HPL Electric & Power Limited

THE POWER WITHIN

Contributing for Self-Reliant India

ANNUAL REPORT **2019-20**

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Forward-looking statement

This report may contain some statements on the Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking based statements although we believe we have been prudent in our assumptions.

To view our report online, please visit: **www.hplindia.com**

Corporate Information

Board of Directors

Mr. Lalit Seth
Chairman and Whole-time Director

Mr. Rishi Seth
Managing Director

Mr. Gautam Seth
Jt. Managing Director

Mr. Chandra Prakash Jain
Whole-time Director

Mr. Jatinder Singh Sabharwal
Independent Director

Mrs. Madhu Bala Nath
Independent Director

Mr. Tarun Sehgal
Independent Director

Mr. Jainul Haque
Independent Director

Mr. Hargovind Sachdev
Independent Director

Chief Financial Officer

Mr. Sudhir Barik

Company Secretary

Mr. Vivek Kumar

Corporate Identification No.
CIN: L74899DL1992PLC048945

Registered & Corporate Office

Registered Office
1/20, Asaf Ali Road, New Delhi - 110 002
Tel.: +91-11-23234411
Fax: +91-11-23232639

Corporate Office
Windsor Business Park, B-1D, Sector-10,
Noida - 201 301 (UP)
Email: hpl@hplindia.com
Website: www.hplindia.com
Tel.: +91-120-4656300
Fax: +91-120-4656333

Statutory Auditors

M/s. Kharabanda Associates
Chartered Accountants, New Delhi

Internal Auditors

PricewaterhouseCoopers Private Limited (PwC)
Chartered Accountants, New Delhi

Cost Auditors

M/s. Bikram Jain & Associates
Cost Accountants, Jaipur

Secretarial Auditors

M/s. AVA Associates
Practising Company Secretaries,
New Delhi

Registrar & Transfer Agent

KFin Technologies Private Limited
Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad - 500 032
Toll Free No. : 1800-345-4001
Fax: 040-23001153
Email: einward.ris@karvy.com
Website: www.kfintech.com

Works

- Plot No. 132-133, Pace City-I, Sector-37, Gurugram, Haryana
- Plot No. 357-Q, Pace City-II, Sector-37, Gurugram, Haryana
- Vill: Shavela, P.O. Jabli, Distt. Solan, Himachal Pradesh
- Vill: Bigan, Dhaturi Road, Tehsil Gannaur, Sonepat, Haryana
- Plot No. 76-B, Phase IV, Sector-57, HSIIDC Industrial Area, Kundli - 131 028, Sonepat, Haryana
- Main GT Karnal Road, Village-Bastawa, Tehsil Gharonda, District-Karnal, Haryana

Bankers/Lenders

State Bank of India
Punjab National Bank
(e-Oriental Bank of Commerce)
IDBI Bank Ltd.
DBS Bank India Ltd.
IndusInd Bank Ltd.
Axis Bank Ltd.
HDFC Bank Ltd.
Karnataka Bank Ltd.
ICICI Bank Ltd.
Canara Bank
Bank of Bahrain & Kuwait B.S.C.
Bank of Baroda
Yes Bank Ltd.
The South Indian Bank Ltd.
Union Bank of India
TATA Capital Financial Services Ltd.

THE POWER WITHIN CONTRIBUTING FOR SELF-RELIANT INDIA

HPL has set up world-class manufacturing facilities that enable almost all of the Company's products to be manufactured in-house. Along with driving innovation through its own R&D centres, the Company has been consistently investing in its infrastructure and processes to provide backward integration and ensure that the products conform to Indian and international standards.

We are proud of our indigenous capabilities and take even more pride in supporting the Prime Minister's clarion call of 'Atmanirbhar Bharat' or 'Self-Reliant India'.

By continuing to invest in manufacturing excellence, product innovation, consumer connect, and digital capabilities, we are determined to seize the enormous opportunities and make HPL stronger than before. Favourable industry dynamics and government initiatives also give us confidence that we will rise to the challenges with resilience. By reconfiguring ourselves to the new normal in a post-COVID world, we will emerge as a more agile and efficient organisation.

About HPL Electric & Power Limited

We are India's leading electrical equipment manufacturer with a formidable presence across five key verticals: Metering Solutions, Switchgears, LED Lighting, Solar Solutions and Wires & Cables. With our innovative, high-quality, and technologically superior products catering to diverse segments, we have emerged as a one-stop shop for electrical products for consumers and institutional customers.

Our proven track record of over four decades has made us a preferred player in the Indian electrical industry along with a growing global presence. Underpinning our operations are our strong business fundamentals, which include extensive experience, robust manufacturing capabilities, well-spread distribution network, and strong prequalification credentials.

Market leader in Electric Meters and On-load Change-over Switches

50% market share in the on-load change-over switches market

20% market share in electric meters market

5% market share in low-voltage switchgear market

5th largest LED manufacturer

(Source : As per Frost and Sullivan report 2016)

Key Numbers

50+
Years of industry experience

7
State-of-the-art manufacturing facilities

2
R&D centres

40+
Countries of presence

90+
Branch and representative offices

21
Warehouses

900+
Authorised Dealers and Distributors

27,000+
Retailers

1,234
Full-time Employees

About HPL Electric & Power Limited

Diversified Product Portfolio

Metering Solution


Smart Meter


Net Meter for Solar Roof Top


Prepaid Metering Solutions

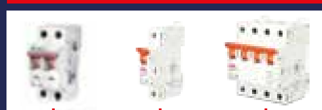

Trivector Meter

Switchgears

INDUSTRIAL APPLICATIONS


ACB
MCCB
Phase Selector

DOMESTIC APPLICATIONS


OSafe MCB
Techno N MCB
RCCB

MODULAR SWITCH & ACCESSORIES


Toggle Switches
Plug Sockets
Fan Regulator

Lighting Equipment

CONSUMER LED PRODUCTS


Bright LED Batten
LED Glow 9W

COMMERCIAL LED PRODUCTS

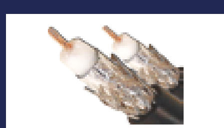

Mitered Panel
CRCA Panel

OUTDOOR LED PRODUCTS

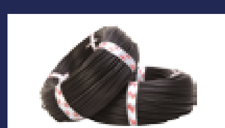

Street Light
Flood Light

Wires & Cables


Fire Resistant Cables


Co-axial Cables

Solar Solutions


Solar Cables


String Monitoring Box & DC Distribution Box

Sub-Brands

emfis

smART
ART MEETS STATE-OF-THE-ART

TAB™ Osäfe MCB | DB | RCCB

intelliPROTECT intelligent protection RANGE

intelliCONTROL

HPL TECHNO N MCB

Pathlite

Customers

POWER UTILITIES

PUBLIC & PRIVATE ENTERPRISES

RESIDENTIAL & COMMERCIAL

Manufacturing Prowess

We have seven state-of-the-art manufacturing plants located across the states of Haryana and Himachal Pradesh. Our facilities are equipped to handle design and product development, component designing, tool making, and commercial production. All the units conform with the national and international quality standards. Our strength lies in our capability to manufacture quality, customised products for institutional customers and undertake modifications in products for OEMs and other corporate customers. Integrated manufacturing capabilities enable us to maintain full control over quality and supply chain, and deliver products at competitive prices.

R&D Competence

Our ability to consistently deliver innovative products and solutions is the result of our superior research and development capabilities. We have two advanced R&D centres in Gurugram and Kundli which are approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The Gurugram centre is NABL accredited and ISO/IEC 17025:2005 compliant. Our R&D centres are complemented by two in-house tool rooms that enable rapid prototyping and component designing for complete range of MCBs, MCCBs, meters, changeover switches, switch fuse units, and LED lamps. They are equipped with advanced CNC machines for ensuring accuracy and quality of produced tools. Data for the tool rooms is generated using CAD software which ensures easy adoption to technology and specification changes. Our R&D centres comprise over 100 expert engineers who develop pioneering products to meet varied customer requirements.

Wide Distribution Network

Our extensive distribution network enables us to fulfil diverse customer requirements pan-India. In recent years, we have widened our distribution network to achieve a stronger retail reach. We are also strengthening our channel partner network through retail meets, engagement programmes, consistent promotional activities, and incentive schemes. We have a dedicated marketing team responsible for marketing and branding of our products that enables us to reach out to a larger customer base. Our concerted efforts will help us penetrate deeper into the market and boost sales of our B2C products.

Established Relationships

Over the years, we have established long-standing relationships with institutional customers, power utilities, and government agencies across India. In our metering and switchgear divisions, we have created formidable entry barriers through high-end processes and solutions.

Strong Pre-qualification Credentials

We work with power utilities and government agencies pursuant to direct contractual arrangements, obtained through a bidding process, which require certain pre-qualification requirements. Our strong pre-qualification credentials including past experience, technical requirements, quality and safety compliances, financial strength, and price competitiveness give us an edge in the marketplace.

Experienced Management

Our Company is led by an eminent management with intensive knowledge of the electricals industry. Our promoters have over 50 years of domain expertise, while the senior management team has experience of more than 20 years. Their rich experience and solid market understanding have been instrumental in HPL's remarkable evolution as an organisation.

Key Highlights FY 2019-20

Launched

4 new products in Meters

15+ new products in Switchgears

14 new products in LED Lighting

Product Launches

Meter

POWER FACTOR CONTROLLER METER

Switchgear

DC ISOLATOR

LED Lighting

KASPER - THE INVERTER LAMP 9W

Switchgear

TECHNO N MCB

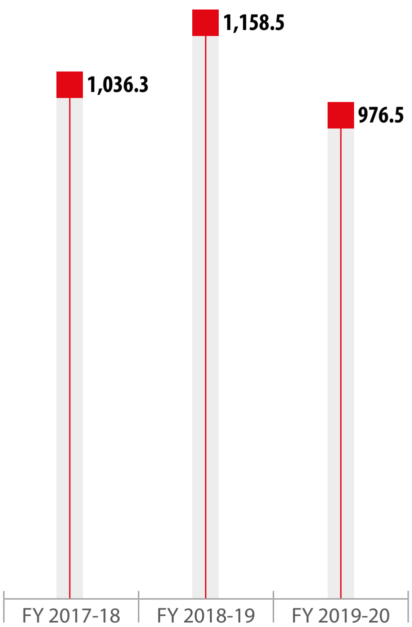
DOUBLE BREAK MCCB

TARA THE ADJUSTABLE T-SHAPE LAMP 10W

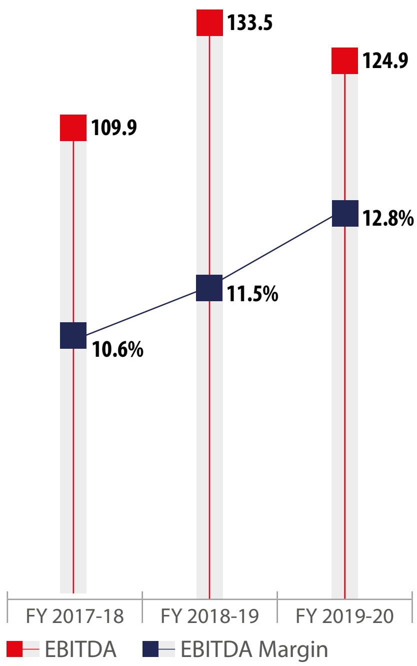
- Developed a complete range of solar solutions across meters, switchgear, lighting, and wires & cables
- Order book size: ₹ **367.7 crore** as on 9th June 2020
- ₹ **157 crore** worth of orders received with smart communication technology with RF and IRDA communication in the past few years

Financial Scorecard

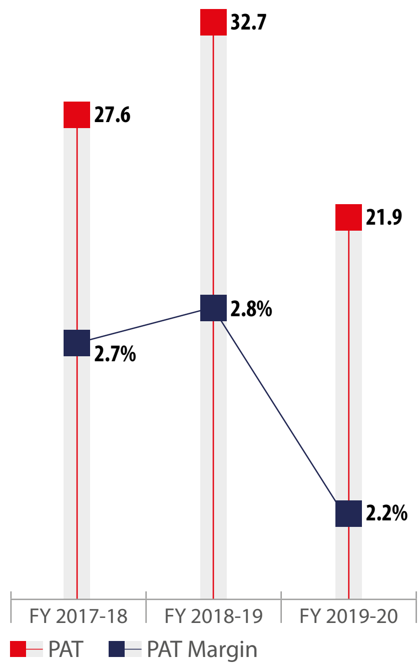
Net Revenues (₹ in crore)



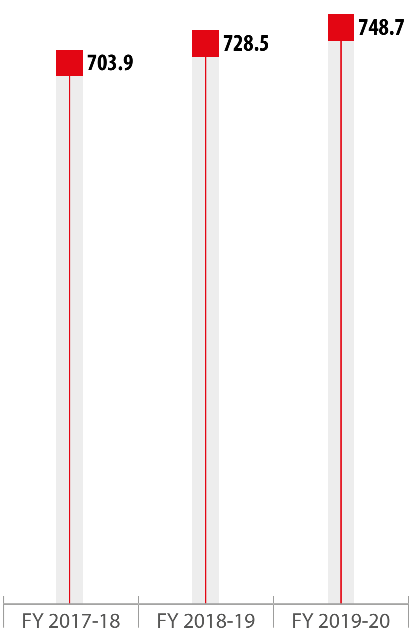
EBITDA (₹ in crore) and EBITDA Margin (%)



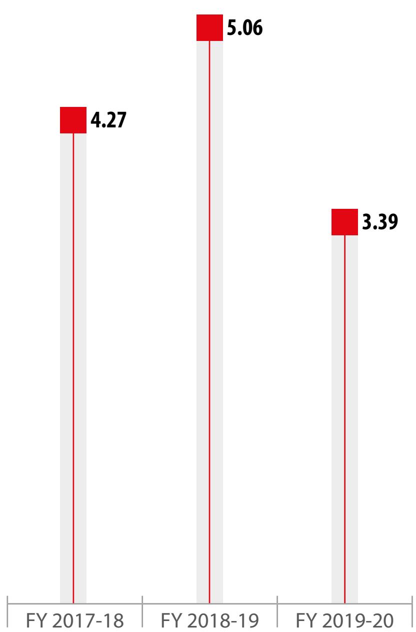
PAT (₹ in crore) and PAT Margin (%)



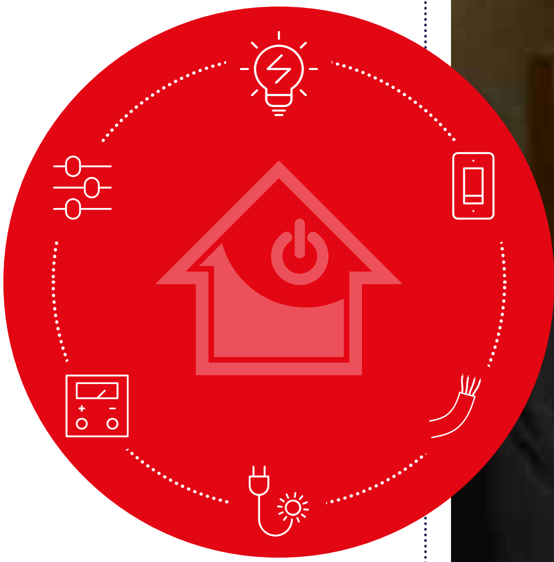
Net Worth (₹ in crore)



Earnings Per Share (₹)



Chairman's Message



50+

Years of industry experience

900+

Authorised dealers and distributors

Dear Shareholders,

At the outset, I hope you and your family are safe. We are indeed living through very unusual times. 2020 proved to be one of the most challenging years the world has ever seen. The outbreak of COVID-19 pandemic forced the entire world into a lockdown and severely affected livelihoods and economic activities. India being no exception. Slowdown in the economy was marked by weak rural growth, muted investments, and liquidity constraints. These challenges were further aggravated by the coronavirus outbreak towards the end of the fiscal year. The external environment did impact our growth, but we drew upon our advantages and stood resilient as an organisation.

The post COVID-19 era will pose new challenges as the economy will take some time to recover. Meanwhile, a raft of stimulus packages has been enforced by major economies to limit the economic fallout. In India, particularly, the mammoth ₹ 20 lakh crore relief package announced under the 'Atmanirbhar Bharat Abhiyan' will help the country tide over the crisis and make India self-reliant.

Your Company has a strong foundation, distinct brand recognition, powerful capabilities, and a truly extensive reach. Our smart technology manufacturing infrastructure and R&D capabilities enable us to develop pioneering products and enrich consumers' lives. By continuing to invest in product innovation, brand connect, and distribution reach, we are determined to make HPL stronger. Favourable industry dynamics and government initiatives give us confidence that we will rise to the challenges with resilience.

Performance Review

Our revenue for the year declined by 15.7% to ₹ 976.5 crore from ₹ 1,158.5 crore in the previous year. The decline is largely attributable to loss of sales in the month of March 2020 on account of nationwide lockdown to curb the spread of the virus. Despite lower revenue, operating margins remained largely stable, led by saving in material cost and other cost control initiatives. Operating EBITDA stood at ₹ 124.9 crore as against ₹ 133.5 crore in the previous year. Profit after Tax stood at ₹ 21.9 crore, as compared to ₹ 32.7 crore in FY 2018-19.

Now, let me give you an overview of the segment-wise performance.

Revenue of the metering segment fell to ₹ 511 crore from ₹ 610 crore in the previous year, marking a de-growth of 16.2%. Delay in imports of critical components on account of COVID-19 disruption and pending inspection from utilities led to a decline in meter despatches and sales. Notwithstanding, the COVID-19 induced disruption in the fourth quarter, the Lighting segment witnessed good traction during the year, driven by network expansion, new product launches, and brand building initiatives. Slowdown in end-user industries and macroeconomic headwinds impacted the switchgear and wires and cables businesses, with revenues declining by 16.5% and 40%, respectively. Notwithstanding the challenges, we continue to maintain leadership position in the metering and switchgear segments along with a growing presence in the lighting segment. You would be delighted to know that we have a healthy order book pipeline of ₹ 367.7 crore (net of GST) as of 9th June 2020 which includes orders for meters with smart communication technologies and with RF and IRDA communication.

Strengthening business dynamics

In FY 2019-20, we had several product launches, mostly in the lighting, switchgear, and metering segments. Strong emphasis on research and development enables us to roll out differentiated products to meet the evolving market needs. In the switchgear segment, we launched products for both domestic and industrial use, along with new products in solar category. These products are witnessing good demand so far. Going forward, we will continue to direct our efforts towards introducing products with improved features, energy-efficiency and automation.

Since the last few years, we have placed strong thrust on enhancing our consumer business by way of aggressive marketing and brand building activities. Focussed initiatives like continued association with the Indian Premier League (IPL), successful outdoor and promotional campaigns, regular channel partner meets and incentive programmes have enabled us to garner significant brand visibility and increase our reach. Along with this, we continue to leverage social media and digital technology for our brand communication strategies in order to engage better with audiences. I am glad to state here that we completed the installation of our lighting products in more than 100 retail stores across the country this year. All of these initiatives, I believe, will help us expand our network and strengthen consumer facing businesses.

Further, strengthening our global presence remains a key focus area of your Company. To attain and sustain on international edge, our business presence is more than in 42 countries for which we strive to build platform for new and existing buyers by providing competitive and innovative products. We intend to leverage our healthy business relationships and engage experienced local representatives to grow our overseas sales channels.

Business Outlook

While the current scenario is challenging, the long-term market dynamics appear to be attractive. Government's strong thrust on installation of smart meters across the country is a major step in the right direction and will open tremendous opportunities for us. We are already witnessing huge influx of enquiries and expect more tenders to be floated soon. Moreover, the liquidity injection for discoms will help them deal with the financial difficulties caused by the pandemic and support demand for smart meters over the medium-to-long term. We are well placed in this segment with our comprehensive products portfolio including prepaid meters and software communication driven meters and strong prequalification credentials.

The government is consistently placing strong thrust on making India self-reliant with numerous policy reforms such as promoting indigenous manufacturing, infrastructure development, rural electrification, and augmenting digital connectivity. Under the National Infrastructure Pipeline, ₹ 102 trillion has been earmarked for infrastructure over the next five years. These initiatives, along with favourable structural drivers like rapid urbanisation, rising incomes, and increasing consumer awareness, will drive demand for our products.

Overall, the social and economic implications of the pandemic are going to be felt for a long time. Against this backdrop, we remain agile and responsive to capture the evolving business trends. Our focus is on enhancing our revenues and profitability, while seizing the enormous opportunities to drive sustainable growth.

Conclusion

On behalf of the Board, I would like to thank all our esteemed stakeholders for their immense faith and trust reposed in us. It is a matter of pride for us to partner India's journey towards self-reliance with our robust manufacturing, marketing, and manpower. Together, I am confident that we will sail through these testing times and emerge as a stronger organisation.

Warm Regards,

Lalit Seth
Chairman

> I AM GLAD TO STATE HERE THAT WE COMPLETED THE INSTALLATION OF TURNKEY LIGHTING SOLUTIONS IN MORE THAN 100 RETAIL STORES ACROSS THE COUNTRY THIS YEAR.

Exploring Opportunities in Smart Metering

Government's strong thrust on improving the power transmission and distribution infrastructure along with extensive rural electrification will open up thriving opportunities for smart metering segment in India. With our established capabilities, we believe we are well-positioned to capitalise on the growing demand for smart meters.

Operational Highlights

- Revenues stood at ₹ 511 crore, accounting for 52% share of the total revenue. Shortage of imported critical components and disruption caused by COVID-19 in the fourth quarter impacted the performance and sales of metering division
- Received smart meter orders worth ₹ 90 crore post the lockdown
- Order book of metering segment stood at ₹ 301.6 crore as on 9th June 2020

Opportunity Landscape

The Ministry of Power has set an ambitious target to instal 25 to 30 crore smart meters across India over the next few years which translates into a cumulative opportunity of ₹ 60,000 to 90,000 crore. Installation of smart grid and advanced metering infrastructure can significantly bring down Aggregate Technical and Commercial (AT&C) losses, which currently stands at nearly 21%. Ambitious programmes such as National Smart Grid Mission (NSGM) and Integrated Power Development Scheme (IPDS) require installation of smart metering to strengthen the transmission and distribution network.

To improve the financial position of discoms and help them tide over the loss of business following the outbreak of the pandemic and nationwide lockdown, the government announced ₹ 90,000 crore one-time low risk loans for power discoms. Further, thrust on 'Make in India' and 'Atma Nirbhar' has increased focus on minimising imports and promoting local manufacturing, which will augur well for us.

Driving Growth in B2C Segment

We remain focussed on growing our brand presence through our distribution network and marketing initiatives. Our brand building activities, along with our innovative offerings, will drive strong growth in our retail segment and enable us to stay resilient through the challenges.

Our B2C business comprises non-utility metering, switchgear, lighting, and wires & cables. Our strong proposition of trust and quality, wide reach, and brand positioning form the bedrock of our retail business. We have been constantly strengthening our reach through branding and outdoor campaigns, marketing activities and sponsorships. Seminars, electrician meets, retailer meets, dealer meets, exhibitions are also among the many ways in which we have been deepening our engagement. We also undertake focussed brand campaigns across multiple social media platforms to reach out to a wider audience.

Operational Highlights

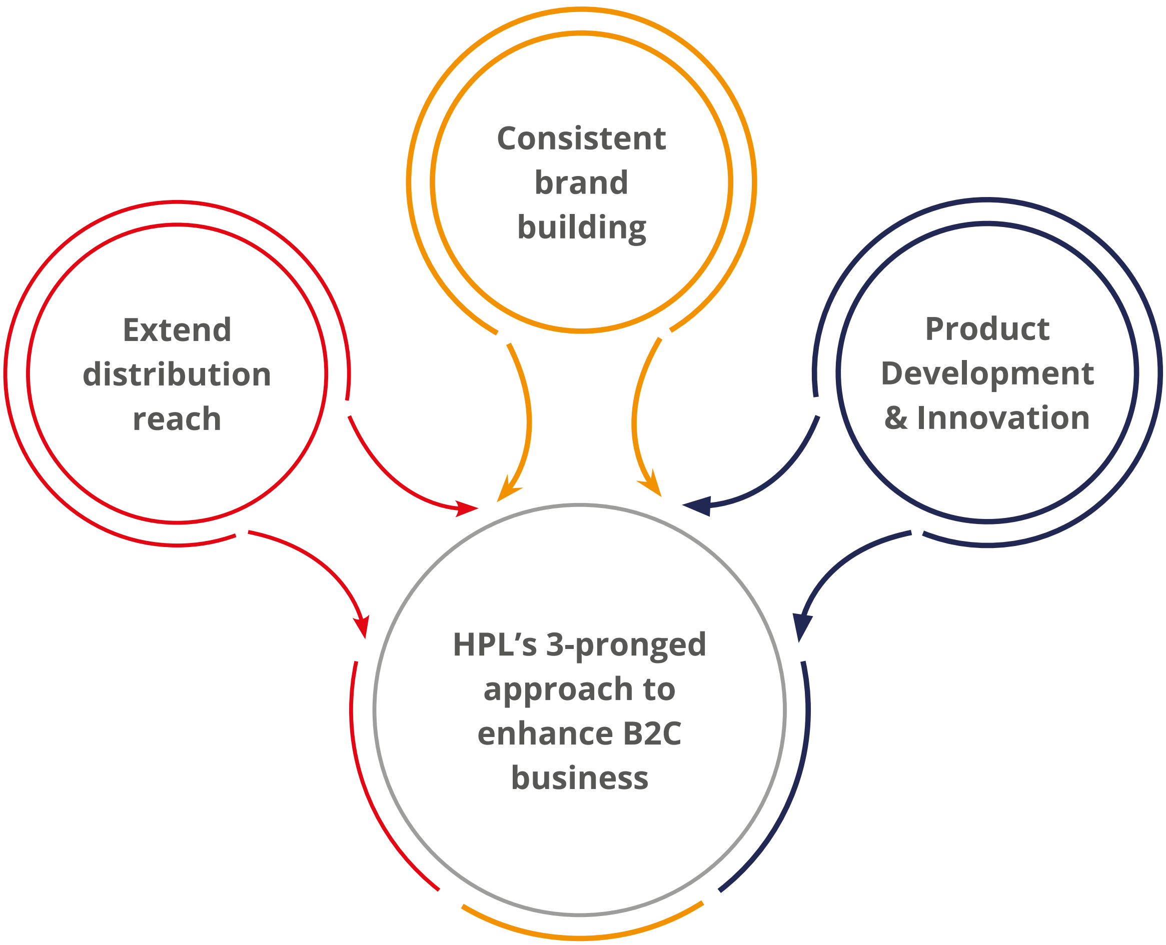
- B2C segment accounted for 49% share of the total revenue as on FY 2019-20. The nationwide lockdown towards the end of the fiscal had a significant impact on our fourth quarter retail sales. Lighting and switchgear segments, however, witnessed good traction, aided by network expansion and product innovation
- Amplified our brand presence through social media, taking our digital reach to 23 million
- Conducted staff training and industrial webinars through digital platforms
- Provided turnkey retail lighting solutions to major retail chains including 'CCD, CD Essentials, More & DMart'
- Partnered with 'The Haryana Steelers' Pro Kabaddi Team as its official LED Lighting Partner

Turnkey retail lightning solutions at CD Essentials

Official LED lighting partner with 'The Haryana Steelers' Pro Kabaddi Team

Opportunity Landscape

While there are challenges today due to outbreak of the pandemic, the opportunities in the medium and long-term remain robust, driven by rapid urbanisation, growing income levels, and evolving aspirations. Consumers are increasingly demanding safer and energy-efficient products with advanced features. Government's strong thrust on promoting energy-efficient lighting has been leading to faster adoption of LED lighting and appliances. Demand for cables and wires is influenced by infrastructure development, housing construction, extensive rural electrification, and thrust on renewable energy. Multiple government schemes such as Housing for All, Smart Cities, Power for All, among others, will lead to an increased demand for switchgears as well as cables and wires.



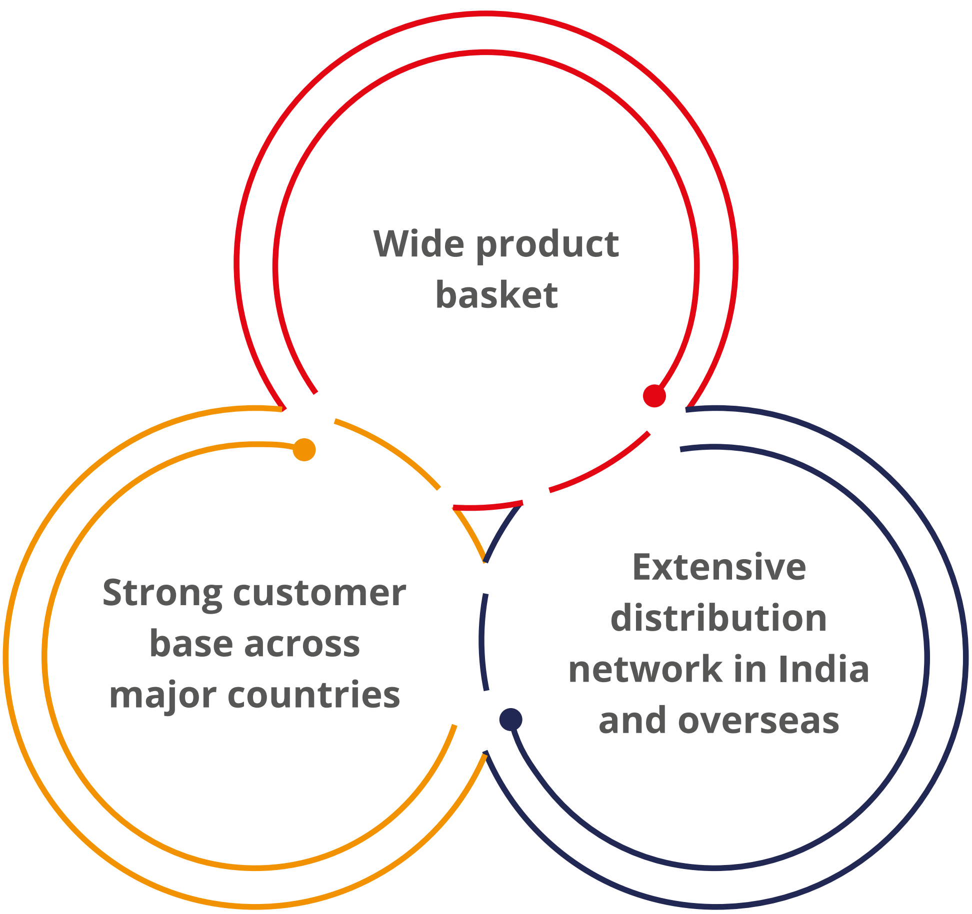
We are now pursuing a three-pronged strategy to further stimulate our brand visibility. We intend to expand retailer touchpoints by over 3x from 27,000 retailers to 1,00,000 retailers over the next three years. Our aim is to grow our retail segment to strengthen cash flows as it offers higher margins and requires lower working capital due to faster realisations and lower inventory of finished goods. We are confident that resumption of economic activities and higher government support will drive growth in the B2C segment.

Bolstering our Global Presence

HPL's presence across the global landscape is vast, extending from East Africa to SAARC to Middle East and South East Asia. Our global reach combined with our ability to offer customised solutions benchmarked to the highest standards, reinforces our presence in these markets.

We believe exports is a growth driver for our business. With our smart and innovative products and solutions, we intend to strengthen our global footprint and enrich consumer experiences. We also intend to enhance our brand recognition in overseas markets by participating in international exhibitions and global forums. With increasing demand for Make in India products, we are confident that our finest products, extensive distribution network, and our established business relationships will provide us opportunities to grow overseas and bolster our resilience.

HPL's Advantage



Participation in MEE Exhibition at Dubai, March 2020

This exhibition provides a platform for showcasing technology and innovation, and thus facilitates in gaining insights into emerging trends in the electric industry. We positioned ourselves in the exhibition as a 'Make in India' brand with highly efficient technology products, which attracted all delegates and customers.

Technical Seminar and Product Presentation at Kathmandu, Nepal

Our seminar witnessed impressive participation from top-notch consultants, electrical contractors, panel builders and dealers. This has been a good opportunity for us to demonstrate ourselves as an Indian electrical brand with highly efficient products catering to the market needs of Nepal.

We are Growing Network

Participation in Electric and Power Indonesia, September 2019

Indonesia is a growing market, importing US$ 1.5 billion of electrical power every year. Therefore, this exhibition provided us opportunity to showcase ourselves as complete electrical equipment solutions provider to potential customers. We were also able to generate enquiries from government utilities, distributor networks and trade markets.

Infra Oman Exhibition, October 2019

One of the largest building and construction expo in Oman region, HPL participated in this event for the first time and made its presence felt as 'Make in India' brand with highly efficient technology products, which attracted all delegates and customers.

Participation in EMA Vietnam, September 2019

We participated in this exhibition in collaboration with our esteemed distributor DAT BINH, Vietnam. We demonstrated ourselves as an Indian electrical brand catering to the market needs of Vietnam. We received positive response from our customers and partners.

9 Participation in Global Exhibitions

Board of Directors

Mr. Lalit Seth
Chairman and Whole-time Director

Mr. Lalit Seth is the vision behind HPL's success and market reputation. Bringing in over 50 years of experience in the electrical industry, he has been instrumental in undertaking several progressive projects. Under his inspiring leadership and dynamic approach, HPL stands tall in the global electrical market with its name synonymous with quality, technology and reliability.

Mr. Rishi Seth
Managing Director

Mr. Rishi Seth is an MBA (Finance) with over 25 years of experience. A man of sharp vision, he has been instrumental in HPL Group's organic growth. He is responsible for shaping the Company's strategic perspective leading to its diversification and expansion into new avenues including EPC projects and forays in green project. He looks after the Institutional and Government business in addition to a few manufacturing facilities. His major achievement includes HPL's growth in the utility segment, establishing it as a leading Electronic Energy Meter manufacturer globally.

Mr. Gautam Seth
Joint Managing Director

Mr. Gautam Seth is a qualified Chartered Accountant and is responsible for the overall functioning and management of the administration. With over 23 years of experience in electrical industry, he has carried forward the Group with dedication and commitment. He is actively involved in the Group's sales and marketing activities and has spearheaded its forays into new products and greenfield projects. His strong vision, exemplary leadership, and expertise in the electrical market has led the Company to succeed.

Mr. Chandra Prakash Jain
Whole Time Director

Mr. Chandra Prakash Jain is an Electrical Engineer and an MBA with 33 years of experience in manufacturing Electrical & Electronic products. He has been an important pillar in Company's growth with his sharp vision and exemplary leadership. In addition to his corporate responsibilities, he heads the R&D centres and the Electronic Meter Division. He was the Chairman of the prestigious IEEMA meter division in 2013-14.

Mrs. Madhu Bala Nath
Non-Executive Independent Director

Mrs. Madhu Bala Nath holds a bachelor's degree in education and a master's degree in arts from the University of Delhi. She has over 37 years of experience in social service. Prior to joining our Board on 14th January 2016, she worked with the United Nations under various organisations in different capacities. She is an active consultant of gender equality, women empowerment, and development and HIV/AIDS.

Mr. Hargovind Sachdev
Non-Executive Independent Director

Mr. Hargovind Sachdev holds a bachelor's degree in science, botany (Honours) and a postgraduate in English. He has worked with the State Bank of Travancore, State Bank of Patiala, and State Bank of India where he was posted in Frankfurt, Germany from 2006 to 2011 as Head of Credit. He has worked as Chief Vigilance Officer (CVO) in UCO Bank. He travelled across 15 countries in Europe for Credit Dispensation. He is trained in Credit & Foreign Exchange at Asian Institute of Management, Manila, Philippines and Euro Money, London.

