms which is within 0 to 270 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the

sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Sale of Services

Revenue from service contracts are recognized as per the contractual terms as and when the services are rendered. No further obligations remains and the collection is probable.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the consolidated statement of profit and loss.

Export benefits

Export entitlements in the form of Merchandise Export from India (MEIS) and Duty Entitlement Pass Book / draw back (DEPB) are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Dividend

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(i) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the consolidated statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as other liabilities.

(j) Taxes on income

Tax Expense comprises of current tax and deferred tax and is recognized in the consolidated statement of profit and loss.

Current income tax assets and liabilities is the amount of income tax determined to be payable/recoverable in respect of taxable income as computed in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside the consolidated statement of profit or loss is recognized outside the consolidated statement of profit or loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred income tax

Deferred income tax is recognized using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets include Minimum Alternative Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

(k) Property, plant and equipment

Property, plant and equipment and capital-work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, as specified in Schedule II to the Act except in case of certain assets wherein depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | <u>Useful lives (years)</u> |
|--------------------------|-----------------------------|
| Buildings – Factory | 10 to 30 |
| Buildings- Others | 60 |
| Electrical installations | 21 |
| Plant and equipments | 5 to 30 |
| Dies and moulds | 15 |
| Furniture and fixtures | 10 and 15 |
| Office equipments | 3 to 10 |
| Vehicles | 5 and 10 |
| Computers | 3 and 6 |

In respect of plant and machinery (excluding pipelines and electrical fittings etc.) used at any time during the year on double shift or triple shift basis, the depreciation for that period is increased by 50% or 100%, respectively.

Leasehold land is amortized on a straight-line basis over the period of lease. Leasehold improvements are amortized on straight-line basis over the lower of useful life of the asset and the remaining period of the lease.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognized.

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

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the consolidated statement of profit and loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the

asset and are recognized in the consolidated statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the Group's intangible assets, is as below:

| | <u>Useful life (years)</u> |
|-----------------------|----------------------------|
| Software | 3 |
| Business rights | 5 |
| Patents | 5 |
| Customer relationship | 13 |
| Non-compete agreement | 1 |
| Trade marks | Indefinite |

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(n) Leases

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

The Group as a lessee

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

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

Operating lease payments are recognized as an expense in the consolidated statement of profit and loss over the lease term.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

- Finished goods and work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranty is recognized based on the historical experience and future estimate claims by the management. The estimate of such warranty related costs is revised annually.

(r) Retirement and other employee benefits

Retirement benefit in the form of provident funds and employee state insurance which are defined contribution schemes. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund i.e. Employee's Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the consolidated statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the leave as a current liability in the consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(s) Share-based payment (Employee Stock Appreciation Plan)

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

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service

conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

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

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

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

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

A 'debt instrument' is measured at the amortized cost, if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. This category generally applies to trade and other receivables.

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included

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

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the consolidated balance sheet) when:

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

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original Effective interest rate ('EIR'). ECL allowance (or reversal) recognized during the period is considered as income/expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit or loss.

The Group uses a provision matrix based on age to determine impairment loss allowance on portfolio of its trade receivables.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and in case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through the

statement of profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

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

Loans and borrowings

Borrowings is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee

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

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet, if there is a currently enforceable legal right to

offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(u) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit and loss.

Any derivative that is either not designated as a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss. Derivative designated as hedge and is effective as per Ind AS 109, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income.

(v) Cash and cash equivalents

Cash and cash equivalents in the consolidated balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(w) Consolidated statement of cash flow

Cash flows are reported using the indirect method, whereby profit/(loss) for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(x) Cash dividend to equity holders

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(z) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The effects of anti-dilutive potential equity shares are not considered in calculating dilutive earnings per share.

(aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer

has been identified as the chief operating decision maker.

The Group has identified a single business segment being manufacturing and selling of automotive and other components. This being a single segment no additional segment disclosure has been made for the business segment. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The Group's operations are categorized geographically as (a) India (b) United States of Americas ('USA') (c) Rest of the world. 'Rest of the world' comprises the Group's operations in the 'United Kingdom', 'Germany' and 'Luxembourg'. Customer relationships are driven based on customer domicile.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to the segments on the basis of their relationship to the operating activities of the segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3 (i) Property, plant and equipment

| | Freehold Land | Leasehold land* | Buildings | Electrical installations | Plant and equipments | Dies and moulds | Furniture and fixtures | Vehicles | Office equipments | Computers | Total |
|-----------------------------|---------------|-----------------|-----------------|--------------------------|----------------------|-----------------|------------------------|--------------|-------------------|--------------|-----------------|
| ₹ in Million | | | | | | | | | | | |
| Cost | | | | | | | | | | | |
| As at April 1, 2017 | 230.05 | 27.74 | 1,346.40 | 135.44 | 1,367.51 | 37.69 | 31.95 | 18.25 | 92.86 | 18.06 | 3,305.95 |
| Additions | - | - | 19.36 | 13.51 | 136.86 | 9.44 | 10.32 | 7.33 | 13.51 | 3.78 | 214.11 |
| Disposals | - | - | - | (0.11) | (14.66) | - | (0.03) | (1.63) | (5.13) | (0.04) | (21.60) |
| On account of restatement | - | - | - | - | 0.68 | - | 0.22 | 0.20 | 0.23 | - | 1.33 |
| As at March 31, 2018 | 230.05 | 27.74 | 1,365.76 | 148.84 | 1,490.39 | 47.13 | 42.46 | 24.15 | 101.47 | 21.80 | 3,499.79 |
| Additions | - | - | 51.63 | 9.91 | 176.36 | 23.96 | 11.57 | 19.95 | 24.21 | 5.85 | 323.44 |
| Disposals | - | - | - | - | (13.37) | - | (0.03) | (4.03) | (4.14) | (0.08) | (21.62) |
| On account of restatement | - | - | 1.22 | - | 22.75 | - | (0.16) | 0.11 | 3.78 | - | 27.70 |
| As at March 31, 2019 | 230.05 | 27.74 | 1,418.61 | 158.75 | 1,676.13 | 71.09 | 53.87 | 40.18 | 125.32 | 27.57 | 3,829.31 |
| Depreciation | | | | | | | | | | | |
| As at April 1, 2017 | - | 0.64 | 51.72 | 8.62 | 115.40 | 3.38 | 2.36 | 3.28 | 13.27 | 6.34 | 205.01 |
| Charge for the year | - | 0.06 | 57.20 | 9.55 | 173.60 | 4.88 | 3.79 | 4.39 | 20.44 | 4.36 | 278.27 |
| Disposals | - | - | - | (0.02) | (5.45) | - | (0.01) | (0.52) | (1.76) | (0.02) | (7.78) |
| On account of restatement | - | - | - | - | 0.50 | - | 0.20 | 0.18 | 0.12 | - | 1.00 |
| As at March 31, 2018 | - | 0.70 | 108.92 | 18.15 | 284.05 | 8.26 | 6.34 | 7.33 | 32.07 | 10.68 | 476.50 |
| Charge for the year | - | - | 61.21 | 10.37 | 190.66 | 5.13 | 4.92 | 5.64 | 23.40 | 6.60 | 307.93 |
| Disposals | - | - | - | - | (12.77) | - | - | (2.12) | (2.02) | (0.08) | (16.99) |
| On account of restatement | - | - | 0.63 | - | 3.62 | - | (0.16) | (0.01) | 0.78 | - | 4.86 |
| As at March 31, 2019 | - | 0.70 | 170.76 | 28.52 | 465.56 | 13.39 | 11.10 | 10.84 | 54.23 | 17.20 | 772.30 |
| Net book value | | | | | | | | | | | |
| As at March 31, 2018 | 230.05 | 27.04 | 1,256.84 | 130.69 | 1,206.34 | 38.87 | 36.12 | 16.82 | 69.40 | 11.12 | 3,023.29 |
| As at March 31, 2019 | 230.05 | 27.04 | 1,247.85 | 130.23 | 1,210.57 | 57.70 | 42.77 | 29.34 | 71.09 | 10.37 | 3,057.01 |

* Represents land taken on lease cum sale basis from Karnataka Industrial Area Development Board (KIADB), which shall be converted into sale deed on fulfillment of certain conditions laid down in the agreement on completion of 10 years of lease term period.

Notes:

(a) Property, plant and equipment except leasehold land and assets capitalised under finance lease arrangement is owned by the Group. The title deeds of the immovable properties are held in the name of the Group companies subject to charge created for borrowings as detailed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

3 (i) Property, plant and equipment (cont..)

Notes:

(b) Buildings include those constructed on leasehold land as follows:

Gross Block

Additions

Total gross block

Accumulated depreciation

Charge for the year

Total accumulated depreciation

Net book value

₹ in Million

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 739.57 | 738.97 |
| 4.84 | 0.60 |
| 744.41 | 739.57 |
| (55.84) | (27.13) |
| (28.73) | (28.71) |
| (84.57) | (55.84) |
| 659.84 | 683.73 |

(c) Net book value pertaining to assets held under finance leases or hire purchase contracts

₹ in Million

Plant and equipments

Vehicles

Furniture and fixtures

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 1.01 | 1.50 |
| 1.21 | - |
| 0.55 | - |
| 2.77 | 1.50 |

3(ii) Capital work in progress

As at April 1, 2017

Additions

Capitalised

As at March 31, 2018

Additions

Capitalised

As at March 31, 2019

₹ in Million

Total

22.87

2.46

-

25.33

394.08

(153.04)

266.37

4 Goodwill

Following is the movement of carrying value of Goodwill:

₹ in Million

Carrying value as per last financial statement

On account of restatement

Closing balance

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 1,357.72 | 1,318.12 |
| 60.63 | 39.60 |
| 1,418.35 | 1,357.72 |

Below is the Cash Generating Unit ('CGU') wise break-up of goodwill:

₹ in Million

Wescon Controls LLC

Luxlite Lamps SARL, Luxembourg ('Luxlite Lamps')

Total

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 1,171.57 | 1,101.67 |
| 246.78 | 256.05 |
| 1,418.35 | 1,357.72 |

Goodwill impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis as at March 31. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below:

Growth rate

Operating margins

Discount rate

| As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|
| 7% to 9% | 7.50% to 12.00% |
| 11.6% to 20.8% | 8.90% to 16.70% |
| 12.2% to 13% | 7.39% to 11.70% |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of operations and cash flows.