Mr. Jatinder Singh Sabharwal
Non-Executive Independent Director

Mr. Jatinder Singh Sabharwal holds a bachelor's degree in science from the University of Delhi and has completed a senior executives' program from the Sloan School of Management, Massachusetts Institute of Technology, United States. He has over 32 years of experience in sales and management. Prior to joining our Board on 14th January 2016, he worked with Blue Dart Express as CEO and Brooke Bond India as CEO & Managing Director.

Mr. Jainul Haque
Non-Executive Independent Director

Mr. Jainul Haque holds a bachelor's degree in Mechanical Engineering and has over 39 years of experience in electrical industry. He joined our Board on 14th January 2016. Prior to this, he was associated with PSUs like Power Grid Corporation of India, National Thermal Power Corporation, and National Aluminium Company-Captive Power Plants in senior managerial positions.

Mr. Tarun Sehgal
Non-Executive Independent Director

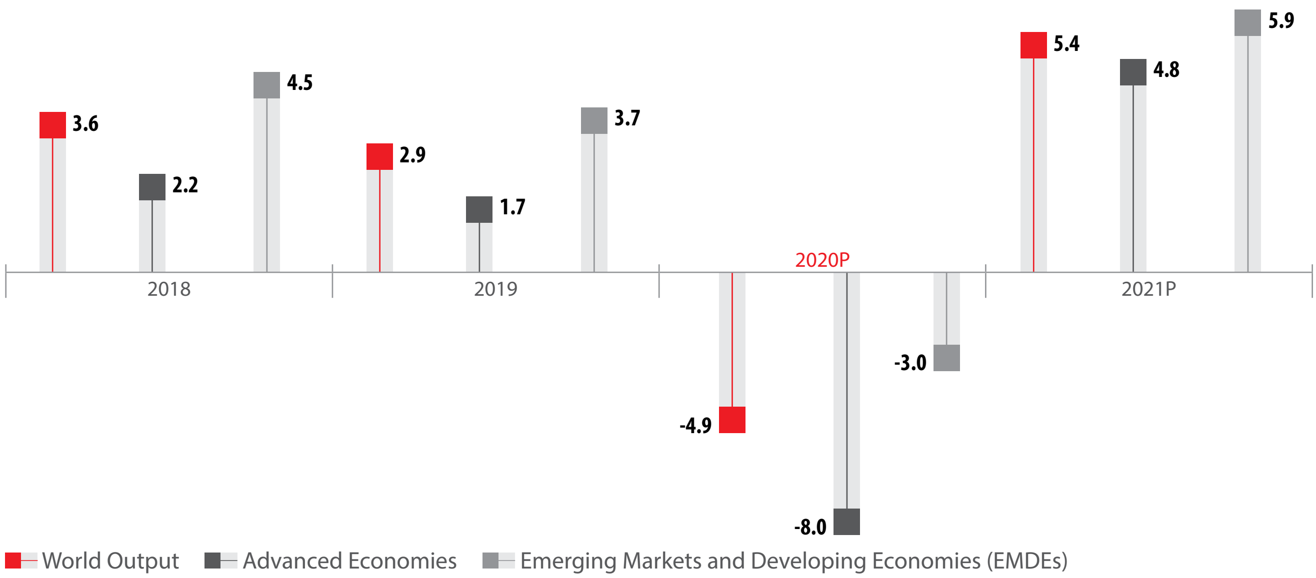
Mr. Tarun Sehgal is a qualified Canadian chartered professional accountant. He has worked as deputy resident representative-Operations in large United Nations Development Programme (UNDP) offices of Ethiopia and Bangladesh and demonstrated National Executions (NEX) experience. As senior financial officer, BFA, he has worked on issues concerning financial policy, Executive Board and dealt with Internal/External Auditors. He has a work experience in two of the "Big 5" International Accounting Firms. He joined our Board on 14th January 2016.

Management Discussion and Analysis

Global Economic Overview

The year 2019 is marked by the slowest global Gross Domestic Product (GDP) growth attributed to the slowing down of economic activities in a few emerging market economies, geopolitical tension, and international trade disruptions, caused by the US-China trade clash. The International Monetary Fund, in its World Economic Outlook (WEO) for June, calculated a global growth of 2.9% in 2019 from 3.6% in 2018. Further, the outbreak of COVID-19 (coronavirus) pandemic in the first quarter of 2020 across the globe literally pushed the world economy to depression. It had a much higher impact on economic activities during H1 2020 than earlier anticipated, and the recovery is projected to be slower than the previous forecast.

Global Economic Growth: Actual and Projections (%)



(Source: IMF World Economic Outlook, June 2020, P = Projections)

IMF revised its earlier forecast of – 3.0% for 2020 and projected a deeper negative growth of 4.9%. The revised outlook of global growth is driven by the intensification of the pandemic in a number of emerging markets and the developing economies, and the impact brought about by the containment measures like quarantines, lockdown and ban on travel. Consumption, services output and investment have dropped markedly leading to severe demand shock, supply disruptions and labour market drop.

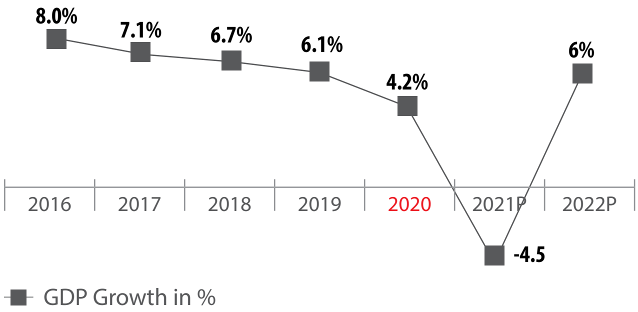
Global trade contracted by close to 3.5% in Q1 2020. According to World Trade Organisation's (WTO) latest forecast, considering the large degree of uncertainty around the pandemic and its economic impact, the volume of world trade in 2020 may contract by 13% to 32%, under an optimistic to pessimistic scenario. However, policy countermeasures have limited economic damage and lifted financial sentiments, keeping the hope of a rebound in the long run. A number of European countries have passed the peak contamination stage and are slowly getting into normalisation of economic activities. Based on optimistic assumptions, global GDP growth for 2021 is projected at 5.4%.

Indian Economic Overview

Global cyclical slowdown and country specific factors led India's economy to a downturn in FY 2019-20, primarily manifested in a liquidity crunch, lower GST collections and a strain on fiscal deficit. The stable GDP growth, which put the country among the fastest growing economies in the world, lost momentum in FY 2019-20. According to National Statistical Office (NSO) and IMF, India's GDP grew by 4.2% in FY 2019-20, much lower than 6.1% in the previous fiscal year.

India significantly eased its monetary policy and offered extensive credit support to the Non-Banking Financial Companies (NBFCs) sector during the year to keep the economy moving. The growth roadmap for next fiscals was also streamlined by the amendment of Insolvency and Bankruptcy Code (IBC), launch of the ₹ 102 lakh crore National Infrastructure Pipeline (NIP) and the Union Budget 2020-21 with targeted allocations. However, the already dwindling state of affairs hit the worst in Q4 FY 2019-20, when the three growth parameters of consumption, investment and trade plunged to an all-time low with the outbreak of the pandemic. The monetary losses incurred by the economy due to the extended nationwide lockdown sealed any chance of an economic recovery in the next fiscal. IMF revised its forecast for India in its June WEO, and projected a negative growth of 4.5% for FY 2020-21. It however, projects the Indian economy to grow by 6% in FY 2021-22, backed by Government's policy support.

Actual and Projected GDP Growth in India (%)



(Source: https://www.imf.org/en/publications/weo)

Relief measures during COVID-19

Despite the serious growth challenges, the Government continued with its crisis management measures and recalibrated fiscal and monetary stimulus. The Centre announced a ₹ 20 lakh crore stimulus package called "Aatmanirbhar Bharat" as a socio economic support to the country, keeping localisation and a self-reliant economy as its final goal. The package announced policy and liquidity support to cottage industries and MSMEs, NBFCs, labourers, farmers, middle class, and the urban and rural poor. It offered tax breaks and collateral-free loans for businesses and MSMEs and incentives for domestic manufacturing.

As a breather to the salaried middle-class, it announced deferment of income tax returns by three months and reduction of EPF contribution to 10% from 12%. The biggest support came from RBI, which cut the repo rate to 4% and reverse repo rate to 3.75%, in order to make loans easily available to banks and discourage parking of cash with RBI. Further, to inject liquidity into the economy, it allowed loan repayment moratorium for six months.

The Government implemented a phased reopening of the economy with strict SOPs, starting in June 2020, in order to provide relief to the economy whose unemployment rate had increased to a record high of 27.1% in May. Despite all the support, resurrection of the economy in the current scenario depends on the duration of the pandemic outbreak and its impact on key sectors.

(Sources: IMF World Economic Outlook, April 2020, IMF World Economic Outlook, April 2020, http://www.mospi.gov.in/sites/default/files/press_release/PRESS%20NOTE%20PE%20and%20Q4%20estimates%20of%20GDP.pdf, https://www.bbc.com/news/world-asia-india-52559324)

Industry Overview

Power sector

As the world's third largest producer and consumer of electricity and a population of 1.4 billion, India has the potential to be a big player in global energy markets. With its power demand set to double by 2040 and its electricity demand rising every year, the energy sector is on the verge of transformation. Based on data from the Central Electricity Authority (CEA), India's power generation capacity is projected to be around 480.4 GW by the end of FY 2021-22 from 370.1 GW as of 31st March, 2020, with major addition coming from the renewable sector. Renewable energy contribution is targeted to increase to 175 GW in FY 2021-22, from 87 GW currently. India's power demand is being driven by infrastructure development, industrial facilities, urbanisation, housing development, railways and metros, increase in customer base and changes in lifestyle and consumption pattern. The all-India demand for electricity is expected to grow from 1,290 BU in FY 2019-20 to 1,691 BU by FY 2021-22 and further to 3,175 BU by FY 2029-30. Rise in power demand and consumption is expected drive higher investment in the transmission and distribution sector.

Notably, India has developed into a power surplus nation from a power deficit one, but transmission and distribution remains the major issue plaguing the power sector. According to CEA, there was just 0.5% gap between energy demand and supply in FY 2019-20. CEA's data also indicates that about 46,000MW of installed power capacity in India is stranded because of poor last-mile connectivity and inadequate transmission and distribution infrastructure. Despite being the third-largest electricity consumer after China and the U.S., the per capita electricity consumption in India in FY 2018-19 was 1,181 kWh, considerably lower compared to China and the U.S.

The Government is, thus working towards the dual objective of boosting power generation capacity in India, with a key focus on renewable energy, strengthening the transmission network, and extension of National Grid to disperse power to regions lagging behind. This is an imperative to meet the rising power demand and to increase per capita consumption. To these objectives, the Government has introduced a series of power sector reforms. One of the key programmes is Power for All, under which the Government implemented Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya, the Integrated Power Development Scheme (IPDS), UDAY and UJALA. CEA published in its National Electricity Plan (NEP), a blueprint to develop the transmission systems to meet the growing power demand. As per the plan, an expenditure of ₹ 2.69 trillion (US$39 billion) would be required to revamp the transmission system by FY 2017-22, which is opening up numerous opportunities in the electrical equipment sector.

(Source: http://www.cea.nic.in/reports.html, Report on 'Transitions in India Electricity Sector 2017-2030' by TERI for projection)

I. Indian electrical equipment industry

Indian Electrical Equipment industry comprises two segments – generation equipment, such as boilers, turbines, generators, transmission and distribution (T&D) and allied equipment such as transformers, cables, transmission lines, switchgears, capacitors, energy meters, instrument transformers, insulators, insulating material, industrial electronics, indicating instruments, winding wires. According to Indian Electrical & Electronics

Manufacturers' Association (IEEMA), the T&D equipment sector contributes 85% of the industry, whereas generation equipment sector is 15%. The industry contributes 8.1% of the manufacturing sector gross value added (GVA) and 1.35% of India's GDP.

The Government has launched Indian Electrical Equipment Industry Mission Plan 2012-2022 in order to make India the country of choice for the production of electrical equipment and reach an output of US$ 100 billion by balancing exports and imports. This was also supplemented by Central Electricity Authority's (CEA) National Electricity Plan (NEP) designed to improve the transmission and distribution network. These developments are expected to open up numerous opportunities in the power generation and the transmission and distribution equipment sector.

Indian Electrical Equipment industry has registered a negative revenue growth of –10.4% in FY 2019-20 (Up to December 2019) as compared to 11.2% growth in FY 2018-19. The decline was primarily attributed to a delay in order finalisation due to financial crunch/liquidity and a slowdown in a number of core sectors and the realty sector. Further, no significant capex in end-user sectors led to a drop in domestic demand. Exports supported growth in switchgear and insulator segment. The fourth quarter growth of the electrical equipment industry was further muted by the outbreak of Coronavirus and the resultant lockdown and a sudden halt to all economic activities.

(*Source: https://ieema.org/industry-intelligence/industry-update/, https://ieema.org/wp-content/uploads/2020/03/Indian-Electrical-Equip-Ind-Overview_Dec-19.pdf)*

II. Electricity energy meters

Electricity Energy Meter or Watt-Hour Meter is an electrical equipment that measures the amount of electrical energy used by the consumers. Electricity energy meters find applications in homes, industries, organisations and commercial buildings, where, they are installed by electrical departments to charge for the electricity consumption by loads. The energy meters are classified into Analogue Electric Meters and Digital Smart Meters. IEEMA members hold 85% of the total market share of the meter industry, which has a combined revenue of around ₹ 3,000 crore. IEEMA Meter division produces more than 25 million meters annually, which are 100% made in India products end-to-end.

With the rising electricity demand, India is on a mission of transforming its energy mix with innovation, focussing on enhancing energy production and cutting Aggregate Technical and Commercial (AT&C) losses. This is likely to be implemented through the installation of smart grid and advanced metering infrastructure. Programmes like National Smart Grid Mission (NSGM) and Integrated Power Development Scheme (IPDS) required installations of transmission grid as well as smart metering system. With its significant role in India's energy efficiency journey, Energy Efficiency Services Limited's (EESL) Smart Meter National Programme (SMNP) is currently working towards replacing 25 crore conventional meters with smart meters across India. This is likely to augur well for smart meter manufacturers in the country.

(*Source: https://ieema.org/division/energy-meters/, https://www.eeslindia.org/content/raj/eesl/en/Programmes/Smart-Meters/about-smart-meters.html)*

III. Electrical wires and cables

The Wires and Cables sector is the direct beneficiary of development and revamping of power generation and distribution infrastructure, as the market comprises nearly 42% of the electrical equipment industry in India. According to the latest Crisil report, India's wires and cable industry had a total size of 17 million km in FY 2018-19, which is likely to reach a volume of about 27 million km by FY 2023-24, growing by a CAGR of 10%. Accordingly, in value terms, the industry size stands at ₹ 646 billion in FY 2018-19, and is projected to grow at a CAGR of about 11% to reach ₹ 1,000-1,100 billion by FY 2023-24. India has also become a net exporter of cables and wires, propelled by rising production and double-digit annual growth of 12% between 2009 and 2019.

The wires and cables sector growth is primarily driven by the recent development push in power and infrastructure segments, supported by the Government policies, renewable energy push and Government schemes for electrification, housing development and smart cities and smart grid. The Wire and Cable industry comprises both branded players with domestic and export capabilities and a large number of fragmented manufacturers. Organised players' share in the market is constantly growing and is expected to touch 79% by FY 2023-24, from 68% in FY 2018-19. Implementation of GST, improved efficiency and a balanced cost structure are some factors contributing to the growth of organised wire and cables sector in India. Further, growth of urbanisation, growing middle class incomes and customer involvement in electrical purchases and preference for quality and branded products supports growth of the organised sector.

(Source: Crisil Report: Assessment of cables and wires industry in India, January 2020)

IV. LV switchgear

Low Voltage (LV) switchgear industry covers high rupturing capacity (H.R.C.) fuses, low voltage circuit breakers, offload electrical isolators, switches, earth leakage circuit breakers, moulded case circuit breakers (MCCB) and miniature circuit breakers (M.C.B.). India's low voltage switchgear industry has been established well. As per IEEMA, the present size of the LV Switchgear industry including domestic modular switches is estimated at around ₹ 11,050 crore. The share of LV switchgear industry in the entire electrical industry is about 15%. The competitive strength of Indian LV switchgear industry has been growing in a few products like miniature circuit breakers, earth leakage circuit breakers, HRC fuses and air circuit breakers, where exports are significantly higher than imports. While all product segments in the electrical equipment sector registered a negative revenue growth in FY 2019-20 (till December, 2019), LV switchgear is the only product segment to register a revenue growth of 4.6% in the same period, primarily driven by increasing export demand.

(*Source: https://ieema.org/division/lv-switchgear/*)

V. LED lighting

The LED (light-emitting diodes) is a revolutionary technology which is dominating the global and the India lighting industry. The country is all set to enter a revolutionary phase of lighting with innovative LED solutions. According to report from the Electric Lamp and Component Manufacturers Association (ELCOMA), the Indian LED market is expected to grow to ₹ 261 billion by CY 2020, which is approximately 80% of the total lighting industry.

The market for energy-efficient LED lighting is being driven by the focus on energy savings, the Government initiatives that were launched to encourage the use of LED lighting, the focus on smart city projects, growing power distribution system and the customer's involvement and awareness about energy saving products.

- ***Unnat Jyoti by Affordable LEDs for All (UJALA)***
  Launched in 2015, the Unnat Jyoti by Affordable LEDs for All (UJALA) has emerged as the world's largest domestic lighting programme, developed to address India's high cost of electrification and achieving energy efficiency. Energy Efficiency Services Limited (EESL), in charge of implementing the scheme, is a Super Energy Service Company (ESCO) under the Ministry of Power. The Company enables consumers, industries and governments to effectively manage their energy needs by implementing energy efficient technologies across sectors like lighting, buildings, electric mobility, smart metering and agriculture. Till date, it has completed distribution of 36 crore LED bulbs across India at a subsidised rate, achieving over 47,095 million kWh of annual energy savings, amounting to ₹ 18.8 billion. This led to total CO_2 reduction of 381 lakh tonnes. The programme also pushed India's LED lighting market manifold within four years, with the industry selling over 1.15 billion LEDs in CY 2019, far exceeding the UJALA programme's target of 700 million LED unit sales.

- ***Street Light National Programme (SNLP)***
  Launched in 2015, EESL's Street Light National Programme (SNLP) has been instrumental in installing over 1.03 crore smart LED streetlights till January 2020, enabling an estimated energy savings of 6.97 billion kWh per year with an estimated greenhouse gas (GHG) emission reduction of 48 lakh tonnes CO_2 annually. SLNP has a goal of replacing all the 1.34 crore conventional street lights in India.

According to International Energy Agency (IEA), India has the potential to become an influential trend setter in the global power sector as the world's third largest producer and consumer of electricity and a population of 1.4 billion. The lighting sector currently accounts for about 18% of the total electricity consumption in India. The sector will remain in focus because of the role it plays in electricity consumption and LED lighting sector, with its enormous power saving capability playing a key role in changing the electricity consumption scenario in India.

(*Source: http://www.ujala.gov.in/, https://www.eeslindia.org/content/raj/eesl/en/Programmes/SLNP/about-slnp.html*)

The COVID pandemic - and its impact on industry

The Coronavirus or COVID-19 pandemic has caused a radical slowdown of economic activities across India. With the nationwide lockdown, industries shut down production, commercial entities closed shutters and offices shut down while employees worked from home. This had a significant impact on the Indian energy sector, in the short-term as well as longer-term. During the lockdown period starting in March 2020, spot power demand fell 40% on closure of major consumers like industries, malls, markets and offices. Since the start of lockdown till May, total electricity demand dropped about 25% YoY.

This also impacted the electrical equipment sector as it affected demand, supply chain and manufacturing disruptions, order deferments and delaying of projects. The industry slowdown in the first three quarters of FY 2019-20 culminated in a worse situation in the fourth quarter. Despite the unlocking of the economy in a phased manner since June, economic activities are still not back to normal as the virus spread intensified multiple times after the lockdown period. The severely impacted commercial and industrial electricity consumption also led to a loss of business for DISCOMS. Under the COVID-19 support package, the government has announced around ₹ 90,000 crore low risk loans to DISCOMs, which will come with state guarantees. Power Finance Corp (PFC) and Rural Electrification Corporation (REC) have come forward to disburse 10-year loans to DISCOMs at 9.5% for the next 60 days under the ₹ 90,000 crore liquidity infusion package. Further, the government is considering relaxing working capital borrowing limits of power distribution companies. The industry representatives expect the Government support to MSMEs to lift end user demand in the long run. The Government's push for infrastructure developments in power, railways, roads, metro, housing and petrochemicals sectors will continue to spur demand for the electrical equipment sector.

Company Overview

HPL Electric & Power Limited (HPL or the Company) is a leading electrical equipment manufacturer in India operating for the past 40 years. The Company has significant presence across five key product verticals of electric equipment – metering solutions, modular switches, switchgears, LED lighting and wires and cables. It caters to a wide spectrum of customer segments, such as power utilities, government agencies, and retail and institutional customers, with a strong brand recall as a trusted electrical brand.

50% Share in the Domestic On-load Change-over Switches Market

20% Share in Domestic Electric Meters Market

5% Share in the Low-voltage Switchgear Market

5th Largest LED Lighting Products Manufacturer

Manufacturing capabilities

The Company has seven state-of-the-art manufacturing facilities at Gurugram, Jabli, Gharaunda and Kundli with end-to-end capabilities, covering product and component designing, product development, tool making and commercial production. Its well organised supply chain is supported by 21 warehouses across India.

The manufacturing process is supported by two Research and Development centres employing 100+ expert engineers, with rich experience in the electrical industry and a proven track record of product innovation. The Company also has a NABL-accredited and ISO/IEC 17025:2005 compliant testing facility at Gurugram.

Current capacities

Product Segments	Capacity (per annum)
Electronic Meters	11 million units
Lighting Equipment	26 million units
Switchgear	16 million units
Wires and Cables	194 million meters

Current order book (₹ in Crore)

Product Segments	FY 2019-20
Electronic Meters	₹ 301.6 crore
Lighting Equipment	₹ 56.7 crore
Switchgear	₹ 6.6 crore
Wires and Cables	₹ 2.7 crore
Total	**₹ 367.6 crore (net of GST)**

HPL has established a pan-India distribution network with 900+ authorised dealers and 27,000+ retailers across India in order to reinforce its brand presence and leverage on the growing potential of India's electrical equipment industry in metros and Tier I and II cities. The Company has been successfully serving its customers all over India and also to more than 40 countries across the globe. Backed by its highly experienced leadership team and R&D support, strong pre-qualification credentials, consistent product quality and long-standing customer relationships, it has built a niche for itself in the electrical equipment sector.

Key operational highlights

1. During the year, the Company launched:
   - Four products in the Meters category
   - 15+ products in Switchgear
   - 14 products in Lighting

2. HPL developed a complete range of solar solutions across meters, switchgears, lighting and wires and cables to cater to new industry and market trends.

3. The Company also displayed a new innovative product range 'Next Seven Wonders' in the LED lighting segment at the ELECRAMA Exhibition in January 2020.

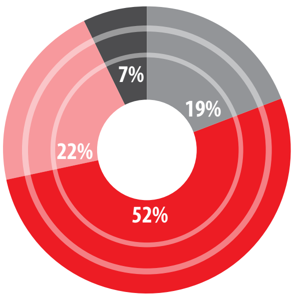
4. It provided turnkey "Retail Lighting Solutions" to major retail chains including "CCD, CD Essentials & Dmart covering more than 100 stores.

Financial overview

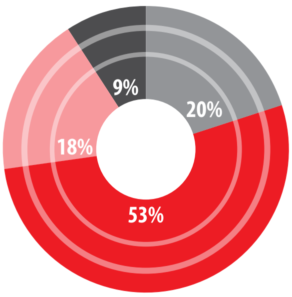
The Company delivered modest financial performance during FY 2019-20. Total consolidated revenue for HPL stood lower at ₹ 976.5 crore in FY 2019-20 as compared to ₹ 1,158.5 crore in FY 2018-19. Decline in revenue in FY 2019-20 was attributed to the COVID-19 induced disruption in the fourth quarter. The Company faced revenue losses amounting to about ₹ 120 crore as March sales were severely hit due to be virus outbreak and lockdown. Notwithstanding the disruption caused by COVID-19, the Company was able to cushion the fall in operating profitability and register improved EBITDA margins backed by efficient raw material sourcing and rationalisation of overhead expenses. Net profit stood lower at ₹ 59.7 crore impacted by the negative operating leverage, however, EBITDA margins improved by 117 bps to 12.8%. Adjusted for the revenue loss on account of COVID-19, FY 2019-20 revenues would have been marginally lower year over year and EBITDA and net profit would have been much higher compared to previous year.

Both B2B as well as B2C business were hit by the operation disruptions. On the B2B side, metering business was particularly impacted, while for the B2C business, the lighting & switchgear revenue growth was significantly impacted by the lockdown. The B2C business, comprising non-utility metering, switchgear, lighting and wire and cable segment revenues, contributed 49% to the total revenues. The remaining 51% was contributed by the B2B segment which included metering revenues from utilities and EESL.

Revenue break-up



FY 2019-20



FY 2018-19

Switchgear · Metering · Lighting and Electronics · Wires and Cables

During the financial year ended 31st March, 2020, there is no change of 25% or more in Key Financial Ratio and return on networth as compared to the immediately previous financial year:

Segment-wise performance

I. *Metering business*

Metering business revenues stood at ₹ 511 crore in FY 2019-20 compared to ₹ 610 crore in FY 2018-19 registering a degrowth of 16% YoY. EBIT margin stood at 14.9%. The decline in revenue was attributed to COVID-19 related business and supply chain disruptions. Metering segment was already impacted negatively due to the non-availability of some critical imported components from China because of COVID-19 outbreak in the country. Furthermore, inspections came to halt in March 2020, after the virus outbreak in India and the following lockdown. Both these factors led to a sharp decline in the despatches and consequent sales. However, the current metering order book of ₹ 301.6 crore ensures a steady growth for the segment in near future.

II. *Switchgear business*

Revenue from Switchgear segment in FY 2019-20 was down 16% to ₹ 190 crore in comparison to ₹ 227 crore in last financial year with an EBIT margin of 18.6%. Switchgear segments witnessed healthy traction during January & February 2020 driven by network expansion. However, sales were disrupted in the fourth quarter of the fiscal because of the COVID-19 outbreak and the lockdown, which negatively impacted the Company's B2C business.

III. *Lighting business*

Lighting business continued to witness good growth momentum over the year despite the headwinds in the end user section. HPL's retail lighting solutions to major retail chains including CCD, CD Essentials and DMart contributed well to the segment business growth. Revenue for FY 2019-20 remained flat at ₹ 210 crore in comparison to ₹ 211.7 crore in the previous fiscal year. EBIT margin stood at 11.0%. The revenue growth was negatively offset by the outbreak of COVID-19 in the fourth quarter. Adjusting for revenue lost due to COVID-19, lighting and switchgear segment revenues in Q4 would have been higher by about 15-20% on a YoY basis.

IV. *Wires and Cables*

Growth in Wire and Cables segment was impacted by the overall slowdown in the real estate, negative macro-economic parameters and further impact of COVID-19 in the fourth quarter. Revenues declined 34% to ₹ 66 crore, from ₹ 109.8 crore last year, with an EBIT margin of 4.0%.

Management Outlook

As the industries and the organisations are slowly resuming operations, the short and medium term outlook for the Company is still dependent considerably on the trajectory of COVID-19 in India, containment of the virus and resumption of normal economic activities. Despite the current headwinds in the country, the Company is optimistic about its long-term prospects. The future growth of HPL will be led by the strong business prospect in the metering segment. This will be supported by the pickup of B2C business in the second half of the financial year.

Metering business

- Growing energy sector demand, continuous investment in the infrastructure development and reforms towards revamping the transmission and distribution network will drive demand for organised players

- Various State Electricity Boards (SEBs) have already begun replacing conventional meters with smart meters. Barring general hiccups during the transition period and the disruptions caused by COVID-19 outbreak, this renewed thrust by the Government will open a huge opportunity for prominent meter suppliers like HPL. The Government's focus on bringing down the AT&C losses of DISCOMs is expected to drive strong demand for smart meters over the medium-to-long term

- In fact, in a major positive development, HPL received smart meter orders worth ₹ 90 crore in May 2020. Increasing share of smart meter orders will further drive higher realisations and profitability in the meters segment

- One-time liquidity injection of ₹ 900 billion into "Power DISCOMs" is expected to improve their financial position and consequently support demand for new metering orders. This would ensure timely payment of dues to equipment suppliers over next one year

B2B Business

- Assuming that the COVID-19 pandemic will be under control over the next few months, a demand recovery for HPL's B2C products (lighting, switchgear, wires & cables) is expected in the second half of the year. The pickup is likely to be driven by the macroeconomic revival with the receding of lockdown impact, further supported by the onset of the festival season and higher government spending

- Looking beyond these near-term challenges, on the B2C side, the Company expects to see healthy traction over the coming years, led by product development efforts, network expansion, and strong branding initiatives

Strong order book and cost rationalisation

HPL expects its robust order book and re-calibrated cost structure to support near-term performance during the pandemic.

- Currently, HPL has a robust order book of ₹ 368 crore, which provides revenue visibility for the next 2-3 quarters. Further, Enquiry base for metering tenders stands at a healthy level as tenders amounting to ₹ 2,000 crore have been floated or expected to be floated in the near-term

- HPL focusses on sustainable and profitable growth in future. To tide over the challenging period during the COVID-19 outbreak, the Company has strategised a very lean cost-structure focussing on reducing non-essential costs and improving operational and manufacturing efficiency. To implement this, it has re-adjusted employee costs and rationalised other overhead operating costs. Furthermore, advertising expenses have been reduced by about 80% in Q1 FY 2020-21

As most of the organisations are taking up work from home policy and enhancing their virtual presence during this period of social distancing, HPL also augmented their social media presence. This helped them stay connected with its customers and manage its brand visibility. HPL is confident of overcoming the short-and-medium term challenges and driving sustainable growth with the normalisation of economic activities.

SWOT analysis

Strengths

- Strong promoter support with more than 50 years of experience and senior management team with 20+ years of experience
- Strong R&D and manufacturing capabilities
- Established relationships with institutional customers
- Expertise in a technical end user sector like metering and switchgear with strict entry barriers
- Strong pre-qualification credentials

Weaknesses

- Temporary decline in wires and cables segment
- Low market share in LV switchgears
- Lower revenue growth in metering business

Opportunities

- Government's huge investment plan on infrastructure development
- Transition to smart metering and smart grid
- Growing urbanisation and universal electrification programmes like Power for All and Smart Cities
- Focus on energy saving lighting and programmes like UJALA and SLNP

Threats

- Outbreak of coronavirus and its long-term impact on economy industry and the Company
- Challenge arising during transition from conventional to smart meter
- Raw material price fluctuation
- Macro-economic slowdown
- Increasing competition

Risk management

Risks are an integral part of a business and every well organised Company will have established systems and reporting structures to manage their risk factors. HPL has a well-defined Enterprise-wide Risk Management (ERM) framework in place aimed at timely identification, evaluation and pre-emption of potential risks. Appropriate risk mitigation measures are followed up to overcome adverse situations, which may arise on account of the enterprise risks.

Macro-economic risk: An economic slowdown results in lower consumption and investment, which may slow down activities in various sectors including the power sector. This may directly impact the Company's performance.

Mitigation: The Company continues to focus on product diversification and exploring new geographies to be resilient to any economic slowdown. Strong focus on R&D and innovation enables the Company to keep launching products relevant to consumers.

Policy risk: Unfavourable or unforeseen changes in policy regulations and compliances may adversely impact the Company's business.

Mitigation: The Company has a well-diversified presence across different business segments and products, supported by strong R&D and fair and transparent practices. The Company closely monitors change in applicable statutes and new regulations and ensures readiness to compliance within stipulated timeframe.

Raw material risk: Disruption in supply of raw material or unforeseen fluctuation in prices may put at stake business profitability.

Mitigation: The Company enters into long-term favourable contracts backed by its strong leadership position, rich experience and long-standing relationships with suppliers, which protects against raw material risk.

Exchange rate risk: As HPL exports its products and imports some of its raw materials; volatility in the exchange rate might have an impact on its business.

Mitigation: The Company monitors the movements in currency exchange rate and modifies its order book correspondingly. Hedging mitigates the impact of short-term movements in currency on the businesses. Borrowing decisions are taken after currency sensitivity analysis.

Client concentration risk: Over dependence on few clients may pose risk to profitability if those clients change their supplier preference.

Mitigation: Well-diversified product portfolio, presence across business segments and end user segments, and widespread distribution of operations insulate the Company from client concentration risks. Steady cash flow is further ensured by catering to various Government bodies, institutional and retail consumers.

Geopolitical and global pandemic risk: Geopolitical tensions between different geographies can impact the Company's export business. Further, spread of pandemics such as the COVID-19 outbreak may impact its business negatively with unprecedented disruptions.

Mitigation: The Company undertakes lean cost structures policy to manage crisis. Additionally, it monitors cash flows, takes calculative decision on capex and implements cost cutting measures to survive critical time.

Internal Control Framework

The Company has a well-structured internal control mechanism, pertaining to the size and nature of the business. It follows stringent Standard Operating Procedures (SOPs), policies and guidelines to safeguard assets from unauthorised use and ensuring compliance with applicable statutes and laws. The Company undertakes regular monitoring procedure and self-assessment exercises to ensure strict adherence to compliance. The Company also safeguards its data with a Code of Conduct policy for employees. The Company promoted the highest standards of ethical code. The Company ensures that work culture in no way conflicts with business interests. Self-monitoring mechanisms are devised to maintain efficiency of business operations and to monitor fraudulent conduct. The Company has an Internal Audit team that regularly monitors the operations, business competitiveness and accuracy of accounting methods. The internal audit team independently reviews and strengthens the control measures and shares its observations and recommendations to the Management.

Human Resources

Being a manufacturing and R&D based Company, human capital is one of the key resources to ensure business sustainability and growth. The Company believes in hiring talents and encouraging them to grow both at personal and professional levels through regular skill and personnel development training. The team of over 100 R&D professionals is the key factor driving innovation securing future growth prospects. The Company encourages a conducive work environment and aligns personal goals with Company's growth vision for a win-win situation. Ample recreational and reward and recognition activities are organised to keep the employees motivated. The total employee strength of the Company stood at 1,234 as on 31st March, 2020.

Cautionary Statement

Statements in the Management Discussion and Analysis report describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed and implied. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

DIRECTOR'S REPORT

Dear Members

The Directors have pleasure in presenting 28th Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2020.

1. Financial Highlights

The Company's financial performance for the year ended 31st March, 2020 alongwith previous year's figures is summarized below:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Revenue from Operations	92522.40	110,259.11	97651.44	115,847.46
Other Income	383.75	398.13	458.21	470.27
Operating Profit before Finance Costs, Depreciation, Tax and Extraordinary items	11444.68	12,133.09	12948.54	13,822.34
Less: Finance Cost	5639.81	5,276.15	6144.79	5,814.67
Less: Depreciation and amortization expenses	3480.79	2,986.61	3741.98	3,203.65
Profit before Exceptional Expenses and Tax	2324.08	3,870.33	3061.77	4,804.02
Profit before tax	**2324.08**	**3,870.33**	**3061.77**	**4,804.02**
Less: Tax Expenses	653.46	1,231.81	869.64	1,532.81
Profit for the year	**1670.62**	**2,638.52**	**2192.13**	**3,271.21**
Other comprehensive income for the year, net of tax	1.35	(20.88)	(1.80)	(20.49)
Total comprehensive income for the year, net of tax	**1671.97**	**2,617.64**	**2190.33**	**3,250.72**
Profit for the year attributable to				
Equity holders of the parent Company	1670.62	2,638.52	2177.23	3,252.89
Non-controlling interest	-	-	14.90	18.32
Total comprehensive income for the year attributable to				
Equity holders of the parent Company	1671.97	2,617.64	2175.52	3,232.39
Non-controlling interest	-	-	14.81	18.33
Earnings per Share (in Rs) Not Annualised				
Basis (Rs)	2.60	4.10	3.39	5.06
Diluted (Rs)	2.60	4.10	3.39	5.06

2. State of Company's Affairs

FY20 was a challenging year for the Indian consumer and industrial electrical companies. HPL reported a revenue of Rs 976.5 crores in FY20 lower by 15.7% compared to Rs 1,158.5 crores. Performance for the year was impacted by the subdued demand from the real estate & infrastructure sectors, and government projects. This was further accentuated by the disruption caused by the Covid-19 pandemic in the fourth quarter due to which the company lost revenue to the tune of Rs 120 crore.

"Metering" segment was particularly hard hit in the fourth quarter. From February 2020 onwards, the company experienced a shortage of some imported critical components as Covid-19 disrupted supply chains from China. Furthermore, inspections came to halt in March 2020, due to the Covid-19 led uncertainty in India. Both these factors led to a sharp drop in dispatches and consequently sales. However, these orders and sales have not been lost but only delayed which we should recoup going forward.

On the B2C front, our "lighting" segment witnessed healthy traction and was on track to achieve mid-to-high single digit growth had it not been for the pandemic. The "switchgear" and "wires & cables" segment performance was impacted by the slowdown in the real estate & infrastructure sectors besides the Covid-19 disruption.

Despite enduring a difficult year, we were able to keep our operating profitability largely intact through efficient raw material sourcing and rationalization of operating costs. EBITDA margins for FY20 expandedby 127 bps to 12.8% (11.5% in FY19)

Looking ahead to the next year, our performance will be adversely impacted by the lockdown and the ensuing slowdown in demand in H1 FY21. However, we remain cautiously optimistic as robust order book of Rs 367.70 crores* provides revenue visibility. Further, we have also restored our supply chains for both the metering and B2C segments. In a major positive boost, we have received smart meter orders of Rs 90 crores in May 2020. Winning of this order is a testament of the HPL's capabilities in providing efficient smart meter solutions.

The one-time liquidity injection of Rs 90,000 crores into power Discoms announced by the Government is likely to support demand for "meters" for the next fiscal andensure timely payment of dues for equipment suppliers. Our B2C segment is also expected to see a demand recovery in H2 FY21as the impact oflockdown recedes, underpinned by the on-set of the festival season and higher governmentspending.

Looking beyond the near-term challenges, HPL remains committed to deliver sustainable growth over the medium term led by traction in both metering and B2C segments. Smart meters will be a major growth area for the company going forward. The central Government's thrust on replacing 250 million conventional meters with smart meters opens-up a huge potential market for prominent suppliers like HPL.Furthermore, we expectsee healthy traction in our B2C segment over the coming years, led by product development efforts, network expansion, and effective branding initiatives.

Note: * Order Book Size is as on 9th June, 2020

3. Performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company

As on 31st March, 2020, the company is having only one subsidiary namely Himachal Energy Private Limited and two Joint Ventures (JVs) namely HPL Electric & Power Pvt. Ltd. – Shriji Designs (JV) and HPL Electric & Power Pvt. Ltd. – Trimurthi Hitech Co. Pvt. Ltd. - Shriji Designs (JV). These JVs are established as Association of Person (AOP) and not registered under the Companies Act, 2013 and accordingly are not Associate Companies as per section 2(6) of the Companies Act, 2013.

Himachal Energy Private Limited is engaged in the manufacturing of energy saving meters and other related products. The Gross Revenue of the Company for the FY 2020 stood at Rs. 8532.28 lakhs (P.Y. Rs. 10,518.83 lakhs). Profit after tax for the year stood at Rs. 522.73 lakhs (P.Y. Rs. 642.88 lakhs). The Company continues its performance momentum.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements alongwith relevant documents and separate financial statements in respect of Subsidiary company, are available on the website of the Company i.e. www.hplindia.com.

4. Names of Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year

During the Financial Year ended 31st March, 2020, no company became or ceased to be a subsidiary of the Company or Joint Venture or Associate Company.

5. Consolidated Financial Statement

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Report.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statement of a company's subsidiary or subsidiaries, associate company or joint venture or ventures in Form AOC-1 is annexed as **Annexure I.**

6. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

7. Change in the nature of business, if any

There was no change in the nature of business of the Company during the financial year ended 31st March, 2020.

8. Reserves

During the period under report, the company do not propose to transfer any amount to the General Reserve.

9. Dividend

The Board of Directors in its meeting held on 9th July, 2020 recommended a final dividend of Rs. 0.15 per equity share of Rs. 10 face value (1.5%) for the financial year ended 31st March, 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

The dividend would be payable to all those Shareholders whose names appear in the Register of Members as on 23rd September, 2020, the record date fixed for this purpose.

10. Public deposits

During the period under report, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

11. Details of Directors or Key Managerial Personnel including those who were appointed or have resigned during the year

Mr. Hargovind Sachdev (DIN: 08105319) was appointed as an Independent Director of the Company for a period of 2 years with effect from 13th April, 2018. The first term of office as Non-Executive Independent Director completed effective 12th April, 2020. Thereafter, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the company has approved the re-appointment of Mr. Hargovind Sachdev (DIN:08105319) as an Independent Director of the Company for a further period of 5 (five)consecutive years w.e.f 13th April, 2020, and recommends the same for the approval by the shareholders of the company in the forthcoming Annual General Meeting. The company has received consent in writing from Mr. Hargovind Sachdev to act as director in the form DIR-2 and intimation in the Form DIR- 8 to the effect that he is not disqualified U/s 164 (2) of the Companies Act, 2013 to act as Director and confirmation that he meets the criteria of independence prescribed under the Act and the SEBI Listing Regulations.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and other applicable provisions of the Act, Mr. Rishi Seth (DIN:00203469), Managing Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the provisions of Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

Brief details of the directors being recommended for re-appointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been furnished in the Notice dated 3rd September, 2020 convening the 28th Annual General Meeting.

12. Number of meetings of the Board

During the period under report, the Board of Directors of the Company met 4 (four) times on 20th May, 2019, 12th August, 2019, 14th November, 2019 and 14th February, 2020. Particulars of attendance of each director are mentioned in the Corporate Governance Report.

Pursuant to the provisions of Schedule IV to the Companies Act, 2013 and the SEBI Listing Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on 14th February, 2020, without the presence of Non-Independent Directors and members of the management, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairperson of the company, taking into account the views of Executive Directors, Non-Executive Non-Independent Directors and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

13. Formal Annual Evaluation

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Companies (Amendment) Act, 2017 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Nomination and remuneration committee has laid down the manner for effective evaluation of performance of Board, its committees and individual directors and accordingly the Board of directors has carried out an annual evaluation of its own performance, board committees and individual directors.

While evaluating the performance of Board, the Board had considered the composition and structure of the Board in terms of size, experience, diversity, effectiveness of the board process, dissemination of information etc.

The performance of the committees was evaluated by the board taking into consideration the factors such as composition of the committee; effectiveness of committee meetings; independence of the committee from the Board and contribution in decision making by the Board etc.

The performance evaluation of all the individual directors was carried out after taking into account their individual contribution to the board and committee meetings such as preparedness on the issues to be discussed, effective contribution in the discussion on the various agenda items, whether the independent directors fulfill the independence criteria as specified in the Companies Act, 2013 and SEBI Listing Regulations and their independence from the management. Therefore the outcome of the performance evaluation for the period under report, was satisfactory and reflect how well the directors, board and committees are carrying their respective activities.

The independent directors in its separate meeting without the attendance of non-independent directors and members of management, reviewed -

(a) the performance of non-independent directors and the Board as a whole;

(b) the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

14. Nomination and Remuneration Policy of Directors, Key Managerial Personnel and other employees

As per the provisions of Section 178 of the Companies Act, 2013, the Board of Directors has approved a policy which lays down a framework in relation to appointment and remuneration of Directors, Key Managerial Personnel and other employees of the Company.

The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Directors, Key Managerial Personnel and other employees. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Director and criteria for appointment of Key Managerial Personnel / Senior Management while making selection of the candidates. The above policy is available on the website of the Company at www.hplindia.com.

15. Extract of Annual Return

As per the requirements of Section 92(3) of the Act and rules made thereunder, the extract of the Annual Return for the year ended 31st March, 2020 is annexed as **Annexure II** in the prescribed Form No. MGT-9, which is a part of this report. The same is available on the website of the Company at www.hplindia.com.

16. Listing

The equity shares of the Company are listed on the National Stock Exchange of India Ltd. and BSE Limited. The listing fee for the financial year 2020-2021 has been paid to both the Stock Exchanges.

17. Audit Committee

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report which is a part of this Annual Report.

18. Vigil mechanism/ Whistle Blower Policy

Pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations 2015, the Company has established a robust vigil Mechanism for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct. The Vigil Mechanism Policy provides that the company investigates in such incidents, when reported, in an impartial manner and shall take appropriate action as and when required to do so. The policy also provides the mechanism for adequate safeguard against the victimization of Director(s)/ employees who avail the mechanism and also provide for the direct access to the Chairman of the Audit Committee in exceptional cases. A vigil Mechanism policy is available on the website of the company at www.hplindia.com.

19. Risk Management

The Company has in place a robust risk management policy to anticipate, identify, measure, manage, mitigate, monitor and report the risk and uncertainties that may have an impact to achieve the business objective of the company. The Company recognizes these risks which need to be managed and mitigated to protect the interest of the stakeholders, to achieve business objectives and enable sustainable growth. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. The Company believes that managing risks helps in maximizing returns.

An extensive program of internal audits and regular reviews by the Audit Committee is carried out to ensure compliance with the best practices.

20. Policy on Material Subsidiary

The Company has framed a Policy on Material Subsidiary under Regulations 16(c) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 which is available on the website of the company i.e. www.hplindia.com.

21. Corporate Social Responsibility (CSR)

It is the responsibility of the corporations operating within society to contribute towards social and environmental development that will help in creating a positive impact on society at large.

The Corporate Social Responsibility committee comprises of Mrs. Madhu Bala Nath as Chairperson, Mr. Lalit Seth, Mr. Rishi Seth and Mr. Jainul Haque as members of the committee.

The company discharges its CSR obligations directly and by making contribution through Seth Inder Narain Foundation, Trust and SUTRA, an implementing agency appointed by the Company towards supporting projects in Eradicating hunger, poverty and malnutrition promoting health care; promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. The company also extends its objective towards CSR in supporting the rural development projects.

The Board of Directors have approved the CSR Policy of the Company as formulated and recommended by the CSR Committee which is available on the website of the Company at www.hplindia.com. A report on Corporate Social Responsibility is annexed as **Annexure III.**

22. Particulars of Contracts or Arrangements with related Parties

All the transactions entered into with related parties as defined under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year ended 31st March, 2020 were in the ordinary course of business and on arm's length basis. As per the provisions of Section 188 of the Companies Act, 2013, and Rules made thereunder read with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had obtained the necessary prior approval of the Audit Committee for all the related party transactions. Further, there were no material related party transactions with promoters, directors or Key Management Personnel during the year under report.

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, they synchronize and synergies with the Company's operations.

The Company has framed a Policy on Related Party Transactions in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the provisions of the Companies Act, 2013, as amended. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and related parties. The policy is available on the website of the company at www.hplindia.com and the Details of Related Party Transactions are annexed as per Form AOC-2 in **Annexure IV.**

23. Auditors

A) Statutory Auditors

As per the provisions of Section 139(1) of the Act, the Company had appointed M/s. Kharabanda Associates, Chartered Accountants (Regn. No. 003456N) as Statutory Auditors for a period of 5 (Five) years in the Annual General Meeting of the company held on 28th September 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at this AGM is not being sought.

Statutory Auditors Report

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditors' Report are self-explanatory.

There was no instance of fraud during the year under report, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

B) Cost Auditors

As per Section 148 of the Companies Act, 2013, the company is required to have the audit of its cost records conducted by a Cost Accountant in practice.

Pursuant to the provisions of Section 141, 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions of the Act, as amended from time to time, M/s Bikram Jain & Associates, Cost Accountants, (Firm Registration No. 101610) were appointed as the Cost Auditor of the Company for the financial year ended 31st March, 2020.

The company has received the Cost Audit Report of the company for the financial year ended 31st March, 2019 in its meeting held on 12th August, 2019 and the same was filed in XBRL mode within due date.

The company has made and maintained the Cost records under Section 148 of the Companies Act, 2013 for the financial year ended 31st March, 2020.

C) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding rules made there under M/s. AVA Associates, Company Secretaries were re-appointed as Secretarial Auditors of the Company to conduct Secretarial Audit of the Company for the financial year ended 31st March, 2020.

Secretarial Audit Report

The Secretarial Audit Report for the FY 2019-20 as submitted by Secretarial Auditor in Form MR-3 is annexed to this Report as **Annexure V.**

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Secretarial Auditors in their Secretarial Audit Report that may call for any explanation from the Directors.

Annual Secretarial Compliance Report

A Secretarial Compliance Report for the financial year ended 31st March, 2020 on compliance of all applicable SEBI Listing Regulations and circulars/ guidelines issued thereunder, was obtained from M/s AVA Associates, Secretarial Auditors, and submitted to both the stock exchanges.

24. Particulars of Loans, Guarantees or investments

The investment made by the company in the subsidiary company in the form of equity share capital is disclosed in the notes to the Audited Financial Statements forming part of this Annual Report. The company has not given any loans, guarantees or provided any security in connection with a loan to any body corporate or person as per section 186 of the Companies Act, 2013 during the period under report.

25. Particulars of remuneration of Directors/ KMP/Employees

The information required to be disclosed in the Director's Report pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out in **Annexure VI** to this report.

26. Research and Development

HPL is passionate about innovation and has undertaken a lot of initiatives to accelerate the business growth curve in the upward direction. Company has been regularly investing in infrastructure and its R&D centers to make world-class products, meeting stringent Quality standards. All the R&D labs in various units have been focusing on design and development of innovative products in the field of Switchgear, Lighting and Metering etc. to meet the growing technological challenges of the times.

The R&D team has been continuously working on improving the reliability and life cycle of HPL products. All our plants are ISO 9001:2015 certified. Most of the products are "CE" marked. Moreover all the plants are RoHS complaint to meet the demands of the new era of business, globally.

Timely delivery of new products under development is of primary focus of R&D department. It works on a cohesive approach to narrow the gap between design and manufacturing by investing money in 3D modeling, making prototypes before commencing tool manufacturing to save money, time & energy, thereby increasing the efficiency of the company.

Company is continuously working on many more smart engineering electrical products to meet the future demand. LED being called the fourth generation light source, HPL is keeping itself abreast with innovative lighting products, continuously being developed, to meeting the market demand.

27. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as **Annexure VII** to this report.

28. Corporate Governance Report

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report. The requisite certificate from M/s. Kharabanda Associates, Statutory Auditors of the Company confirming compliance of conditions of corporate governance is also annexed to the Corporate Governance Report.

29. Directors' Responsibility Statement

Pursuant to Section 134(3) (c) and 134(5) of the Companies Act, 2013, the Directors confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the Directors had prepared the annual accounts on a going concern basis;

e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. Disclosure under the sexual harassment of women at workplace (Prevention, Prohibition And Redressal) Act, 2013

The Company has always believed in providing a safe and harassment free workplace for every individual working in the Company premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place robust policy on prevention, prohibition and redressal of complaints relating to sexual harassment at workplace which is applicable to the company as per the provisions of Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013. The company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013.

During the year under report, the company has not received any complaints pertaining to sexual harassment.

31. Significant/material orders passed by the regulators

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

32. Internal Financial Control Systems and their adequacy

The Company has adopted policies and procedures for effective internal controls system. This ensures that all transactions are authorized, recorded & timely preparation of reliable financial information, the safeguarding of its assets, the prevention and detection of frauds and errors. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

33. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under report, as stipulated under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also presented in a separate section forming part of this Annual Report.

34. CEO and CFO Certificate

CEO and CFO Certificate as prescribed under Schedule II part B of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Corporate Governance Report forming part of this Annual Report.

35. Disclosure of commission paid to Managing Director or Whole time directors

There is no commission paid or payable by the company to the managing director or the whole time directors.

36. Acknowledgement

The Board of Directors acknowledges the continued co-operation assistance and support the Company has received from various Government Departments, Banks/ financial Institutions and shareholders. The Board also places on record its appreciation for the sincere services rendered by employees of the company at all levels and the support and co-operation extended by the valued business associates and the continuous patronage of the customers of the Company.

For and on Behalf of the Board
For **HPL Electric & Power Limited**

Lalit Seth
Chairman
DIN: 00312007

Date : 3rd September, 2020
Place : Noida

ANNEXURE-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

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

(Rs. In Crores)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Himachal Energy Private Limited
2.	The date since when subsidiary was acquired	09/05/2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31/03/2020
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
5.	Share capital	15.44
6.	Reserves & surplus	42.95
7.	Total assets	128.11
8.	Total Liabilities	69.72
9.	Investments	Nil
10.	Turnover	85.32
11.	Profit before taxation	7.39
12.	Provision for taxation	2.16
13.	Profit after taxation	5.23
14.	Proposed Dividend	Nil
15.	% of shareholding	97.15%

Part "B": Associates and Joint Ventures

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

(Amount in Rs.)

Name of Associates/Joint Ventures		HPL-Shriji Designs (JV)	HPL-Shriji-Trimurthi Hitech Company Pvt.Ltd. (JV)
1.	Latest audited Balance Sheet Date	31.03.2020	31.03.2020
2.	Date on which the Associate or Joint Venture was associated or Acquired	30.10.2010	22.06.2011
3.	Shares of Associate/Joint Ventures held by the company on the year end		
	No.	N.A.	N.A.
	Amount of Investment in Associates/Joint Venture (Rs.)	63,99,240	1,35,14,899
	Extend of Holding%		
4.	Description of how there is significant influence	Company is holding 97% of the ownership interest	Company is holding 94% of the ownership interest
5.	Reason why the associate/joint venture is not consolidated	N.A.	N.A.
6.	Net worth attributable to shareholding as per latest audited Balance Sheet(Rs.)	(40,26,484)	(57,83,693)
7.	Profit/Loss for the year(Rs.)		
i.	Considered in Consolidation	3,35,837	(4,57,549)
ii.	Not Considered in Consolidation	-	-

For **Kharabanda Associates**
Chartered Accountants
Firm Registration No. 003456N

Sd/-
Sunil Kharabanda
Proprietor
Membership No. 082402

For and on Behalf of the Board

Sd/-
Lalit Seth
Chairman and Whole-time Director
DIN: 00312007

Sd/-
Rishi Seth
Managing Director
DIN: 00203469

Sd/-
Vivek Kumar
Company Secretary
M. No. A18491

Sd/-
Sudhir Barik
Chief Financial Officer
M. No. 13243

Date: 3rd September, 2020
Place: Noida

ANNEXURE-II

FORM NO. MGT-9

Extract of Annual Return

as on the Financial Year ended 31st March, 2020

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

I. Registration and other details:

i)	CIN	L74899DL1992PLC048945
ii)	Registration Date	28-05-1992
iii)	Name of the Company	HPL Electric & Power Limited
iv)	Category of the Company	Public Limited Company
v)	Sub-Category of the Company	Limited By Shares
vi)	Address of the Registered office and contact details	1/20 Asaf Ali Road, New Delhi-110002, Phone No-011-23234411 Fax: 011-23232639 Email: hpl@hplindia.com Website: www.hplindia.com
vii)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District - Nanakramguda, Hyderabad- 500 032, Telangana, India Phone no.: +91 40 67161526 / Fax: (+91 40) 23001135 E-mail: einward.ris@karvy.com Website: www.kfintech.com

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)

SN	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the company
1	Metering	2651	49.72
2	Switchgear	2710	20.49
3	Lighting & Electronics	2740	22.67
4	Cables	2732	7.12

As per NIC Code 2008.

III. Particulars of holding, subsidiary and associate companies:

S. No	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% age of shares held	Applicable section
1.	Himachal Energy Private Limited	U31909HP2003PTC027983	Subsidiary	97.15	Section 2(87) of Companies Act, 2013
2.	HPL Electric & Power Private Limited – Shriji Designs (JV)	NA	Joint Venture	Nil#	NA
3.	HPL Electric & Power Private Limited – Shriji Designs – Trimurthi Hitech Company Private Limited (JV)	NA	Joint Venture	Nil#	NA

The Company has Two Joint Ventures in form of Association of Person (AOP) under the names of Joint Ventures of M/s HPL Electric & Power Private Limited – Shriji Designs (JV) & HPL Electric & Power Private Limited – Shriji Designs – Trimurthi Hitech Company Private Limited (JV) w.e.f. October 30, 2010 & June 22, 2011 which were subsequently amended on September 24, 2011. Your company is the Lead Partner in both the Joint Ventures and having entitlement of 97% & 94% of profits earned respectively.

IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

a) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	14406176	0	14406176	22.40	14421176	0	14421176	22.43	0.03
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	32092023	0	32092023	49.91	32092023	0	32092023	49.91	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**46498199**	**0**	**46498199**	**72.31**	**46513199**	**0**	**46513199**	**72.34**	**0.03**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**46498199**	**0**	**46498199**	**72.31**	**46513199**	**0**	**46513199**	**72.34**	**0.03**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	3877376	0	3877376	6.03	3876523	0	3876523	6.03	0.00
(b)	Financial Institutions /Banks	40798	0	40798	0.06	10	0	10	0.00	-0.06
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	22251	0	22251	0.03	14	0	14	0.00	-0.03
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Alternate Investment Fund	491191	0	491191	0.76	760000	0	760000	1.18	0.42
	Sub-Total B(1) :	**4431616**	**0**	**4431616**	**6.89**	**4636547**	**0**	**4636547**	**7.21**	**0.33**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1359595	0	1359595	2.11	925749	0	925749	1.44	-0.67
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	8174092	1	8174093	12.71	8720709	1	8720710	13.56	0.85
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1614479	0	1614479	2.51	1904877	0	1904877	2.96	0.45
(c)	Others									
	CLEARING MEMBERS	96973	0	96973	0.15	50790	0	50790	0.08	-0.07
	DIRECTORS	37500	0	37500	0.06	37500	0	37500	0.06	0.00
	NBFC	55717	0	55717	0.09	0	0	0	0.00	-0.09
	NON RESIDENT INDIANS	1541584	0	1541584	2.40	1107565	0	1107565	1.72	-0.68
	NRI NON-REPATRIATION	490230	0	490230	0.76	403549	0	403549	0.63	-0.13
	TRUSTS	500	0	500	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	13370670	1	13370671	20.79	13150739	1	13150740	20.45	-0.34
	Total B=B(1)+B(2) :	17802286	1	17802287	27.69	17787286	1	17787287	27.66	-0.02
	Total (A+B) :	64300485	1	64300486	100.00	64300485	1	64300486	100.00	0.00
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	**64300485**	**1**	**64300486**	**100.00**	**64300485**	**1**	**64300486**	**100.00**	

b) Shareholding of Promoter:

S. 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	Mr. Lalit Seth	7809598	12.15	0	7824598	12.17	0	0.03
2	Mrs. Praveen Seth	2133098	3.32	0	2133098	3.32	0	0
3	Mr. Rishi Seth	2231740	3.47	0	2231740	3.47	0	0
4	Mr. Gautam Seth	2231740	3.47	0	2231740	3.47	0	0
5	HPL India Limited	17573238	27.33	0	17573238	27.33	0	0
6	Jesons Impex Private Limited	24000	0.04	0	24000	0.04	0	0
7	Havell's Private Limited	2842655	4.42	0	2842655	4.42	0	0
8	Havells Electronics Private Limited	11652130	18.12	0	11652130	18.12	0	0
	Total	**46498199**	**72.31**	**0**	**46513199**	**72.34**	**0**	**0.03**

c) Change in Promoters' Shareholding

Sr. No.		Shareholding		Cumulative shareholding during the year (01.04.2019- 31.03.2020)	
	Promoter	**No. of Shares**	**% of the total shares of the Company**	**No. of Shares**	**% of the total shares of the Company**
	At the beginning of the year	46498199	72.31	46498199	72.31
	Date wise Increase/ Decrease in promoters Share holding during the year Specifying the reasons for increase/ decrease (allotment/ transfer/ bonus/ sweat etc.)*			There is a change in the holding of Mr. Lalit Seth, promoter which is as per Note – I below	
	At the end of the year	46513199	72.34	46513199	72.34

NOTE-I Details of Increase and Decrease in Promoters Shareholding

Sl. No	Name	Shareholding		Date of debit/ credit	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2019- 31.03.2020)	
		No. of shares at the beginning (01.04.2019)/ end of the year (31.03.2020)	% of total shares of the company				No. of Shares	% of the total shares of the Company
1.	Mr. Lalit Seth	7809598	12.15	01.04.2019			7809598	12.15
				03.05.2019	15000	Market purchase	7824598	12.17
		7824598	12.17	31.03.2020			7824598	12.17

d) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl no	Name of the Share Holder	Shareholding at the beginning of the Year (01.04.2019)		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year (01.04.2019 to 31.03.2020)	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES	3877376	6.03	01/04/2019			3877376	6.03
				20/03/2020	-853	Sale	3876523	6.03
				31/03/2020			3876523	6.03
2	EQ INDIA FUND	433000	0.67	01/04/2019			433000	0.67
				12/04/2019	327000	Purchase	760000	1.18

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				29/11/2019	760000	Purchase	1520000	2.36
				29/11/2019	-760000	Sale	760000	1.18
				31/03/2020			760000	1.18
3	ELSAMMA JOSEPH.	344000	0.53	01/04/2019			344000	0.53
				05/04/2019	-12000	Sale	332000	0.52
				12/04/2019	-318000	Sale	14000	0.02
				23/08/2019	-14000	Sale	0	0.00
				31/03/2020			0	0.00
4	MY MONEY SECURITIES LTD.	343470	0.53	01/04/2019			343470	0.53
				05/04/2019	29000	Purchase	372470	0.58
				12/04/2019	-6000	Sale	366470	0.57
				19/04/2019	-500	Sale	365970	0.57
				26/04/2019	-20000	Sale	345970	0.54
				10/05/2019	10000	Purchase	355970	0.55
				24/05/2019	5000	Purchase	360970	0.56
				24/05/2019	-4000	Sale	356970	0.56
				31/05/2019	-13000	Sale	343970	0.53
				14/06/2019	2000	Purchase	345970	0.54
				21/06/2019	4000	Purchase	349970	0.54
				28/06/2019	-2000	Sale	347970	0.54
				12/07/2019	2000	Purchase	349970	0.54
				12/07/2019	-36000	Sale	313970	0.49
				02/08/2019	5000	Purchase	318970	0.50
				16/08/2019	-2000	Sale	316970	0.49
				23/08/2019	10000	Purchase	326970	0.51
				30/08/2019	-20692	Sale	306278	0.48
				06/09/2019	-4000	Sale	302278	0.47
				31/03/2020			302278	0.47
5	GANESH SRINIVASAN	299000	0.47	01/04/2019			299000	0.47
				31/03/2020			299000	0.47
6	BHARAT TAPARIA	258000	0.40	01/04/2019			258000	0.40
				31/03/2020			258000	0.40
7	NITIN KAPIL TANDON	159000	0.25	01/04/2019			159000	0.25
				31/03/2020			159000	0.25
8	EQUITY INTELLIGENCE INDIA PRIVATE LIMITED	75085	0.12	01/04/2019			75085	0.12
				05/04/2019	11665	Purchase	86750	0.13
				05/04/2019	-1750	Sale	85000	0.13
				14/06/2019	8700	Purchase	93700	0.15
				21/06/2019	-8700	Sale	85000	0.13
				12/07/2019	3042	Purchase	88042	0.14
				19/07/2019	1958	Purchase	90000	0.14
				26/07/2019	500	Purchase	90500	0.14
				02/08/2019	-4000	Sale	86500	0.13
				09/08/2019	-1500	Sale	85000	0.13
				06/09/2019	3000	Purchase	88000	0.14
				13/09/2019	-1250	Sale	86750	0.13
				20/09/2019	-1750	Sale	85000	0.13
				31/03/2020			85000	0.13
9	BHARAT KUNVERJI KENIA	0	0.00	01/04/2019			0	0.00
				31/05/2019	25000	Purchase	25000	0.04
				07/06/2019	32999	Purchase	57999	0.09
				14/06/2019	12001	Purchase	70000	0.11
				31/03/2020			70000	0.11
10	MEHAK INFRACON PRIVATE LIMITED	63000	0.10	01/04/2019			63000	0.10
				26/04/2019	10000	Purchase	73000	0.11
				12/07/2019	36000	Purchase	109000	0.17
				30/08/2019	15000	Purchase	124000	0.19
				06/09/2019	4000	Purchase	128000	0.20
				13/03/2020	-60000	Sale	68000	0.11
				27/03/2020	80000	Purchase	148000	0.23
				31/03/2020			148000	0.23

e) Shareholding of Directors and Key Managerial Personnel:

S.No.	Name of the Directors and KMPs	Shareholding No. of Shares 01.04.2019 No. of Shares	% of Shares	31.03.2020 No. of Shares	% of Shares	Date of change*	Increase/ (Decrease) in shareholding*	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020) No. of Shares	% of total Shares of the Company
1.	Mr. Lalit Seth	7809598	12.15	7824598	12.17	03.05.2019	15000	Market purchase	7824598	12.17
2.	Mr. Rishi Seth	2231740	3.47	2231740	3.47	-	-	-	2231740	3.47
3.	Mr. Gautam Seth	2231740	3.47	2231740	3.47	-	-	-	2231740	3.47
4.	Mr. Chandra Prakash Jain	37500	0.06	37500	0.06	-	-	-	37500	0.06
5.	Mr. Jatinder Singh Sabharwal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6.	Mrs. Madhu Bala Nath	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7.	Mr. Tarun Sehgal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8.	Mr. Jainul Haque	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9.	Mr. Hargovind Sachdev	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
10.	Mr. Vivek Kumar	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11.	Mr. Sudhir Barik	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

V) Indebtedness of the company including interest outstanding/ accrued but not due for payment

(Amt. in Rs.)

Sl. No	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A)	**Indebtedness at the beginning of the financial year (as on 01.04.2019)**				
	i) Principal Amount	4,816,074,787	-	-	4,816,074,787
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	**4,816,074,787**	**-**	**-**	**4,816,074,787**
B)	**Change in Indebtedness during the financial year (2019-20)**				
	Addition (B1)	640,280,347	-	-	640,280,347
	Reduction (B2)		-	-	
	Net Change (B1-B2)	**640,280,347**	**-**	**-**	**640,280,347**
C)	**Indebtedness at the end of the financial year (as on 31.03.2020)**				
	i) Principal Amount	5,456,355,134	-	-	5,456,355,134
	ii) Interest due but not paid		-	-	
	iii) Interest accrued but not due		-	-	
	Total (i+ii+iii)	**5,456,355,134**	**-**	**-**	**5,456,355,134**

VI. Remuneration of directors and key managerial personnel

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

(Rs. In lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		Mr. Lalit Seth	**Mr. Rishi Seth**	**Mr. Gautam Seth**	**Mr. Chandra Prakash Jain**	
		Chairman and Whole-time Director	Managing Director	Jt. Managing Director	Whole-time Director	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	381.36	158.94	158.94	150.77	850.01
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.40	0.40	0.40	0.40	1.60
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify…	-	-	-	-	-
5	Others	-	-	-	-	-
	Total (A)	**381.76**	**159.34**	**159.34**	**151.17**	**851.61**

B. Remuneration to other Directors:

(Rs. In Lakhs)

SN.	Particulars of Remuneration	Name of Directors					
		Mr. Tarun Sehgal	**Mr. Jatinder Singh Sabharwal**	**Mrs. Madhu Bala Nath**	**Mr. Jainul Haque**	**Mr. Hargovind Sachdev**	**Total Amount**
1	**Independent Directors**						
	Fee for attending board/committee meetings	0.80	3.50	2.90	2.30	3.50	13.00
	Commission	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	
	Total (1)	**0.80**	**3.50**	**2.90**	**2.30**	**3.50**	**13.00**
2	**Other Non-Executive Directors**	**NA**	**NA**	**NA**	**NA**	**NA**	
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	-
	Total (B)=(1+2)	**0.80**	**3.50**	**2.90**	**2.30**	**3.50**	**13.00**

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

(Rs. In Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Sudhir Barik	Mr. Vivek Kumar	
		CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.81	20.30	52.11
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify…	-	-	-
5	Others	-	-	-
	Total	**31.81**	**20.30**	**52.11**

VII. Penalties/ punishment/ compounding of offences: Nil [*No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.*]

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

For and on Behalf of the Board
For **HPL Electric & Power Limited**

Lalit Seth
Chairman
DIN: 00312007

Date : 3rd September, 2020
Place : Noida

ANNEXURE-III

Details of CSR Activities shall be disclosed in the Board's report as per Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014

1. **A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   As per the provisions of Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at www.hplindia.com.

   The company discharges its CSR obligations as per Schedule VII to the Companies Act, 2013 directly and by making contribution through Seth Inder Narain Foundation, Trust towards supporting projects in eradicating hunger, poverty etc and SUTRA, an implememnting agency appointed by the Company towards education of children and gender equality.

2. **The composition of the CSR Committee**

   The present composition of the CSR Committee is as below:

S.No.	Name of the Director	Designation
1	Mrs. Madhu Bala Nath	Chairperson
2	Mr. Lalit Seth	Member
3	Mr. Rishi Seth	Member
4	Mr. Jainul Haque	Member

3. **Average Net profit of the company for the last three financial years:** Rs. 29.12 crores

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** Rs. 58.23 lakhs

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

Total amount spent for the financial year	Rs. 33.66 Lakhs
Amount unspent	Rs. 24.57 Lakhs
Manner in which the amount spent during the financial year	As Annexed below

6. **In case the company has failed to spend the two percent 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 :**

   The company is in the process of getting other appropriate projects for CSR spending.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company**

   We hereby declare that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Lalit Seth
Chairman
DIN: 00312007

Madhu Bala Nath
Chairperson , CSR Committee
DIN: 01320110

Date : 3rd September, 2020
Place : Noida

Annexure

Manner in which the amount spent during the financial year 2019-20

(Rs. in Lakhs)

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State & District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: 1) Direct Expenditure 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.	Eradication of hunger and providing relief to the Poor	Eradication of hunger and providing relief to the Poor	Bengaluru	46.23	29.66	29.66	Through Seth Inder Narain Foundation, Trust
2.	Education of Children and Gender equality	Education of Children and Gender equality	Himachal Pradesh	12	4	4	SUTRA, an Implementing agency

ANNEXURE-IV

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020, which were not at arm's length basis.

(a) Name(s) of the related party and nature of relationship: N.A.

(b) Nature of contracts/ arrangements/ transactions: N.A.

(c) Duration of the contracts/ arrangements/ transactions: N.A.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.

(e) Justification for entering into such contracts or arrangements or transactions: N.A.

(f) Date(s) of approval by the Board: N.A.

(g) Amount paid as advances, if any: N.A.

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.

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

There was no material* contracts or arrangement or transactions at arm's length basis for the year ended 31st March, 2020:

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

(a) Name(s) of the related party and nature of relationship: N.A.

(b) Nature of contracts/ arrangements/ transactions: N.A.

(c) Duration of the contracts/ arrangements/ transactions: N.A

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.

(e) Date(s) of approval by the Board, if any: N.A

(f) Amount paid as advances, if any: N.A.