As at March 31, 2019, the Group assessed the carrying value of its goodwill along with the carrying value of related CGUs, based on future operational plan, projected cash flows and valuation carried out by an external valuer. Considering the aforesaid valuation, the management is of the view that, the carrying value of its goodwill as at March 31, 2019 is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

5 Other intangible assets

| | ₹ in Million | | | | | |
|-----------------------------|-----------------|-------------|--------------|-----------------------|-----------------------|--------------|
| | Business rights | Patents | Software | Customer relationship | Non-compete agreement | Trade marks |
| Cost | | | | | | |
| As at April 1, 2017 | 13.16 | 0.28 | 5.84 | 1,084.07 | 10.37 | 92.07 |
| Additions | - | - | 6.57 | - | - | - |
| On account of restatement | - | - | (1.25) | 3.43 | 0.04 | 0.29 |
| As at March 31, 2018 | 13.16 | 0.28 | 11.16 | 1,087.50 | 10.41 | 92.36 |
| Additions | - | 0.21 | 33.02 | - | - | - |
| On account of restatement | - | - | (0.17) | 68.54 | 0.66 | 5.86 |
| As at March 31, 2019 | 13.16 | 0.49 | 44.01 | 1,156.04 | 11.07 | 98.22 |
| Amortization | | | | | | |
| As at April 1, 2017 | 3.76 | 0.07 | 1.74 | 48.89 | 5.80 | - |
| Charge for the year | 3.76 | 0.07 | 5.09 | 80.70 | 4.59 | - |
| On account of restatement | - | - | (0.59) | 1.40 | 0.02 | - |
| As at March 31, 2018 | 7.52 | 0.14 | 6.24 | 130.99 | 10.41 | - |
| Charge for the year | 3.76 | 0.07 | 8.48 | 89.73 | - | - |
| On account of restatement | - | - | (0.13) | 7.35 | 0.66 | - |
| As at March 31, 2019 | 11.28 | 0.21 | 14.59 | 228.07 | 11.07 | - |
| Net book value | | | | | | |
| As at March 31, 2018 | 5.64 | 0.14 | 4.92 | 956.51 | - | 92.36 |
| As at March 31, 2019 | 1.88 | 0.28 | 29.42 | 927.97 | - | 98.22 |

5 (i) Intangible assets under development

| | ₹ in Million |
|-----------------------------|--------------|
| Total | |
| As at April 1, 2017 | 1.20 |
| Additions | 6.03 |
| Capitalised | - |
| As at March 31, 2018 | 7.23 |
| Additions | - |
| Capitalised | (1.79) |
| As at March 31, 2019 | 5.44 |

6 Inventories

(Valued at lower of cost and net realisable value)

| | ₹ in Million | |
|---|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Raw materials [includes goods in transit ₹ 183.31 Million (March 31, 2018: ₹ 159.16 Million)] | 1,531.77 | 1,394.37 |
| Work-in-progress | 173.36 | 145.84 |
| Finished goods | 835.08 | 572.44 |
| Traded goods | 279.78 | 296.68 |
| Less: Allowance towards slow and non-moving items | (110.21) | (44.66) |
| Total | 2,709.78 | 2,364.67 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

7 Investment

(Valued at fair value through profit and loss)

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|----------------------|----------|-----------------|----------------------|----------|-----------------|
| | Units | NAV (₹) | ₹ in Million | Units | NAV (₹) | ₹ in Million |
| Quoted mutual funds (fully paid-up) | | | | | | |
| Franklin India Ultra Short bond fund Super Institutional Growth Plan - Direct Growth | 13,276,918 | 26.38 | 350.25 | 11,272,589 | 24.14 | 272.14 |
| Aditya Birla Sun Life Bank & PSU Debt Fund - Growth Direct Plan (formerly known as Aditya Birla Sun Life Treasury Optimizer Plan) | 1,049,608 | 241.91 | 253.91 | 1,049,608 | 224.52 | 235.66 |
| Franklin India Short term Income plan - Retail Plan - Growth | 12,117 | 3,997.27 | 48.43 | 12,117 | 3,670.05 | 44.47 |
| IDFC Dynamic Bond Fund Growth - Regular Plan | 720,861 | 22.34 | 16.10 | 720,861 | 20.64 | 14.88 |
| Aditya Birla Sun Life Credit Risk Fund - Growth Direct (formerly known as Aditya Birla Sun Life Corporate Bond) | 12,123,851 | 14.20 | 172.16 | 12,123,851 | 13.31 | 161.31 |
| HDFC Regular Savings Fund - Direct (G) | - | - | - | 3,024,802 | 35.24 | 106.59 |
| HDFC Credit risk Debt Fund - Direct - Growth | 7,169,229 | 15.92 | 114.13 | - | - | - |
| ICICI Prudential Equity Arbitrage Fund - Direct plan - Growth | 4,490,155 | 25.25 | 113.38 | 4,490,155 | 23.67 | 106.30 |
| Franklin India Short term Income plans - Retail Plan - Direct Growth | 51,682 | 4,195.69 | 216.84 | 27,530 | 3,823.10 | 105.25 |
| Franklin India Low Duration Fund - Direct - Growth | 7,569,061 | 22.17 | 167.81 | 5,182,643 | 20.30 | 105.19 |
| Franklin India Low Duration Fund - Regular - Growth | 2,703,170 | 21.74 | 58.77 | 2,703,170 | 19.98 | 54.00 |
| Franklin India Dynamic Accrual Fund-Direct - Growth | 2,262,836 | 70.11 | 158.65 | 817,991 | 63.94 | 52.30 |
| HDFC Floating Rate Debt fund - Direct Plan - Wholesale Option - Growth option | 754,332 | 32.70 | 24.67 | 754,332 | 30.38 | 22.91 |
| ICICI Prudential Savings Fund - Direct Plan - Growth | 68,589 | 361.17 | 24.77 | 68,589 | 335.18 | 22.99 |
| Total | | | 1,719.87 | | | 1,303.99 |
| Aggregate cost of quoted investments | | | 1,476.50 | | | 1,182.40 |

8 Trade receivables

(Unsecured, carried at amortized cost)

| | ₹ in Million | |
|--|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Trade receivables | 2,915.65 | 2,890.09 |
| Total | 2,915.65 | 2,890.09 |
| Break-up for security details: | | |
| Current | | |
| Unsecured, considered good | 2,915.65 | 2,890.09 |
| Trade receivables - credit impaired | 13.84 | 11.63 |
| Total | 2,929.49 | 2,901.72 |
| Impairment allowance (allowance for bad and doubtful debts) | | |
| Trade receivables - credit impaired | (13.84) | (11.63) |
| Total | 2,915.65 | 2,890.09 |

Trade receivables are non interest bearing and are generally on terms of 0 to 270 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

9 Cash and cash equivalents

| | ₹ in Million | |
|-----------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Cash on hand | 3.30 | 1.52 |
| Balance with banks on | | |
| Current accounts | 381.06 | 280.17 |
| EEFC accounts | 57.93 | 19.78 |
| Total | 442.29 | 301.47 |

10 Other bank balances

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Margin money deposits* | 5.79 | 2.94 |
| Total | 5.79 | 2.94 |
| Current | | |
| Balance with banks on deposits with remaining maturity for less than 12 months | 2.97 | 1.95 |
| Earmarked balances with banks being unpaid dividend accounts** | 20.17 | 17.26 |
| Total | 23.14 | 19.21 |

* includes margin money deposits towards bank guarantees ₹ Nil (March 31, 2018: ₹ 1 Million) held against public deposits.

**These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities. The Company transferred ₹ 0.46 Million (March 31, 2018 ₹ 0.10 Million) during the year to investor education and protection fund as per the provisions of the Companies Act, 2013.

11 Loans

(Unsecured, considered good, carried at amortized cost)

| | ₹ in Million | |
|-----------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Security deposits | 45.95 | 42.71 |
| Total | 45.95 | 42.71 |
| Current | | |
| Advances to employees | 6.41 | 5.54 |
| Total | 6.41 | 5.54 |

12 Other financial assets

(Unsecured, considered good)

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Carried at fair value through profit and loss | | |
| Foreign currency forward contracts | 45.71 | - |
| Total | 45.71 | - |
| Current | | |
| Carried at fair value through profit and loss | | |
| Foreign currency forward contracts | 66.79 | 3.33 |
| Interest rate swap | - | 2.59 |
| Carried at fair value through other comprehensive income | | |
| Interest rate swap | (0.31) | - |
| Carried at amortized cost | | |
| Interest receivable on bank deposits and others | 2.49 | 1.63 |
| Total | 68.97 | 7.55 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

13 Income tax assets (net)

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Advance income-tax, including paid under protest (net of provision for taxation) | 29.50 | 14.37 |
| Total | 29.50 | 14.37 |

14 Deferred tax asset (net)

| | ₹ in Million | |
|------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Deferred tax: | | |
| Allocated capital allowances | - | (0.33) |
| Other timing differences | 0.32 | 0.89 |
| Total | 0.32 | 0.56 |

15 Other assets

(Unsecured, considered good)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Capital advances | 52.86 | 13.94 |
| Prepaid leasehold land rentals | 160.56 | 149.78 |
| Balances with statutory/ government authorities | 31.61 | 43.14 |
| Others | 4.68 | 6.17 |
| Total | 249.71 | 213.03 |
| Current | | |
| Advances to suppliers | 111.95 | 152.20 |
| Prepaid leasehold land rentals | 1.81 | 4.39 |
| Prepaid expenses | 64.78 | 69.14 |
| Export benefits receivable | 42.70 | 20.88 |
| Balances with statutory/ government authorities | 182.55 | 132.42 |
| Others | 0.44 | 0.18 |
| Total | 404.23 | 379.21 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

16 Equity share capital

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Authorised share capital | | |
| 850,000,000 (March 31, 2018: 850,000,000) equity shares of ₹ 1 each | 850.00 | 850.00 |
| Issued, subscribed and fully paid-up equity share capital | | |
| 139,872,473 (March 31, 2018: 139,872,473) equity shares of ₹ 1 each | 139.87 | 139.87 |
| Total | 139.87 | 139.87 |

(a) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share and such amount of dividend per share as declared by the Company. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | No. in Million | ₹ in Million | No. in Million | ₹ in Million |
| Equity shares | | | | |
| At the beginning of the year | 139.87 | 139.87 | 139.87 | 139.87 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 139.87 | 139.87 | 139.87 | 139.87 |

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

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-------------------------|--------|-------------------------|--------|
| | No. in Million | % | No. in Million | % |
| Equity shares of ₹ 1 each fully paid | | | | |
| Mr. K. Ajith Kumar Rai | 44.30 | 31.67% | 44.27 | 31.65% |
| Smt. Supriya A Rai | 14.35 | 10.26% | 14.35 | 10.26% |

(d) Shares reserved for issue under share based payments

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Outstanding employee stock options under below schemes, granted/ available for grant: (refer note 47) | | |
| Employee Stock Appreciation Rights (SEL ESAR 2017) | 848,442 | - |

(e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

| | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Equity shares (No.) | | |
| Equity shares allotted as fully paid-up pursuant to contract (no.) | | |
| The Company issued 8,533,699 equity shares of ₹ 1 each to the minority shareholders of Phoenix Lamps Limited, as part of merger. (refer note 41). | 8,533,699 | 8,533,699 |

(f) The Company has neither issued any bonus shares nor bought back any shares for the period of five years immediately preceding the date as at which the Balance sheet is prepared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

17 Other equity

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Capital reserve | | |
| Balance as per last financial statements | 5.13 | 5.13 |
| Closing balance | 5.13 | 5.13 |
| Capital redemption reserve | | |
| Balance as per last financial statements | 293.70 | 293.70 |
| Closing balance | 293.70 | 293.70 |
| Securities premium | | |
| Balance as per last financial statements | 1,861.81 | 1,861.81 |
| Closing balance | 1,861.81 | 1,861.81 |
| General reserve | | |
| Balance as per last financial statements | 2,418.33 | 1,718.33 |
| Add: Transferred from 'Surplus in the statement of profit & loss' | 900.00 | 700.00 |
| Closing balance | 3,318.33 | 2,418.33 |
| Share based payments reserves | | |
| Balance as per last financial statements | - | - |
| Add: Share based payments expense (refer note 47) | 50.22 | - |
| Closing balance | 50.22 | - |
| Surplus in the statement of profit & loss | | |
| Balance as per last financial statements | 1,723.59 | 1,245.97 |
| Add: Profit for the year | 1,337.94 | 1,384.83 |
| Less: OCI - Re-measurement loss on defined benefit obligation (net of tax) | (8.85) | (5.20) |
| Less: Net change in fair value of Hedging instrument | (2.44) | - |
| Less: Appropriations | | |
| Interim dividend [₹ 0.70 (March 31, 2018: ₹ 0.60) per share] | (97.91) | (83.92) |
| Final dividend [March 31, 2018: ₹ 0.80 (March 31, 2017 : ₹ 0.60) per share] | (111.90) | (83.92) |
| Dividend distribution tax | (43.13) | (34.17) |
| Transfer to general reserve | (900.00) | (700.00) |
| Closing balance | 1,897.30 | 1,723.59 |
| Foreign currency translation reserve | | |
| Balance as per last financial statements | 106.57 | (22.41) |
| Add: Effect of foreign exchange rate variations during the year | 77.80 | 128.98 |
| Closing balance | 184.37 | 106.57 |
| Total | 7,610.86 | 6,409.13 |

Summary of other equity:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Capital reserve | 5.13 | 5.13 |
| Capital redemption reserve | 293.70 | 293.70 |
| Securities premium | 1,861.81 | 1,861.81 |
| General reserve | 3,318.33 | 2,418.33 |
| Share based payments reserves | 50.22 | - |
| Surplus in the statement of profit & loss | 1,897.30 | 1,723.59 |
| Foreign currency translation reserve | 184.37 | 106.57 |
| Total | 7,610.86 | 6,409.13 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Distribution made and proposed

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Cash dividends on equity shares declared and paid: | | |
| Interim dividend for the year ended March 31, 2019: ₹ 0.70 per share (March 31, 2018: ₹ 0.60 per share) | 97.91 | 83.92 |
| Final dividend for the year ended March 31, 2018: ₹ 0.80 per share (March 31, 2017: ₹ 0.60 per share) | 111.90 | 83.92 |
| Dividend distribution tax | 43.13 | 34.17 |
| | 252.94 | 202.01 |
| Proposed dividends on equity shares: | | |
| Final dividend for the year ended on March 31, 2019: ₹ 0.85 per share (March 31, 2018: ₹ 0.80 per share) | 118.89 | 111.90 |
| Dividend distribution tax | 24.44 | 22.78 |
| | 143.33 | 134.68 |

Proposed dividend on equity shares are subject to approval by shareholders at the Annual General Meeting and hence not recognised as a liability (including dividend distribution tax thereon) as at March 31, 2019 and March 31, 2018.