For and on Behalf of the Board
For HPL Electric & Power Limited

Date : 3rd September, 2020
Place : Noida

Mr. Lalit Seth
Chairman
DIN: 00312007

ANNEXURE-V

FORM NO MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

To,

The Members
HPL Electric & Power Limited
1/20, Asaf Ali Road,
New Delhi -110002

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and the representations made by the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by **HPL Electric & Power Limited** for the financial year ended on 31st March 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Other laws as are applicable to the Company as per representations made by the Company

   a) Central Excise Act

   b) Sales Tax Act / Vat Act

   c) GST Act

   d) The Finance Act

   e) Income Tax Act

   f) Labour Laws

   g) Environmental Laws

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

(i) **Secretarial Standards** issued by The Institute of Company Secretaries of India with respect to Board and General Meeting.

(ii) The Listing Agreement entered into by the Company with BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE).

(iii) **The Companies (Corporate Social Responsibility) Rules, 2014 along with Corporate** Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;

Based on our examination and verification of the books, papers, minute books, forms and returns filed and other records produced to us and according to information and explanations given to us by the Company, we do report that the Company has in our opinion, complied with the provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, the Memorandum and Articles of Association of the Company and the applicable provisions of the above mentioned laws, standards, guidelines, agreements, etc.

We report that, during the year under review:

1. The Status of the Company during the financial year has been that of a Listed Public Company, listed at the BSE Limited (BSE), The National Stock Exchange of India Limited (NSE).

2. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

3. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days well 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.

4. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company have not been reviewed in this Audit since the same have been subject to review by the Statutory Financial Audit and other designated professionals.

We further report that (as represented by the Company and relied upon by us) there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no events occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For AVA Associates
Company Secretaries

CS Vinod Kumar Gupta
FCS: 3648; CP: 2148
UDIN: F003648B000597714

Date : 20th August, 2020
Place : Delhi

Annexure A

Responsibility Statement

To,

The Members
HPL Electric & Power Limited
1/20, Asaf Ali Road,
New Delhi -110002

Our report is to be read along with the following:

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain responsible 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 secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.

6. The secretarial audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For AVA Associates
Company Secretaries

CS Vinod Kumar Gupta
FCS: 3648 CP: 2148
UDIN: F003648B000597714

Date : 20th August, 2020
Place : Delhi

ANNEXURE-VI

A. DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each Director to the median remuneration of employees of the company for the financial year	1. Mr. Lalit Seth, Chairman and Whole-time Director- 74:1 2. Mr. Rishi Seth, Managing Director- 31:1 3. Mr. Gautam Seth, Jt. Managing Director- 31:1 4. Mr. Chandra Prakash Jain, Whole-time Director- 32:1
(ii)	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive officer, Company Secretary, manager, if any, in the financial year	1. Mr. Lalit Seth, Chairman and Whole-time Director - NIL 2. Mr. Rishi Seth, Managing Director- NIL 3. Mr. Gautam Seth, Jt. Managing Director- NIL 4. Mr. Chandra Prakash Jain, Whole-time Director- 13.2% 5. Mr. Sudhir Barik, CFO- 4.05% 6. Mr. Vivek Kumar, CS – 17.67%
(iii)	Percentage increase in the median remuneration of employees in the financial year	7.94%
(iv)	Number of permanent employees on the rolls of company	1234
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in remuneration of Managerial Personnel- 3.305% Average increase in remuneration of employees other than the Managerial Personnel – 6.8%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration paid to Directors, Key Managerial Personnel and other Employees is as per the Nomination and Remuneration Policy of the Company.

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

Top 10 Persons:

Persons Employed for the full year ended 31st March, 2020 who were in receipt of the remuneration which in the aggregate was not less than Rs. 1,02,00,000/- p.a.

Employee Name Designation Gross Remuneration (Rs.) Qualification Total Experience in Years Date of Commencement of Employment Age in Years Last Employer & Designation Held

Mr. Lalit Seth Chairman and Whole-time Director 3,81,75,632 Undergraduate 50, 28.05.1992, 74; Mr. Rishi Seth Managing Director 1,59,33,697 B.com, MBA 25 14.04.2000 49; Mr. Gautam Seth Joint Managing Director 1,59,33,697 B.com, CA 23 15.02.2008 48; Mr. Chandra Prakash Jain Whole-time Director, 1,51,16,955 Bachelor of Engineering, PG in Statistical Quality Control, MBA, 29 18.05.2009 59, Mr. G N Sharma Chief Vice President 87,90,472 Diploma in Mechanical Engineering 24 01.04.2011 59 Havells India Limited; Mr. C. R. Kundu Sr. VP Switchgear 71,91,374 Bachelor of Engineering (Electrical) 38 01.08.2017 62 BCH Electric Ltd; Mr. Sundeep Tandon VP Business Development 49,34,778 BE in Electricals, PGDBM, MBA 32 03.12.2007 54 English Electrical Company of India Ltd, GRC ASTON; Mr. Niraj Tiwari VP (Trade Lighting & Wire Division) 38,79,515 PG Diploma in Business Development 23 03.03.2014 45 Philip India Ltd., Mr. Predman Krishan Bhat VP (Sales & Marketing) 38,03,734 Diploma in mechanical engineering 28 18.05.2017 52 C&S Electric Ltd.; Mr. Sudhir Barik CFO 33,46,282 ICWA MBA 28 15.06.2017 52 Relaxo, Varun Beverages & BPL.

Persons employed for part of the year ended 31st March, 2020 who were in receipt of the remuneration which in the aggregate was not less than Rs. 8,50,000/- p.m.

Employee Name Designation Gross Remuneration Qualification Total Experience in Years Tenure of Employment (Date of Commencement Date of Cessation) Age in Years Last Employer & Designation Held

NIL

Notes:

1. Gross Remuneration includes salary, allowances, contribution towards P.F. and perquisites.

2. The nature of employment is permanent in all the above cases.

3. Except Mr. Lalit Seth, Mr. Rishi Seth and Mr. Gautam Seth, none of the above employees hold more than 2% of the total paid up capital of the Company.

4. None of the employee is related to any director or manager of the Company except Mr. Rishi Seth and Mr. Gautam Seth, both being the sons of Mr. Lalit Seth, Chairman and Whole-time Director as per Section 2(77) of the Companies Act, 2013.

For and on Behalf of the Board
For HPL Electric & Power Limited

Date : 3rd September, 2020
Place : Noida

Lalit Seth
Chairman
DIN: 00312007

ANNEXURE-VII

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

Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

(A) Conservation of energy

(i) The steps taken or impact on conservation of energy and the steps taken by the company for utilising alternate sources of energy:

Energy Conservation measures taken

HPL group has been always focused for Energy conservation thereby reducing the effect of global warming. It has been our endeavor to adopt and implement new technologies to conserve energy and keep the environment green. The company has aligned its goal with the Indian government's National plan on Energy conservation. In the last few decades we have seen alarming change in the climate conditions. As such, it has become the need of the hour to save energy as much as possible. The company has made a mandatory policy to use only energy efficient BEE star rated products in all the plants. It has taken several steps for conserving energy through various initiatives and is continuously working to improve energy conservation and utilization. Main focus has been to reduce the energy cost thereby minimizing the effect on the Environment. Innovative methods and various energy conservation measures have been implemented in all the plants and offices of HPL. Energy utilization cost of the company has come down in the last year compared to previous year's record. The company has already ventured into Solar projects last year and has started implementation of use of solar energy for all the plants in different stages. This would be a great effort in reducing the carbon footprint thereby conserving energy for the social good. Special efforts have been put on some specific energy conservation projects, which have been mentioned below:

Lighting:

Company has tried to reduce and optimize the lighting requirements in the plants through following initiatives:

a. For all lighting circuits, the Lighting load has been optimized.

b. Natural light is used in as many places as possible to save energy. To make this effective signage with "Switch OFF when NOT in USE" are used at various electrical points.

c. All conventional Light fittings have been replaced with LED Light fixtures at factory and office premises leading to savings in energy consumption.

d. LED tube light fittings are used in all the assembly sections & offices to conserve energy.

e. Almost 100% of conventional light fittings have been replaced with LED lighting fitting in all the plants.

Replacement of old equipment with new energy efficient equipment:

❖ Energy efficient AC VFD motors & drives are in use.

❖ Solar LED lights along the compound walls of factories. These lights are fitted with dusk & dawn sensors to conserve energy.

❖ Higher lumen rated LED lighting in use.

❖ BEE star rated Air conditioning units are being in use.

❖ All molding machines are connected with UPS to maintain continuous running leading to increase in productivity.

❖ Insulated heaters for Injection molding machines are being used to conserve energy.

❖ Hot runner molds are used in high volume items to conserve material, energy and increase productivity.

❖ Integral heating mechanism for Thermoset Moldings tools is in use to create better heating and improve product quality.

Optimization of electrical equipment:

Power factor is being monitored on regular basis continuously to maintain in the range of 0.97- 0.99 against the minimum required standard of 0.95 as per Govt. Electricity consumption rules.

Impact:

All the various energy conservation methods have resulted in

✓ Optimizing the energy consumption
✓ Savings on cost of production
✓ Reduction in carbon footprint
✓ Reduction in processing time
✓ Increase in productivity
✓ Increase in overall efficiency

Capital investment of energy conservation equipment:

The company is putting all efforts to reduce and optimize the energy requirements in the manufacturing unit by investing in energy saving equipment, plants and machineries on regular basis.

B. Technology absorption

The Company is continuously working towards absorption of new technologies by doing latest developments in products, processes and use of new materials to ensure quality of products for customers.

Efforts made toward the Technology absorption

Company is continuously spending money in R&D department to meet the new challenges. The company has two R&D centres which are approved by Department of science, technological & Industrial Research, Govt. of India. As a process of technological development, company is continuously adopting & absorbing new technologies to develop products & up gradation of processes to meet the new challenges. Once the product or process is developed, the prototypes are built, followed by pilot development batch which undergoes complete testing before proceeding for commercial production or implementation. HPL continuously works towards following activities for achieving the short term as well as long term business goals:-

- Continuous development of new products & process for improvement in business efficiency by reduction in cost, cycle time which leads to energy conservation also.
- Development of Import substitution for products & material.
- Value Engineering in products & process to reduce wastages.
- Continuously absorb new technologies to improve the testing procedures for products, process & materials to enhance the quality of products, safety to persons concerned &be environment friendly.
- Special focus on development of in-house products which are compatible to new technology, specially, interface with computers.

The benefits which are derived like product improvement, cost reduction, product development or import substitution are:

- To keep a competitive edge in market place
- To keep a continuous check on costs & quality
- Meets voice of customer and to his satisfaction.
- Continuous Introduction of New products.
- To enhance the brand image HPL to the next level.

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The company has not imported any technology during last three Financial Years.

The expenditure incurred on Research and Development:

During the year, HPL has made the total expenditure of towards Research & Development is Rs. 858.71 Lakhs.

C. Foreign exchange earnings and Outgo during FY 2019-20:

(Rupees in Lakhs)

Total Foreign Exchange Earned	1981.86
Total Foreign Exchange used	19869.80

For and on Behalf of the Board
For HPL Electric & Power Limited

Mr. Lalit Seth
Chairman
DIN: 00312007

Date : 3rd September, 2020
Place : Noida

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is essentially a system by which Companies are governed and controlled by the management under the direction and supervision of the Board in the best interest of all stakeholders. It is not mere compliance of laws, rules and regulations, but also the application of best management practices and adherence to the highest ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder's value and discharge its social responsibility. Above all, it is a way of life, rather than merely a regulatory and legal compulsion.

Your Company's philosophy on the Code of Governance is based on the belief that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. Good Corporate Governance is indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. Your Company lays great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

Your Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as regard to Corporate Governance.

2. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness and ensures that the shareholders' long term interests are being served.

The Board of your Company consists of eminent persons with wide knowledge and experience in technical, commercial, finance, business administration and other related fields, who not only bring wide range of expertise, but also impart desired level of independence to the Board.

2.1 Composition of the Board of Directors

The Board of Directors of HPL Electric & Power Limited (the 'Company') oversees the conduct of business activities by management and serves to ensure the implementation of company's policies in an effective and efficient manner.

As on 31st March, 2020, the Board of Directors comprised of nine directors including one woman director, of which four (i.e., 45%) are executive directors and five (i.e., 55%) are non executive directors out of whom all are independent. During the year under review, the board of directors in their meeting held on 14th February, 2020 has approved the re-designation of Mr. Lalit Seth from Chairman and Managing Director to Chairman and Whole Time Director and Mr. Rishi Seth from Jt. Managing Director to Managing Director w.e.f. 14th February 2020 subject to the approval of shareholders in the forthcoming Annual general meeting of the company.

None of the Directors on the board hold directorships in more than ten public Companies and None of the directors on the board is a member of more than 10 committees or act as chairman of more than 5 committees across all the listed companies in which he is a director.

2.2. Meetings and Attendance of Directors

During the financial year 2019-20, 4 (Four) Board Meetings were held on 20th May, 2019 , 12th August, 2019 , 14th November, 2019 , and 14th February, 2020. The maximum interval between the two Board Meetings did not exceed 120 days as prescribed under the Act and Regulation 17 (2) of the SEBI Listing Regulations.

As on 31st March, 2020, the composition of the Board of Directors alongwith the attendance of each Director at the Board Meetings and the last Annual General Meeting and their directorships and Committee positions is as follows:

Name of the Director	Category	No. of Board Meetings held during the Financial Year 2019-20	No. of Board Meetings Attended during the Financial Year 2019-20	Attendance at the last AGM held on 26th September, 2019	No. of Directorship in other public Limited Companies (As on 31st March, 2020)	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee positions held in other Public Companies (As on 31st March, 2020)	
							Chairman	Member
Mr. Lalit Seth* Chairman and Whole Time Director DIN: 00312007	Non- Independent/ Executive	4	4	No	3	NIL	NIL	NIL
Mr. Rishi Seth** Managing Director DIN: 00203469	Non Independent/ Executive	4	4	Yes	3	NIL	NIL	NIL
Mr. Gautam Seth Joint Managing Director DIN: 00203405	Non-Independent/ Executive	4	4	Yes	3	NIL	1	1

Mr. Chandra Prakash Jain Whole-time Director DIN: 00311643	Non Independent/ Executive	4	2	No	NIL	NIL	NIL	NIL
Mr. Jatinder Singh Sabharwal DIN: 07364399	Independent/ Non Executive	4	4	No	1	NIL	NIL	1
Mrs. Madhu Bala Nath DIN: 01320110	Independent/ Non Executive	4	4	Yes	NIL	NIL	NIL	NIL
Mr. Tarun Sehgal DIN: 07384592	Independent/ Non Executive	4	2	No	NIL	NIL	NIL	NIL
Mr. Jainul Haque DIN: 00004762	Independent/ Non Executive	4	4	No	NIL	NIL	NIL	NIL
Mr. Hargovind Sachdev DIN:08105319	Independent/ Non Executive	4	4	Yes	NIL	NIL	NIL	NIL

* Mr. Lalit Seth re-designated as Chairman and Whole Time Director by the Board of Directors w.e.f 14th February, 2020, subject to the approval of shareholders.

** Mr. Rishi Seth re-designated as Managing Director by the Board of Directors w.e.f 14th February, 2020, subject to the approval of shareholders

NOTES:

1. Mr. Lalit Seth, Mr. Rishi Seth and Mr. Gautam Seth, belongs to the promoter and promoter group of the company.
2. Other Directorship does not include, Directorship of Private Limited Companies, Foreign Companies and companies under section 8 of the Companies Act, 2013. Chairmanship/ Membership of Board committees include only Audit Committee and Stakeholders' Relationship Committee.
3. None of the Directors of the Company is related inter-se, except Mr. Lalit Seth, Mr. Gautam Seth and Mr. Rishi Seth who are related in terms of Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014.
4. None of the Non- Executive Directors hold any shares in the company. The Company has not issued any convertible instrument.

2.3 Skills/ Expertise/Competence of the Board of Directors:

The Company's Board comprises of qualified members who have requisite skills, competencies and expertise to discharge their duties as Company's directors and make effective contribution. The following matrix setting out the skills/expertise/ competencies in the context of business of the company currently available with the Board is as follows:

Sl. No.	Name of the Director	Skill/expertise/competence
1	Mr. Lalit Seth	Leadership and overall corporate and general management
2	Mr. Rishi Seth	Commercial, operations and Legal
3	Mr. Gautam Seth	Sales & marketing and Finance
4	Mr. Chandra Prakash jain	Marketing, Operations and General Management
5	Mr. Tarun Sehgal	Finance and Audit
6	Mr. Jatinder Singh Sabharwal	Sales & marketing
7	Mr. Jainul Haque	Commercial
8	Mrs. Madhu Bala Nath	Governance and General management
9	Mr. Hargovind Sachdev	Audit, banking, Finance and Governance

2.4 INDEPENDENT DIRECTORS

A. Familiarization Programmes

The Independent Directors are provided with necessary documents, information and policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, business strategy and risks involved.

Quarterly updates on the Board Meetings regarding the relevant statutory, regulatory changes are regularly circulated to the Directors. Site visits to various plant locations are organised for the Independent Directors to enable them to understand and acquaint with the operations of the Company.

The details of such familiarisation programmes for Independent Directors are put up on the Company's website and can be accessed at www.hplindia.com.

B. Confirmation that in the opinion of the Board, the Independent Directors fulfill the conditions specified in these Regulations and are Independent of the Management

Based on the declaration submitted by the Independent Directors of the Company provided at the beginning of the Financial Year 2020-21, the Board hereby certify that all the Independent Directors appointed by the Company fulfils the conditions specified in these Regulations and are independent of the management

C. Separate Meeting of Independent Directors

In terms of the provisions of Regulation 25 of the SEBI Listing Regulations and Schedule IV of the Act, Independent Directors shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of the management.

In respect of financial year 2019-20, the Independent Directors met separately on 14th February, 2020 without the attendance of Non-independent Directors and members of the management and inter alia reviewed:

- the performance of non-independent directors and the board as a whole.
- the performance of the chairman of the company, taking into account the views of executive Directors and non executive directors.
- Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the board to effectively and reasonably perform their duties.

3. BOARD COMMITTEES

3.1 Audit Committee

A. Composition and Attendance

The constitution of the Audit Committee is in conformance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations, which comprises of four Directors with three Independent Directors forming majority. All the members of the Committee have adequate knowledge of financial and accounting matters. The Company Secretary acts as the Secretary to the Audit Committee.

During the Financial Year 2019-20, four (4) Audit Committee meetings were held on 20th May 2019, 12th August 2019, 14th November 2019, and 14th February 2020. The maximum gap between the two meetings did not exceed 120 days as prescribed under Regulation 18 of the SEBI Listing Regulations.

The Constitution of the Audit Committee and attendance of the members at its Meetings are as follows:

Sr. No.	Name	Category	Designation	No. of Meetings Held	No. of Meetings Attended
1.	Mr. Tarun Sehgal	Independent/ Non Executive	Chairman	4	2
2.	Mr. Jatinder Singh Sabharwal	Independent/ Non Executive	Member	4	4
3.	Mr. Gautam Seth	Non Independent/ Executive	Member	4	4
4	Mr. Hargovind Sachdev	Independent/ Non Executive	Member	4	4
5.	Mr. Rishi Seth#	Non Independent/ Executive	Member	4	1
6.	Mrs. Madhu Bala Nath##	Independent/ Non Executive	Member	4	1

#Mr. Rishi Seth held the position as the member of the committee from 21st June, 2019 to 13th August, 2019.

##Mrs. Madhu Bala Nath held the position as member of Audit Committee from 14th May, 2019 to 21st June, 2019.

B. Terms of Reference

The terms of reference of Audit Committee are as per the governing provisions of the Companies Act, 2013 and SEBI Listing Regulations. The role of the Audit Committee includes the following:

I. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

II. Recommendation for appointment, remuneration and terms of appointment of auditors of our Company;

III. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

IV. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.

b) Changes, if any, in accounting policies and practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgment by management.

d) Significant adjustments made in the financial statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions; and

g) Modified opinion(s)in the draft audit report.

V. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

VI. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

VII. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

VIII. Approval or any subsequent modification of transactions of the Company with related parties;

IX. Scrutiny of inter-corporate loans and investments;

X. Valuation of undertakings or assets of the Company, wherever it is necessary;

XI. Evaluation of internal financial controls and risk management systems;

XII. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

XIII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

XIV. Discussion with internal auditors of any significant findings and follow up thereon;

XV. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

XVI. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

XVII. To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

XVIII. To review the functioning of the whistle blower mechanism;

XIX. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

XX. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

XXI. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

XXII. Shall review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

XXIII. mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;

- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
- Statement of deviations:
  - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchanges in terms of sub-Regulation (1) of Regulation 32 of the SEBI Listing Regulations; and
  - (ii) Annual statement of funds utilized for purposes other than those stated in the offer Document/prospectus/ notice in terms of sub-Regulation (7) of Regulation 32 of SEBI Listing Regulations.

3.2 Nomination & Remuneration Committee

A. Composition and Attendance

The constitution of the Nomination and Remuneration Committee is in conformance with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, which comprises of three Non-Executive Independent Directors. The Company Secretary acts as the Secretary to the said Committee.

During the Financial Year 2019-20, One (1) Nomination & Remuneration Committee Meetings was held on 14th February 2020.

The constitution of the Nomination and Remuneration Committee and attendance of the members at its meetings are as follows:

Sr. No.	Name	Category	Designation	No. of Meetings Held	No. of Meetings Attended
1.	Mr. Jatinder Singh Sabharwal	Independent/ Non Executive	Chairman	1	1
2.	Mr. Tarun Sehgal	Independent/ Non Executive	Member	1	1
3.	Mrs. Madhu Bala Nath	Independent/ Non Executive	Member	1	1

B. Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

II. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;

III. Devising a policy on diversity of Board of Directors;

IV. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal; and

V. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of Independent Directors.

VI. Recommend to the board, all remuneration, in whatever form, payable to senior management.

C. Performance evaluation criteria for Independent Directors

As per the provisions of Section 178 of the Act read with Companies (Amendment) Act, 2017 and Regulation 17 of the SEBI Listing Regulations, the Nomination and Remuneration Committee of the Company has approved the manner for effective evaluation of performance of Board, its Committees and individual directors including Independent Directors to be carried out by the Board and review its implementation and compliance.

The said manner provides certain parameters like professional qualification and appropriate experience in various fields like marketing, finance, risk management, communication with other board members, effective participation, compliance with code of conduct, exercise his/her own judgement and views openly which is in compliance with applicable laws.

D. Remuneration of Directors

(i) All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company:

During the Financial Year 2019-20, the company has not paid any remuneration to the Non Executive Directors except the sitting fees, which is as follows:

(Amount in Rs.)

Sl. No.	Name of the Director	Sitting fees
1	Mr. Jatinder Singh Sabharwal	3,50,000
2	Mrs. Madhu Bala Nath	2,90,000
3	Mr. Tarun Sehgal	80,000
4	Mr. Jainul Haque	2,30,000
5	Mr. Hargovind Sachdev	3,50,000

Notes:

1. Sitting Fees represents payment to the Non-executive Independent Directors for attending Meetings of the Board and Committees thereof held during the tenure of office of Director.
2. As per the amendment to the Income Tax Act, 1961, Income Tax at Source was deducted.
3. The Board noted the desire showed by Mr. Tarun Sehgal to waive off his sitting fees for attending the meetings of the Board and its allied committies w.e.f. 14th February, 2020.

(ii) Criteria of making payments to Non-Executive Directors:

The terms of appointment / re-appointment, remuneration / fees, removal of Non-Executive Directors are governed as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees as adopted by the company. The Nomination & Remuneration Policy is available on the website of the Company at www.hplindia.com. The Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board and its committies.

(iii) Disclosures of Remuneration

a) Details of remuneration paid to Executive Directors during the Financial Year 2019-20 are given below:

(Rupees in Lakhs)

Sr.no.	Name of Director	Salary	Perquisites	Commission	Contribution to P.F.	Total
1.	Mr. Lalit Seth (Chairman and Whole-time Director)	381.36	0.40	-	-	381.76
2.	Mr. Rishi Seth (Managing Director)	158.94	0.40	-	-	159.34
3.	Mr. Gautam Seth (Joint Managing Director)	158.94	0.40	-	-	159.34
4.	Mr. Chandra Prakash Jain (Whole Time Director)	150.77	0.40	-	-	151.17

b) Service Contract, Severance Fees and Notice Period of the Executive Directors:

The appointment/re-appointment of the Executive Directors is governed by the resolutions passed by the Nomination and Remuneration Committee, Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. No notice period or severance fees is payable to any Director.

c) Stock Options details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:

During the Financial Year 2019-20, no stock options were granted to any of the directors of the company.

3.3 Stakeholders' Relationship Committee:

A. Composition and Attendance

The constitution of the Stakeholders' Relationship Committee is in conformance with the requirements of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations. The Committee comprises of three members and the Chairman is a Non-executive Independent Director. The Company Secretary acts as the secretary to the said committee.

During the Financial Year 2019-20, one (1) Stakeholders' Relationship Committee meeting was held on 14th November 2019.

The composition of the Stakeholders' Relationship Committee and attendance of the members at their meeting are as follows:

Sr. No.	Name	Category	Designation	No. of Meeting Held	No. of Meeting Attended
1.	Mr. Hargovind Sachdev	Independent/ Non Executive	Chairman	1	1
2.	Mr. Rishi Seth	Non Independent/ Executive	Member	1	1
3.	Mr. Gautam Seth	Non Independent/ Executive	Member	1	1

B. Name and Designation of compliance officer

Mr. Vivek Kumar, Company Secretary is the compliance officer of the company.

C. Terms of Reference:

The terms of reference of the Stakeholders' Relationship Committee is as under:

I. Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

II. Review of measures taken for effective exercise of voting rights by shareholders.

III. Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent.

IV. Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

D. Shareholder Grievance Redressal

The Company had received 5 Investor complaints during the period under report which were resolved to the satisfaction of the investor. There was no pending investor complaint as on 31st March, 2020.

3.4 Executive Committee

The Executive Committee was constituted to expedite the day to day affairs of the company which are in routine nature. The committee functions within the approved framework and on the directions of the Board of directors.

During the financial year 2019-20, Seven (7) Executive Committee meetings were held on 04th May, 2019, 04th June, 2019, 11th July, 2019, 6th August 2019, , 24th September 2019, 16th November, 2019 and 8th January, 2020.

The Composition of the Executive Committee and attendance of the members at its Meetings are as follows:

Sr. No.	Name	Category	Designation	No. of Meeting Held	No. of Meeting Attended
1.	Mr. Lalit Seth	Non Independent/ Executive	Chairman	7	7
2.	Mr. Rishi Seth	Non Independent/ Executive	Member	7	7
3.	Mr. Gautam Seth	Non Independent/ Executive	Member	7	7

B. Terms of Reference:

The terms of reference of the Executive Committee as authorised by the Board of Directors of the Company are as under:

1. To open and operate any bank account like imprest account; EEFC account; current account; CC account; working capital account.

2. Change in signatory for the operation of the said bank accounts.

3. authorized to accept, sign or execute the sanctions letters or any other agreement or document with any Bank or financial Institution and to do all other acts deeds in relation to availing Bank borrowings/Credit Facility (Fund Based/Non Fund Based)/Channel Financing Facilities or any other banking facilities upto a sum of Rs. 1750 crore subject to the ceiling as prescribed by the Companies Act, 2013

4. For Issuing commercial papers and execution of documents

5. To authorize any person to appear and to sign any paper or document in relation to any legal matter including authority to appoint advocate etc.

6. To authorize any person to appear and to apply & sign any document under Sales Tax Act, Vat Act; Central Excise, GST; Pollution Acts, Industrial Act, Provident Fund Act, Employee State Insurance Act or any other state or Central Act or to represent the company in any of the Government or Semi Government Department.

7. To authorize any person to appear and to sign any tender document.

8. To create security or provide guarantee in relation to availing Bank borrowings/Credit Facility (Fund Based/Non Fund Based)/Channel Financing Facilities or any other banking facilities

3.5 Corporate Social Responsibility (CSR) Committee:

A. Composition and Attendance

The constitution of the CSR Committee is in conformance with the requirements of Section 135 of the Act, which comprises of four (4) Directors including two Independent Directors. The Company Secretary acts as the secretary to the said committee.

During the Financial Year 2019-20, One (1) CSR Committee Meeting was held on 20th May 2019.

The constitution of the CSR Committee and attendance of the members at its meetings is as under:

Sr. No.	Name	Category	Designation	No. of Meeting Held	No. of Meeting Attended
1.	Mrs. Madhu Bala Nath	Independent/ Non Executive	Chairperson	1	1
2.	Mr. Lalit Seth	Non Independent / Executive	Member	1	1
3.	Mr. Rishi Seth	Non Independent / Executive	Member	1	1
4.	Mr. Jainul Haque	Independent/ Non Executive	Member	1	1

B. Terms of Reference:

The terms of reference of the Corporate Social Responsibility Committee is as under:

I. To formulate and recommend to the board, a CSR Policy which will indicate the activities to be undertaken by the company in accordance with Schedule VII of the Companies Act,2013, as amended;

II. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

III. To monitor the CSR Policy of the company from time to time;

IV. Any other matter as may be directed by the board of directors from time to time which may deem appropriate.

4. GENERAL BODY MEETINGS

A. Location and time, where last three Annual General Meetings held and Special resolution passed thereat:

Day, Date and time of AGM	Venue	Details of Special Resolution passed, if any
Thursday, 26th September, 2019 at 11:00 AM	Palm Green Resort, 21/30, Bakoli, GT Karnal Road, Alipur, New Delhi- 110036	NIL
Thursday, 27th September, 2018 at 11:00 AM	Palm Green Resort, 21/30, Bakoli, GT Karnal Road, Alipur, New Delhi- 110036	1. Revision of remuneration payable to Mr. Chandra Prakash Jain (DIN: 00311643), Whole-time Director of the Company. 2. Revision of remuneration payable to, Mr. Vinod Ratan Gupta (DIN: 07401017) Whole-time Director of the Company.
Thursday, 28th September, 2017 at 10:00 AM	Palm Green Resort, 21/30, Bakoli, GT Karnal Road, Alipur, New Delhi- 110036	1. Revision of remuneration payable to Mr. Chandra Prakash Jain (DIN: 00311643), Whole Time Director of the Company. 2. Revision of remuneration payable to, Mr. Vinod Ratan Gupta (DIN: 07401017) Whole Time Director of the Company. 3. Re-appointment of Mr. Jatinder Singh Sabharwal (DIN: 07364399) as an Independent Director of the Company for a second term 4. Re-appointment of Mr. Tarun Sehgal (DIN: 07384592), as an Independent Director of the Company for a second term 5. Re-appointment of Mr. Virender Kumar Bajaj (DIN: 07401106), as an Independent Director of the Company for a second term 6. Re-appointment of Mrs. Madhu Bala Nath (DIN: 01320110), as an Independent Director of the Company for a second term 7. Re-appointment of Mr. Jainul Haque (DIN: 00004762), as an Independent Director of the Company for a second term

B. Details of special resolution passed in the last year through Postal Ballot:

No resolution was passed through postal ballot during the financial year ended 31st March, 2020.

C. Details of the special resolution proposed to be conducted through postal ballot and procedure for postal ballot:

At present there is no special resolution proposed to be conducted through postal ballot.

5. MEANS OF COMMUNICATION

A. Quarterly Results :

The Company publishes limited reviewed Un-audited Financial Results on a quarterly basis. In respect of the fourth quarter, the Company publishes the Audited financial results for the complete financial year.

B. Newspapers wherein results normally published:

The quarterly, half-yearly and annual financial results are published in Business Standard in both English and Hindi editions.

C. Website, where displayed:

The financial results are placed on the Company's website at www.hplindia.com under the 'Investor Relations' section.

D. Official news releases:

The Company regularly publishes an information update on its financial results and also displays official news releases in the Investor Relations section on its website at www.hplindia.com.

E. Presentations made to institutional investors or to the analysts:

The Company holds analysts calls in each quarter, to apprise and make public the information relating to the Company's working and future outlook. The presentations on financial results to analysts or institutional investors are placed on the Company's website www.hplindia.com under the 'Investor Relations' section.

6. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting- day, date, time and Venue

28th Annual General Meeting

Day: Wednesday

Date: 30th September, 2020

Time : 11:00 AM

Venue: Through Video conferencing (vc) / other Audio Visual Means (OAVM) - Company's Registered office i.e. 1/20, Asaf Ali Road, New Delhi - 110002 will be considered as Venue for the purpose of 28th Annual General Meeting.

B. Financial Year:

The Financial Year of the Company starts from April 1, of a year and ends on March 31, of the following year.

Adoption of quarterly financial results for the quarter ending (tentative and subject to change):

June, 2020	1st/2nd week of August, 2020
September, 2020	1st/2nd week of November, 2020
December, 2020	1st/2nd week of February, 2021
March, 2021	3rd/4th week of May, 2021

C. Dividend Payment Date:

The Board of Directors of the Company has recommended a final dividend of Rs. 0.15 per equity share of 10/- each i.e. @ 1.5% for the Financial Year ended 31st March, 2020. Date of payment of dividend would be within 30 days from the date of declaration of the dividend.

D. Listing on Stock Exchanges and Stock Code

Stock Exchanges and their address	Stock Code	ISIN
BSE Limited(BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001	540136	INE495S01016
National Stock Exchange of India Limited(NSE) "Exchange Plaza", 5th Floor, Plot No. C-1, Block G, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051	HPL	

E. Annual Fee

a. **Payment of Listing Fee**: The Annual Listing fee for the financial year 2020-21, as applicable to the Company has been paid to BSE and NSE.

b. **Payment of Depository Fee**: Annual Custody fee for the year 2020-21 has been paid by the Company to Central Depository Services Limited (CDSL) and to National Securities Depository Limited (NSDL).

F. **Market Price Data**: The monthly high and low prices and volumes of the equity shares of the company at NSE and BSE during the financial year 2019-20 are as under:

(Amount in Rs.)

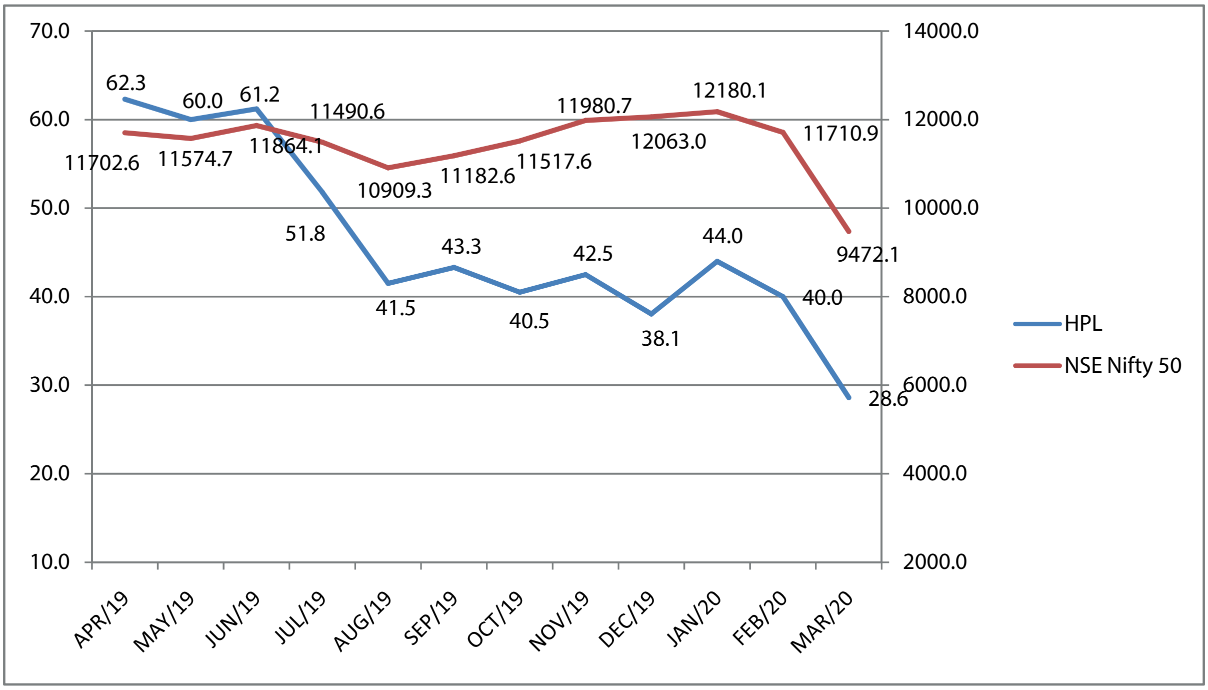
Month	National Stock Exchange of India Limited			BSE Limited		
	High	Low	Volume (No. of shares)	High	Low	Volume (No. of shares)
April 2019	68.7	55.8	2741611	68.2	56.5	211078
May 2019	69	51	2383023	69.9	51.4	324189
June 2019	66.7	55.6	615962	66.5	52	91985
July 2019	62.2	41.35	613689	62.15	41.25	110058
August 2019	46.55	36.5	572161	45.8	36.4	82402
September 2019	48.3	38.3	415224	51.9	37.9	68636
October 2019	45	35.95	386655	44	37.5	54882
November 2019	46.85	38.05	580239	48.5	39.2	76354
December 2019	41.25	34.85	475877	40.5	35	54578
January 2020	49.5	38.5	1509048	49.5	38.85	267756
February 2020	47	33	1475503	47	33.6	513762
March 2020	38.8	18.35	1340432	38	18.3	290569

(Source: NSE and BSE website)

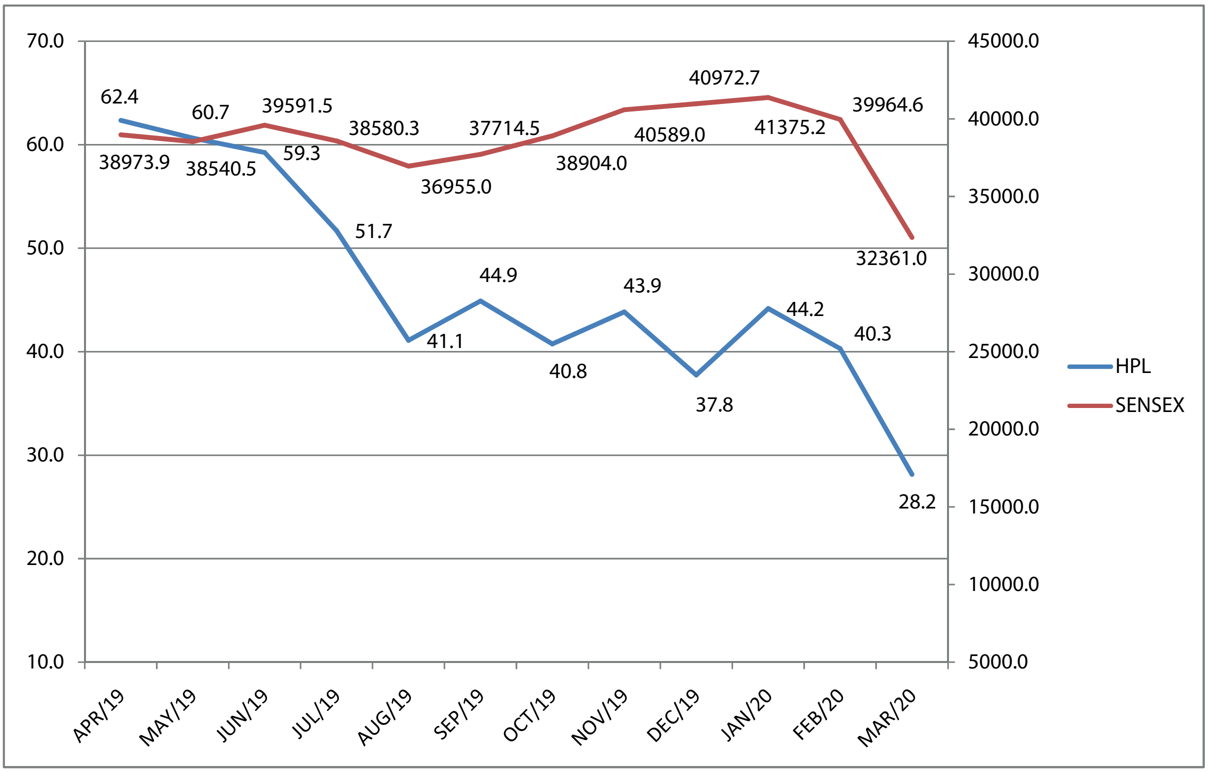
Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in the Company's share on the respective Stock Exchange(s).

G. **Share Price Performance in comparison to broad-based indices BSE sensex, and NSE Nifty 50:**

COMPARISON OF HPL PRICE VIS-A-VIS NIFTY 50
(Based on average of High and Low of HPL Share Price and Nifty 50)



COMPARISON OF HPL PRICE VIS-A-VIS BSE SENSEX
(Based on average of High and Low of HPL Share Price and BSE Sensex)



H. In case the securities are suspended from trading, the Directors Report shall explain the reason thereof:

Not applicable.

I. Registrar to an issue and share transfer agent:

KFin Technologies Private Limited

Address: Selenium Tower B, Plot Nos. 31 & 32, Financial District,

Nanakramguda, Serilingampally, Mandal, Hyderabad - 500032 India

Phone No. : 040-67161526 Fax : 040-23001153

E-mail : einward.ris@karvy.com

Website: www.kfintech.com

J. Share transfer system:

As per SEBI mandate, effective from 1st April, 2019, no share can be transferred in physical mode. The company has sent communications to the shareholders encouraging them to dematerialize their holding in the company. The Communications, inter-alia, contained procedure for getting the shares dematerialized. Shareholders holding shares in physical form are advised to avail the facility of dematerialization.

In compliance of the provisions of SEBI Listing Regulations, the share transfer system of the Company is audited every six months by a Practicing Company Secretary and a certificate to that effect is issued by him.

K. Distribution of Shareholding:

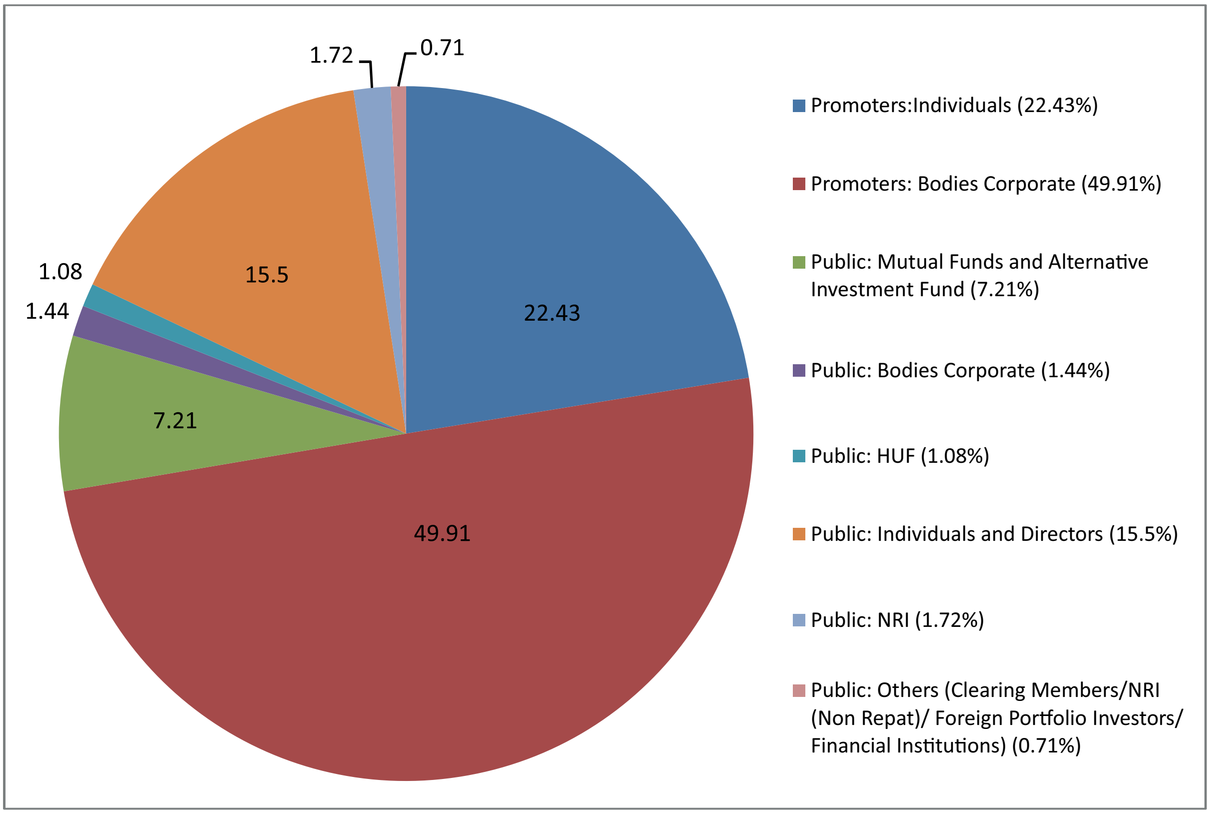
a. Shareholding by size as on 31st March, 2020

(Amount in Rs.)

S. No.	Shareholdings of Nominal Value of Rs. 10/- each	Number of Shareholders	% of Total shareholders	Nominal Value	% of Nominal Value
1	1-5000	42160	92.72	40010670	6.22
2	5001- 10000	1439	3.16	11568700	1.80
3	10001- 20000	871	1.92	13536850	2.11
4	20001- 30000	399	0.88	10328100	1.61
5	30001- 40000	195	0.43	6950850	1.08
6	40001- 50000	112	0.25	5266010	0.82
7	50001- 100000	181	0.40	12732370	1.98
8	100001& Above	115	0.25	542611310	84.39
	Total:	**45472**	**100.00**	**643004860**	**100.00**

b. Shareholding by category as on 31st March , 2020

Category of Shareholders	Number of shareholders	No. of Shares	% of Shareholding
Promoters and Promoter Group			
Individuals	4	14421176	22.43
Bodies Corporate	4	32092023	49.91
Public			
Mutual Funds and Alternative Investment Fund	2	4636523	7.21
Bodies Corporate	149	925749	1.44
HUF	2382	696565	1.08
Individuals/Directors	42218	9966522	15.5
Non Resident Indians	488	1107565	1.72
Others (Clearing Members/NRI (Non Repat)/ Foreign Portfolio Investors/ Financial Institutions)	225	454363	0.71
Total	**45472**	**64300486**	**100**



L. Dematerialization of shares and liquidity:

Trading in Equity Shares of the Company is permitted only in dematerialised form.

Number of shares along with percentage held in dematerialized and physical mode as on 31st March, 2020 are as follows:

Form	Number of Shares	Percentage
NSDL	19234306	29.91
CDSL	45066179	70.09
Physical	1	0.00
Total	**64300486**	**100**

The Company's Equity Shares are among the most liquid and actively traded shares on the Stock Exchanges.

M. Outstanding global depository receipts or American depository receipts or warrant Or any convertible instruments, conversion date and likely impact on equity:

There are no GDRs/ ADRs/ Warrants outstanding as on 31st March, 2020.

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

The Company has in place Risk Management policy in order to mitigate foreign exchange risk. When required forward contracts / cover are also used to cover these exposures.

O. Plant locations:

Sl No.	Address
1.	Plot No. 132-133, Pace City –I, Sector -37, Gurgaon, Haryana
2	Plot No. 357-Q,Pace City- II, Sector – 37, Gurgaon, Haryana
3	Vill : Shavela, P.O. Jabli, Distt. Solan, Himachal Pradesh
4	Vill: Bigan, Dhaturi Road, Tehsil : Gannaur, Sonepat Haryana
5	Plot No. 76-B, Phase- IV, Sector – 57,Industrial Estate, Kundli, Sonepat Haryana
6	Main GT Karnal Road Village Bastawa, Tehsil Gharaunda, District Karnal, Haryana

P. Address for correspondence:

(A) Company's address:

Registered Office :	1/20, Asaf Ali Road, New Delhi- 110002
Phone :	011 23234411
Fax :	011 23232639
Corporate Office:	Windsor Business Park, B-1D, Sector-10, Noida- 201301
Phone :	0120-4656300
Fax :	0120-4656333
Website :	www.hplindia.com
E-mail :	hplcs@hplindia.com

(B) Registrar & Share Transfer Agent's Address:

Address :	KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Mandal, Hyderabad - 500032 India
Phone No. :	040-67161526
Fax :	040-23001153
E-mail :	einward.ris@karvy.com
Website :	www.kfintech.com

Q. List of all credit ratings obtained alongwith any revisions thereto during the relevant financial year:

During the Financial year 2019-20, the instrument wise credit ratings as obtained from India Ratings & Research Private Limited are as follows:

Fund-based working capital limits	IND A-/Negative/IND A1
Non Fund-based working capital limits	IND A-/Negative/IND A1
Commercial paper	IND A1

The details on credit ratings are available on the website of the company at www.hplindia.com in the Investor Relations Section.

7. **OTHER DISCLOSURES**

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

During the Financial Year 2019-20, there was no materially significant Related Party Transactions with the company's Directors, Promoters, the KMPs, management or their relatives that may have potential conflict with the interests of the Company at large. All related party transactions entered into during the year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and SEBI Listing Regulations.

Members may refer to the disclosure of transactions with related parties in the Balance Sheet in Note No. 40.

The Board has framed the policy on the materiality of related party transactions and is available on the website of the company i.e. www. hplindia.com.

b) **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years:**

The Company has not been penalized, nor have the stock exchanges, or the Board or any statutory authority imposed any strictures, during the last three years, on any matter relating to capital markets.

c) **Details of establishment of vigil mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company has established a Vigil Mechanism / Whistle Blower Policy pursuant to the provisions of Section 177 of the Companies Act, 2013 and rules made thereunder as amended from time to time and Regulation 22 of the SEBI Listing Regulations for its Directors and Employees to report the genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. During the year under report, no Director or Employee has been denied access to the Audit Committee.

The Vigil Mechanism / Whistle Blower Policy is available on the website of the company i.e. www. hplindia.com.

d) **Details of compliance with mandatory requirements and adoption of the non mandatory requirements:**

The Company has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) **Web link where policy for determining 'material' subsidiaries is disclosed:**

The policy for determining 'material' subsidiaries is available on the website of the Company under "Policies and Code" in the Investor Relations section and can be accessed at http://www.hplindia.com/ policies-and-codes.aspx .

f) **Web link where policy on dealing with related party transactions:**

The policy on dealing with related party transactions is available on the website of the Company under "Policies and Code" in the Investor Relations section and can be accessed at http://www.hplindia.com/ policies-and-codes.aspx.

g) **Disclosure of commodity price risks and commodity hedging activities:**

The Company not importing commodity and hence commodity price risk & Commodity hedging activities not applicable.

h) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**

The company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

i) **Certificate from the Company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**

On the basis of written representations/ declaration received from the Directors, as on 31st March, 2020, M/s AVA Associates, Company Secretaries (Membership No. FCS 3648, CP No. 2148), have issued a certificate, confirming that none of the Directors on Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Companies by SEBI/ MCA or any such authority.

j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:

The Board had accepted all the recommendations of its Committees which were mandatorily required in the financial year ended 31^{st} March, 2020.

k) Total fees for all services paid by the listed entity 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 which are part of this Annual Report.

Details relating to fees paid to the Statutory Auditors are given in Note 29(a) of the Consolidated Financial Statements.

l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year : NIL

b. number of complaints disposed off during the financial year : NA

c. number of complaints pending as on end of the financial year: NIL

8 The Company has complied with the requirements of Corporate Governance Report as mentioned in sub paras (2) to (10) of Schedule V of the SEBI Listing Regulations.

9. Disclosure of the Extent to which the Discretionary Requirements as Specified in Part E Of Schedule II have been adopted

(a) The Board: As the Chairman of the Company is an Executive Chairman, hence the provision on entitlement of chairperson's office at the expense of the Company in case of a Non-Executive Chairperson is not applicable.

(b) Shareholder Rights: Quarterly financial statements are published in leading newspapers and uploaded on Company's website at www.hplindia.com.

(c) Modified opinion(s) in audit report: The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements.

(d) Separate posts of Chairperson and CEO: Presently, Mr. Lalit Seth is the Chairman and Mr. Rishi Seth is the Managing Director of the Company.

(e) Reporting of Internal Auditor: The Company has appointed PwC as the Internal Auditors for conducting the internal audit who reports directly to the Audit Committee.

10. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT:

The company does not have any shares in the demat suspense account or unclaimed suspense account.

For and on Behalf of the Board
For **HPL Electric & Power Limited**

Lalit Seth
Chairman
DIN: 00312007

Date : 3rd September, 2020
Place : Noida

DECLARATION PURSUANT TO CLAUSE D OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I hereby confirm that all the Board Members and Senior Management Personnel of the company have affirmed compliance with the Code of Conduct of Directors and Senior Management, as approved by the Board, for the financial year ended 31st March, 2020.

RISHI SETH
MANGING DIRECTOR
DIN: 00203469

Date : 9th July, 2020
Place : Noida

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
HPL Electric & Power Limited
1/20, Asaf Ali Road
New Delhi-110002

We have examined the compliance of Corporate Governance by HPL Electric & Power Limited ("the Company"), for the year ended 31st March, 2020, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kharabanda Associates.
Chartered Accountants
Firm Registration No. 003456N

Sunil Kharabanda
Proprietor
Membership No. 082402
UDIN: 20082402AAAAFH7884

Date : 01/09/2020
Place : New Delhi

CEO & CFO CERTIFICATE

To
The Board of Directors
HPL Electric & Power Limited
1/20, Asaf Ali Road
New Delhi – 110002

We, Rishi Seth, Managing Director and Sudhir Barik, CFO of HPL Electric & Power Limited (the 'Company') to the best of our knowledge and belief, certify that:

A. We have reviewed the, Standalone and Consolidated financial statements and cash flow statement for the year ended on 31st March, 2020 and based on our knowledge and belief certify that:

1) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;

2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

B. There are, to the best of our knowledge and belief, no transaction entered into by the company during the year ended on 31st March, 2020 which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to auditors and the audit committee of the Board, wherever applicable:

   1) significant changes in internal control over the financial reporting during the year;

   2) significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements; and

   3) instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

	Rishi Seth	Sudhir Barik
Place : Noida	Managing Director	CFO
Date : 9th July, 2020	DIN: 00203469	M. No. 13243

Independent Auditor's Report

To the Members of

HPL Electric & Power Ltd.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the financial statements of HPL ELECTRIC & POWER LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss(including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters	How the matter was addressed in our audit
Evaluation of uncertain tax positions The Company operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements.	**Principal Audit Procedures** Our audit procedures include the following substantive procedures: • Obtained understanding of key uncertain tax positions; and • We along with our internal tax experts – ➢ Read and analyzed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions; ➢ Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and Assessed management's estimate of the possible outcome of the disputed cases.
Expected credit loss (ECL) on trade receivables Trade receivables balances represent significant portion of the Company's assets. Loss allowances on trade receivables for delays and defaults in recovery involves significant judgements and estimates. Timing of collection of dues from the customers may differ from the actual credit period. The balance of loss allowances on trade receivables represent the Company's best estimates at the reporting date of ECL under Ind AS 109. The Company assesses the ECL allowance resulting from all possible defaults over the expected life of the receivables and credit impaired receivables. These are expected to be recognized before a trade receivables becomes past due. The measurement of ECL involves significant Company's judgement and assumption, primarily relating to: - Historical credit loss experience adjusted for future economic conditions, - Credit risk of customers	**Principal Audit Procedures** Our audit procedures over ECL on trade receivables included the following: ➢ Testing the design, implementation and operating effectiveness of key internal financial controls, on a sample basis, over accounting of measurement of ECL on trade receivables, credit control process over aged receivables; ➢ Evaluating governance structure over provisioning matrix; ➢ Assessing Company's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards: ➢ Challenging the ECL estimates by examining the information used to form such estimates such as application of future economic conditions, credit risk of customers, etc: ➢ Checking completeness and accuracy of the data used by the Company for computation of assumptions used for computing ECL on trade receivables; ➢ Conducting audit procedure on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples.

Financial Statements

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 financial statements, including the disclosures, and whether the 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 significance in the audit of the financial statements of the current period 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 Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid 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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed pending litigations and the impact on its financial position - refer note 44 to the Standalone Financial Statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For Kharabanda Associates
Chartered Accountants
FRN: 003456N

Sunil Kharabanda
Proprietor
M. No. 082402

Place : New Delhi
Date : 9th July 2020

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph, under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

(1) In respect of the Company's fixed assets:

a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, on our opinion, provides physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

C) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(2) As explained to us, the inventories were physical verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(3) The Company has not granted any loans, secured or unsecured to companies, firm, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(5) The company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provision of the clause 3(v) of the Order are not applicable to the Company.

(6) We have broadly reviewed the books of accounts maintained by the company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records have been prescribed under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained.

(7) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and service Tax, duty of Custom, duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Value Added Tax, Goods and Service tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrear as at 31st March, 2020 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us by the management and records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Service Tax and Excise Duty as at 31st March, 2020 which have not been deposited on account of dispute, are given below:

Nature of the statue	Nature of dues	Financial year to which the matter pertains	Forum where the Dispute is pending	Amount (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	2008-2009	Addl. Comm, LTU, New Delhi.	16.40
Finance Act 1994	Service Tax	2012--2017	Comm. (A), LTU, Delhi	1.01
Haryana VAT Act 2003	Sales Tax	2008-2009	Haryana Tax Tribunal, Chandigarh.	25.51
Haryana VAT Act 2003	Sales Tax	2011-2012	Jt.Comm.(A), Ambala	4.38
Haryana VAT Act 2003	Sales Tax	2010-2011	Jt.Comm.(A),Rohtak.	17.83
Haryana VAT Act, 2003	Sales Tax	2009-2010	Haryana Tax Tribunal, Chandigarh.	4.78
Finance Act 1994	Service Tax	2011-2012	CESTAT, New Delhi.	1.13
Haryana VAT Act, 2003	Sales Tax	2011-2012	Haryana Tax Tribunal, Rohtak.	18.45
Haryana VAT Act, 2003	Sales Tax	2011-2012	Haryana Tax Tribunal, Sonepat.	23.19
Central Excise Act, 1944	Excise Duty	2009-10 to 2015-16	Comm..(A),New Delhi	82.49
Haryana VAT Act, 2003	Sales Tax	2012-13	Haryana Tax Tribunal, Rohtak	10.06
Haryana VAT Act, 2003	Sales Tax	2010-11	Haryana Tax Tribunal, Rohtak	49.22
Finance Act 1994	Service Tax	2010-11 to 2014-15	CESTAT, New Delhi.	163.04
Employee 's Provident Fund Act 1952	EPF	Demand For EPF	EPF Appelllate, Truibunal New Delhi	8.87

Haryana VAT Act, 2003	Sales Tax	2011-12	Haryana Tax Tribunal, Rohtak	23.39
Haryana VAT Act, 2003	Sales Tax	2012-13	Haryana Tax Tribunal, Rohtak	23.67
Haryana VAT Act, 2003	Sales Tax	2013-14	Haryana Tax Tribunal, Rohtak	80.59
Haryana VAT Act, 2003	Sales Tax	2013-14	Jt. Commissioner (A), Rohtak	72.95
Haryana VAT Act, 2003	Sales Tax	2014-15	Jt. Commissioner (A), Rohtak	25.35
Haryana VAT Act, 2003	Sales Tax	2013-14	Jt. Commissioner (A), Rohtak	18.38
Haryana VAT Act, 2003	Sales Tax	2013-14	Jt. Commissioner (A), Rohtak	97.68
Haryana VAT Act, 2003	Sales Tax	2011-12	Haryana Tax Tribunal, Chandigarh	3.61
Haryana VAT Act, 2003	Sales Tax	2012-13	Haryana Tax Tribunal, Chandigarh	1.97
Haryana VAT Act, 2003	Sales Tax	2013-14	Haryana Tax Tribunal, Chandigarh	3.73
Haryana VAT Act, 2003	Sales Tax	2014-15	Haryana Tax Tribunal, Chandigarh	0.52
Haryana VAT Act, 2003	Sales Tax	2010-11	Haryana Tax Tribunal, Jt. ETC (A) Rohtak	33.95
Haryana VAT Act, 2003	Sales Tax	2014-15	Dy. Excise & Taxation Commissioner (ST), Sonipat	10.14
Haryana VAT Act, 2003	Sales Tax	2014-15	Jt Excise & Taxation Commissioner, Ambala	55.74
Income Tax Act, 1961	Income Tax	AY 2017-18	Income Tax Demand before Asstt. Commissioner of IT, Delhi for AY 2017-18	28.72
Haryana VAT Act, 2003	Sales Tax	2015-16	Demand for Sales Tax before Haryana Tax Tribunal, Rohtak for 2015-16	41.89
Haryana VAT Act, 2003	Sales Tax	2014-15	Demand for Sales Tax before Haryana Tax Tribunal, Rohtak for 2014-15	97.13
Haryana VAT Act, 2003	Sales Tax	2015-16	Demand for Sales Tax before Haryana Tax Tribunal, Rohtak for 2015-16	75.76

(8) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loan or borrowing to banks. The Company does not have any loans or borrowing from government and has not issued any debentures. The Company has taken a term loan amounting to Rs. 25 crore from TATA Capital Financial Services Limited. Outstanding as on March 31,2020 is Rs. 22.92 crore.

(9) In our opinion and according to the information and explanations given to us, the monies taken by way of term loan have been applied for the purposes for which they were obtained.

(10) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(11) In our opinion and according to the information and explanations given to us the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.

(12) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(13) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(14) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture and hence reporting under clause 3(XIV) of the Order is not applicable to the Company.

(15) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors as referred to in Section 192 of the Act.

(16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Kharabanda Associates
Chartered Accountants
FRN: 003456N

Sunil Kharabanda
Proprietor
M. No. 082402

Place : New Delhi
Date : 9th July 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of HPL Electric & Power Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **HPL ELECTRIC & POWER LTD.** ('the Company') as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statement of the company for the year then ended and as on that date.

Management's Responsibility for the Internal Financial Controls

The Board of Directors of the company 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 (the 'Guidance Note'). 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extant applicable to an audit of internal financial controls. Those Standards and the Guidance Note required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend of the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisation of the management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal financial controls 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 Control Over Financial Reporting issued by the Institute of Chartered Accountant of India.

For Kharabanda Associates
Chartered Accountants
FRN: 003456N

Place : New Delhi
Date : 9th July 2020

Sunil Kharabanda
Proprietor
M. No. 082402

Balance Sheet

as at 31st March 2020

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	42,257.04	38,197.15
Capital work in progress		337.74	715.07
Right of use Assets	3	710.26	-
Intangible assets	4	2,136.72	2,968.08
Financial assets			
i. Investments	5	5,400.00	5,400.00
ii. Loans	6	283.42	255.36
Deferred tax assets (Net)	7	1,659.96	1,922.38
Other non-current assets	8	1,400.93	1,813.23
		54,186.07	**51,271.27**
Current assets			
Inventories	9	42,183.78	39,588.62
Financial assets			
i. Trade receivables	10	44,007.71	45,182.66
ii. Cash and cash equivalents	11	2,416.50	2,294.14
iii. Bank balances other than (ii) above	12	3,177.21	3,409.87
iv. Loans	6	43.88	41.39
v. Other financial assets	13	1,236.19	1,267.39
Current tax assets (Net)	14	287.23	165.07
Other current assets	8	3,509.93	3,221.39
		96,862.43	**95,170.53**
		151,048.50	**146,441.80**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	6,430.05	6,430.05
Other equity	16	68,332.84	66,815.91
Total equity		**74,762.89**	**73,245.96**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	3,002.41	244.55
ii. Other financial liabilities	21	1,662.10	1,196.57
Provisions	18	843.98	860.49
		5,508.49	**2,301.61**
Current liabilities			
Financial liabilities			
i. Borrowingss	19	50,297.83	47,254.47
ii. Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		3,430.38	3,354.02
b) total outstanding dues of creditors other than micro enterprises and small enterprises		12,862.99	17,267.88
iii. Other financial liabilities	21	2,771.70	2,107.71
Other current liabilities	22	674.18	273.14
Provisionss	18	740.04	637.01
		70,777.12	**70,894.23**
		151,048.50	**146,441.80**

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Statement of Profit & Loss

for the year ended 31st March 2020

	Particulars	Notes	Year ended 31st March 2020	Year ended 31st March 2019
	Income:			
I.	Revenue from operations (Gross)	23	92,522.40	110,259.11
II.	Other income	24	383.75	398.13
III.	**Total income (I + II)**		**92,906.15**	**110,657.24**
IV.	Expenses:			
	Cost of materials consumed	25	59,134.51	74,412.63
	Changes in inventories of finished goods, work-in-progress	26	(803.59)	(1,312.29)
	Employee benefits expense	27	12,991.89	13,268.94
	Finance cost	28	5,639.81	5,276.15
	Depreciation and amortization expenses	29	3,480.79	2,986.61
	Other expenses	30	10,138.66	12,154.87
	Total expenses		**90,582.07**	**106,786.91**
V.	**Profit before exceptional items and tax (III-IV)**		2,324.08	3,870.33
	Exceptional items		-	-
V.	**Profit before tax (III-IV)**		**2,324.08**	**3,870.33**
VI.	**Tax expense:**			
	(1) Current tax	31	391.76	821.23
	(2) Deferred tax	31	261.70	410.58
VII.	**Profit for the year (V-VI)**		**1,670.62**	**2,638.52**
	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		2.07	(31.93)
	Income tax relating to these items		(0.72)	11.05
	Other comprehensive income for the year, net of tax		1.35	(20.88)
	Total comprehensive income for the year		**1,671.97**	**2,617.64**
VIII.	Earnings per equity share of ₹10/- each	32		
	(1) Basic		2.60	4.10
	(2) Diluted		2.60	4.10

See accompanying explanatory notes forming part of the financial statements

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Statement of changes in equity

for the year ended 31st March 2020

I) Equity Share Capital

(₹ in Lakhs)

Particulars	Notes	Amounts
Balance as at 1st April 2018		6,430.05
Changes during the year	15	-
Balance as at 31st March 2019		6,430.05
Changes during the year	15	-
Balance as at 31st March 2020		6,430.05

II) Other equity

(₹ in Lakhs)

Particulars	Notes	Security premium	General reserve	Retained earnings	Total
Balance as at 1st April 2018	16	36,601.35	2,571.31	25,800.78	64,973.44
Profit for the year		-	-	2,638.52	2,638.52
Other comprehensive income		-	-	(20.88)	(20.88)
Total comprehensive income		-	-	2,617.64	2,617.64
Transaction with owners in their capacity as owners:					
Received on issue of equity shares		-	-	-	-
Share issue expenses		-	-	-	-
Final equity dividend				(643.00)	(643.00)
Tax on final equity dividend				(132.17)	(132.17)
Balance as at 31st March 2019		36,601.35	2,571.31	27,643.25	66,815.91
Profit for the year		-	-	1,670.62	1,670.62
Other comprehensive income				1.35	1.35
Total comprehensive income		-	-	1,671.97	1,671.97
Transaction with owners in their capacity as owners:					
Final equity dividend		-	-	(128.61)	(128.61)
Tax on final equity dividend		-	-	(26.43)	(26.43)
Balance as at 31st March 2020		**36,601.35**	**2,571.31**	**29,160.18**	**68,332.84**

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Cash Flow Statement

for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A. Cash flow from operating activities		
Net profit/ (loss) before tax	2,324.08	3,870.33
Adjustments for :		
- Depreciation and amortisation expenses	3,480.79	2,986.61
- Finance expenses	5,639.81	5,276.15
- Interest income	(351.70)	(392.73)
- Loss / (profit) on sale of fixed assets	72.36	6.53
Operating profit before working capital changes	11,165.34	11,746.89
Adjustments for :		
Decrease/(increase) in trade receivables	1,359.36	(253.71)
Decrease/(increase) in other financial and non-financial assets	(261.16)	1,765.96
Decrease/(increase) in inventories	(2,595.16)	(74.12)
(Decrease)/increase in trade payables	(4,328.53)	(7,075.23)
(Decrease)/increase in other financial, non financial liabillities and provisions	478.25	475.04
Cash generated from operations	5,818.11	6,584.83
- Taxes paid (net of refunds)	(513.93)	(591.73)
Net cash from operating activities	**5,304.18**	**5,993.10**
B. Cash flow from investing activities		
- Purchase of property, plant & equipment and intangible assets	(6,257.57)	(4,354.61)
- (increase)/ decrease in capital work in progress	377.33	(699.77)
- Payment for acquiring right of use of assets	(251.44)	-
- Proceeds from Sale of property, plant and equipments	10.50	23.63
- Secuity Deoposits (Paid)/Received	(28.05)	(36.31)
- Interest income received	351.70	392.73
Net cash used in investing activities	**(5,797.53)**	**(4,674.33)**
C. Cash flow from financing activities		
- Proceeds from working capital loan (net)	3,043.36	4,889.80
- Repayment of secured long term loan	(865.46)	(514.71)
- Proceeds from secured long term loan	4,000.00	-
- Repayment of lease liabilities interest portion	(89.72)	-
- Finance expenses	(5,550.09)	(5,276.15)
- Payment of dividend and dividend distribution tax	(155.04)	(775.17)
Net cash used in financing activities	**383.05**	**(1,676.23)**
Net changes in cash & cash equivalents (a+b+c)	(110.30)	(357.46)
Cash & cash equivalents at the beginning of the year	5,704.01	6,061.47
Cash & cash equivalents at the end of the year	5,593.71	5,704.01

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Notes to Accounts

Note-1

COMPANY OVERVIEW

HPL Electric & Power Limited ('the Company') is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at 1/20, Asaf Ali Road, New Delhi. The Company is one of the leading players and India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Energy Saving Meters, CFL & LED Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches covering the entire range of household, commercial and industrial electrical needs. The Company's manufacturing facilities are located at 6 locations, 2 units at Gurgaon, 1 unit at village Bastara, Tehsil Gharaunda, Karnal, 1 unit at village Bhigan, Ganauar, Sonipat, 1 unit at Kundli in Haryana and 1 unit at village Shavela, Jabli in Himachal Pradesh.

The Company has R&D facilities located at Gurgaon and Kundli in Haryana, approved by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology.

The Financial statements were approved by the Board of Directors for issue in accordance with resolution passed on July 9, 2020.

Note-2

SIGNIFICANT ACCOUNTING POLICIES

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

A) **Basis of Preparation**

i) *Compliance with Ind AS*

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies(Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

B) **Property plant and equipment**

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT /GST/VAT credit availed wherever applicable. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Depreciation methods, estimated useful lives and residual value

Depreciation on buildings, machinery and equipments has been provided on straight-line basis over the estimated useful lives of the respective assets. Intangibale assets are amortised over their estimated useful economic lives on straight line basis. Freehold land and work in progress are not depreciated. The estimated useful lives considered for providing depreciation on other substantial assets are as follows:

Building- 35-45 years

Plant & Machinery-15-25 years

Computers-3-5 years

Furniture & Fixtures-10-15 years

Office Equipments-5-10 years

Vehicles-8-10 years

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at costless accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Research and development cost

Research expenditure and development expenditure that do not meet the criteria as given in Ind AS-38 "Intangible Assets" are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over their estimated useful life of 3-6 years.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the assets are disposed off.