Nature and purpose of reserves

17.1 Capital reserve

The Group recognised capital subsidy received (₹ 4.58 Million) prior to April 1, 2017 along with profit on forfeiture of the Company's own equity instruments (₹ 0.55 Million) to capital reserve.

17.2 Capital redemption reserve

The Group recognised capital redemption reserve on redemption of Preference shares of erstwhile Phoenix Lamps Limited and upon merger of Phoenix Lamps Limited with the Company, the balances have been brought as such to the Company.

17.3 Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

17.4 General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

17.5 Share based payments reserves

Share based payments reserves represents employee share based expense recognised in fair valuation of option expenses on ESAR.

17.6 Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

18 Borrowings

(Carried at amortized cost)

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Secured | | |
| Term loans | | |
| from banks (refer note [i] below) | 1,274.04 | 1,469.55 |
| from a financial institution (refer note [ii] below) | 144.75 | 238.49 |
| finance lease obligation (refer note [iii] below) | - | 0.70 |
| from banks - External Commercial Borrowing (ECB) (refer note [iv] below) | 194.26 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Unsecured | | |
| Public deposits (refer note [v] below) | | |
| from related parties | - | 2.00 |
| from other than related parties | - | 2.15 |
| | 1,613.05 | 1,712.89 |
| Less: Current maturities of (refer note 20): | | |
| Secured term loans other than finance lease obligation | (639.25) | (635.93) |
| Unsecured public deposits | - | (0.60) |
| Finance lease obligations | - | (0.33) |
| Total | 973.80 | 1,076.03 |
| Current | | |
| Secured (refer note [vi] below) | | |
| Loans repayable on demand | | |
| Working capital loan from banks and financial institutions | 1,898.70 | 1,562.32 |
| Unsecured (refer note [vii] below) | | |
| Working capital loan from banks and financial institutions | 108.90 | 179.40 |
| Total | 2,007.60 | 1,741.72 |

(i) Term loan from bank consists of:

- Indian rupee term loan of ₹ Nil (March 31, 2018: ₹ 7.00 Million), which carried floating interest rate of 1.15% above Marginal Cost of funds based Lending Rate (MCLR) p.a. and was repayable in quarterly installments ranging from ₹ 4.50 Million to ₹ 10.00 Million each. The loan was due for repayment in full by June 30, 2018. The loan was secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets of the Company.
 - Indian rupee term loan of ₹ 83.33 Million (March 31, 2018: ₹ 194.45 Million), for which interest would be charged at agreed rate over and above MCLR and is repayable in 4 quarterly installments of ₹ 13.90 Million each, after a moratorium of nine months from the date of disbursement of loan, the loan is due for repayment in full by January, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets.
 - Indian rupee term loan of ₹ Nil (March 31, 2018: ₹ 48.53 Million) carried floating interest rate of 10.25% to 11.25% p.a. and was repayable in 15 quarterly installments of ₹ 4.40 Million each beginning from May 5, 2017. The loan was repaid in full by November 20, 2018. The loan was secured by exclusive charge on the plant and equipment purchased from the said term loan located at Plot no. 59A to F, Noida Special Economic Zone, Noida and second pari passu charge on all present and future movable and immovable fixed assets at various locations of the Company.
 - USD 13.75 Million (₹ 951.11 Million) (March 31, 2018: USD 18.75 Million [₹ 1,219.57 Million]), borrowed by Suprajit USA Inc., during the year ended March 31, 2017 towards acquisition of Wescon Controls LLC, USA, the principle loan borrowed was USD 25 Million (₹ 1,683.25 Million), the term loan carried interest at Libor plus 2.30% (March 31, 2018: Libor plus 2.30% p.a.), the loan is repayable on quarterly installments starting from December 31, 2017, the loan is due for repayment in full by September 30, 2021. The loan is collateralised by substantially all of the assets of the Suprajit USA Inc. and is guaranteed by the Company. Suprajit USA Inc. has entered into a interest swap agreement to mitigate the risk of floating rate. Suprajit USA Inc. pays the fixed rate of interest to a private company.
 - Foreign currency term loan in Suprajit Automotive Private Limited (SAPL) of EURO 3.03 Million (₹ 239 Million) (March 31, 2018: ₹ Nil) carries fixed interest rate of 2.20% and is repayable in 16 quarterly installments of EURO 0.19 Million, the loan repayment starts from November 29, 2019. The loan is secured by pari-passu charge on the present and future current assets including stocks and receivables of SAPL and first exclusive charge by way of equitable mortgage of property located at 25 & 26-A (part), KIADB industrial area, Veerapura Village, Doddaballapur, Bengaluru - 561 203 belonging to SAPL, to mitigate the risk of the floating rate, SAPL has entered into interest rate swap agreement with bank.
- (ii) Term loan from financial institution represents Indian rupee loan which carries a floating interest rate linked to Bajaj Finance Limited base rate. The loan is repayable in 15 quarterly installments ranging from ₹ 2.78 Million to ₹ 9.52 Million each, loan is due for repayment in full by November, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets with minimum fixed assets coverage ratio.
- (iii) Finance lease in Trifa Lamps, Germany GmbH obligations consisted of car finance loan of ₹ Nil (March 31, 2018: ₹ 0.70 Million), which carried interest rate @ 2.90% p.a and was repayable in five equal monthly installment of ₹ 0.03 Million each. The loan was due for repayment in full by August 6, 2018 and accordingly repaid during the year. The loan is secured by hypothecation of vehicle purchased out of the proceeds of the such loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- (iv) External commercial borrowing is the term loan of EURO 2.5 Million (₹ 194.26 Million) (March 31, 2018: ₹ Nil) which carries fixed interest rate of 1.75% and is repayable by the Company in 16 quarterly installments of EURO 0.16 Million, the loan repayment starts from May 20, 2020. The loan is secured by pari-passu first charge on the entire movable fixed assets, equitable mortgage of land and buildings and second charge on entire current assets of the Company.
- (v) Public deposits were unsecured deposits that carried an interest rate of 8.00% p.a (March 31, 2018: 8.00% p.a), payable either quarterly, half-yearly or on maturity. These deposits were repayable over the agreed term of two years from the date of receipt. During the year ended March 31, 2019, the Company had repaid these deposits. Further, the Company has maintained margin money deposit of ₹ Nil (March 31, 2018: ₹ 1.00 Million) with the banks towards such deposits as per the requirement of the Act.
- (vi) **Current secured borrowings consists of:**
- Working capital loans availed from banks by the Company and SAPL are secured by current and future current assets. These facilities are also collaterally secured by pari-passu charge on entire property, plant and equipment (except certain plant and equipment on which exclusive charge has been created towards term loans) and equitable mortgage of the properties located at Bengaluru, Doddabalapur and Noida. Working capital demand loan, cash credit and overdraft is repayable on demand. These facilities carry interest in the range of 8% to 12.9% p.a. (March 31, 2018: 8.20% to 11.70% p.a.), such line of credit availed by Suprajit USA Inc., expiring in September, 2019 is collateralized by substantially all of the assets of that Suprajit USA Inc., and is guaranteed by the Company with interest varying with the LIBOR rate plus 2.75%, which was 5.25% on March 31, 2019 (March 31, 2018: 4.86%).
 - Packing credit loans from banks are taken for a term not exceeding 180 days and carry interest rate of 4% to 6%. (March 31, 2018: 4% to 6%)
 - Bill discounting facility in the Company is repayable over a term of 60 to 90 days with an fixed rate of interest 9.75% p.a. (March 31, 2018: 9.75% p.a.)
- (vii) Current unsecured borrowings consists of bill discounting facility in Luxlite Lamps SARL which represents the receivables assigned to a factoring firm that does not takeover the default risk.

19 Trade payables

(Carried at amortized cost)

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Trade payables | | |
| - Total outstanding dues of micro and small enterprises* | 58.08 | 44.86 |
| - Total outstanding dues of creditors other than micro and small enterprises | 1,693.15 | 1,779.35 |
| Total | 1,751.23 | 1,824.21 |

Terms and conditions of the above financial liabilities:

- Trade payables other than micro and small enterprises are non-interest bearing and are normally settled on 15-60 days terms.
- For explanations on the Group's liquidity risk management (refer note 46).

*The Group has amounts due to micro and small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2019 and March 31, 2018. The details in respect of such dues are as follows:

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Principal amount remaining unpaid to any supplier at the end of accounting year | 57.18 | 44.80 |
| Interest due thereon remaining unpaid to any supplier at the end of accounting year | 0.90 | 0.06 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act. | 0.84 | 0.06 |
| The amount of interest accrued and remaining unpaid at the end of accounting year | 0.90 | 0.06 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | 0.90 | 0.06 |

The information given above has been determined to the extent such parties have been identified on the basis of information available with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

20 Other financial liabilities

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| <i>(Carried at amortized cost)</i> | | |
| Security deposits | 16.98 | 28.48 |
| Total | 16.98 | 28.48 |
| Current | | |
| <i>(Carried at amortized cost)</i> | | |
| Current maturities of long-term borrowings (refer note 18) | 639.25 | 635.93 |
| Current maturities of public deposits (refer note 18) | - | 0.60 |
| Current maturities of finance lease obligations (refer note 18) | - | 0.33 |
| Interest accrued but not due on borrowings | 13.70 | 13.14 |
| Capital creditors | 52.84 | 7.69 |
| Employee related liabilities | 154.31 | 117.84 |
| Payable to directors (refer note 43) | 39.73 | 30.34 |
| Security deposits | 0.07 | 0.45 |
| Unpaid dividend | 20.17 | 17.26 |
| Others | 1.23 | - |
| Total | 921.30 | 823.58 |

21 Provisions

| | ₹ in Million | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Non-current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 40(b)) | 56.17 | 43.89 |
| Others (including pension) | 12.74 | 12.15 |
| Total | 68.91 | 56.04 |
| Current | | |
| Provision for employee benefits | | |
| Gratuity (refer note 40(b)) | 9.31 | 9.55 |
| Compensated absences | 75.28 | 82.03 |
| Provision for warranties* | 17.40 | 3.20 |
| Total | 101.99 | 94.78 |

* A provision is recognized for expected warranty claims on products sold during the year, based on past experience level of repairs and returns. It is expected that the significant portion of these costs will be incurred within one year of the balance sheet date. Assumption used to calculate the provision for warranties are based on current sales level and current information available about warranty claims based on warranty period for all products sold.