Impairment of non-financial assets

The carrying amounts of the assets are reviewed at each Balance sheet date for any indication of impairment based on internal/ external factors. If any such 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment losses including impairment on inventories are recognised in the Statement of Profit and Loss.

Financial Instruments

Financial Assets

Initial recognition and measurement

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Investment in subsidiaries

The Company has accounted for its investments in subsidiary at cost.

Other Equity Investments

All other equity investments are measured at fair value with changes in fair value recognised in statement of profit and loss except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses(expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised at fair value and in case of loans net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Inventories

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

Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised 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 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. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customer in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services, which is usually at the time of delivery of products or services to the customer. Revenue from sale of product is measured at fair value of consideration received /receivable, net of returns, trade allowances, rebates, value added taxes, Goods and Service Tax (GST) and amounts collected on behalf of third parties. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract Balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivable represents the Company's right to an amount of consideration that is unconditional.

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

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

Employee Benefits

(i) Short-term obligations

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

(ii) Post-Employment Benefits

Defined Contribution Plan: A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separately entity. The Company has defined contribution plans for the post-employment benefits namely provident fund scheme. The Company's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined Benefit Plans: The Company has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Company recognises the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs , gains and losses on curtailment and non-routine-settlements
- Net Interest expense

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

Termination benefits are recognized as an expense immediately.

Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Income Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating

expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 'Impairment of nonfinancial assets'.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Foreign Currency Transactions

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, wherever applicable, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Provisions and Contingent liabilities

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but disclose its existence in the financial statements unless the probability of outflow of resource is remote.

Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (CODM). CODM monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash flows, Cash and Cash equivalents includes cash on hand, deposits held at call, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Offsetting financial instruments

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

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Changes in significant accounting policies

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application being April 01,2019 the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company recorded the lease liability at the present value the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability.

Recent accounting pronouncements

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

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements, Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plan-Gratuity

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions 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. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 37.

Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Warranty provision

Warranty Provisions are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

Depreciation/amortisation and useful lives of property plant and equipment/intangible assets

Property, plant and equipment / Intangible assets are depreciated /amortised over their estimated useful lives, after taking into account estimated residual values. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future period is revised if there are significant changes from previous estimates.

Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Notes forming part of the financial statements for the year ended 31st March 2020

2 Property, plant and equipment

(₹ in Lakhs)

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2019	Additions	Deletion / Adjustment	31st March 2020	1st April 2019	For the year	Deletion / Adjustment	31st March 2020	31st March 2020
1	Freehold Land	12,991.00	-	-	12,991.00	-	-	-	-	12,991.00
2	Building	8,697.27	614.20	-	9,311.47	696.59	236.12	-	932.71	8,378.76
3	Plant & Machinery	20,791.19	5,672.59	(122.17)	26,341.61	4,317.65	2,010.61	(45.49)	6,282.77	20,058.84
4	Furniture & Fittings	318.69	78.61	-	397.30	97.08	42.15	-	139.23	258.07
5	Office Equipment's	137.96	93.89	-	231.85	63.76	26.70	-	90.46	141.39
6	Vehicles	581.30	70.44	(42.43)	609.31	145.18	71.40	(36.24)	180.33	428.98
	TOTAL	**43,517.41**	**6,529.73**	**(164.60)**	**49,882.54**	**5,320.26**	**2,386.98**	**(81.73)**	**7,625.51**	**42,257.04**

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2018	Additions	Deletion / Adjustment	31st March 2019	1st April 2018	For the year	Deletion / Adjustment	31st March 2019	31st March 2019
1	Freehold Land	12,991.00	-	-	12,991.00	-	-	-	-	12,991.00
2	Building	8,686.71	10.56	-	8,697.27	461.42	235.17	-	696.59	8,000.68
3	Plant & Machinery	17,348.29	3,493.92	(51.02)	20,791.19	2,289.57	2,033.90	(5.82)	4,317.65	16,473.54
4	Furniture & Fittings	297.64	21.05	-	318.69	61.71	35.37	-	97.08	221.61
5	Office Equipment's	123.30	14.66	-	137.96	46.22	17.54	-	63.76	74.20
6	Vehicles	474.78	174.00	(67.48)	581.30	119.26	63.26	(37.34)	145.18	436.12
	TOTAL	**39,921.72**	**3,714.19**	**(118.50)**	**43,517.41**	**2,978.18**	**2,385.24**	**(43.16)**	**5,320.26**	**38,197.15**

i) Refer to note 19 for information on property, plant and equipment pledged as security by the Company.

ii) Capital work-in-progress as at March 31, 2020 relates to addition in property, plant and equipment.

3 Right of use assets

(₹ in Lakhs)

Particulars	ROU Asset-Building
Gross carrying value	
As at 01 April 2019	-
Transition impact of Ind As 116	1,000.30
Additions	36.59
Disposals	(23.80)
As at 31 March 2020	**1,013.09**
Accumlated depreciaiton	
As at 01 April 2019	**-**
Additions	308.07
Disposals	(5.24)
As at 31 March 2020	**302.83**
Net carrying value	
As at 31 March 2020	**710.26**

1) Right of Use asset includes:

(a) Leasehold Building represents properties taken on lease for its offices and warehouses accounted for in accordance with principle of Ind AS 116 'Leases'(refer note 36)

4 Intangible assets

(₹ in Lakhs)

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2019	Additions	Deletion / Adjustment	31st March 2020	1st April 2019	For the year	Deletion / Adjustment	31st March 2020	31st March 2020
1	Software & Designs	5,000.78	-	(172.90)	4,827.87	2,032.69	785.74	(127.27)	2,691.16	2,136.72
	TOTAL	**5,000.78**	**-**	**(172.90)**	**4,827.87**	**2,032.69**	**785.74**	**(127.27)**	**2,691.16**	**2,136.72**

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2018	Additions	Deletion / Adjustment	31st March 2019	1st April 2018	For the year	Deletion / Adjustment	31st March 2019	31st March 2019
1	Software & Designs	3,692.85	1,307.92	-	5,000.78	1,431.32	601.37	-	2,032.69	2,968.08
	TOTAL	**3,692.85**	**1,307.92**	**-**	**5,000.78**	**1,431.32**	**601.37**	**-**	**2,032.69**	**2,968.08**

Notes to Accounts

5 Non-Current Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Investment in Subsidiary		
Himachal Energy Pvt Ltd (15,000,000 Shares of ₹ 10 each)	5,400.00	5,400.00
(31st March 2019: 15,000,000 Shares of ₹ 10 each)		
Total	**5,400.00**	**5,400.00**
Aggregate amount of unquoted investments	**5,400.00**	**5,400.00**

6 Loans

(Unsecured, considered good)

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Security Deposits	283.42	255.36	43.88	41.39
Total	**283.42**	**255.36**	**43.88**	**41.39**

7 Deferred tax assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
The balance comprises temporary differences attributable to:	-	-
Provision for employee benefits	342.02	360.80
Provision for warranties	216.62	174.69
Provision for doubtful debts	400.68	879.21
Property, plant and equipment	(2,646.13)	(2,309.97)
Others	660.40	681.47
MAT credit	2,686.37	2,136.18
Total deferred tax assets	**1,659.96**	**1,922.38**

Movement in deferred tax assets

(₹ in Lakhs)

Particulars	Provision for employee benefits	Provision for warranties	Provision for doubtful debts	Total
At 1st April 2018	**234.98**	**204.59**	**1,258.80**	**1,698.37**
(Charged)/credited:				
- to profit or loss	136.87	(29.90)	(379.59)	(272.62)
- to other comprehensive income	(11.05)	-	-	(11.05)
At 31st March 2019	**360.80**	**174.69**	**879.21**	**1,414.70**
(Charged)/credited:				
- to profit or losss	(19.51)	41.93	(478.53)	(456.11)
- to other comprehensive incomes	0.72	-	-	0.72
At 31st March 2020	**342.01**	**216.62**	**400.68**	**959.31**

Notes to Accounts

Particulars	Property, plant and equipment	Others	MAT Credit	Total
At 1st April 2018	**(1,733.88)**	**681.47**	**1,765.74**	**713.33**
(Charged)/credited:				-
- to profit or loss	(576.09)	-	370.45	(205.65)
- to other comprehensive income				-
At 31st March 2019	**(2,309.97)**	**681.47**	**2,136.18**	**507.68**
(Charged)/credited:				
- to profit or losss	(336.15)	(21.07)	550.19	192.96
- to other comprehensive incomes	-	-	-	-
At 31st March 2020	**(2,646.13)**	**660.40**	**2,686.37**	**700.65**

8 Other assets

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Capital advances to related parties	456.57	683.11	-	-
Receivable on deferred basis to related parties	937.71	1,122.13	-	-
Prepaid Expenses	6.65	7.99	108.74	204.27
Balance with government authorities	-	-	1,232.57	730.34
Advance to Suppliers*	-	-	2,165.11	2,279.58
Duty Drawback Recoverable	-	-	3.51	7.20
Total	**1,400.93**	**1,813.23**	**3,509.93**	**3,221.39**

9 Inventories

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
a. Raw Materials and components		
(i) Raw materials	17,748.42	15,957.05
(ii) Material-in-transit	51.92	38.92
b. Work-in-progress	14,272.47	13,600.93
c. Finished goods	10,086.50	9,954.45
d. Stores and spares	24.47	37.27
Total	**42,183.78**	**39,588.62**

10 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Considered good*	44,007.71	45,182.66
(ii) Considered doubtful	1,181.03	2,550.46
	45,188.74	**47,733.12**
Less: Provision for doubtful receivables	(1,181.03)	(2,550.46)
Total	**44,007.71**	**45,182.66**

(Trade Receivables include outstanding for a period exceeding six months from the date they became due for payment ₹ Nil (P.Y.₹ Nil)

* includes from subsidiary company ₹1,368.42 (P.Y. ₹ 1,586.02 lakhs) and from companies where directors are interested ₹ 923.87 lakhs (P.Y. ₹ 467.01 lakhs) Refer note no.40

11 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and Cash equivalents		
Balances with banks	2,382.36	2,263.84
Cash on hand	34.14	30.30
	2,416.50	**2,294.14**

12 Other Bank Balances

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks held as Margin Money	3,177.21	3,409.87
Total	**3,177.21**	**3,409.87**

13 Other financial assets

(₹ in Lakhs)

Particulars	Current	
	As at 31st March 2020	As at 31st March 2019
Earnest money deposit	863.74	1,006.15
Insurance claim Recoverable	110.45	53.99
Contract Asset Recoverable	262.00	207.25
Total	**1,236.19**	**1,267.39**

14 Current tax assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax (net of provision for tax)	287.23	165.07
Total	**287.23**	**165.07**

15 Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Authorized		
70,000,000 Equity Shares of ₹ 10/- each (Previous year 70,000,000 Equity Shares of ₹ 10/- each)	7,000.00	7,000.00
(b) Issued, Subscribed & Paid Up		
64,300,486 Equity Shares of ₹ 10/- each fully paid up (31st March 2019; 64,300,486 Equity Shares of ₹ 10/- each fully paid)	6,430.05	6,430.05
Total	**6,430.05**	**6,430.05**

(c) Reconciliation of share capital at the beginning and close of the accounting year ended :-

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Amount ₹	Number	Amount ₹
Shares outstanding at the beginning of the year	643.00	6,430.05	643.00	6,430.05
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**643.00**	**6,430.05**	**643.00**	**6,430.05**

(d) Rights, Preferences and Restrictions attached to the shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

(e) Shareholders holding more than 5% shares in the Company :-

Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Mr. Lalit Seth	7,824,598	12.17	7,809,598	12.15
HPL India Ltd	17,573,238	27.33	17,573,238	27.33
Havell's Electronics Pvt. Ltd	11,652,130	18.12	11,652,130	18.12
HDFC Trustee Co Ltd A/c HDFC Housing Opportunity	3,876,523	6.03	3,877,376	6.03

(f) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of Balance Sheet:

Equity shares allotted as fully paid up bonus shares by capitalsation of securities premium account:-

Particulars	No. of shares Face value ₹ 10/-
2015-16	278.58
2016-17	-
2017-18	-
2018-19	-
2019-20	-

16 Other equity

(i) Reserves and Surplus

(₹ in Lakhs)

(a) Securities Premium	As at 31st March 2020	As at 31st March 2019
Opening Balance - Securities premium	36,601.35	36,601.35
Add : Received on issue of equity shares	-	-
Less : share issue expenses	-	-
Closing Balance	**36,601.35**	**36,601.35**

Securities premium reserve

Securities premium reserve is used to record the premium on issue of securities. The reserve is utilised in accordance with the provisions of the act.

(b) General Reserve	As at 31st March 2020	As at 31st March 2019
Opening Balance - General reserve	2,571.31	2,571.31
(+) Current Year Transfer	-	-
Closing Balance	**2,571.31**	**2,571.31**

(c) Retained earnings	As at 31st March 2020	As at 31st March 2019
Opening balance - retained earnings	27,643.25	25,800.78
(+) Net Profit/(Loss) For the current year	1,670.62	2,638.52
(-) Dividend on Equity Shares	128.61	643.00
(-) Tax on Dividend	26.43	132.17
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	1.35	(20.88)
Closing Balance	**29,160.18**	**27,643.25**
Total Reserves & Surplus (a+b+c)	**68,332.84**	**66,815.91**

17 Borrowings

(₹ in Lakhs)

Particulars	Non-Current		Current Maturities	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Secured				
Term loan from banks (refer note 19)*	2,911.85	136.36	933.84	545.45
Vehicle loans - from banks**	90.56	108.19	48.82	60.52
Total	**3,002.41**	**244.55**	**982.66**	**605.97**

*The term loan is secured as per the note given in note 19 details are below:-

First pari-passu charge with term lenders having FACR of 1.33 and second pari-passu charge on the current assets of the company to the extent of term loan and also secured by personal guarantee of three promoters directors.

ICICI Bank term loan rate of interest linked with 1 year MCLR + spread of 0.90% p.a. 11 equal quarterly installments, starting from 31st December, 2017 and have maturity date of 31st December, 2020.

Tata Capital Finacial Services term loan rate of interest 11% repayable in 36 monthly installments, starting from Jan 2020 to Jan 2023.

Karnataka Bank term loan rate of interest 10.7% repayable in 60 monthly installments, starting from July 2019 to Feb 2024.

"** Vehicles loans are secured against hypothecation of respective vehicles and are repayable in maximum 60 instalments and last date of installment is April. 2023. The loan carries an interest rate @ 9.10% pa.

18 Provisions

(₹ in Lakhs)

Particulars	Long-term		Short-term	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(a) Provision for employee benefits				
Gratuity	404.20	479.84	94.22	19.52
Leave Encashment	-	-	450.88	492.55
	404.20	**479.84**	**545.10**	**512.07**
(b) Other Provisions				
Provision for Warranties	439.78	380.65	194.94	124.94
	439.78	380.65	194.94	124.94
Total	**843.98**	**860.49**	**740.04**	**637.01**

Service warranties

Product warranties:- The company gives warranties on certain products to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligations of rectification/ replacement.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

(₹ in Lakhs)

Particulars	Warranty
As at 1st April 2018	**591.17**
Charged/(credited) to profit or loss	
- additional provisions recognised	168.08
- unwinding of discount	24.06
Amounts used during the year	(277.72)
As at 31st March 2019	**505.59**
Charged/(credited) to profit or loss	
- additional provisions recognisedd	99.58
- unwinding of discountt	29.55
Amounts used during the yearr	-
As at 31st March 2020	**634.72**

19 Short Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Loans repayable on demand		
-Secured Loans		
- From Banks	50,297.83	47,254.47
Total	**50,297.83**	**47,254.47**

Working capital facilities (fund based and non fund based) are availed from consortium of banks led by State Bank of India. The lead bank has linked its interest rate with 1 year MCLR + spread of 0.95% p.a. and these working capital facilities are repayable on demand. Working capital facilities are secured by way of first pari-passu charge over entire current assets of the company including stocks and receivables both present and future and first charge on pari-passu basis over Company's entire fixed assets excluding fixed assets of Rs. 106.40 Crores financed by Term Lenders for Term Loan upto Rs. 80 Crores which covers FACR of 1.33 on which term lenders have first pari-passu charge and 2nd pari-passu charge on current assets to the extent of Rs. 80 Crores. Working capital facilities and term loans are also secured by personal guarantees of three promoter directors.

Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalentss	5,593.71	5,704.01
Long term borrowingss	(3,985.07)	(850.53)
Short term borrowingss	(50,297.83)	(47,254.47)
Net debt	**(48,689.19)**	**(42,400.99)**

Particulars	Cash and cash equivalents	Long term Borrowings	Current Borrowings	Total
Net debt as at 1st April 2018	6,061.47	(1,365.24)	(42,364.67)	(37,668.44)
Cash flows	(357.46)	-	-	(357.46)
Proceeds from working capital loan	-	-	(4,889.80)	(4,889.80)
Repayment of secured long term loan	-	514.71	-	514.71
Net debt as at 31st March 2019	**5,704.01**	**(850.53)**	**(47,254.47)**	**(42,400.99)**
Cash flowss	(110.30)	-		(110.30)
Proceeds from working capital loan	-	-	(3,043.36)	(3,043.36)
Proceeds from secured term loan capital loan		(4,000.00)		(4,000.00)
Repayment of secured long term loan	-	865.46	-	865.46
Net debt as at 31st March 2020	**5,593.71**	**(3,985.07)**	**(50,297.83)**	**(48,689.19)**

Utilised amount of bank guarantees (performance and bid bonds) as at 31st March 2020 : 33,672/-(PY 37,355.17 lakhs)

20 Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Payables		
(a) Due to Micro and Small Enterprises under MSMED Act, 2006* (Refer note 36)	3,430.38	3,354.02
(b) Others	12,862.99	17,267.88
Total	**16,293.37**	**20,621.90**

21 Other financial liabilities

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Current maturities of long-term debt	-	-	982.66	605.97
Expenses Payable	-	-	83.53	248.72
Interest Accrued but not due	-	-	280.66	55.75
Employee Benefits Payable	-	-	1,073.84	1,197.27
Security deposit received	1,148.35	1,196.57	-	-
Factoring of Debtors	-	-	100.15	-
Lease Liabilities*	513.75	-	250.86	-
Total	**1,662.10**	**1,196.57**	**2,771.70**	**2,107.71**

* refer note no. 36

22 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory dues payable	671.53	270.82
Unpaid Dividend	2.65	2.32
Total	**674.18**	**273.14**

23 Revenue from operation

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Sale of Products		
Finished Goods	92,522.40	110,259.11
Total	**92,522.40**	**110,259.11**

Particulars of Sale of products

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Finished goods		
Metering	45,999.91	55,409.78
Switch Gears	18,954.46	22,698.59
Lighting & Electronics	20,975.83	21,172.95
Cables	6,592.20	10,977.79
Total	**92,522.40**	**110,259.11**

24 Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest income from financial assets at amortised cost	351.70	392.73
Other non-operating income	32.05	5.40
Total	**383.75**	**398.13**

25 Particulars of Raw Materials Consumed

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Copper	6,315.02	9,250.96
Electronic Components	36,741.53	43,387.66
Engineering Plastic	9,921.34	8,748.87
Packing	1,258.48	1,299.87
Otherss	4,898.14	11,725.27
Total	**59,134.51**	**74,412.63**

26 Changes in Inventories of Finished Goods and Work-in-Progress and Stock-in- Trade

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Inventories (at close)		
Finished Goods - at close	10,086.50	9,954.44
Work-in-Progress - at close	14,272.45	13,600.92
	24,358.95	**23,555.36**
Inventories (at commencement)		
Finished Goods - at commencement	9,954.44	6,655.55
Work-in-Progress - at commencement	13,600.92	15,587.52
	23,555.36	**22,243.07**
Total	**(803.59)**	**(1,312.29)**

27 Employee Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salaries and wages	12,593.04	12,745.93
Contribution to provident and other funds	240.99	275.97
Staff welfare expenses	157.86	247.04
Total	**12,991.89**	**13,268.94**

28 Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Expenses	5,105.87	4,555.53
Other borrowing costs- Bank Charges	533.94	720.62
Total	**5,639.81**	**5,276.15**

29 Depreciation and Amortization Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation on property, plant and equipment	2,386.98	2,385.24
Depreciation of right-of-use assets	308.07	-
Amortisation of intangible assets	785.74	601.37
Total	**3,480.79**	**2,986.61**

30 Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Power and Fuel	978.17	1,102.32
Rent	79.58	468.31
Repairs & Maintenance	936.62	1,046.20
Research & Development Expenses	821.29	777.47
Testing Expenses	305.53	321.17
Rates and taxes excluding taxes on income	138.47	205.27
Legal & Professional Expenses	583.85	589.24
Travelling & Conveyance	1,130.39	1,584.93
Communication Expenses	166.81	189.18
Printing & Stationery	73.28	74.51
Insurance	182.06	150.54

Membership & Subscription	12.24	25.78
Commision on sales	1,311.17	1,442.84
Provision for expected credit loss	30.37	52.88
Advertisement and business promotion	2,212.05	3,026.83
Freight Outward	776.74	890.08
Product Warranties	99.58	168.08
Loss on sale of Fixed Assets	72.36	6.53
Donation	2.70	0.89
Auditors remuneration	18.00	18.00
Contribution towards Corporate Social Responsibility	204.66	13.32
Miscellaneous Expenses	2.74	0.50
Total	**10,138.66**	**12,154.87**

30(a) Auditor's Remuneration

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Audit Fees	16.50	16.50
Tax Audit Fees	1.50	1.50
Total	**18.00**	**18.00**

30(b) Research & Development Expenditure :-

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(i) Capital Expenditure	37.42	10.54
	37.42	**10.54**
(ii) Revenue Expenditure		
a) Employee Cost	784.63	736.23
b) Purchase of Raw Materials	30.73	36.82
c) Electricity Expenses	5.93	4.42
	821.29	**777.47**
Total	**858.71**	**788.01**

30(c) Corporate Social Responsibility Expenditure :-

As per the provisions of section 135 of the Companies Act, 2013, the Company has to spend at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). The areas for CSR activities are eradicating hunger, poverty and malnutrition, promoting preventive health care, providing relief to the poor and rural development projects.

(₹ in Lakhs)

Details of CSR Expenditure	Year ended 31st March 2020	Year ended 31st March 2019
a) Gross amount required to be spent by the Company during the year	58.23	64.63
b) Amount spent during year ended 31st March 2020		
Construction/ acquisition of an asset	-	-
Contribution to other purpose other than above	33.66	13.32
c) Amount unspent during year ended 31st March 2020*		
Construction/ acquisition of an asset	-	-
Contribution to other purpose other than above	171.00	-
Total	**204.66**	**13.32**

* The said amount remains unspent due to COVID 19 pandemic declared by WHO, consequent to this Govt of India declared nationwide lockdwon, resulting this, CSR foundation trust could not spent the said amount during the year.

31 Income tax expense

(₹ in Lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current tax		
Current tax on profits for the year	391.76	821.23
Total current tax expense	**391.76**	**821.23**
Deferred tax		
Deferred tax expense/(income) for the period	811.89	870.81
MAT credit entitlement/Setoff	(550.19)	(460.22)
Total deferred tax expense/(benefit)	261.70	410.58
Income tax expense	**653.46**	**1,231.81**

(a) Reconciliation of tax expense and the accounting profit	Year ended 31st March 2020	Year ended 31st March 2019
Profit before income tax expense	2,324.08	3,870.33
Tax at the Indian tax rate of 34.944% (31st March 2019 – 34.944%)	812.13	1,352.45
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	36.22	4.65
Research & development expenses	(163.11)	(141.36)
Other items	(31.78)	16.07
Income tax expense	**653.46**	**1,231.81**

32 Earnings per share

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(i) Profit after tax	1,671	2,638.52
(ii) Weighted average number of equity shares for basic EPS	643.00	643.00
(iii) Weighted average number of equity shares for dilutive EPS	643.00	643.00
(iv) Nominal value per Equity Shares	10	10
(v) Earning Per Share (Basic)	2.60	4.10
(vi) Earning Per Share (Dilutive)	2.60	4.10

33 Fair value measurements

(₹ in Lakhs)

Financial instruments by category

	31st March 2020		31st March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables	-	44,007.71	-	45,182.66
Loans	-	327.30	-	296.75
Cash and Bank Balances	-	5,593.71	-	5,704.01
Other Financial Assets	-	1,236.19	-	1,267.39
Total financial assets	**-**	**51,164.91**	**-**	**52,450.81**
Financial liabilities				
Borrowings	-	53,300.24	-	47,499.02
Trade payables	-	16,293.37	-	20,621.90
Other Financial Liabilities	-	4,433.80	-	3,304.28
Total financial liabilities	**-**	**74,027.41**	**-**	**71,425.20**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

Assets and liabilities which are measured at amortised cost (₹ in Lakhs)

	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Trade receivables	-	-	44,007.71	44,007.71
Loans	-	-	327.30	327.30
Cash and bank balances	-	-	5,593.71	5,593.71
Other financial assets	-	-	1,236.19	1,236.19
Total financial assets	**-**	**-**	**51,164.91**	**51,164.91**
Financial liabilities				
Borrowings	-	-	53,300.24	53,300.24
Trade payables	-	-	16,293.37	16,293.37
Other financial liabilities	-	-	4,433.80	4,433.80
Total financial liabilities		**-**	**74,027.41**	**74,027.41**
As at March 31, 2019				
Financial assets				
Trade receivables	-	-	45,182.66	45,182.66
Loans	-	-	296.75	296.75
Cash and bank balances	-	-	5,704.01	5,704.01
Other financial assets	-	-	1,267.39	1,267.39
Total financial assets	**-**	**-**	**52,450.81**	**52,450.81**
Financial liabilities				
Borrowings	-	-	47,499.02	47,499.02
Trade payables	-	-	20,621.90	20,621.90
Other financial liabilities	-	-	3,304.28	3,304.28
Total financial liabilities	**-**	**-**	**71,425.20**	**71,425.20**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfer of levels during the year.

As of 31st March 2020, 31st March 2019, the fair value of cash and bank balances, trade receivables, other current financial assets and liabilities, borrowings, trade payables approximate their carrying amount largely due to the short term nature of these instruments.

For other financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate the fair value.

34 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits 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. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned through government customers and other corporate customers. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate. The following table gives the movement in allowance for expected credit loss for the year ended 31 March, 2020:

Movement in Expected Credit Loss Allowance:

(₹ in Lakhs)

Particulars	31st March 2020	31st March, 2019
At the beginning of year	2,550.46	3,636.73
Provision during the year	30.37	52.88
Bad debts written off	(1,399.80)	(1,139.15)
Total ECL	**1,181.03**	**2,550.46**

(B) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management.

(i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities: (undiscounted) (₹ in Lakhs)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2020				
Borrowings	50,297.83	3,002.41	-	53,300.24
Trade payables	16,293.37	-	-	16,293.37
Lease liability undiscounted	315.84	555.97	31.41	903.22
Other financial liabilities	2,520.83	1,148.35	-	3,669.19
Total	**69,427.88**	**4,706.73**	**31.41**	**74,166.02**
31st March 2019				
Borrowings	47,254.47	244.55	-	47,499.02
Trade payables	20,621.90	-	-	20,621.90
Other financial liabilities	2,107.71	1,196.57	-	3,304.28
Total	**69,984.08**	**1,441.12**	**-**	**71,425.20**

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31st March 2020. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the nonfinancial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31st March 2020.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the short term debt obligation at floating interest rates.The Company's borrowings outstanding as at March 31,2020 comprises of floating rate loans and accordingly, are expose to risk of fluctuation in market interest rate.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	31st March 2020	31st March, 2019
Interest rate (increase by 100 basis points)*	(533.00)	(474.99)
Interest rate (decrease by 100 basis points)*	533.00	474.99

*** Holding other variables constant**

(ii) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

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

(₹ in Lakhs)

	March 31, 2020		March 31, 2019	
	Foreign currency	Indian Rupee	Foreign currency	Indian Rupee
Trade receivables				
United States Dollar (USD)	4.41	332.09	5.97	412.82
Euro (EUR)	0.05	4.43	0.06	4.77
Great Britain Pound (GBP)	0.38	34.95	0.57	51.34
Net exposure to foreign currency risk (assets)		**371.47**		**468.93**
Trade payables				
United States Dollar (USD)	31.78	2,396.05	76.19	5,270.46
Euro (EUR)	0.02	1.25	0.02	1.32
Net exposure to foreign currency risk (liabilities)		**2,397.30**		**5,271.78**

Sensitivity

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation for the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees 1% against the relevant currency. For a 1% weakening of the Rs. against relevant currency, there would be a comparable impact on the profits or equity, and the balances below would be negative.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	31st March 2020	31st March, 2019
USD sensitivity		
INR/USD - Increase by 1%*	(20.64)	(48.58)
INR/USD - Decrease by 1%*	20.64	48.58
EUR sensitivity		
INR/EUR - Increase by 1%*	0.03	0.03
INR/EUR - Decrease by 1%*	(0.03)	(0.03)
GBP sensitivity		
INR/GBP - Increase by 1%	0.35	0.51
INR/GBP - Decrease by 1%	(0.35)	(0.51)

* Holding other variables constant

35 Capital management

(a) Risk management

For the purposes of the Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2020, 31st March 2019.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by Cash and Cash Equivalent) divided by total equity.

(₹ in Lakhs)

	31st March 2020	31st March, 2019
Borrowings	53,300.24	47,499.02
Cash and Bank Balances	(5,593.71)	(5,704.01)
Net debt	**47,706.53**	**41,795.01**
Equity	**74,762.89**	**73,245.96**
Net debt to equity ratio	**63.81%**	**57.06%**

(b) Dividends

(₹ in Lakhs)

	31st March 2020	31st March, 2019
(i) Equity shares		
Final dividend for the year ended 31st March 2019 of INR .20	128.61	643.00
(31 March 2018 – INR 1.00) per fully paid share		
DDT on final dividend	26.43	132.17

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 0.15 per (1.5%) fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

36 Leases

(i) The Company's lease asset primarily consist of leases for land and buildings for branch offices and warehouses having the various lease terms. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognised

(ii) The following is the summary of practical expedients elected on initial application:

- (a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- (b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- (c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- (d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.
- (e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

(iii) Following is carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020.

Particulars	Right of use asset Leasehold Building
As at 01 April 2019	-
Transition impact of on account of adoption of Ind As 116 "Leases"	1,000.30
Additions	36.59
Deletion during the year	(18.56)
Depreciation of Right of use assets	(308.07)
Net carrying value 'As at 31 March 2020	710.26

iv) The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020.

Particulars	Right of use asset Leasehold Building
As at 01 April 2019	-
Transition impact of on account of adoption of Ind As 116 "Leases"	1,000.30
Additions	36.59
Finance cost accrued during the year	88.77
Deletion during the year	(18.56)
Depreciation of Right of use assets	(342.49)
Net carrying value 'As at 31 March 2020	**764.61**
Current maturities of Lease Liability (refer note no-21)	250.86
Non-Current Lease Liability (refer note no -21)	513.75

(v) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 0.54 Lakhs (Increase in depreciation expense and finance cost with corresponding decrease in other expense). The effect of this adoption is insignificant on earnings per share.

(vi) The maturity analysis of lease liabilities are disclosed in Note 34(B)

(vii) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

37 The disclosure pursuant to Micro, Small & Medium Enterprises Act 2006, are as under:

a) Principal amount and the interest due thereon remaining unpaid to any supplier at the period ending 31st March, 2020 - ₹ 3,430.38/- lakhs (P.Y. ₹ 3,354.02/- lakhs)

b) Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the beyond the appointed day during the accounting period ending 31st March, 2020 – Nil (P.Y. Nil)

c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED – Nil (P.Y. Nil)

d) Amount of interest accrued and remaining unpaid at the end of the accounting period ending 31st March, 2020 – Nil (P.Y. Nil)

38 Disclosures pursuant to Ind AS-19 “Employee Benefits”(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

a Defined Contribution Plans

Contribution to Defined Contribution Plan, recognized as expenses for the period are as under : (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March, 2019
Employer's contribution to Provident Fund	220.43	230.86
Employer's contribution to ESI	17.72	31.13
Employer's contribution to Welfare Fund	3.91	2.04
Total	**242.06**	**264.03**

b Defined Benefit Plans

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Reconciliation of opening and closing balance of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	Gratuity (Non Funded)	
	As at 31st March 2020	As at 31st March, 2019
Defined Benefit obligation at beginning of the year	499.36	425.77
Current Service Cost	70.72	80.85
Past Service Cost	-	-
Interest Cost	34.96	33.00
Benefits paid	(104.54)	(72.19)
Remeasurement of (Gain)/loss recognised in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	(2.07)	31.93
Defined Benefit obligation at end of the year	**498.43**	**499.36**

Net defined benefit asset/ (liability) recognised in the balance sheet

Particulars	As at 31st March 2020	As at 31st March, 2019
Present value of defined benefit obligation	498.43	499.36
Amount recognised in Balance Sheet- Asset / (Liability)	**498.43**	**499.36**

ii) Net defined benefit expense (Recognised in the Statement of profit and loss for the year)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March, 2019
Current Service Cost	70.72	80.85
Past Service Cost	-	-
Interest Cost	34.96	33.00
Net defined benefit expense debited to statement of profit and loss	**105.68**	**113.85**

iii) Remeasurement of (Gain)/loss recognised in other comprehensive income

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March, 2019
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	(2.07)	31.93
Recognised in other comprehensive income	(2.07)	31.93

iv) Principal assumptions used in determining defined benefit obligation

Discount Rate	7 % p.a.	7.75% p.a.
Rate of escalation in salary(per annum)	4% p.a	5% p.a
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	2- 5% p.a.	2- 5% p.a.

a) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

b) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

v) Quantitative sensitivity analysis for significant assumptions is as below:

(₹ in Lakhs)

Increase / (decrease) on present value of defined benefits obligations at the end of the year	As at 31st March 2020	As at 31st March, 2019
Discount Rate		
Increase by 1%	459.19	451.15
Decrease by 1%	544.06	555.74
Salary Increase		
Increase by 1%	545.00	556.76
Decrease by 1%	457.79	449.55
Attrition Rate		
Increase by 1%	507.50	509.87
Decrease by 1%	488.04	487.24

vi) Maturity profile of defined benefit obligation (undiscounted)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March, 2019
Within the next 12 months (next annual reporting period)	94.22	19.52
Between 2 and 5 years	62.85	125.58
Between 5 and 10 years	341.35	543.04
Total expected payments	**498.42**	**688.14**

vii) The average duration of the defined benefit plan obligation at the end of the reporting period is 12 years (31st March 2019: 15 years)

viii) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

ix) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

39 Segment Reporting

a) The segment reporting of the Company has been prepared in accordance with Ind AS-108, “Operating Segment” (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the company is organised into business units based on its products and services and has identified four reportable segments viz Metering,Switchgear, Lighting & Electronics and cables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocated"

d) During the FY 2019-20 revenue of Rs 10,013.54 Lakhs was recognised from a customer of metering segment of the company. (PY. ₹ Nil)

(₹ in Lakhs)

(A)	Revenue	As at 31st March 2020	As at 31st March, 2019
	Segment Revenue	₹	₹
	Metering	45,999.91	55,409.78
	Switchgear	18,954.46	22,698.59
	Lighting & Electronics	20,975.83	21,172.95
	Cables	6,592.20	10,977.79
		92,522.40	**110,259.11**

	Revenue	As at 31st March 2020	As at 31st March, 2019
(B)	**Results**		
	Segment Results		
	Metering	6,325.91	7,636.47
	Switchgear	3,521.24	4,292.29
	Lighting & Electronics	2,313.78	2,405.48
	Cables	265.19	477.70
		12,426.12	**14,811.94**
	Unallocated expenses net of income	4,462.23	5,665.46
	Operating Profit	7,963.88	9,146.48
	Interest Expenses	5,639.81	5,276.15
	Profit before tax	2,324.08	3,870.33
	Tax Expenses	653.46	1,231.81
	Profit after tax	1,670.62	2,638.52
(C)	**Other Information**		
	Segment Assets		
	Metering	66,268.53	57,214.12
	Switchgear	38,074.50	37,526.05
	Lighting & Electronics	25,205.09	25,737.02
	Cables	14,153.19	18,471.60
	Unallocated	7,347.19	7,493.01
		151,048.50	**146,441.80**
	Segment Liabilities		
	Metering	12,752.56	14,341.74
	Switchgear	5,374.04	9,418.97
	Lighting & Electronics	3,860.97	1,095.08
	Cables	710.56	841.03
	Unallocated	53,587.48	47,499.02
		76,285.61	**73,195.84**
	Capital Expenditure		
	Metering	2,499.47	2,170.24
	Switchgear	3,696.91	2,699.43
	Lighting & Electronics	272.95	7.57
	Cables	60.40	144.87
		6,529.73	**5,022.11**
	Depreciation		
	Metering	1,732.51	1,479.18
	Switchgear	1,433.98	1,189.79
	Lighting & Electronics	131.27	137.53
	Cables	183.03	180.11
		3,480.79	**2,986.61**
	Segment Revenue		
	The following is the distribution of Company's revenue by geographical market :-		
	Domestic Market	90,540.54	107,941.15
	Overseas Market	1,981.86	2,317.96
		92,522.40	**110,259.11**

40 Related Party Disclosure

(i) Name of related parties with and description of relationship :

(A) Subsidiary Company :

(1) Himachal Energy Pvt. Ltd.

(2) HPL Electric & Power Pvt.Ltd.- Shriji Designs (JV)

(3) HPL Electric & Power Pvt.Ltd. -Trimurthi Hitech Co. Pvt. Ltd.- Shriji Designs (JV)

(B) Entities in which directors are interested :

(1) HPL India Ltd. (2) HPL Power Corporation Ltd.

(3) Havells Electronics Pvt. Ltd (4) Amerex Pvt. Ltd

(5)Jesons Impex Pvt. Ltd (6) Havells Pvt. Ltd

(C) Key Management Personnel :

(1) Mr. Lalit Seth (2) Mr. Rishi Seth

(3) Mr. Gautam Seth (4) Mr. C.P.Jain

(5) Mr. Sudhir Kumar Barik (6) Mr. Vivek Kumar

(D) Relatives of Key Management Personnel

(1) Mrs. Praveen Seth (2) Mrs. Pooja Seth

(3) Mrs. Vani Seth

(iii) Key management personnel compensation (₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Short-term employee benefits	899.21	991.16
Dividend paid during the year	24.65	122.05
Total Compensation	**923.86**	**1,113.21**

(iv) Details of tranactions with Related Parties:- (₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Purchase of goods		
1. Himachal Energy Pvt. Ltd	673.35	746.81
2. Havells Private Limited	151.74	12.00
3. Amrex Pvt Ltd	-	5.06
Purchase of services		
1. HPL India Ltd	-	210.00
Sale of goods		
1. Himachal Energy Pvt. Ltd	2,781.33	3,496.98
3. Amerex Pvt. Ltd.	-	25.22
4. HPL India Ltd	187.18	-
Sale of services		
1. HPL India Ltd	182.90	321.00
2. Havells Private Limited	45.62	45.62
2. Himachal Energy Pvt Ltd	-	210.00
Purchase of fixed assets		
1. Himachal Energy Pvt. Ltd	-	513.30
2. HPL India Ltd	1,497.77	-
Purchase of Design		
1 HPL India Ltd	-	1,308.00

Dividend paid to related parties		
1. Havells Electronics Pvt. Ltd	23.30	116.52
2. Havells Pvt. Ltd	5.69	28.43
3. HPL India Ltd	35.15	175.73
4. Jesons impex Pvt Ltd	0.05	0.24
CSR Contribution		
Enterprises in which directors are interested		
1. Seth Inder Narain Trust	204.66	6.00
Transaction with Key Managerial Person		
1. Managerial Remuneration	899.21	991.16
2. Director sitting fees	12.70	17.70
3. Dividend Paid	24.65	122.05
4. Rent Paid	18.00	18.00
Transaction with relatives of Key Managerial Person		
1. Rent paid	18.00	18.00
2. Dividend Paid	4.27	21.33

(v) Summary of outstanding Balances with the above Related Parties for the respective years are as given below:

(₹ in Lakhs)

Particulars	31st March 2020	31st March 2019
Subsidiary Companies		
Himachal Energy Pvt. Ltd.	5,400.00	5,400.00
Advance to Joint Venturs		
1. HPL ELECTRIC & POWER PRIVATE LIMITED- THCPL-SD(JV)	135.15	201.20
2. HPL ELECTRIC & POWER PRIVATE LIMITED- SHRIJI DESIGNS (JV)	63.99	133.10
Trade Receivables		
1. Himachal Energy Pvt. Ltd (Subsidiary Co)	1,368.42	1,586.02
2. HPL India Ltd	611.64	220.87
3. Havells Private Limited	62.21	-
4. Amerex Private Limited	250.02	246.14
Deferred Receivables		
1. HPL India Ltd	937.71	1,122.13
Capital Advance		
1. HPL India Ltd	456.57	683.11

The transactions with 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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties .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.

All outstanding balances are unsecured and are repayable in cash

41 The Board of Directors has recommended a dividend at the rate of ₹ 0.15 (1.5%) per share of face value of Rs. 10 each for the year ended 31st March, 2020.

42 The Company do not have any outstanding commercial paper period ending 31st March, 2020. (P Y ₹ Nil)

43 The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases. Lease payments recognized in the Statement of Profit & Loss as rent expenses for the year.

44 Commitments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	280.51	748.68

45 Contingent Liabilities:

(₹ in Lakhs)

S.No	Name of Statute	Description	As at 31st March 2020	As at 31st March 2019
1	Central Excise Act, 1944	Demand for Excise Duty before Add. Comm. LTU, New Delhi for 2008-09	16.40	16.40
2	Central Excise Act, 1944	Demand for Excise Duty before Comm. (A), New Delhi for 2009-10 to 2015-16.	82.49	82.49
3	Finance Act, 1994	Demand for Service Tax Credit before Commissioner Appeal, LTU, Delhi for 2012-13	1.01	1.01
4	Finance Act, 1994	Demand for Cenvat Credit before Commissioner Appeal, LTU, Delhi for 2011-12	1.13	1.13
5	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2008-09	25.51	25.51
6	Haryana Vat Act, 2003	Demand for Sales Tax before Joint Comm., (Appeal), Rohtak for 2010-11	17.83	17.83
7	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2009-10	4.78	4.78
8	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2011-12	18.45	18.45
9	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2012-13	10.06	10.06
10	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2010-11	49.22	49.22
11	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2011-12	23.19	23.19
12	Haryana Vat Act, 2003	Demand for Sales Tax before Joint Comm., (Appeal), Ambala for 2011-12	4.38	4.38
13	Finance Act, 1994	Show cause notice received towards short payment of Service Tax for 2010-11 to 2014-15	163.04	163.04
14	Employee's Provident Fund Act, 1952	Demand for EPF before EPF appellate, Tribunal, New Delhi.	8.87	8.87
15	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2011-12	23.39	23.39
16	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2012-13	23.67	23.67
17	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2013-14	80.59	80.59
18	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	72.95	72.95
19	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2014-15	25.35	25.35

20	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	18.38	18.38
21	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	97.68	97.68
22	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Final demand after Rectification on 31.07.2017 (Revision Pending)	3.61	3.61
23	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2012-13	1.97	1.97
24	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2013-14	3.73	3.73
25	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2014-15	0.52	0.52
26	Haryana Vat Act, 2003	Haryana Tax Tribunal-Rohtak-Appeal pending before the Jt.ETC(A),Rohtak for 2010-11	33.95	33.95
27	Haryana Vat Act, 2003	Demand for sales tax before Dy. Excise & Taxation Commissioner (ST),Sonepat for 2014-15	10.14	10.14
28	Haryana Vat Act, 2003	Demand for sales tax before Jt Excise Excise & Taxation Commissioner, Ambala for 2014-15	55.74	55.74
29	Incomet Tax Act, 1961	Income Tax demand before Asstt. Commissioner of Income Tax, Delhi for AY-2017-18	28.72	-
30	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2015-16	41.89	-
31	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2014-15	97.13	-
32	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2015-16	75.76	-

Notes :1. Based on the favorable decisions in similar cases and discussions with the solicitors, the company does not expect any liability against these matters, hence no provision has been considered in the books of the accounts.

2. Besides the above, show cause notices from the various departments have been received by the company, had not been treated as contingent liabilities since the company has represented to the concerned departments and does not expect any liability on this account.

46 'World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on 24-03-2020 which has impacted the business activities of the Company. On account of this, the Company has prepared cash flow projections and also, assessed the recoverability of receivables, contract assets, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and nonfinancial assets. The Company will continue to closely monitor any material changes to future economic conditions.

47 Previous year's figure have been regrouped/ re-arranged, wherever considered necessary to make them comparable with corresponding period ending 31st March, 2020.

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Independent Auditor's Report

To the Members of
HPL Electric & Power Ltd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HPL ELECTRIC & POWER LIMITED ("the Holding Company") and its subsidiaries listed in Annexure-I (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, the consolidated statement of Profit and Loss (including other comprehensive income), consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statement and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, their consolidated profit including other comprehensive income, their consolidated statement of changes in Equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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 consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in the 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 misstatements of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

The key audit matters	How the matter was addressed in our audit
Evaluation of uncertain tax positions	**Principal Audit Procedures**
The Company operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements.	Our audit procedures include the following substantive procedures: • Obtained understanding of key uncertain tax positions; and • We along with our internal tax experts – ➢ Read and analyzed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions; ➢ Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and Assessed management's estimate of the possible outcome of the disputed cases.

Expected credit loss (ECL) on trade receivables	Principal Audit Procedures
Trade receivables balances represent significant significant portion of the Company's assets. Loss allowances on trade receivables for delays and defaults in recovery involves significant judgements and estimates. Timing of collection of dues from the customers may differ from the actual credit period. The balance of loss allowances on trade receivables represent the Company's best estimates at the reporting date of ECL under Ind AS 109. The Company assesses the ECL allowance resulting from all possible defaults over the expected life of the receivables and credit impaired receivables. These are expected to be recognized before a trade receivables becomes past due. The measurement of ECL involves significant Company's judgement and assumption, primarily relating to: - Historical credit loss experience adjusted for future economic conditions, - Credit risk of customers	Our audit procedures over ECL on trade receivables included the following: ➢ Testing the design, implementation and operating effectiveness of key internal financial controls, on a sample basis, over accounting of measurement of ECL on trade receivables, credit control process over aged receivables; ➢ Evaluating governance structure over provisioning matrix; ➢ Assessing Company's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards: ➢ Challenging the ECL estimates by examining the information used to form such estimates such as application of future economic conditions, credit risk of customers, etc: ➢ Checking completeness and accuracy of the data used by the Company for computation of assumptions used for computing ECL on trade receivables; ➢ Conducting audit procedure on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements 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 accounting Standards 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 each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective management and board of director's of the entities included in the Group are responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the entities included in the Group is responsible for overseeing the financial reporting process of each entities.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the entity 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 entity 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are 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 financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of subsidiary companies whose financial statements include total assets of Rs. 12,920.71 lakhs as at March 31, 2020 and total revenues of Rs. 8,583.72 lakhs and total net profit /(loss) of Rs.521.51 lakhs and total comprehensive income /(loss) of Rs. 518.36 lakhs and net cash inflows of Rs. 76.46 lakhs for the year ended on that date. These Ind As financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on report of such auditors.

Our opinion above on the consolidated Ind As financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

a) We/ the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and report of the other auditors;

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.

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

e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statement of the Group, refer to our separate Report in 'Annexure A'.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed pending litigations and the impact on its financial position - refer note 47 to the Consolidated Financial Statements.

ii. The Group did not have any long term contracts including derivative contracts for which there are any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company and its subsidiaries to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For Kharabanda Associates
Chartered Accountants
FRN: 003456N

Sunil Kharabanda
Proprietor
M. No. 082402

Place : New Delhi
Date : 9th July 2020

Annexure I: List of entities consolidated as at 31st March 2020:

1. Himachal Energy Private Limited
2. HPL Electric & Power Ltd.-Shriji Designs
3. HPL Electric & Power Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of HPL Electric & Power Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **HPL ELECTRIC & POWER LTD.** ('the Holding Company') as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statement of the company and its subsidiaries for the year then ended and as on that date.

Management's Responsibility for the Internal Financial Controls

The Board of Directors of the Holding Company and its subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries 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 (the 'Guidance Note'). 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiaries internal financial controls over financial reporting 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) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extant applicable to an audit of internal financial controls. Those Standards and the Guidance Note required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend of the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 Holding Company and its subsidiaries internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorization of the management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiaries has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal financial controls over financial reporting criteria established by the Holding Company and its subsidiaries considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountant of India.

For Kharabanda Associates
Chartered Accountants
FRN: 003456N

Sunil Kharabanda
Proprietor
M. No. 082402

Place : New Delhi
Date : 9th July 2020

Consolidated Balance Sheet

as at 31st March 2020

(₹ in Lakhs)

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	46,511.05	42,357.03
Capital work in progress		337.74	715.07
Right of use Assets	4	710.26	-
Intangible assets	5	2,136.72	2,968.08
Investments in subsidiaries			
Financial assets			
ii. Loans	6	291.93	262.42
Deferred tax assets (Net)	7	3,405.18	3,742.75
Other non-current assets	8	1,400.93	1,913.23
		54,793.81	**51,958.58**
Current assets			
Inventories	9	43,938.77	41,407.99
Financial assets			
i. Trade receivables	10	46,309.98	47,131.57
ii. Cash and cash equivalents	11	2,957.03	2,717.12
iii. Bank balances other than (ii) above	12	3,695.89	3,968.64
iv. Loans	6	43.88	41.39
v. Other financial assets	13	1,428.01	1,464.01
Current tax assets (Net)	14	265.96	166.30
Other current assets	8	3,499.42	3,224.02
		102,138.94	**100,121.04**
		156,932.75	**152,079.62**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	6,430.05	6,430.05
Other equity			
Other equity	16	68,438.83	66,418.35
Equity attributable to equity holders of the parent Company		74,868.88	72,848.40
Non-controlling interests		166.41	151.61
Total equity		**75,035.29**	**73,000.01**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	5,112.71	2,523.14
ii. Other financial liabilities	21	1,662.10	1,196.57
Provisions	18	890.68	898.43
		7,665.49	**4,618.14**
Current liabilities			
Financial liabilities			
i. Borrowingss	19	52,281.36	49,241.86
ii. Trade payables	20		
a) total outstanding dues of micro enterprises and small enterprises		3,960.96	3,618.25
b) total outstanding dues of creditors other than micro enterprises and small enterprises		13,405.70	17,984.85
iii. Other financial liabilities	21	3,122.67	2,478.71
Other current liabilities	22	686.85	469.23
Provisionss	18	774.43	668.57
		74,231.97	**74,461.47**
		156,932.75	**152,079.62**

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Consolidated Statement of profit and loss

for the year ended 31st March 2020

(₹ in Lakhs)

	Particulars	Notes	Year ended 31st March, 2020	Year ended 31st March, 2019
	Income:			
I.	Revenue from operations	23	97,651.44	115,847.46
II.	Other income	24	458.21	470.27
III.	**Total income (I + II)**		**98,109.65**	**116,317.73**
IV.	**Expenses:**			
	Cost of materials consumed	25	62,137.95	76,718.75
	Changes in inventories of finished goods, work-in-progress	26	(982.73)	(752.07)
	Employee benefits expense	27	13,469.89	13,781.37
	Finance cost	28	6,144.79	5,814.67
	Depreciation and amortization expenses	29	3,741.98	3,203.65
	Other expenses	30	10,536.00	12,747.34
	Total expenses		**95,047.88**	**111,513.71**
V.	**Profit before tax (III-IV)**		**3,061.77**	**4,804.02**
VI.	**Tax expense:**			
	(1) Current tax	31	531.57	1,035.87
	(2) Deferred tax	31	338.07	496.94
VII.	**Profit for the year (V-VI)**		**2,192.13**	**3,271.21**
	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		(2.29)	(31.34)
	Income tax relating to these items		0.49	10.85
	Other comprehensive income for the year, net of tax		(1.80)	(20.49)
VIII.	**Total comprehensive income for the year, net of tax**		**2,190.33**	**3,250.72**
	Profit for the year attributable to			
	Equity shareholders of parent company		2,177.23	3,252.89
	Non controlling interests		14.90	18.32
			2,192.13	**3,271.21**
	Total comperhensive income for the year attributable to			
	Equity shareholders of parent company		2,175.52	3,232.39
	Non controlling interests		14.81	18.33
			2,190.33	**3,250.72**
VIII.	Earnings per equity share of ₹10/- each	32		
	(1) Basic		3.39	5.06
	(2) Diluted		3.39	5.06

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Consolidated Cash Flow Statement

for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Cash flow from operating activities		
Net profit/ (loss) before tax	3,061.77	4,804.02
Adjustments for :		
- Depreciation and amortisation expenses	3,741.98	3,203.65
- Finance expenses	6,144.79	5,814.67
- Interest income	(417.12)	(449.40)
- Loss / (profit) on sale of fixed assets	72.36	30.66
Operating profit before working capital changes	**12,603.78**	**13,403.60**
Adjustments for :		
Decrease/(increase) in trade receivables	1,006.00	(393.15)
Decrease/(increase) in other financial and non-financial assets	(248.80)	1,338.35
Decrease/(increase) in inventories	(2,530.78)	965.28
(Decrease)/increase in trade payables	(4,236.44)	(7,227.66)
(Decrease)/increase in other financial, non financial liabillities and provisions	283.34	1,030.79
Cash generated from operations	6,877.11	9,117.21
- Taxes paid (net of refunds)	(625.67)	(807.54)
Net cash from operating activities	**6,251.44**	**8,309.67**
B. Cash flow from investing activities		
- Purchase of property, plant & equipment and intangible assets	(6,512.87)	(5,452.98)
- (increase)/ decrease in capital work in progress	377.33	(699.77)
- Payment for acquiring right of use of assets	(252.77)	-
- Proceeds from Sale of property, plant and equipments	10.50	49.36
- Secuity Deoposits (Paid)/Received	(29.51)	(36.31)
- Interest income received	417.12	449.40
Net cash used in investing activities	**(5,990.20)**	**(5,690.30)**
C. Cash flow from financing activities		
- Proceeds from working capital loan (net)	3,039.50	3,409.65
- Repayment of secured long term loan	(1,033.75)	-
- Proceeds from secured long term loan	4,000.00	278.88
- Repayment of lease liabilities interest portion	(89.72)	-
- Finance expenses	(6,055.07)	(5,814.67)
- Payment of dividend and dividend distribution tax	(155.04)	(775.20)
Net cash used in financing activities	**(294.08)**	**(2,901.34)**
Net changes in cash & cash equivalents (a+b+c)	(32.84)	(281.97)
Cash & cash equivalents at the beginning of the year	6,685.76	6,967.73
Cash & cash equivalents at the end of the year	6,652.92	6,685.76

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Statement of changes in equity

for the year ended 31st March 2020

I) Equity Share Capital

(₹ in Lakhs)

Particulars	Notes	Amounts
Balance as at 1st April 2018		**6,430.05**
Changes during the year	15	-
Balance as at 31st March 2019		**6,430.05**
Changes during the year	15	-
Balance as at 31st March 2020		**6,430.05**

II) Other equity

(₹ in Lakhs)

Particulars	Notes	Security premium	Capital reserve	General reserve	Retained earnings	Total
Balance as at 1st April 2018	**16**	**36,601.35**	**(1,933.84)**	**3,788.31**	**25,505.33**	**63,961.15**
Profit for the year		-		-	3,252.89	3,252.89
Other comprehensive income		-		-	(20.49)	(20.49)
Total comprehensive income		-	-	-	3,232.40	3,232.40
Transaction with owners in their capacity as owners:						
Final equity dividend					(643.00)	(643.00)
Tax on final equity dividend					(132.20)	(132.20)
Balance as at 31st March 2019		**36,601.35**	**(1,933.84)**	**3,788.31**	**27,962.53**	**66,418.35**
Profit for the year		-		-	2,177.23	2,177.23
Other comprehensive income					(1.71)	(1.71)
Total comprehensive income		-		-	2,175.52	2,175.52
Transaction with owners in their capacity as owners:						
Final equity dividend		-		-	(128.61)	(128.61)
Tax on final equity dividend		-		-	(26.43)	(26.43)
Balance as at 31st March 2020		**36,601.35**	**(1,933.84)**	**3,788.31**	**29,983.01**	**68,438.83**

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

Note-1

COMPANY OVERVIEW

HPL Electric & Power Limited ('the Company') and its subsidiaries (collectively referred to as "Group") is a limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at 1/20, Asaf Ali Road, New Delhi. The Group is one of the leading players and India's fastest growing electrical and power distribution equipment manufacturer with products ranging from Industrial and Domestic Circuit Protection Switchgears, Cables, Energy Saving Meters, CFL & LED Lamps and Luminaries for Domestic, Commercial and Industrial applications, Modular Switches covering the entire range of household, commercial and industrial electrical needs.

The Group has R&D facilities located at Gurgaon and Kundli in Haryana, approved by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology.

The Financial statements were approved by the Board of Directors for issue in accordance with resolution passed on July 09, 2020.

Note-2

SIGNIFICANT ACCOUNTING POLICIES

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

A) **Basis of Preparation**

i) *Compliance with Ind AS*

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies(Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

B) **Principles of consolidation and equity accounting**

(i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Property plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT /GST/VAT credit availed wherever applicable. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Depreciation methods, estimated useful lives and residual value

Depreciation on buildings, machinery and equipments has been provided on straight-line basis over the estimated useful lives of the respective assets. Intangibale assets are amortised over their estimated useful economic lives on straight line basis. Freehold land and work in progress are not depreciated. The estimated useful lives considered for providing depreciation on other substantial assets are as follows:

Building- 35-45 years

Plant & Machinery-15-25 years

Computers-3-5 years

Furniture & Fixtures-10-15 years

Office Equipments-5-10 years

Vehicles-8-10 years

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at costless accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Research and development cost

Research expenditure and development expenditure that do not meet the criteria as given in Ind AS-38 "Intangible Assets" are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over their estimated useful life of 3-6 years.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the assets are disposed off.

Impairment of non-financial assets

The carrying amounts of the assets are reviewed at each Balance sheet date for any indication of impairment based on internal/ external factors. If any such 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment losses including impairment on inventories are recognised in the Statement of Profit and Loss.

Financial Instruments

Financial Assets

Initial recognition and measurement

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Investment in subsidiaries

The Group has accounted for its investments in subsidiary at cost.

Other Equity Investments

All other equity investments are measured at fair value with changes in fair value recognised in statement of profit and loss except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

Impairment of financial assets

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses(expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised at fair value and in case of loans net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Inventories

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

Revenue Recognition

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised 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 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. The impact of adoption of the standard on the financial statements of the Group is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customer in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services, which is usually at the time of delivery of products or services to the customer. Revenue from sale of product is measured at fair value of consideration received /receivable, net of returns, trade allowances, rebates, value added taxes, Goods and Service Tax (GST) and amounts collected on behalf of third parties. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract Balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivable represents the Company's right to an amount of consideration that is unconditional.

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

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

Employee Benefits

(i) *Short-term obligations*

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

(ii) *Post-Employment Benefits*

Defined Contribution Plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for the post-employment benefits namely provident fund scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined Benefit Plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs , gains and losses on curtailment and non-routine-settlements
- Net Interest expense

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

Termination benefits are recognized as an expense immediately.

Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Income Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 'Impairment of nonfinancial assets'.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Company as a lessor

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Foreign Currency Transactions

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year.

  Diluted earnings per share

  Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, wherever applicable, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Provisions and Contingent liabilities

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but disclose its existence in the financial statements unless the probability of outflow of resource is remote.

Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (CODM). CODM monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash flows, Cash and Cash equivalents includes cash on hand, deposits held at call, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Offsetting financial instruments

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

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

Ind AS 116- Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application being April 01,2019 the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company recorded the lease liability at the present value the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability.

Recent accounting pronouncements

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

AA) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements, Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plan-Gratuity

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions 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. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 37.

Impairment of Financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Warranty provision

Warranty Provisions are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. A warranty provision is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

Depreciation/amortisation and useful lives of property plant and equipment/intangible assets

Property, plant and equipment / Intangible assets are depreciated /amortised over their estimated useful lives, after taking into account estimated residual values. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future period is revised if there are significant changes from previous estimates.

Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

3 Property, plant and equipment

(₹ in Lakhs)

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2019	Additions	Deletion / Adjustment	31st March 2020	1st April 2019	For the year	Deletion / Adjustment	31st March 2020	31st March 2020
1	Freehold Land	14,254.00	-	-	14,254.00	-	-	-	-	14,254.00
2	Building	9,359.27	614.20	-	9,973.47	822.38	278.04	-	1,100.42	8,873.05
3	Plant & Machinery *	23,480.22	6,026.31	(122.17)	29,384.36	4,649.88	2,229.10	(45.49)	6,833.49	22,550.87
4	Furniture & Fittings	322.25	78.61	-	400.86	97.89	42.45	-	140.34	260.52
5	Office Equipment	138.70	95.48	-	234.18	63.91	27.02	-	90.93	143.25
6	Vehicles	581.30	70.44	(42.43)	609.31	145.17	71.43	(36.26)	180.34	428.97
7	Computers	0.86	-	-	0.86	0.34	0.13	-	0.47	0.39
	TOTAL	**48,136.60**	**6,885.04**	**(164.60)**	**54,857.04**	**5,779.57**	**2,648.17**	**(81.75)**	**8,345.99**	**46,511.05**

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2018	Additions	Deletion / Adjustment	31st March 2019	1st April 2018	For the year	Deletion / Adjustment	31st March 2019	31st March 2019
1	Freehold Land	14,254.00	-	-	14,254.00	-	-	-	-	14,254.00
2	Building	9,348.71	10.56	-	9,359.27	545.27	277.11	-	822.38	8,536.89
3	Plant & Machinery *	18,995.27	4,592.05	(107.10)	23,480.22	2,454.20	2,208.51	(12.83)	4,649.88	18,830.34
4	Furniture & Fittings	301.81	21.29	(0.85)	322.25	62.24	35.72	(0.07)	97.89	224.36
5	Office Equipment	124.04	14.66	-	138.70	46.36	17.55	-	63.91	74.79
6	Vehicles	474.78	174.00	(67.48)	581.30	119.22	63.26	(37.31)	145.17	436.13
7	Computers	0.86	-	-	0.86	0.21	0.13	-	0.34	0.52
	TOTAL	**43,499.47**	**4,812.56**	**(175.43)**	**48,136.60**	**3,227.50**	**2,602.28**	**(50.21)**	**5,779.57**	**42,357.03**

i) Refer to note 19 for information on property, plant and equipment pledged as security by the Company.

ii) Capital work-in-progress as at March 31, 2020 relates to addition in property, plant and equipment.

4 Right of use assets

(₹ in Lakhs)

Particulars	ROU Asset-Building
Gross carrying value	
As at 01 April 2019	-
Transition impact of Ind As 116	1,000.30
Additions	36.59
Deisposals	(23.80)
As at 31 March 2020	**1,013.09**
Accumlated depreciaiton	
As at 01 April 2019	**-**
Additions	308.07
Deisposals	(5.25)
As at 31 March 2020	**302.83**
Net carrying value	
As at 31 March 2020	**710.26**

1) Right of Use asset includes:

(a) Leasehold Building represents properties taken on lease for its offices and warehouses accounted for in accordance with principle of Ind AS 116 'Leases'(refer note 36)

5 Intangible assets

(₹ in Lakhs)

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2019	Additions	Deletion / Adjustment	31st March 2020	1st April 2019	For the year	Deletion / Adjustment	31st March 2020	31st March 2020
1	Software & Designs	5,015.64	-	(172.90)	4,842.74	2,047.56	785.74	(127.28)	2,706.02	2,136.72
	TOTAL	**5,015.64**	**-**	**(172.90)**	**4,842.74**	**2,047.56**	**785.74**	**(127.28)**	**2,706.02**	**2,136.72**

S.No.	Particulars	Gross Block				Accumulated Depreciation				Net Block
		1st April 2018	Additions	Deletion / Adjustment	31st March 2019	1st April 2018	For the year	Deletion / Adjustment	31st March 2019	31st March 2019
1	Software & Designs	3,707.72	1,307.92	-	5,015.64	1,446.19	601.37	-	2,047.56	2,968.08
	TOTAL	**3,707.72**	**1,307.92**	**-**	**5,015.64**	**1,446.19**	**601.37**	**-**	**2,047.56**	**2,968.08**

Notes forming part of the financial statements for the year ended 31st March 2020

6 Loans

(Unsecured, considered good)

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Security Deposits	291.93	262.42	43.88	41.39
Total	**291.93**	**262.42**	**43.88**	**41.39**

7 Deferred tax assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
The balance comprises temporary differences attributable to:	-	-
Provision for employee benefits	367.57	382.75
Provision for warranties	216.62	174.69
Provision for doubtful debts	582.53	1,061.06
Property, plant and equipment	(2,675.78)	(2,320.27)
Others	758.49	779.55
MAT credit	4,155.75	3,664.97
Total deferred tax assets	**3,405.18**	**3,742.75**

Movement in deferred tax assets

Particulars	Provision for employee benefits	Provision for warranties	Provision for doubtful debts	Total
At 1st April 2018	251.83	204.58	1,440.65	1,897.06
(Charged)/credited:				
- to profit or loss	141.77	(29.89)	(379.59)	(267.71)
- to other comprehensive income	(10.85)	-	-	(10.85)
At 31st March 2019	**382.75**	**174.69**	**1,061.06**	**1,618.50**
(Charged)/credited:				
- to profit or losss	(14.69)	41.93	(478.53)	(451.30)
- to other comprehensive incomes	(0.49)	-	-	(0.49)
At 31st March 2020	**367.57**	**216.62**	**582.53**	**1,166.72**

Particulars	Property, plant and equipment	Others	MAT credit	Total
At 1st April 2018	(1,611.32)	779.55	3,253.34	2,421.57
(Charged)/credited:				-
- to profit or loss	(708.95)	-	411.63	(297.32)
- to other comprehensive income	-	-		-
At 31st March 2019	**(2,320.27)**	**779.55**	**3,664.97**	**2,124.25**
(Charged)/credited:				
- to profit or losss	(355.51)	(21.06)	490.78	114.21
- to other comprehensive incomes	-	-		-
At 31st March 2020	**(2,675.78)**	**758.49**	**4,155.75**	**2,238.46**

8 Other assets

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Capital advances to related parties	456.57	783.11	-	-
Receivable on deferred basis to related parties	937.71	1,122.13	-	-
Prepaid Expenses	6.65	7.99	142.93	245.82
Balance with government authorities	-	-	1,335.11	849.22
Advance to Suppliers*	-	-	2,017.87	2,121.78
Duty Drawback Recoverable	-	-	3.51	7.20
Total	**1,400.93**	**1,913.23**	**3,499.42**	**3,224.02**

9 Inventories

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
a. Raw Materials and components		
(i) Raw materials	18,785.07	17,091.85
(ii) Material-in-transit	72.27	203.43
b. Work-in-progress	14,938.74	14,001.27
c. Finished goods	10,111.28	10,066.01
d. Stores and spares	31.41	45.43
Total	**43,938.77**	**41,407.99**

10 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Considered good*	46,309.98	47,131.57
(ii) Considered doubtful	1,730.84	3,100.27
	48,040.82	50,231.84
Less: Provision for doubtful receivables	(1,730.84)	(3,100.27)
Total	**46,309.98**	**47,131.57**

(Trade Receivables include outstanding for a period exceeding six months from the date they became due for payment ₹ Nil (P.Y.₹ Nil)

* includes from companies where directors are interested ₹ 923.87/- Lakhs (P.Y. ₹ 467.00/- Lakhs) Refer note no.40

11 Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and Cash equivalents		
Balances with banks	2,875.52	2,650.21
Cash on hand	81.51	66.91
	2,957.03	**2,717.12**

12 Other Bank Balances

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with Banks held as Margin Money	3,695.89	3,968.64
Total	**3,695.89**	**3,968.64**

13 Other financial assets

(₹ in Lakhs)

Particulars	Current	
	As at 31st March 2020	As at 31st March 2019
Earnest money deposit	1,055.56	1,202.77
Insurance claim Recoverable	110.45	54.00
Contract Asset Recoverable	262.00	207.24
Total	**1,428.01**	**1,464.01**

14 Current tax assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax (net of provision for tax)	265.96	166.30
Total	**265.96**	**166.30**

15 Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Authorized		
70,000,000 Equity Shares of ₹ 10/- each (Previous year 70,000,000 Equity Shares of ₹ 10/- each)	7,000.00	7,000.00
(b) Issued, Subscribed & Paid Up		
64,300,486 Equity Shares of ₹ 10/- each fully paid up (31st March 2019; 64,300,486 Equity Shares of ₹ 10/- each fully paid)	6,430.05	6,430.05
Total	**6,430.05**	**6,430.05**

(c) Reconciliation of share capital at the beginning and close of the accounting year ended :-

Particulars	As at 31st March 2020		As at 31st March 2019	
	Number	Amount ₹	Number	Amount ₹
Shares outstanding at the beginning of the year	643.00	6,430.05	643.00	6,430.05
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**643.00**	**6,430.05**	**643.00**	**6,430.05**

(d) Rights, Preferences and Restrictions attached to the shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. 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 are entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(e) Shareholders holding more than 5% shares in the Company :-

Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Mr. Lalit Seth	7,824,598	12.17	7,809,598	12.15
HPL India Ltd.	17,573,238	27.33	17,573,238	27.33
Havell's Electronics Pvt. Ltd	11,652,130	18.12	11,652,130	18.12
HDFC Trustee Co Ltd A/c HDFC Housing Opportunities	3,876,523	6.03	3,877,376	6.03

(f) Aggregate number of shares issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of Balance Sheet:

Equity shares allotted as fully paid up bonus shares by capitalsation of securities premium account:-

Particulars	No. of shares Face value ₹ 10/-
2015-16	278.58
2016-17	-
2017-18	-
2018-19	-
2019-20	-

16 Reserves and Surplus

(₹ in Lakhs)

(a) Securities Premium	As at 31st March 2020	As at 31st March 2019
Opening Balance - Securities premium	36,601.35	36,601.35
Add : Received on issue of equity shares	-	-
Less : share issue expenses	-	-
Closing Balance	**36,601.35**	**36,601.35**

Securities premium reserve

Securities premium reserve is used to record the premium on issue of securities. The reserve is utilised in accordance with the provisions of the act.