22 Current tax liabilities (net)

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Current | | |
| Provision for income tax (net of advance tax and tax deducted at source)* | 118.62 | 155.32 |
| Total | 118.62 | 155.32 |

* represents tax payable for current year, provision for tax under litigations and tax liability arising on amortization of goodwill on business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

23 Deferred tax liabilities (net)

Deferred tax liabilities

| |
|--|
| Depreciation and amortization expense (Difference between tax depreciation and depreciation / amortization) |
| Fair valuation of financial instruments |
| On goodwill arising on business combination |

| ₹ in Million | |
|-------------------------|-------------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 338.45 | 316.35 |
| 102.89 | 26.79 |
| 318.37 | 298.74 |
| (A) 759.71 | 641.88 |

Deferred tax assets

| |
|--|
| Expenditure allowable for tax purposes when paid |
| Provision for doubtful debts and advances |
| Provision for employee benefits |
| On intercompany stock eliminations |
| Fair valuation of financial instruments |

| | |
|---------------------|---------------|
| 67.34 | 21.66 |
| 4.33 | 40.50 |
| 48.55 | 36.01 |
| 4.88 | 5.92 |
| - | 16.70 |
| (B) 125.10 | 120.79 |
| (A-B) 634.61 | 521.09 |

Net deferred tax liabilities

24 Other liabilities

Non-current

| |
|--------------------|
| Government grants* |
| Others |

Total

Current

| |
|-------------------------|
| Advances from customers |
| Government grants* |
| Unearned income |
| Statutory dues |
| Others |

Total

| ₹ in Million | |
|-------------------------|-------------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 14.83 | 15.19 |
| - | 18.92 |
| 14.83 | 34.11 |
| 13.10 | 5.38 |
| 8.79 | 9.45 |
| 12.74 | 19.01 |
| 74.51 | 75.61 |
| 2.52 | 4.67 |
| 111.66 | 114.12 |

* Government grants received includes grant received in nature of customs duty exemption on import of certain property, plant and equipment and deferred income on packing credit loans taken from banks at concessional rate of interest. There are no unfulfilled conditions or contingencies attached to these grants.

| |
|--|
| At the beginning of the year |
| Add: Received during the year |
| Less: Transferred to the consolidated statement of profit and loss (refer note 26) |
| Closing balance |

| ₹ in Million | |
|-------------------------|-------------------------|
| As at March 31, 2019 | As at March 31, 2018 |
| 24.64 | 16.83 |
| 57.55 | 26.48 |
| (58.57) | (18.67) |
| 23.62 | 24.64 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

25 Revenue from operations

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Sale of products (including excise duty)* | 15,814.51 | 14,495.43 |
| Sale of services (processing charges) | 5.77 | 6.06 |
| Other operating revenue | 78.72 | 44.67 |
| Total | 15,899.00 | 14,546.16 |

Refer note 42 for disaggregate revenue details based on customer geographical location.

* Revenue from operations includes excise duty collected from customers of ₹ Nil (March 31, 2018: ₹ 235.56 Million). Revenue from operations net of excise duty is ₹ 15,899.00 Million (March 31, 2018: ₹ 14,310.60 Million).

Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Services Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2019 is not comparable with March 31, 2018.

26 Other income

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest income on | | |
| Bank deposits | 0.10 | 0.39 |
| Income tax refund | - | 48.30 |
| Others | 1.98 | 1.49 |
| Profit on sale of current investment (net) | 2.43 | - |
| Liabilities no longer required written back | 0.31 | 1.65 |
| Gain on investments carried at fair value through profit or loss | 115.89 | 78.33 |
| Government grant income | 58.57 | 18.67 |
| Exchange differences (net)* | 179.22 | 44.65 |
| Other non-operating income | 21.45 | 18.80 |
| Total | 379.95 | 212.28 |

*Includes mark to market gain/(loss) on foreign currency forward contracts.

27 Cost of materials consumed

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Inventories at the beginning of the year | 1,394.37 | 1,051.19 |
| Add: Purchases | 8,938.64 | 7,762.63 |
| Less: Inventories at the end of the year | (1,531.77) | (1,394.37) |
| Cost of materials consumed | 8,801.24 | 7,419.45 |

28 Purchases of stock-in-trade

| | ₹ in Million | |
|---------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Auto lamps | 581.85 | 509.78 |
| Stop and tail lamps | 14.88 | 14.03 |
| Others | 12.24 | 3.14 |
| Total | 608.97 | 526.95 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

29 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Inventories at the end of the year | | |
| Finished goods | 835.08 | 572.44 |
| Stock-in-trade | 279.78 | 296.68 |
| Work-in-progress | 173.36 | 145.84 |
| Total | (A) 1,288.22 | 1,014.96 |
| Inventories at the beginning of the year | | |
| Finished Goods | 572.44 | 707.09 |
| Stock-in-trade | 296.68 | 167.83 |
| Work in progress | 145.84 | 129.30 |
| Currency Fluctuation arising on consolidation | 11.22 | 71.08 |
| Total | (B) 1,026.18 | 1,075.30 |
| Net change in inventories of finished goods, work-in-progress and stock-in-trade | (B-A) (262.04) | 60.34 |

30 Employee benefits expense

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Salaries, wages and bonus | 2,578.07 | 2,189.66 |
| Contribution to provident and other funds (refer note 40) | 334.62 | 290.23 |
| Employee share based payments (refer note 47) | 50.22 | - |
| Staff welfare expenses | 73.87 | 87.65 |
| Total | 3,036.78 | 2,567.54 |

31 Finance cost

| | ₹ in Million | |
|-----------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Interest expense on | | |
| Borrowings | 236.53 | 239.36 |
| Others | 6.15 | 25.16 |
| Loan processing and other charges | 2.86 | 6.53 |
| Total | 245.54 | 271.05 |

32 Depreciation and amortization expense

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Depreciation of property, plant and equipment (refer note 3) | 307.93 | 278.27 |
| Amortization of intangible assets (refer note 5) | 102.04 | 94.21 |
| Total | 409.97 | 372.48 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

33 Other expenses

| | ₹ in Million | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Decrease of excise duty on inventory | - | (12.25) |
| Power and fuel | 248.25 | 230.22 |
| Labour charges | 5.06 | 80.99 |
| Rent | 94.20 | 90.33 |
| Repairs and maintenance | | |
| Buildings | 24.44 | 19.37 |
| Machinery | 84.61 | 79.19 |
| Others | 107.76 | 76.69 |
| Insurance | 43.20 | 39.86 |
| Rates and taxes | 25.65 | 35.55 |
| Travelling and conveyance | 115.30 | 107.23 |
| Legal and professional fees | 77.83 | 60.23 |
| Payment to auditors | 17.43 | 24.32 |
| Freight and forwarding charges | 303.26 | 270.44 |
| Advertisement and sales promotion | 36.65 | 26.89 |
| Sales commission | 47.75 | 35.08 |
| Directors' sitting fees and commission | 2.72 | 2.34 |
| Allowance for doubtful receivables (net) | 2.77 | (1.73) |
| Printing and stationery | 13.46 | 14.11 |
| Security expenses | 30.19 | 29.85 |
| Communication expenses | 20.27 | 18.62 |
| Loss on disposal of property, plant and equipment (net) | 2.01 | 6.21 |
| Research and development expenses | 2.75 | 5.29 |
| CSR expenditure (refer note (i) below) | 28.23 | 23.79 |
| Miscellaneous expenses | 52.49 | 108.22 |
| Total | 1,386.28 | 1,370.84 |

(i) Details of CSR expenditure

As per Section 135 of the Company's Act, 2013, a Corporate Social Responsibility ('CSR') committee has been formed by the Holding Company. The primary function of the Committee is to assist the Board of Directors in formulating the CSR policy and review the implementation and progress of the same from time to time. The Company has formed Suprajit Foundation to carry out the CSR activities on behalf of Group. Suprajit Foundation is engaged in the activities of eradication of hunger, malnutrition, promoting education and healthcare.

Disclosures in accordance with Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities

| | ₹ in Million | |
|--|------------------------------|------------------------------|
| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
| a) Gross amount required to be spent by the Group during the year. | 27.64 | 23.44 |
| Total | 27.64 | 23.44 |

b) Amount spent during the year ended March 31, 2019:

| | In cash | Yet to be paid in cash | Total |
|--|---------|------------------------|-------|
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purposes other than (i) above | 28.23 | - | 28.23 |

c) Amount spent during the year ended March 31, 2018:

| | In cash | Yet to be paid in cash | Total |
|--|---------|------------------------|-------|
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purposes other than (i) above | 23.79 | - | 23.79 |

d) Refer note 43(b) for details of contribution to trust controlled by the Group in relation with CSR expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

34 Tax expense (net)

Income tax expense in the consolidated statement of profit and loss consist of the following:

₹ in Million

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Current tax | 650.95 | 646.21 |
| Deferred tax charge/ (credit) | 82.25 | (125.81) |
| Current tax relating to earlier periods | (18.93) | 29.00 |
| Total | 714.27 | 549.40 |

Reconciliation of tax to the amount computed by applying the statutory income tax rate to the income before tax is summarized below:

₹ in Million

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Profit/ (loss) before tax expense | 2,052.21 | 1,934.23 |
| Applicable tax rates in India | 34.94% | 34.61% |
| Computed tax charge | (A) 717.04 | 669.44 |
| Components of tax expense | | |
| Tax effect of exempt income | (26.59) | (8.74) |
| Current tax relating to earlier periods | (18.93) | 29.00 |
| Adjustment of deferred taxes for enacted changes in tax laws in United States. | - | (127.84) |
| Others (includes tax effect on differential domestic/ overseas tax rate) | 42.75 | (12.46) |
| Total adjustments | (B) (2.77) | (120.04) |
| Total tax expense | (A+B) 714.27 | 549.40 |

35 Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Holding 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.

Computation of basic and diluted EPS:

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| Nominal value per equity share (₹ per share) | 1 | 1 |
| Profit attributable to equity shareholders (₹ in Million) | 1,337.94 | 1,384.83 |
| Weighted average number of equity shares (No. in Million)* | 139.87 | 139.87 |
| Earnings per share basic and diluted (₹ per share)** | 9.57 | 9.90 |

* There are no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

** Employee stock appreciation rights outstanding as at March 31, 2019 are anti-dilutive and accordingly have not been considered for the purpose of computing dilutive EPS for the year ended March 31, 2019.

36 Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

| Name | Principal activities | Country of incorporation | % equity interest | |
|--|-----------------------|-----------------------------|------------------------------|------------------------------|
| | | | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Suprajit Automotive Pvt Ltd | Automotive Cables | India | 100.00 | 100.00 |
| Suprajit Europe Ltd | Automotive Cables | United Kingdom | 100.00 | 100.00 |
| Trifa Lamps Germany, GmbH, | Automotive Lamps | Germany | 100.00 | 100.00 |
| Luxlite Lamps SARL, | Automotive Lamps | Luxembourg | 100.00 | 100.00 |
| Suprajit USA Inc., | Automotive Components | USA | 100.00 | 100.00 |
| Wescon Controls LLC (Subsidiary of Suprajit USA Inc.) | Automotive Components | USA | 100.00 | 100.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

37 Commitments

(a) Operating leases

The Group is obligated under non-cancellable operating lease for factory, warehouse, office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year under non-cancellable operating leases amounted to ₹ 57.42 Million (March 31, 2018: ₹ 54.72 Million).

Future minimum lease payments under non-cancellable operating leases are as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Within one year | 50.47 | 47.75 |
| After one year but not more than five years | 37.91 | 67.88 |
| More than five years | 16.25 | 19.62 |

The above does not include leasehold land taken by the Group for which the upfront lease premium has been paid in earlier years. (Refer note 15).

The Group leases factory, warehouse, office and residential space under cancellable operating lease agreements. The Group intends to renew such leases in the normal course of its business. Total rental expense for the year under cancellable operating leases amounted to ₹ 36.78 Million (March 31, 2018: ₹ 35.61 Million).

(b) Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for certain items of plant and equipments. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Minimum lease payments under hire purchase is as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Within one year | 1.02 | 0.59 |
| After one year but not more than five years | 1.78 | 1.00 |

- (c) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 173.47 Million (March 31, 2018 : ₹ 12.07 Million).

38 Contingent liabilities

(a) Claims against Group not acknowledge as debts*

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Income tax demands** | 2.44 | 1.69 |
| Value Added Tax/Central Sales Tax demands | 2.17 | 65.35 |
| Excise duty/service tax demand | 14.53 | 8.46 |
| Suspension period wages | 6.80 | 5.35 |
| (A) | 25.94 | 80.85 |

(b) Others

| | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Bonds executed in favour of customs authority | 15.00 | 15.00 |
| Bank guarantees (furnished to tax authorities) | 0.80 | 0.75 |
| Others | 4.90 | - |
| (B) | 20.70 | 15.75 |
| Total | (A+B) 46.64 | 96.60 |

*These demands are disputed by the Group and the Group has filed appeals against these orders with various appellate authorities. The management is confident that the demands raised by the Officers of the respective departments are not tenable under the respective statutory provisions. Pending outcome of the aforesaid matters under litigation, no provision has been made in the books of account towards these demands. The Group does not expect any material adverse effect in respect of the above contingent liabilities.

** Net of tax provision made for pending litigations.

- (c) The Group does not have any commitments as at balance sheet date except as disclosed in note 37.

- (d) The Hon'ble Supreme Court (SC) of India in a judgment on Provident Fund (PF) dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. The Group determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the SC judgment on PF dated February 28, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

- 39 The Group Companies has entered into 'International transactions' with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India, as well as in the other geographies. The Group is in the process of carrying out transfer pricing study for the year ended March 31, 2019 in this regard, to comply with the requirements of the Income Tax Act, 1961 and other applicable laws in other countries. The Management of the Group, is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the consolidated Ind AS financial statements, particularly on account of tax expense and that of provision for taxation.

40 Employee benefit plans

(a) Defined contribution plans

The Group makes contributions to Provident Fund, Employee State Insurance scheme, 401(k) plan and other Social Security Schemes which are defined contribution plan for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Group has recognised the following amounts towards the defined contribution plans in the consolidated statement of profit and loss:

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Employers contribution to Provident Fund | 45.08 | 83.30 |
| Employers contribution to Employee State Insurance | 13.09 | 13.06 |
| Employers contribution to 401(k) plan | 30.61 | 26.60 |

(b) Defined benefit plans

Gratuity

The Group offers Gratuity benefits to employees, a defined benefit plan, Gratuity plan is governed by the Payment of Gratuity Act, 1972. Under gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the Balance Sheet.

Disclosure as per Ind AS 19

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| A Change in defined benefit obligation | | |
| Obligations at beginning of the year | 155.46 | 132.53 |
| Service cost | 13.64 | 11.41 |
| Interest cost | 11.90 | 9.84 |
| Transfer in | 1.10 | - |
| Transfer out | (1.10) | - |
| Benefits settled | (4.03) | (7.13) |
| Actuarial loss (through OCI) | 12.21 | 8.81 |
| Obligations at end of the year | 189.18 | 155.46 |
| B Change in plan assets | | |
| Plan assets at beginning of the year, at fair value | 102.02 | 36.69 |
| Expected return on plan assets | 8.47 | 5.16 |
| Contributions | 18.49 | 66.44 |
| Benefits settled | (4.03) | (7.13) |
| Actuarial gain/ (loss) (through OCI) | (1.25) | 0.86 |
| Plan assets at the end of the year | 123.70 | 102.02 |
| Present value of defined benefit obligation at the end of the year | (189.18) | (155.46) |
| Fair value of plan assets at the end of the year | 123.70 | 102.02 |
| C Net liability recognised in the consolidated balance sheet | (65.48) | (53.44) |
| D Expenses recognised in the consolidated statement of profit and loss: | | |
| Service cost | 13.64 | 11.41 |
| Interest cost | 11.90 | 9.84 |
| Expected return on plan assets | (8.47) | (5.16) |
| Net gratuity cost | 17.07 | 16.09 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | | ₹ in Million | |
|---|--|--|-------------------------|
| | | As at March 31, 2019 | As at March 31, 2018 |
| E Re-measurement (gain) / loss in OCI | | | |
| Actuarial (gain) / loss due to demographic assumption changes in Defined Benefit Obligation (DBO) | 4.04 | - | |
| Actuarial (gain) / loss due to financial assumption changes in DBO | (2.09) | (4.68) | |
| Actuarial (gain)/ loss due to experience on DBO | 10.26 | 13.50 | |
| Return on plan assets (greater) / less than discount rate | 1.25 | (0.86) | |
| Total expenses recognised through OCI | 13.46 | 7.96 | |
| F Actual return on plan assets | 7.22 | 6.02 | |
| G Assumptions | | | |
| Discount rate | 7.75% | 7.63% | |
| Estimated rate of return on plan assets | 7.75% | 7.63% | |
| Salary increase rate (refer note (i)) | 10.00% | 10.00% | |
| Attrition Rate | 9.73% | 6.00% | |
| Retirement age | 58 years | 58 years | |
| Mortality table | Indian Assured Lives Mortality(2006-08) Ult. | Indian Assured Lives Mortality(2006-08) Ult. | |
| | | ₹ in Million | |
| | | As at March 31, 2019 | As at March 31, 2018 |
| H Pay-outs to the Plan Assets | | | |
| Within one year | 9.31 | 9.55 | |
| After one year but not more than five years | 45.94 | 35.80 | |
| After five years | 68.43 | 56.49 | |
| | 123.69 | 101.84 | |
| I The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: | | | |
| Investment with insurer | 100% | 100% | |

J A quantitative sensitivity analysis for significant assumption is as below (refer note K (ii) below)

| | ₹ in Million | | | |
|---|---------------------------|-------------|---------------------------|-------------|
| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Effect of change in discount rate | (14.64) | 17.15 | (11.82) | 13.85 |
| Effect of change in salary | 16.46 | (14.33) | 13.06 | (11.39) |
| Effect of change in withdrawal assumption | (3.42) | 3.93 | (2.71) | 3.11 |

K Notes

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.
- The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.
- The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.31 to 17.95 years (March 31, 2018: 12.62 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

41 Business Combination

Amalgamation of Phoenix Lamps Limited

The scheme of amalgamation of Phoenix Lamps Limited, an erstwhile subsidiary of the Company with Suprajit Engineering Limited with the appointed date as April 1, 2016 was approved by the National Company Law Tribunal (NCLT) vide order dated August 17, 2017 and upon necessary filing with the Registrar of Companies, the scheme had become effective on September 13, 2017. In consideration for aforesaid amalgamation, the Company issued and allotted 8,533,699 equity shares of ₹ 1/- (Rupee one only) each, amounting to ₹ 8.53 Million, to the minority shareholders of erstwhile Phoenix Lamps Limited on September 14, 2017 based on share exchange ratio of 4:5 as per the scheme of amalgamation.

42 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Holding Company assesses the financial performance and position of the Group. The Chief Executive Officer has been identified as the chief operating decision maker.

The Group has identified a single business segment being manufacturing and selling of automotive and other components. This being a single segment no additional segment disclosure has been made for the business segment.

The Group's operations are categorized geographically as (a) India (b) United States of Americas ('USA') (c) Rest of the world. 'Rest of the world' primarily comprises the Group's operations in the 'United Kingdom', 'Germany' and 'Luxembourg'. Customer relationships are driven based on customer domicile.

Segment revenue by geographical location are as follows:*

| Region | ₹ in Million | |
|--------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Revenue from operations | | |
| India | 9,365.67 | 8,233.69 |
| USA | 3,384.26 | 3,021.86 |
| Rest of the World | 3,149.07 | 3,290.61 |
| | 15,899.00 | 14,546.16 |

* Revenue by geographic area are based on the geographical location of the customer.

No customer individually accounted for more than 10% of the total revenue of the group during the years ended March 31, 2019 and March 31, 2018.

Non-current operating assets by geographical location are as follows:**

| Region | ₹ in Million | |
|-------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| India | 2,821.25 | 2,557.00 |
| USA | 2,722.48 | 2,647.57 |
| Rest of the World | 261.21 | 268.57 |
| | 5,804.94 | 5,473.14 |

** Non-current operating assets includes Property, plant and equipment, Capital work in progress, Goodwill, Other intangible assets and Intangible assets under development.

43 Related party transactions

A Related parties under Ind AS 24 and Companies Act, 2013

Key Management Personnel (KMP) of the Group

Mr. K Ajith Kumar Rai

Chairman and Managing Director upto March 31, 2019.
(Chairman w.e.f. April 01, 2019)

Mr. Mohan Srinivasan Nagamangala

Director and Chief Executive Officer upto March 31, 2019.
(Managing Director & Group Chief Executive Officer w.e.f. April 01, 2019)

Mr. Mohan Chelliah

Executive director upto March 11, 2017

Mr. Medappa Gowda J

Chief Financial Officer and Company Secretary

Mr. Peter Greensmith

Managing Director of Suprajit Europe Ltd.

Ms. Mary Gentzsch

Managing Director of Trifa Lamps Germany, GmbH (upto December 31, 2018)

Mr. Frank Klinkert

Managing Director of Luxlite Lamps SARL, Luxembourg
(Managing Director w.e.f. January 1, 2019 for Trifa Lamps)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | |
|----------------------------|--|
| Mr. Mike Bright | CEO & President of Wescon Controls LLC (upto November 1, 2018) |
| Mr. Steve Fricker | President & CFO of Wescon Controls LLC (President w.e.f. January 11, 2019) |
| Mrs. Dr. Supriya A Rai | Non-Executive Director |
| Mr. Diwakar S Shetty | Independent Director (upto March 31, 2019) |
| Mr. B.S. Patil, IAS (Retd) | Independent Director |
| Mr. Suresh Shetty | Independent Director |
| Mr. M Jayarama Shetty | Independent Director (upto March 31, 2019) |
| Mr. Ian Williamson | Independent Director |
| Mrs. Sunita Mathur | Independent Director (upto September 13, 2017) |
| Mrs. Bharathi Rao | Independent Director (w.e.f. April 01, 2019) |
| Mr. M. Lakshminarayan | Independent Director (w.e.f. April 01, 2019) |

Relatives of KMP

| |
|----------------------|
| Mr. Akhilesh Rai |
| Mr. Ashutosh Rai |
| Mr. Manjunath Rai K |
| Mrs. Hemavathi M Rai |
| Mr. Ashok Kumar Rai |

Enterprises in which directors/shareholders have significant influence

Suprajit Foundation

B Details of transactions with key management personnel:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Salary and perquisites:* | | |
| KMP | | |
| Mr. K Ajith Kumar Rai | 52.78 | 46.45 |
| Mr. Mohan Srinivasan Nagamangala | 17.77 | 14.40 |
| Mr. Medappa Gowda J | 7.56 | 6.55 |
| Mr. Peter Greensmith | 9.69 | 10.30 |
| Ms. Mary Gentzsch | 12.20 | 12.06 |
| Mr. Frank Klinkert | 17.35 | 15.77 |
| Mr. Mike Bright | 16.44 | 19.90 |
| Mr. Steve Fricker | 23.63 | 15.68 |
| Relatives of KMP | | |
| Mr. Akhilesh Rai | 3.02 | 0.04 |
| Mr. Ashutosh Rai | 1.82 | 1.01 |
| | 162.26 | 142.16 |
| Independent Directors remuneration | | |
| Mr. B.S.Patil | 0.67 | 0.56 |
| Mr. Diwakar S.Shetty | 0.67 | 0.57 |
| Mr. M Jayarama Shetty | 0.73 | 0.60 |
| Mrs. Sunita Mathur | - | 0.01 |
| Mr. Suresh Shetty | 0.66 | 0.60 |
| | 2.73 | 2.34 |

*As the liabilities for gratuity and compensated absences are provided on an actuarial basis for the Group as a whole, the amount pertaining to the KMP and relatives of KMP is not ascertainable and, therefore, not included above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Dividend Paid | | |
| KMP | | |
| Mr. K Ajith Kumar Rai | 66.44 | 53.12 |
| Mr. Mohan Srinivasan Nagamangala | 0.01 | 0.01 |
| Mr. Medappa Gowda J [^] | - | - |
| Mrs. Supriya Rai | 21.52 | 17.22 |
| Mr. Diwakar S. Shetty | 0.03 | 0.02 |
| Mr. Suresh Shetty | 1.14 | 0.92 |
| Mr. M Jayarama Shetty | 0.56 | 0.45 |
| Relatives of KMP | | |
| Mr. Akhilesh Rai | 1.80 | 1.44 |
| Mr. Ashutosh Rai | 1.80 | 1.44 |
| | 93.30 | 74.62 |
| ^ Rounded off | | |
| Reimbursements of expenses to | | |
| KMP | | |
| Mr. K Ajith Kumar Rai | 1.64 | 2.16 |
| Mr. Mohan Srinivasan Nagamangala | 0.65 | 1.18 |
| Mr. Medappa Gowda J | 0.18 | 0.62 |
| Mr. Mike Bright | 0.79 | - |
| Mr. Steve Fricker | 0.91 | - |
| Relatives of KMP | | |
| Mr. Akhilesh Rai | 0.13 | - |
| Mr. Ashutosh Rai | 0.15 | 0.46 |
| | 4.45 | 4.42 |
| Interest paid on Deposit | | |
| KMP | | |
| Mr. Mohan Chelliah | - | 0.07 |
| Relatives of KMP | | |
| Mr. Manjunath Rai K | - | 0.03 |
| Mrs. Hemavathi M Rai | - | 0.13 |
| Mr. Ashok Kumar Rai | 0.07 | 0.18 |
| | 0.07 | 0.41 |
| Deposits accepted | | |
| Relatives of KMP | | |
| Mr. Ashok Kumar Rai | - | 1.00 |
| | - | 1.00 |
| Deposits repaid | | |
| KMP | | |
| Mr. Mohan Chelliah | - | 1.00 |
| Relatives of KMP | | |
| Mr. Manjunath Rai K | - | 1.00 |
| Mrs. Hemavathi M Rai | - | 1.00 |
| Mr. Ashok Kumar Rai | 2.00 | - |
| | 2.00 | 3.00 |
| CSR expenditure | | |
| Suprajit Foundation | 28.23 | 23.79 |
| | 28.23 | 23.79 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

C Balances outstanding as at year end:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Deposits payable | | |
| Relatives of KMP | | |
| Mr. Ashok Kumar Rai | - | 2.00 |
| | - | 2.00 |
| Interest accrued but not due on deposits | | |
| Relatives of KMP | | |
| Mr. Ashok Kumar Rai | - | 0.04 |
| | - | 0.04 |
| Payable to KMP | | |
| Mr. K Ajith Kumar Rai | 33.32 | 28.34 |
| Mr. Mohan Srinivasan Nagamangala | 4.40 | 3.97 |
| Mr. Medappa Gowda J | 1.88 | 1.65 |
| Mr. Frank Klinkert | 0.30 | - |
| Mr. Diwakar S Shetty | 0.50 | 0.50 |
| Mr. B.S. Patil, IAS (Retd) | 0.50 | 0.50 |
| Mr. Suresh Shetty | 0.50 | 0.50 |
| Mr. M Jayarama Shetty | 0.50 | 0.50 |
| Relatives of KMP | | |
| Mr. Ashuthosh Rai | 0.12 | 0.08 |
| | 42.0 | 36.04 |

44 (i) Fair value

The carrying value of financial instruments by categories is as follows:

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Financial assets measured at amortized cost | | |
| Trade receivables* | 2,915.65 | 2,890.09 |
| Security deposits | 45.95 | 42.71 |
| Advances to employees* | 6.41 | 5.54 |
| Interest receivable on bank deposit and others* | 2.49 | 1.63 |
| Financial assets measured at fair value through profit and loss | | |
| Investment in mutual funds | 1,719.87 | 1,303.99 |
| Foreign currency forward contracts | 112.50 | 3.33 |
| Interest rate swap | - | 2.59 |
| Financial assets measured at fair value through comprehensive income | | |
| Interest rate swap | (0.31) | - |
| | 4,802.56 | 4,249.88 |
| Cash and cash equivalents and other balances with banks | | |
| Cash on hand | 3.30 | 1.52 |
| Balance with banks on current accounts | 381.06 | 280.17 |
| Balance with banks on EEFC accounts | 57.93 | 19.78 |
| Balance with banks on deposit accounts | 8.76 | 4.89 |
| Earmarked balances with banks being unpaid dividend accounts | 20.17 | 17.26 |
| | 471.22 | 323.62 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| | ₹ in Million | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Financial liabilities measured at amortized cost* | | |
| Borrowings | 3,620.65 | 3,454.61 |
| Trade payables | 1,751.23 | 1,824.21 |
| Employee related liabilities | 154.31 | 117.84 |
| Interest accrued but not due on borrowings | 13.70 | 13.14 |
| Capital creditors | 52.84 | 7.69 |
| Payable to directors | 39.73 | 30.34 |
| Security deposits | 17.05 | 28.93 |
| Unpaid dividend | 20.17 | 17.26 |
| Others | 1.23 | - |
| | 5,670.91 | 5,494.02 |

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature.

These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value.

44 (ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

| | ₹ in Million | | | |
|---|-----------------|---------------|----------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| March 31, 2019 | | | | |
| Financial assets and liabilities measured at fair values | | | | |
| Financial assets measured at fair value through profit and loss | | | | |
| Investment in mutual funds | 1,719.87 | - | - | 1,719.87 |
| Foreign currency forward contracts | 112.50 | - | - | 112.50 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Interest rate swap | - | (0.31) | - | (0.31) |
| Total financial assets measured at fair value | 1,832.37 | (0.31) | - | 1,832.06 |
| Financial liabilities measured at fair value through profit and loss | | | | |
| Provision for MTM losses on foreign currency forward contract | - | - | - | - |
| Total financial liabilities measured at fair value | - | - | - | - |
| March 31, 2018 | | | | |
| Financial assets and liabilities measured at fair values | | | | |
| Financial assets measured at fair value through profit and loss | | | | |
| Investment in mutual funds | 1,303.99 | - | - | 1,303.99 |
| Foreign currency forward contracts | 3.33 | - | - | 3.33 |
| Interest rate swap | - | 2.59 | - | 2.59 |
| Total financial assets measured at fair value | 1,307.32 | 2.59 | - | 1,309.91 |
| Financial liabilities measured at fair value through profit and loss | | | | |
| Provision for MTM losses on foreign currency forward contract | - | - | - | - |
| Total financial liabilities measured at fair value | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

44 (iii) Valuation technique used to determine fair value

- The Group enters into derivative forward financial contracts with financial institutions in nature of foreign currency forward contracts which are valued using mark to market valuation provided by financial institutions. The valuation includes foreign currency exchange rates in the active markets. Hence, the valuation is considered Level 1 by the management.
- The Group enters into derivative forward financial contracts with financial institutions in nature of interest rate swap, the fair value of which is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data, therefore, are classified with in Level 2 of the valuation hierarchy.
- The Group has investment in quoted mutual funds these investments other than investment in subsidiaries are carried at fair value through profit and loss using quoted prices in active markets and accordingly classified with in Level 1 of the valuation hierarchy.

45 Capital management

The primary objective of the group capital management is to ensure that it maintains a strong credit rating and capital ratios in order to ensure sustained growth in the business and to maximise the shareholder value.

| | ₹ in Million | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| A. Total equity attributable to the share holders of the Company (Capital) | 7,750.73 | 6,549.00 |
| B. Borrowings | | |
| Non-current borrowings | 973.80 | 1,076.03 |
| Current borrowings | 2,007.60 | 1,741.72 |
| Current maturities of non-current borrowings | 639.25 | 635.93 |
| Current maturities of public deposits | - | 0.60 |
| Current maturities of finance lease obligations | - | 0.33 |
| Less: Cash and cash equivalents | (442.29) | (301.47) |
| Less: Current investments | (1,719.87) | (1,303.99) |
| Net debt | 1,458.49 | 1,849.15 |
| C. Total capital and net debt (A+B) | 9,209.22 | 8,398.15 |
| D. Gearing ratio (B/C) | 16% | 22% |

- The Group is predominantly equity financed as evident from the capital structure table above. Further the Group has sufficient cash and cash equivalents, current investments and financial assets which are liquid to meet the debts.
- In order to achieve this overall objective, the group capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowings in the current year.

46 Financial risk management

Objective and policies:

The Group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, fair value through profit and loss investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2019.

(i) (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to change in the market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings with floating interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

| | ₹ in Million | | | |
|-------------------------------------|------------------------------|-------------|------------------------------|-------------|
| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Effect of profit before tax expense | (36.38) | 36.38 | (34.84) | 34.84 |

(i) (b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exchange risk arises from its foreign operations, foreign currency revenues and expenses. The Group has exposures to United States Dollars ('USD'), Great Britain Pound ('GBP'), Euro ('EUR') and other currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and financing activities.

Group uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its trade receivables.

Below is the summary of unhedged foreign currency exposure of Group's financial assets and liabilities.

| | ₹ in Million | | | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Foreign currency amount | | Amount in ₹ | |
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Currency | | | | |
| Financial assets | | | | |
| USD | 2.58 | 3.03 | 176.06 | 194.19 |
| EUR | 1.42 | 1.04 | 109.04 | 83.39 |
| GBP | 0.15 | 0.43 | 13.60 | 38.67 |
| Total | | | 298.70 | 316.25 |
| Financial liabilities | | | | |
| USD | 1.78 | 0.91 | 124.26 | 59.35 |
| EUR | 5.93 | 1.19 | 465.05 | 96.06 |
| GBP | 0.12 | 0.04 | 10.89 | 4.07 |
| Others | 0.74 | 1.79 | 7.59 | 1.10 |
| Total | | | 607.77 | 160.58 |
| Net financial assets | | | (309.07) | 155.67 |

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these transactions are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Forward contracts outstanding are as below:

| | ₹ in Million | | | |
|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Foreign currency amount | | Amount in ₹ | |
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Currency | | | | |
| EUR* | 2.43 | 1.89 | 188.68 | 152.57 |
| GBP* | 0.85 | - | 76.90 | - |
| EUR** | 9.33 | 3.23 | 724.57 | 260.01 |
| GBP** | 3.60 | - | 325.71 | - |
| Total | | | 1,315.86 | 412.58 |

* towards foreign currency receivables

** towards highly probable foreign currency sales.

The above forward contracts are taken by Group companies for the receivables from intercompany transactions. For the purpose of consolidation intercompany balances are eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Sensitivity analysis

Every 1% appreciation or depreciation in the respective foreign currencies against functional currency of the each of the group entities would cause the profit before tax in proportion to revenue to increase or decrease respectively by 0.03% (March 31, 2018: 0.01%).

(i) (c) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of automotive cables & lamps and therefore require a continuous supply of below said products. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

The following table shows the effect of price changes in below said products:

₹ in Million

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|------------------------------------|------------------------------|-------------|------------------------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Impact on profit before tax | | | | |
| Steel wire | (21.25) | 21.25 | (15.68) | 15.68 |
| Cable components | (52.76) | 52.76 | (51.20) | 51.20 |
| Glass tube | (2.16) | 2.16 | (2.02) | 2.02 |
| Lamp components | (11.84) | 11.84 | (5.30) | 5.30 |

(ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions, investments, foreign exchange transactions and other financial instruments.

a. Trade receivables

Credit risk is managed by each business unit as per the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

b. Credit risk exposure

The Group's credit period generally ranges from 0-270 days. The credit risk exposure of the Group is as below:

₹ in Million

| | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Trade receivables | (A) 2,929.49 | 2,901.72 |
| Impairment allowance (allowance for bad and doubtful debts) | | |
| Balance as per last financial statements | 11.63 | 13.93 |
| Add: Charge for the year | 2.77 | (1.73) |
| Less: Utilised during the year | (0.52) | - |
| Add / Less: Exchange differences | (0.04) | (0.57) |
| Closing balance | (B) 13.84 | 11.63 |
| Total | (A-B) 2,915.65 | 2,890.09 |

The Group evaluates the concentration of risk with respect to trade receivables as low, since majority of its customers are reputed automobile companies and are spread across multiple geographies.

C. Financial instruments and cash deposits

Credit risk is limited, as the Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies. Investment primarily includes investment in liquid mutual fund units. Counterparty credit limits are reviewed by the Group periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(iii) Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents, investment in mutual funds and the cash flow that is generated from operations. The Group believes that the cash and cash equivalents is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The break-up of cash and cash equivalents and deposits is as below:

| | ₹ in Million | |
|---------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Cash on hand | 3.30 | 1.52 |
| Balance with banks | 441.96 | 301.90 |
| Current investments | 1,719.87 | 1,303.99 |
| Total | 2,165.13 | 1,607.41 |

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

| | ₹ in Million | | | | |
|-----------------------------|-----------------|-----------------|---------------|-----------------|-----------------|
| | On demand | 0.-180 days | 180-365 days | > 365 days | Total |
| March 31, 2019 | | | | | |
| Non-current borrowings | - | - | - | 973.80 | 973.80 |
| Current borrowings | 2,007.60 | - | - | - | 2,007.60 |
| Trade payables | - | 1,751.23 | - | - | 1,751.23 |
| Other financial liabilities | 20.17 | 581.50 | 319.63 | 16.98 | 938.28 |
| Total | 2,027.77 | 2,332.73 | 319.63 | 990.78 | 5,670.91 |
| March 31, 2018 | | | | | |
| Non-current borrowings | - | - | - | 1,076.03 | 1,076.03 |
| Current borrowings | 1,741.72 | - | - | - | 1,741.72 |
| Trade payables | - | 1,824.21 | - | - | 1,824.21 |
| Other financial liabilities | 17.26 | 487.89 | 318.43 | 28.48 | 852.06 |
| Total | 1,758.98 | 2,312.10 | 318.43 | 1,104.51 | 5,494.02 |

47 Employee Stock Appreciation Rights ('ESAR') (Equity Settled):

Employee Stock Appreciation Rights Plan – 2017 (the ESAR 2017 Plan): Effective June 26, 2018, the company instituted the ESAR 2017 plan. The Board of directors of the Company and shareholders approved the ESAR 2017 plan at its meeting held on September 13, 2017 and November 11, 2017 respectively. The ESAR 2017 Plan provides for the issue of stock appreciation rights to certain employees of the Company and its subsidiaries.

The ESAR 2017 Plan is administered by the Nomination and Remuneration Committee. As per the ESAR 2017 Plan, the stock appreciation rights are granted at the exercise price of ₹ 1 /-. The equity shares covered under these stock appreciation rights vest over five years from the date of grant. The exercise period is five years from the respective date of vesting.

The movement in the rights under the ESAR 2017 plan for the year ended March 31, 2019 is set out below

| The ESAR 2017 Plan | Year ended March 31, 2019 | |
|--------------------------------------|----------------------------------|-------------------------------------|
| | No. of stock appreciation rights | Weighted Average Exercise Price (₹) |
| Rights outstanding at the beginning | - | - |
| Granted | 883,440 | 1 |
| Forfeited/ surrendered | 34,998 | - |
| Lapsed | - | - |
| Exercised | - | - |
| Rights outstanding at the end | 848,442 | 1 |

The stock appreciation rights outstanding on March 31, 2019 has an exercise price of ₹ 1.00 and the weighted average remaining contractual life of 8.02 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The weighted average fair value of stock appreciation rights granted during the year was ₹ 248.14. The Black - Scholes valuation model has been used for computing the weighted fair value considering the following inputs:

| | March 31, 2019 |
|---|----------------|
| Weighted average share price on the date of Grant (₹) | 257.65 |
| Exercise Price (₹) | 1 |
| Expected Volatility* | 35.79% |
| Weighted average expected life (in years) | 6.53 |
| Average risk free interest rate | 7.92 |
| Dividend Yield | 0.54 |

* The expected volatility was determined based on historical volatility data

Total Employee Compensation Cost pertaining to the ESAR 2017 plan during the year is ₹ 50.22 Million.

Employee-wise details of ESAR's granted during the year ended March 31, 2019 to:

Senior managerial personal

| Name of the employee | No. of ESAR's Granted |
|----------------------------------|-----------------------|
| Mr. Mohan Srinivasan Nagamangala | 115,385 |
| Mr. Narayan Shankar | 61,538 |
| Mr. Medappa Gowda J | 48,077 |
| Mr. Akhilesh Goel | 38,462 |

48 Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Ind AS Financial Statements:

Contribution of net assets/ (liability), share of profit, share of comprehensive income in the consolidated financial statements:

A As at and for the year ended March 31, 2019

₹ in Million

| Name of the entity | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss - gain/ (loss) | | Share in other comprehensive income - gain/ (loss) | | Share in total comprehensive income - gain/ (loss) | |
|--|---|------------------|--|-----------------|--|--------------|--|-----------------|
| | As % of Consolidated net assets | Amount | As % of Consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| Suprajit Engineering Limited | 69% | 7,010.31 | 81% | 1,148.23 | (12%) | (7.77) | 76% | 1,140.46 |
| Indian subsidiary | | | | | | | | |
| Suprajit Automotive Private Limited | 6% | 631.57 | 17% | 244.16 | (2%) | (1.07) | 16% | 243.09 |
| Foreign subsidiaries | | | | | | | | |
| Suprajit Europe Limited | 3% | 285.29 | 5% | 76.52 | (8%) | (5.38) | 5% | 71.14 |
| Suprajit USA, Inc.* | 18% | 1,768.02 | 0% | 6.65 | 143% | 95.33 | 7% | 109.25 |
| Trifa Lamps Germany, GmbH | 3% | 288.81 | (1%) | (7.49) | (16%) | (10.82) | (1%) | (18.31) |
| Luxlite Lamps SARL, Luxembourg | 1% | 105.23 | (3%) | (45.10) | (6%) | (3.78) | (3%) | (48.88) |
| Total | 100% | 10,089.23 | 100% | 1,422.97 | 100% | 66.51 | 100% | 1,496.75 |
| Adjustments arising out of consolidation | | (2,338.50) | | (85.03) | | - | | (92.30) |
| Total | | 7,750.73 | | 1,337.94 | | 66.51 | | 1,404.45 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

B As at and for the year ended March 31, 2018

₹ in Million

| Name of the entity | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss - gain/ (loss) | | Share in other comprehensive income - gain/ (loss) | | Share in total comprehensive income - gain/ (loss) | |
|--|---|-----------------|--|-----------------|--|---------------|--|-----------------|
| | As % of Consolidated net assets | Amount | As % of Consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| Suprajit Engineering Limited | 68% | 6,060.30 | 73% | 1,046.41 | (4%) | (5.04) | 67% | 1,041.37 |
| Indian subsidiary | | | | | | | | |
| Suprajit Automotive Private Limited | 5% | 460.45 | 10% | 144.77 | (0%) | (0.17) | 9% | 144.60 |
| Foreign subsidiaries | | | | | | | | |
| Suprajit Europe Limited | 3% | 237.87 | 3% | 49.44 | 34% | 41.58 | 6% | 91.02 |
| Suprajit USA, Inc.* | 19% | 1,650.83 | 15% | 202.85 | 17% | 21.42 | 14% | 224.27 |
| Trifa Lamps Germany, GmbH | 3% | 307.12 | 1% | 14.04 | 34% | 42.19 | 4% | 56.23 |
| Luxlite Lamps SARL, Luxembourg | 2% | 154.11 | (2%) | (25.18) | 19% | 23.80 | (0%) | (1.38) |
| Total | 100% | 8,870.68 | 100% | 1,432.33 | 100% | 123.78 | 100% | 1,556.11 |
| Adjustments arising out of consolidation | | (2,321.68) | | (47.50) | | - | | (47.50) |
| Total | | 6,549.00 | | 1,384.83 | | 123.78 | | 1,508.61 |

* Suprajit USA Inc, represents the consolidated balances of Suprajit USA, Inc. and its wholly owned subsidiary i.e. Wescon Controls LLC.

49 Standards issued but not yet effective

i) Ind AS 116: Leases

On March 30, 2019, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 116, "Leases", will replace existing Ind AS on Lease. It replaces Ind AS 17, "Leases" and is applicable for all accounting periods commencing on or after April 1, 2019.

The standard introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. For lessees, Ind AS 116 removes distinctions between operating leases and finance leases. These are replaced by a model where a right of use asset and a corresponding liability are recognised for all leases except for short-term leases and low value assets.

In contrast to lessee accounting, Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The standard permits two possible methods of transition:

Full Retrospective approach: Under this approach the standard will be applied retrospectively to each prior reporting period presented.

Modified Retrospective approach: Under this approach the entity shall not restate the comparative information. Instead, the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application.

The Group has established an implementation team to implement Ind AS 116 related to the identification and recognition of leases and continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

During the current period the Group has made progress in a number of areas including the identification of leases and contracts that could be determined to include a lease; the collation of lease data required for the calculation of the impact assessment; identification of areas of complexity or judgment relevant to the Group; identification of necessary changes to systems and processes required to enable reporting and accounting in accordance with Ind AS 116; and development of initial estimates for discount rates.

From the work performed to date and based on the undiscounted lease commitments presented in note 33(a), it is anticipated that implementation of the new standard using the modified retrospective approach will have impact on the reported assets and liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

These adjustments will lead to an increase in total assets and total liabilities at the date of transition as a result of the recognition of the right of use assets and the corresponding lease liabilities.

In addition, the implementation of the standard will impact the income statement and classification of cash flows.

While the total amount of expenses charged over the term of the lease remains the same, the distribution of such expenses over time and the breakdown of the same into depreciation on the right of use asset and interest expense on the lease liability.

A reliable estimate of the financial impact on the Group's results is dependent on a number of unresolved areas, including; choice of transition option, refinement of approach to discount rates, estimates of lease-term for leases with options to break and renew and conclusion of data collection. In addition, the financial impact is dependent on the facts and circumstances at the time of transition.

ii) **Amendment to Ind AS 12: Income taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

iii) **Appendix C to Ind AS 12: Uncertainty over Income Tax Treatments**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available.

iv) **Amendment to Ind AS 19: Plan amendment, curtailment or settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

50 Events after reporting period

The Board of Directors, at its meeting held on May 27, 2019 recommended a final dividend of ₹ 0.85 (85%) per equity share for the financial year ended March 31, 2019. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was ₹ 0.80 (80%) per equity share.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Rajeev Kumar

Partner

Membership No.: 213803

Place: Bengaluru

Date: May 27, 2019

For and on behalf of the Board of Directors of Suprajit Engineering Limited

K Ajith Kumar Rai

Chairman

DIN : 01160327

Medappa Gowda J

Chief Financial Officer &
Company Secretary

Place: Bengaluru

Date: May 27, 2019

Mohan Srinivasan Nagamangala

Managing Director &

Group Chief Executive Officer

DIN: 01916468

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NOTE

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NOTE

NOTE

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SUPRAJIT ENGINEERING LIMITED**CIN: L29199KA1985PLC006934****Registered & Corporate Office:** No. 100 & 101, Bommasandra Industrial Area, Bangalore-560 099

Telephone: +91-80-4342 1100, Fax: +91-80- 2783 3279.

Website www.suprajit.com, Email: info@suprajit.com

May 27, 2019

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India ("MCA") has, by its Circular dated 21st April, 2011 announced a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies. In terms of the said Circular, service of notice/documents by a Company to its Shareholders required to be made under the provisions of the Companies Act, 2013 can be made through the electronic mode.

In line with the above initiative of the MCA, the Company proposes to send documents such as the Notice of the Annual General Meeting, audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballots etc., henceforth to all its esteemed shareholders, including your good self, in electronic form, through e-mail. To facilitate the same, we request you to furnish your e-mail ID, quoting your folio number/DPID/Client ID to our Registrar and Share Transfer Agent at the following address:

Integrated Registry Management Services Private Limited**No. 30, Ramana Residency****4th Cross, Sampige Road****Malleswaram, Bangalore – 560 003****Phone :+91-80-23460815-18, Fax :+91-80-23460819****E-mail : irg@integratedindia.in**

We are sure you would appreciate this initiative taken by the MCA to reduce consumption of paper and thereby, protect the environment. We expect to receive your support and co-operation in helping the Company to contribute its share to the said initiative.

Thanking you,

Yours faithfully

For **Suprajit Engineering Limited****Medappa Gowda J**

Company Secretary

SUPRAJIT ENGINEERING LIMITED

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Website www.suprajit.com, Email: info@suprajit.com

ECS MANDATE FORM

Members Holding Shares in Physical Mode

Please inform
Integrated Registry Management Services
Private Limited
No. 30, Ramana Residency
4th Cross, Sampige Road, Malleswaram
Bangalore – 560 003

Members Holding Shares in Demat Mode

Please inform Your DPs directly
(if not done earlier)

I hereby consent to have the amount of Dividend on my Equity Shares credited through the Electronic Clearing Service (Cash Clearing) (ECS). The particulars are:

| | |
|---|------------------------------|
| 1. Folio No. /Certificate No. | |
| 2. Name of the 1 st Holder | |
| 3. Name of the Bank | |
| 4. Full Address of the Branch | |
| 5. Account number | |
| 6. Account Type (Please tick the relevant account) | Savings /Current/Cash Credit |
| 7. 9 Digit Code Number of the Bank appearing on the MICR cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the Code Number) | |

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Company responsible.

Signature of the 1st Holder as per the
Specimen signature with the Company

Name:

Address:

Date:

.....

.....

SUPRAJIT ENGINEERING LIMITED

CIN: L29199KA1985PLC006934

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Website: www.suprajit.com, Email: info@suprajit.com, investors@suprajit.com

FORM NO. MGT - 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L29199KA1985PLC006934
NAME OF THE COMPANY : SUPRAJIT ENGINEERING LIMITED
REGISTERED OFFICE : No. 100 & 101, Bommasandra Industrial Area, Bengaluru – 560 099

Name of the member (s) :

Registered address :

E-mail Id:

Folio No/ Client Id :

DP ID :

I/We, being the member(s) of shares of the above named company, hereby appoint.

- Name :
Address :
E-mail Id :
Signature : or failing him
- Name :
Address :
E-mail Id :
Signature : or failing him
- Name :
Address :
E-mail Id :
Signature :

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on the on Saturday, the 10th August 2019 at 2.30 P.M at registered office of the Company at plot no. 100 & 101, Bommasandra Industrial Area, Bangalore-560 099 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution Nos. | Items |
|--------------------------|--|
| Ordinary Business | |
| 1. | To consider and adopt the Audited Standalone and Consolidated Financial Statements & other documents for the financial year 2018-19 |
| 2. | To appoint Ms. Supriya A. Rai (DIN 01756994), Director who retires by rotation and being eligible, offers herself for re-appointment |
| 3. | To confirm the payment of Interim Dividend of Re. 0.70 (70%) and to declare Final Dividend of Re.0.85 (85%) for the financial year 2018-19 |
| Special Business | |
| 4. | To appoint Mr. Mohan Srinivasan Nagamangala (DIN: 01916468) as Managing Director and Group Chief Executive officer |
| 5. | To appoint Mr. K. Ajith Kumar Rai as Executive Chairman of the Company |
| 6. | To pay remuneration in excess of Rs. 5 Crores or 2.5 % of the net profit, whichever is more to Mr. K Ajith Kumar Rai, Promoter & Executive Director of the Company |
| 7. | To pay gratuity amount due to Mr. K. Ajith Kumar Rai, Chairman of the Company |
| 8. | To appoint Mrs. Bharati Rao (DIN-01892516) as an Independent Director of the Company |
| 9. | To appoint Mr. Muthuswami Lakshminarayan (DIN- 00064750) as an Independent Director of the Company |
| 10. | To ratify the remuneration payable to Messrs G N V and Associates, Cost Accountants, Cost Auditors of the Company for the financial year 2019-20 |

Signed this..... day of..... 2019

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp ₹ 1/-

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SUPRAJIT ENGINEERING LIMITED

CIN: L29199KA1985PLC006934

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Website www.suprajit.com, Email: info@suprajit.com

Form No. MGT-12

Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies
(Management and Administration) Rules, 2014]

Name of the Company: Suprajit Engineering Limited

Registered office: No. 100 & 101, Bommasandra Industrial Area, Bangalore – 560 099

BALLOT PAPER

| Sl. No | Particulars | Details |
|--------|---|---------|
| 1. | Name of the First Named Shareholder (In block letters) | |
| 2. | Postal address | |
| 3. | Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form) | |
| 4. | Class of Share | Equity |

I hereby exercise my vote in respect of Ordinary/ Special resolutions enumerated below by recording my assent or dissent to the said resolution in the following manner:

| Sl. No | Item | No. of shares held by me | I assent to the resolution | I dissent from the resolution |
|-------------------|---|--------------------------|----------------------------|-------------------------------|
| ORDINARY BUSINESS | | | | |
| 1. | To consider and adopt the Audited Standalone and Consolidated Financial Statements & other documents for the financial year 2018-19 | | | |
| 2. | To appoint Ms. Supriya A. Rai (DIN 01756994), Director who retires by rotation and being eligible, offers herself for re-appointment | | | |
| 3. | To confirm the payment of Interim Dividend of Re. 0.70 (70%) and to declare Final Dividend of Re.0.85 (85%) for the financial year 2018-19 | | | |
| SPECIAL BUSINESS | | | | |
| 4. | To appoint Mr. Mohan Srinivasan Nagamangala (DIN: 01916468) as Managing Director and Group Chief Executive officer | | | |
| 5. | To appoint Mr. K. Ajith Kumar Rai as Executive Chairman of the Company | | | |
| 6. | To pay remuneration in excess of Rs. 5 Crores or 2.5 % of the net profit, whichever is more to Mr. K -Ajith Kumar Rai, Promoter & Executive Director of the Company | | | |
| 7. | To pay gratuity amount due to Mr. K. Ajith Kumar Rai, Chairman of the Company | | | |
| 8. | To appoint Mrs. Bharati Rao (DIN-01892516) as an Independent Director of the Company | | | |
| 9. | To appoint Mr. Muthuswami Lakshminarayan (DIN- 00064750) as an Independent Director of the Company | | | |
| 10. | To ratify the remuneration payable to Messrs G N V and Associates, Cost Accountants, Cost Auditors of the Company for the financial year 2019-20 | | | |

Place:

Date:

(Signature of the Shareholder)

SUPRAJIT ENGINEERING LIMITED

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Website: www.suprajit.com, Email: info@suprajit.com, investors@suprajit.com

ATTENDANCE SLIP

34TH ANNUAL GENERAL MEETING, SATURDAY, AUGUST 10TH, 2019 AT 2.30 P.M

Name and Address of the Member _____

Reg. Folio / Client ID No. _____

I certify that I am a registered shareholder of the Company and hold _____ shares.

Please indicate whether Member / Proxy _____

I hereby record my presence at the 34th ANNUAL GENERAL MEETING of the Company held on Saturday, August 10, 2019 at 2.30 P.M
at the registered office of the Company at plot no. 100 & 101, Bommasandra Industrial Area, Bangalore – 560 099.

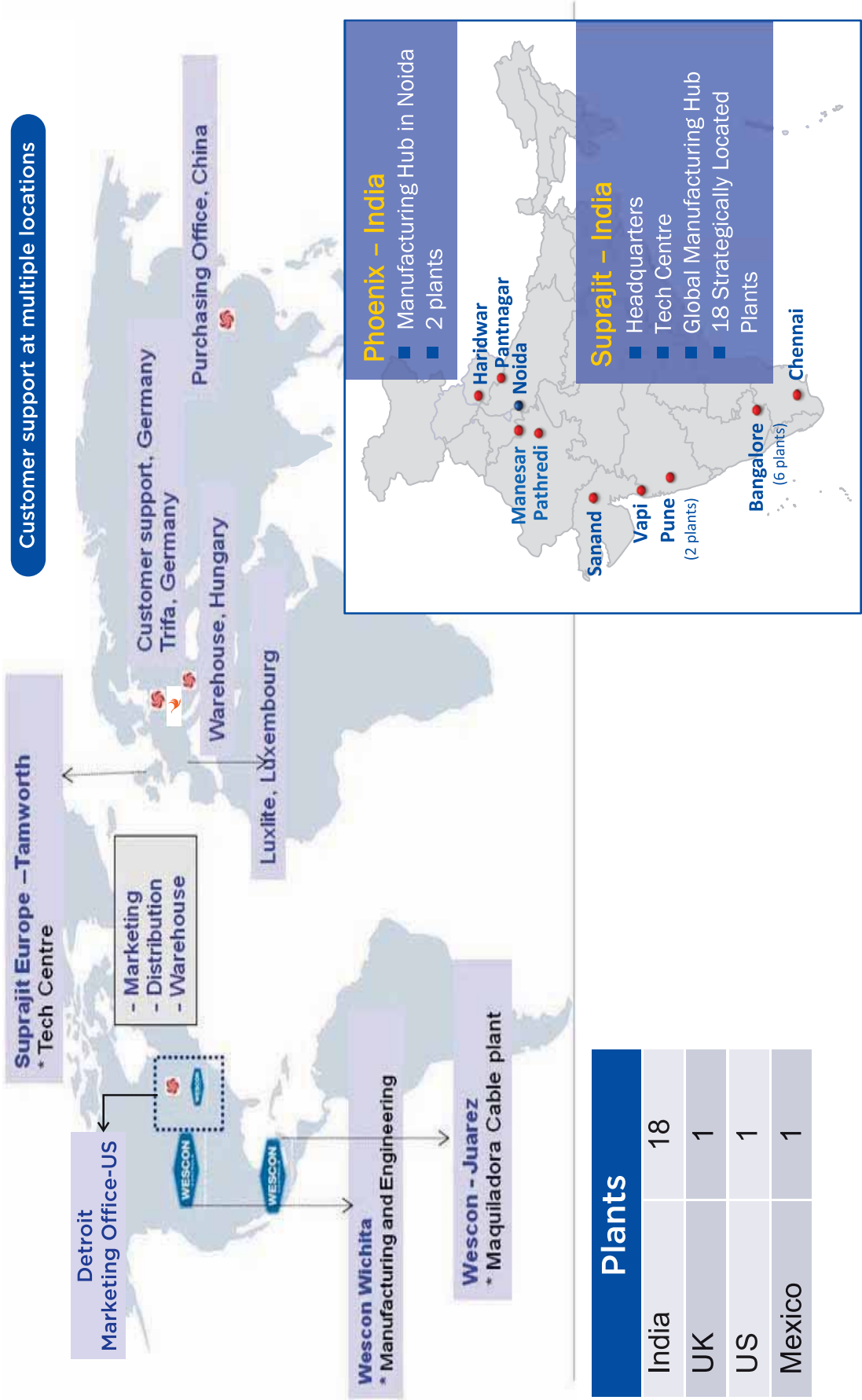
Member's/Proxy Name in BLOCK Letter

Member's / Proxy's Signature

Note :

Shareholder / Proxy holder must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.

GLOBAL FOOTPRINT



Map not to scale.
This is only a pictorial representation.

SOME OF OUR ESTEEMED CUSTOMERS

Automotive



VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

Two Wheeler



Non-Automotive



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Suprajit Engineering Limited

Registered & Corporate Office:
No.100 & 101, Bommasandra Industrial Area, Bengaluru - 560 099
Phone: +91-80-4342 1100 Fax: +91-80-2783 3279
Email: info@suprajit.com www.suprajit.com