(b) Capital reserve	As at 31st March 2020	As at 31st March 2019
Opening Balance - Securities premium	(1,933.84)	(1,933.84)
Add/less : Change during the year	-	-
	-	-
Total	**(1,933.84)**	**(1,933.84)**

(b) General Reserve	As at 31st March 2020	As at 31st March 2019
Opening Balance - General reserve	3,788.31	3,788.31
(+) Current Year Transfer	-	-
Closing Balance	**3,788.31**	**3,788.31**

(c) Retained earnings	As at 31st March 2020	As at 31st March 2019
Opening balance - retained earnings	27,962.53	25,505.33
(+) Net Profit/(Loss) For the current year	2,177.23	3,252.89
(-) Dividend on Equity Shares	128.61	643.00
(-) Tax on Dividend	26.43	132.20
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(1.71)	(20.49)
Closing Balance	**29,983.01**	**27,962.53**
Total Reserves & Surplus (a+b+c)	**68,438.83**	**66,418.35**

17 Borrowings

(₹ in Lakhs)

Particulars	Non-Current		Current Maturities	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Secured				
Term loan from banks (refer note 19)*	2,911.85	136.36	933.84	545.45
Vehicle loans - from banks**	90.56	108.19	48.82	60.52
11,000,000,10% Cumulative Compulsorily Redeemable Preference Shares	1,595.00	1,485.00	-	-
-Secured Loans				
- From Banks	515.30	793.59	250.00	250.00
Total	**5,112.71**	**2,523.14**	**1,232.66**	**855.97**

*The term loan is secured as per the note given in note 19 details are below:-

First pari-passu charge with term lenders having FACR of 1.33 and second pari-passu charge on the current assets of the company to the extent of term loan and also secured by personal guarantee of three promoters directors.

ICICI Bank term loan rate of interest linked with 1 year MCLR + spread of 0.90% p.a. 11 equal quarterly installments, starting from 31st December, 2017 and have maturity date of 31st December, 2020.

Tata Capital Finacial Services term loan rate of interest 11% repayable in 36 monthly installments, starting from Jan 2020 to Jan 2023.

Karnataka Bank term loan rate of interest 10.7% repayable in 60 monthly installments, starting from July 2019 to Feb 2024.

The term loan is secured by way of first charge on pari-passu basis with working capital lenders over Company's entire fixed assets (both present and future) including EM of factory land & building situated at Jabli, Himachal Pradesh and 2nd charge on current assets of the company to the extent of Rs. 15 Crores also secured by personal guarantees of three promoter directors. . The loan is repayable in 48 equal quarterly installments, starting from 2nd February, 2019 having maturity date of 2nd November, 2023 and interest is linked with MCLR + spread.

"** Vehicles loans are secured against hypothecation of respective vehicles and are repayable in maximum 60 instalments and last date of installment is April. 2023. The loan carries an interest rate @ 9.10% pa.

18 Provisions

(₹ in Lakhs)

Particulars	Long-term		Short-term	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
(a) Provision for employee benefits				
Gratuity	450.90	517.78	101.19	25.06
Leave Encashment	-	-	478.30	518.57
	450.90	517.78	579.49	543.63
(b) Other Provisions				
Provision for Warranties	439.78	380.65	194.94	124.94
	439.78	380.65	194.94	124.94
Total	**890.68**	**898.43**	**774.43**	**668.57**

Service warranties

Product warranties:- The company gives warranties on certain products to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made represents the amount of the expected cost of meeting such obligations of rectification/ replacement.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below: (₹ in Lakhs)

Particulars	Warranty
As at 1st April 2018	591.17
Charged/(credited) to profit or loss	
- additional provisions recognised	168.08
- unwinding of discount	24.06
Amounts used during the year	(277.72)
As at 31st March 2019	**505.59**
Charged/(credited) to profit or loss	
- additional provisions recognisedd	99.58
- unwinding of discountt	29.55
Amounts used during the yearr	-
As at 31st March 2020	**634.72**

19 Short Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Loans repayable on demand		
-Secured Loans		
- From Banks	52,281.36	49,241.86
Total	**52,281.36**	**49,241.86**

Working capital facilities are availed from consortium of banks led by State Bank of India. The lead bank has linked its interest rate with 1 year MCLR + spread of 0.95% p.a. and these working capital facilities are repayable on demand.'Working capital facilities (fund based and non fund based) are secured by way of first pari-passu charge over entire current assets of the company including stocks and receivables both present and future and first charge on pari-passu basis over Company's entire fixed assets. Term lenders will also have first pari-passu charge on fixed assets and 2nd pari passu charge on current assets to the extent of Rs. 65 Crores. Working capital facilities are also secured by personal guarantees of three promoter directors.

Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalentss	6,652.92	6,685.76
Long term borrowingss	(6,345.37)	(3,379.11)
Short term borrowingss	(52,281.36)	(49,241.86)
Net debt	**(51,973.81)**	**(45,935.21)**

	Cash and cash equivalents	Long term Borrowings	Current Borrowings	Total
Net debt as at 1st April 2018	6,967.73	(2,742.59)	(45,832.21)	(41,607.07)
Cash flows	(281.97)	-	-	(281.97)
Proceeds from working capital loan	-	-	(3,409.65)	(3,409.65)
Proceeds of secured long term loan	-	(1,041.23)	-	(1,041.23)
Repayment of secured long term loan	-	514.71	-	514.71
Interest accrued	-	(110.00)	-	(110.00)
Net debt as at 31st March 2019	6,685.76	(3,379.11)	(49,241.86)	(45,935.21)
Cash flowss	(110.30)	-	-	(110.30)
Proceeds from working capital loan	77.46	-	(3,039.50)	(2,962.04)
Proceeds of secured long term loan		(4,000.00)		(4,000.00)
Repayment of secured long term loan	-	1,143.74	-	1,143.74
Interest accrued	-	(110.00)	-	(110.00)
Net debt as at 31st March 2020	**6,652.92**	**(6,345.37)**	**(52,281.36)**	**(51,973.81)**

Utilised amount of bank guarantees (performance and bid bonds) as at 31st March 2020 : 38,120/-(PY 42,265.84 lakhs)

20 Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Payables		
(a) Due to Micro and Small Enterprises under MSMED Act, 2006* (Refer note 36)	3,960.96	3,618.25
(b) Others	13,405.70	17,984.85
Total	**17,366.66**	**21,603.10**

21 Other financial liabilities

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Current maturities of long-term debt	-	-	1,232.66	855.97
Expenses Payable	-	-	134.55	328.66
Interest Accrued but not due	-	-	280.66	55.75
Employee Benefits Payable	-	-	1,123.79	1,238.33
Security deposit received	1,148.35	1,196.57	-	-
Factoring of Debtors	-	-	100.15	-
Lease Liabilities*	513.75	-	250.86	-
Total	**1,662.10**	**1,196.57**	**3,122.67**	**2,478.71**

* refer note not 36

22 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory dues payable	684.20	466.91
Unpaid Dividend	2.65	2.32
Total	**686.85**	**469.23**

23 Revenue from operation

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of Products		
Finished Goods	97,651.44	115,847.46
Total	**97,651.44**	**115,847.46**

Particulars of Sale of products

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Finished goods		
Metering	51,077.51	60,961.53
Switch Gears	18,954.46	22,698.59
Lighting & Electronics	20,975.83	21,172.95
Cables	6,592.20	10,977.79
Project	51.44	36.60
Total	**97,651.44**	**115,847.46**

24 Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income from financial assets at amortised cost	417.12	449.40
Others	8.92	0.43
Other non-operating income	32.17	20.44
Total	**458.21**	**470.27**

25 Particulars of Raw Materials Consumed

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Copper	6,315.02	9,250.96
Electronic Components	40,568.95	47,597.92
Engineering Plastic	10,799.22	9,678.07
Packing	1,338.64	1,431.24
Otherss	3,116.12	8,760.56
Total	**62,137.95**	**76,718.75**

26 Changes in Inventories of Finished Goods and Work-in-Progress and Stock-in- Trade

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Inventories (at close)		
Finished Goods - at close	10,111.28	10,066.01
Work-in-Progress - at close	14,912.57	13,975.10
	25,023.85	**24,041.11**
Inventories (at commencement)		
Finished Goods - at commencement	10,066.01	6,837.80
Work-in-Progress - at commencement	13,975.11	16,451.24
	24,041.12	**23,289.04**
Total	**(982.73)**	**(752.07)**

27 Employee Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages	13,016.28	13,191.83
Contribution to provident and other funds	270.97	313.38
Staff welfare expenses	182.64	276.16
Total	**13,469.89**	**13,781.37**

28 Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest Expenses	5,407.92	4,903.53
Other borrowing costs- Bank Charges	626.87	801.14
Interest expense on financial liabilities measured at amortized cost	110.00	110.00
Total	**6,144.79**	**5,814.67**

29 Depreciation and Amortization Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on property, plant and equipment	2,648.17	2,602.28
Depreciation of right-of-use assets	308.07	-
Amortisation of intangible assets	785.74	601.37
Total	**3,741.98**	**3,203.65**

30 Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Power and Fuel	1,041.54	1,184.27
Job Work Charges	95.75	159.53
Rent	80.24	477.24
Repairs & Maintenance	1,006.49	605.59
Research & Development Expenses	821.83	777.47
Installation Expenses	-	510.01
Testing Expenses	328.92	369.91
Rates and taxes excluding taxes on income	162.28	246.95
Legal & Professional Expenses	591.77	600.12
Travelling & Conveyance	1,143.67	1,619.11
Communication Expenses	167.64	191.16
Printing & Stationery	74.78	76.95
Insurance	191.48	161.25
Membership & Subscription	14.93	26.64
Commision on sales	1,367.91	1,489.09
Provision for expected credit loss	30.37	52.88
Advertisement and business promotion	2,212.56	3,026.83
Freight Outward	802.43	935.68
Product Warranties	99.58	168.08
Loss on sale of Fixed Assets	72.36	30.66
Donation	2.70	0.89
Auditors remuneration	19.05	19.05
Contribution towards Corporate Social Responsibility	204.66	17.32
Miscellaneous Expenses	3.06	0.66
Total	**10,536.00**	**12,747.34**

30(a) Auditor's Remuneration

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Audit Fees	17.40	17.40
Tax Audit Fees	1.65	1.65

30(b) Research & Development Expenditure :-

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(i) Capital Expenditure	**37.42**	**10.54**
	37.42	**10.54**
(ii) Revenue Expenditure		
a) Employee Cost	784.63	736.23
b) Purchase of Raw Materials	31.27	36.82
c) Electricity Expenses	5.93	4.42
	821.83	**777.47**
Total	**859.25**	**788.01**

30(c) Corporate Social Responsibility Expenditure :-

As per the provisions of section 135 of the Companies Act, 2013, the Company has to spend at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). The areas for CSR activities are eradicating hunger, poverty and malnutrition, promoting preventive health care, providing relief to the poor and rural development projects.

(₹ in Lakhs)

Details of CSR Expenditure	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Gross amount required to be spent by the Company during the year	74.44	85.73
b) Amount unspent during year ended 31st March 2020*		
Contribution/acquisition of an asset	-	-
Contribution to other purpose other than above	33.66	17.32
c) Amount unspent during year ended 31st March 2020*		
Construction/ acquisition of an asset	-	-
Contribution to other purpose other than above	171.00	-
Total	**204.66**	**17.32**

* The said amount remains unspent due to COVID 19 pandemic declared by WHO, consequent to this Govt of India declared nationwide lockdwon, resulting this, CSR foundation trust could not spent the said amount during the year.

31 Income tax expense

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current tax		
Current tax on profits for the year	531.57	1,035.87
Total current tax expense	531.57	1,035.87
Deferred tax		
Deferred tax expense/(income) for the period	828.86	998.34
MAT credit entitlement/Setoff	(490.79)	(501.40)
Total deferred tax expense/(benefit)	338.07	496.94
Income tax expense	**869.64**	**1,532.81**

(a) Reconciliation of tax expense and the accounting profit	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit before income tax expense	3,061.77	4,804.02
Tax as per Income Tax Act 1961	1,017.70	1,615.04
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	36.22	5.21
Research & development expenses	(163.11)	(141.36)
Interest due on preference shares	30.60	30.60
Other items	(51.77)	23.32
Income tax expense	**869.64**	**1,532.81**

32 Earnings per share

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(i) Profit after tax	2,177.23	3,252.89
(ii) Weighted average number of equity shares for basic EPS	643.00	643.00
(iii) Weighted average number of equity shares for dilutive EPS	643.00	643.00
(iv) Nominal value per Equity Shares	10.00	10.00
(v) Earning Per Share (Basic)	3.39	5.06
(vi) Earning Per Share (Dilutive)	3.39	5.06

33 Fair value measurements

Financial instruments by category

(₹ in Lakhs)

	As at 31st March 2020		As at 31st March 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables	-	46,309.98	-	47,131.57
Loans	-	335.81	-	303.81
Cash and Bank Balances	-	6,652.92	-	6,685.76
Other Financial Assets	-	1,428.01	-	1,464.01
Total financial assets	**-**	**54,726.72**	**-**	**55,585.15**
Financial liabilities				
Borrowings	-	57,394.07	-	51,765.00
Trade payables	-	17,366.66	-	21,603.10
Other Financial Liabilities	-	4,784.77	-	3,675.28
Total financial liabilities	**-**	**79,545.50**	**-**	**77,043.38**

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

Assets and liabilities which are measured at amortised cost

(₹ in Lakhs)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Trade receivables	-	-	46,309.98	46,309.98
Loans	-	-	335.81	335.81
Cash and bank balances	-	-	6,652.92	6,652.92
Other financial assets	-	-	1,428.01	1,428.01
Total financial assets	**-**	**-**	**54,726.72**	**54,726.72**
Financial liabilities				
Borrowings	-	-	57,394.07	57,394.07
Trade payables	-	-	17,366.66	17,366.66
Other financial liabilities	-	-	4,784.77	4,784.77
Total financial liabilities	**-**	**-**	**79,545.50**	**79,545.50**
As at March 31, 2019				
Financial assets				
Trade receivables	-	-	47,131.57	47,131.57
Loans	-	-	303.81	303.81
Cash and bank balances	-	-	6,685.76	6,685.76
Other financial assets	-	-	1,464.01	1,464.01
Total financial assets	**-**	**-**	**55,585.15**	**55,585.15**
Financial liabilities				
Borrowings	-	-	51,765.00	51,765.00
Trade payables	-	-	21,603.10	21,603.10
Other financial liabilities	-	-	3,675.28	3,675.28
Total financial liabilities	**-**	**-**	**77,043.38**	**77,043.38**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfer of levels during the year.

As of 31st March 2020 and 31st March 2019 the fair value of cash and bank balances, trade receivables, other current financial assets and liabilities, borrowings, trade payables approximate their carrying amount largely due to the short term nature of these instruments.

For other financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate the fair value.

34 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits 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. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned through government customers and other corporate customers. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate. The following table gives the movement in allowance for expected credit loss for the year ended 31 March, 2020:

Movement in ECL on trade receivable:

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
At the beginning of year	3,100.27	4,186.73
Provision during the year	30.37	52.88
Bad debts written off	(1,399.80)	(1,139.34)
Total ECL	**1,730.84**	**3,100.27**

(B) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management.

(i) Maturities of financial liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities: (undiscounted)

(₹ in Lakhs)

	Less than 1 year	1 to 5 years	More than 5 years	Total
31st March 2020				
Borrowings	52,281.36	5,112.71	-	57,394.07
Trade payables	17,366.66	-	-	17,366.66
Lease liability undiscounted	315.84	555.97	31.41	903.22
Other financial liabilities	2,358.05	1,662.10	-	4,020.15
Total	**72,321.91**	**7,330.78**	**31.41**	**79,684.10**
31st March 2019				
Borrowings	49,241.86	2,523.14	-	51,765.00
Trade payables	21,603.10	-	-	21,603.10
Other financial liabilities	2,478.71	1,196.57	-	3,675.28
Total	**73,323.67**	**3,719.71**	**-**	**77,043.38**

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31st March 2020. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the nonfinancial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31st March 2020.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

Interest rate risk exposure

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	As at 31st March 2020	As at 31st March 2019
Interest rate (increase by 100 basis points)*	(573.94)	(517.65)
Interest rate (decrease by 100 basis points)*	573.94	517.65

* Holding other variables constant

(ii) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

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

(₹ in Lakhs)

	As at 31st March 2020		As at 31st March 2019	
	Foreign currency	Indian Rupee	Foreign currency	Indian Rupee
Trade receivables				
United States Dollar (USD)	4.41	332.09	5.97	412.82
Euro (EUR)	0.05	4.43	0.06	4.77
Great Britain Pound (GBP)	0.38	34.95	0.57	51.34
Net exposure to foreign currency risk (assets)		**371.47**		**468.93**
Trade payables				
United States Dollar (USD)	31.78	2,396.05	76.38	5,283.58
Euro (EUR)	0.02	1.25	0.02	1.32
Net exposure to foreign currency risk (liabilities)		**2,397.30**		**5,284.90**

Sensitivity

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation for the period end for 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees 1% against the relevant currency. For a 1% weakening of the Rs. against relevant currency, there would be a comparable impact on the profits or equity, and the balances below would be negative.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	As at 31st March 2020	As at 31st March 2019
USD sensitivity		
INR/USD - Increase by 1%*	(20.64)	(48.71)
INR/USD - Decrease by 1%*	20.64	48.71
EUR sensitivity		
INR/EUR - Increase by 1%*	0.03	0.03
INR/EUR - Decrease by 1%*	(0.03)	(0.03)
GBP sensitivity		
INR/GBP - Increase by 1%*	0.35	0.51
INR/GBP - Decrease by 1%*	(0.35)	(0.51)

* Holding other variables constant

35 Capital management

(a) Risk management

For the purposes of the Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2020, 31st March 2019.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by Cash and Cash Equivalent) divided by total equity.

	As at 31st March 2020	As at 31st March 2019
Borrowings	58,626.73	52,620.97
Cash and Bank Balances	(6,652.92)	(6,685.76)
Net debt	**51,973.81**	**45,935.21**
Equity	75,035.29	73,000.01
Net debt to equity ratio	69.27%	62.92%

(b) Dividends

	31st March 2020	31st March 2019
(i) Equity shares		
Final dividend for the year ended 31st March 2019 of INR .20	128.61	643.00
(31 March 2018 – INR 1.00) per fully paid share		
DDT on final dividend	26.43	132.20

(ii) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 0.15 per (1.5%) fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

36 Leases

(i) The Company's lease asset primarily consist of leases for land and buildings for branch offices and warehouses having the various lease terms. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognised

(ii) The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

(e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

(iii) Following is carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020.

Particulars	Right of use asset Leasehold Building
As at 01 April 2019	**-**
Transition impact of on account of adoption of Ind As 116 "Leases"	1,000.30
Additions	36.59
Deletion during the year	(18.56)
Depreciation of Right of use assets	(308.07)
Net carrying value 'As at 31 March 2020	710.26

iv) The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020.

Particulars	Right of use asset Leasehold Building
As at 01 April 2019	-
Transition impact of on account of adoption of Ind As 116 "Leases"	1,000.30
Additions	36.59
Finance cost accrued during the year	88.77
Deletion during the year	(18.56)
Depreciation of Right of use assets	(342.49)
Net carrying value 'As at 31 March 2020	**764.61**
Current maturities of Lease Liability (refer note no-21)	250.86
Non-Current Lease Liability (refer note no -21)	513.75

(v) The adoption of the new standard has also resulted in decrease in profit before tax and profit for the year by ₹ 0.54 Lakhs (Increase in depreciation expense and finance cost with corresponding decrease in other expense). The effect of this adoption is insignificant on earnings per share.

(vi) The maturity analysis of lease liabilities are disclosed in Note 34(B)

(vii) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

37 The disclosure pursuant to Micro, Small & Medium Enterprises Act 2006, are as under:

a) Principal amount and the interest due thereon remaining unpaid to any supplier at the period ending 31st March, 2020 ₹ 3,960.96/-(P.Y. ₹ 3,618.25/- Lakhs)

b) Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the beyond the appointed day during the accounting period ending 31st March, 2020 – Nil (P.Y. Nil)

c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED – Nil (P.Y. Nil)

d) Amount of interest accrued and remaining unpaid at the end of the accounting period ending 31st March, 2020 – Nil (P.Y. Nil)

38 Disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

a Defined Contribution Plans

Contribution to Defined Contribution Plan, recognized as expenses for the period are as under :

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Employer's contribution to Provident Fund	244.02	258.22
Employer's contribution to ESI	24.11	56.82
Employer's contribution to Welfare Fund	3.91	2.04
Total	**272.04**	**317.08**

b Defined Benefit Plans

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Reconciliation of opening and closing balance of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	Gratuity (Non Funded)	
	As at 31st March 2020	As at 31st March 2019
Defined Benefit obligation at beginning of the year	542.84	460.82
Current Service Cost	77.78	88.59
Past Service Cost	-	-
Interest Cost	38.00	35.71
Benefits paid	(108.82)	(73.62)
Remeasurement of (Gain)/loss recognised in other comprehensive income	-	
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	2.29	31.34
Defined Benefit obligation at end of the year	**552.09**	**542.84**

Net defined benefit asset/ (liability) recognised in the balance sheet

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of defined benefit obligation	552.09	542.84
Amount recognised in Balance Sheet- Asset / (Liability)	**552.09**	**542.84**

ii) Net defined benefit expense (Recognised in the Statement of profit and loss for the year) (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Current Service Cost	77.78	88.59
Past Service Cost	-	-
Interest Cost	38.00	35.71
Net defined benefit expense debited to statement of profit and loss	**115.78**	**124.30**

iii) Remeasurement of (Gain)/loss recognised in other comprehensive income

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	2.29	31.34
Recognised in other comprehensive income	2.29	31.34

iv) Principal assumptions used in determining defined benefit obligation

Discount Rate	7 % p.a.	7.5% p.a.
Rate of escalation in salary(per annum)	4% p.a	5% p.a
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	2- 5% p.a.	2- 5% p.a.

a) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

b) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

v) Quantitative sensitivity analysis for significant assumptions is as below: (₹ in Lakhs)

Increase / (decrease) on present value of defined benefits obligations at the end of the year	As at 31st March 2020	As at 31st March 2019
Discount Rate		
Increase by 1%	508.11	490.15
Decrease by 1%	603.33	604.63
Salary Increase		
Increase by 1%	604.32	605.75
Decrease by 1%	506.59	488.40
Attrition Rate		
Increase by 1%	561.95	554.60
Decrease by 1%	540.79	529.21

vi) Maturity profile of defined benefit obligation (undiscounted) (₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Within the next 12 months (next annual reporting period)	101.19	25.05
Between 2 and 5 years	67.01	133.59
Between 5 and 10 years	383.89	592.55
Total expected payments	**552.09**	**751.19**

vii) The average duration of the defined benefit plan obligation at the end of the reporting period is 12 years (31st March 2019: 15 years)

viii) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

ix) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

39 Segment Reporting

a) The segment reporting of the Group has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the company is organised into business units based on its products and services and has identified four reportable segments viz Metering,Switchgear, Lighting & Electronics and cables on the basis of the nature of products, the risk return profile of individual business and the internal business reporting systems.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocated".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investment, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocated"

d) During the FY 2019-20 revenue of Rs 10,013.54 Lakhs was recognised from a customer of metering segment of the company. (PY. ₹ Nil)

(₹ in Lakhs)

(A)	Revenue	As at 31st March 2020	As at 31st March 2019
	Segment Revenue	`	`
	Metering	51,077.51	60,961.53
	Switchgear	18,954.46	22,698.59
	Lighting & Electronics	20,975.83	21,172.95
	Cables	6,592.20	10,977.79
	Projects	51.44	36.60
		97,651.44	**115,847.46**
(B)	**Results**		
	Segment Results		
	Metering	7,588.07	9,182.43
	Switchgear	3,521.24	4,292.29
	Lighting & Electronics	2,313.78	2,405.48
	Cables	265.19	477.70
	Projects	(7.60)	(36.78)
		13,680.68	**16,321.12**
	Unallocated expenses net of income	4,474.12	5,702.43
	Operating Profit	9,206.56	10,618.69
	Interest Expenses	6,144.79	5,814.67
	Profit before tax	3,061.77	4,804.02
	Tax Expenses	869.64	1,532.81
	Profit after tax	**2,192.13**	**3,271.21**
(C)	**Other Information**		
	Segment Assets		
	Metering	75,573.74	65,030.50
	Switchgear	38,074.50	37,526.05
	Lighting & Electronics	25,205.09	25,737.02
	Cables	14,153.19	18,471.60
	Projects	211.22	479.97
	Unallocated	3,715.01	4,834.48
		156,932.75	**152,079.62**

Revenue	As at 31st March 2020	As at 31st March 2019
Segment Liabilities		
Metering	15,739.30	17,330.39
Switchgear	5,374.04	9,418.97
Lighting & Electronics	3,860.97	1,095.08
Cables	710.56	841.03
Projects	126.30	114.14
Unallocated	56,086.29	50,280.00
	81,897.46	**79,079.61**
Capital Expenditure		
Metering	2,854.78	3,268.61
Switchgear	3,696.91	2,699.43
Lighting & Electronics	272.95	7.57
Cables	60.40	144.87
	6,885.04	**6,120.48**
Depreciation		
Metering	1,993.70	1,696.22
Switchgear	1,433.98	1,189.79
Lighting & Electronics	131.27	137.53
Cables	183.03	180.11
	3,741.98	**3,203.65**
Segment Revenue		
The following is the distribution of Company's revenue by geographical market :-		
Domestic Market	95,669.58	113,529.50
Overseas Market	1,981.86	2,317.96
	97,651.44	**115,847.46**

40 Related Party Disclosure

(i) Name of related parties with and description of relationship :

(A) Entities in which directors are interested:

(1) HPL India Ltd.
(2) HPL Power Corporation Ltd.
(3) Havells Electronics Pvt. Ltd.
(4)Jesons Impex Pvt. Ltd.
(5) Amerex Pvt. Ltd.
(6) Havells Pvt. Ltd.
(7) Seth Inder Narain Trust

(B) Key Management Personnel:

(1) Mr. Lalit Seth
(2) Mr. Rishi Seth
(3) Mr. Gautam Seth
(4) Mr. C.P. Jain
(5) Mr. Sudhir Kumar Barik
(6) Mr. Vivek Kumar

(C) Relatives of Key Management Personnel:

(1) Mrs. Praveen Seth (2) Mrs. Pooja Seth

(3) Mrs. Vani Seth

(iii) Key management personnel compensation

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Short-term employee benefits	918.25	991.16
Dividend paid during the year	24.65	122.05
Total Compensation	**942.90**	**1,113.21**

(iv) Details of tranactions with Related Parties:-

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Purchase of goods		
1. Havells Private Limited	151.74	12.00
2. Amrex Pvt Ltd.	-	5.06
Purchase of services		
1. HPL India Ltd	-	210.00
Sale of goods		
1. Amerex Pvt. Ltd.	-	25.22
2. HPL India Ltd	187.18	-
Sale of services		
1. HPL India Ltd	182.90	321.00
2. Havells Private Limited	45.62	45.62
Purchase of design		
1. HPL India Ltd	-	1,308.00
Purchase of fixed assets		
1. HPL India Ltd	1,497.77	-
Dividend paid to related parties		
1. Havells Electronics Pvt. Ltd	23.30	116.52
2. Havells Pvt. Ltd	5.69	28.43
3. HPL India Ltd	35.15	175.73
4. Jesons impex Pvt Ltd	0.05	0.24
Transaction with Key Managerial Person		
1. Managerial Remuneration	918.25	991.16
2. Dividend Paid	24.65	122.05
3. Rent Paid	18.00	18.00
4. Director sitting fees	12.70	17.70
CSR Contribution		
1. Seth Inder Narain Trust	204.66	10.00
Transaction with relatives of Key Managerial Person		
1. Rent paid	18.00	18.00
2. Dividend paid	4.27	21.33

(v) Summary of outstanding Balances with the above Related Parties for the respective years are as given below:

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables		
1. HPL India Ltd	611.64	220.87
2. Havells Private Limited	62.21	-
3. Amerex Private Limited	250.02	246.14
Deferred Receivables		
1. HPL India Ltd	937.71	1,122.13
Capital advance		
1. HPL India Ltd	456.57	683.11
Financial liability		
11,000,000,10% Cumlative Compulsorily Redeemable Preference Shares		
Mr Lalit Seth	558.25	519.75
Mr Praveen Seth	398.75	371.25
Mr Rishi Seth	319.00	297.00
Mr Gautam Seth	319.00	297.00

The transactions with 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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties .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.

All outstanding balances are unsecured and are repayable in cash

41 a) Interests in other entities

The entities on which the group exercises control as at 31st March 2020 are set out below. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the group (in %)	
			As at 31st March 2020	As at 31st March 2019
Himachal Energy Private Limited	Manufacturing	India	97.15	97.15
HPL Electric & Power Pvt.Ltd.-Shriji Designs	Lighting Projects	India	97	97
HPL Electric & Power Pvt.Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs	Lighting Projects	India	94	94

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by non-controlling interests (in %)	
			As at 31st March 2020	As at 31st March 2019
Himachal Energy Private Limited	Manufacturing	India	2.85	2.85
HPL Electric & Power Pvt.Ltd.-Shriji Designs	Lighting Projects	India	3	3
HPL Electric & Power Pvt.Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs	Lighting Projects	India	6	6

b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

(₹ in Lakhs)

Summarised balance sheet	As at 31st March 2020	As at 31st March 2019
Current assets	6,734.83	6,615.55
Current liabilities	4,814.75	5,135.05
Net current assets	**1,920.08**	**1,480.50**
Non-current assets	6,076.33	6,155.87
Non-current liabilities	2,157.00	2,316.54
Net non-current assets	**3,919.33**	**3,839.33**
Net assets	**5,839.41**	**5,319.83**
Accumulated NCI	**166.41**	**151.61**

Summarised statement of profit & loss	As at 31st March 2020	As at 31st March 2019
Revenue	8,532.28	10,518.83
Profit for the year	522.73	642.88
Other comprehensive income	(3.15)	0.39
Total comprehensive income	**519.58**	**643.27**
Profit allocated to NCI	14.81	18.33
Dividends paid to NCI	-	-

Particulars	As at 31st March 2020	As at 31st March 2019
Cash flows from operating activities	1,154.68	2,338.28
Cash flows from investing activities	(289.89)	(1,037.68)
Cash flows from financing activities	(787.08)	(1,225.03)
Net increase/ (decrease) in cash and cash equivalents	**77.71**	**75.57**

42 Statutory Group information

Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries:

(₹ in Lakhs)

Name of Enterprises	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit & Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount
Parent Company				
HPL Electric & Power Ltd	92.84%	69,293.98	76.21%	1,670.62
Subsidiary Companies				
Himachal Energy Pvt Ltd	7.78%	5,839.41	23.85%	522.73
HPL Electric & Power Pvt Ltd-Shriji Designs	-0.05%	(40.26)	0.15%	3.36
HPL Electric & Power Pvt.Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs	-0.08%	(57.84)	-0.21%	(4.58)
Total	100.00%	75,035.29	100.00%	2,192.13

Name of Enterprises	Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount
Parent Company				
HPL Electric & Power Ltd	-75.00%	1.35	76.33%	1,671.97
Subsidiary Companies				
Himachal Energy Pvt Ltd	175.00%	(3.15)	23.72%	519.58
HPL Electric & Power Pvt Ltd-Shriji Designs	0.00%	-	0.15%	3.36
HPL Electric & Power Pvt.Ltd. Trimurthi Hitech Co. Pvt. Ltd.-Shriji Designs	0.00%	-	-0.21%	(4.58)
Total	**100.00%**	**(1.80)**	**100.00%**	**2,190.33**

43 The Board of Directors has recommended a dividend at the rate of ₹ 0.15 (1.5%) per share of face value of Rs. 10 each for the year ended 31st March, 2020.

44 The Company do not have any outstanding commercial paper period ending 31st March, 2020. (P Y ₹ Nil)

45 The Company has taken various residential/ commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the company by entering into these leases. Lease payments recognized in the Statement of Profit & Loss as rent expenses for the year.

46 Commitments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	280.51	748.68

47 Contingent Liabilities:

(₹ in Lakhs)

S.No	Name of Statute	Description	As at 31st March 2020	As at 31st March 2019
1	Central Excise Act, 1944	Demand for Excise Duty before Add. Comm. LTU, New Delhi for 2008-09	16.40	16.40
2	Central Excise Act, 1944	Demand for Excise Duty before Comm. (A), New Delhi for 2009-10 to 2015-16.	82.49	82.49
3	Finance Act, 1994	Demand for Service Tax Credit before Commissioner Appeal, LTU, Delhi for 2012-13	1.01	1.01
4	Finance Act, 1994	Demand for Cenvat Credit before Commissioner Appeal, LTU, Delhi for 2011-12	1.13	1.13
5	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2008-09	25.51	25.51
6	Haryana Vat Act, 2003	Demand for Sales Tax before Joint Comm., (Appeal), Rohtak for 2010-11	17.83	17.83
7	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2009-10	4.78	4.78
8	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2011-12	18.45	18.45
9	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2012-13	10.06	10.06
10	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2010-11	49.22	49.22

11	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Chandigarh for 2011-12	23.19	23.19
12	Haryana Vat Act, 2003	Demand for Sales Tax before Joint Comm., (Appeal), Ambala for 2011-12	4.38	4.38
13	Finance Act, 1994	Show cause notice received towards short payment of Service Tax for 2010-11 to 2014-15	163.04	163.04
14	Employee's Provident Fund Act, 1952	Demand for EPF before EPF appellate, Tribunal, New Delhi.	8.87	8.87
15	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2011-12	23.39	23.39
16	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2012-13	23.67	23.67
17	Haryana Vat Act, 2003	Demand for sales tax before Haryana Tax Tribunal for 2013-14	80.59	80.59
18	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	72.95	72.95
19	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2014-15	25.35	25.35
20	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	18.38	18.38
21	Haryana Vat Act, 2003	Demand for sales tax before Jt. Commissioner (A), Rohtak for 2013-14	97.68	97.68
22	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Final demand after Rectification on 31.07.2017 (Revision Pending)	3.61	3.61
23	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2012-13	1.97	1.97
24	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2013-14	3.73	3.73
25	Haryana Vat Act, 2003	Haryana Tax Tribunal, Chandigarh-Pending for Rectification for 2014-15	0.52	0.52
26	Haryana Vat Act, 2003	Haryana Tax Tribunal-Rohtak-Appeal pending before the Jt.ETC(A),Rohtak for 2010-11	33.95	33.95
27	Haryana Vat Act, 2003	Demand for sales tax before Dy. Excise & Taxation Commissioner (ST),Sonepat for 2014-15	10.14	10.14
28	Haryana Vat Act, 2003	Demand for sales tax before Jt Excise Excise & Taxation Commissioner, Ambala for 2014-15	55.74	55.74
29	Incomet Tax Act, 1961	Income Tax demand before Asstt. Commissioner of Income Tax, Delhi for AY-2017-18	28.72	-
30	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2015-16	41.89	-
31	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2014-15	97.13	-
32	Haryana Vat Act, 2003	Demand for Sales Tax before Haryana Tax, Tribunal, Rohtak for 2015-16	75.76	-
33	Employee's Provident Fund Act, 1952	Demand for EPF before EPF appellate, Tribunal, New Delhi for July 2011-Jan 2016	3.02	3.02

Notes :1. Based on the favorable decisions in similar cases and discussions with the solicitors, the company does not expect any liability against these matters, hence no provision has been considered in the books of the accounts.

2. Besides the above, show cause notices from the various departments have been received by the company, had not been treated as contingent liabilities since the company has represented to the concerned departments and does not expect any liability on this account.

48 'World Health Organisation (WHO) declared outbreak of Coronavirus Disease (COVID-19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared lockdown on 24-03-2020 which has impacted the business activities of the Company. On account of this, the Company has prepared cash flow projections and also, assessed the recoverability of receivables, contract assets, using the various internal and external information up to the date of approval of these financial statements. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and nonfinancial assets. The Company will continue to closely monitor any material changes to future economic conditions.

49 Previous year's figure have been regrouped/ re-arranged, wherever considered necessary to make them comparable with corresponding period ending 31st March, 2020.

For and on behalf of board

As per our report of even date attached
For Kharabanda Associates
Chartered Accountants

Sunil Kharabanda
Proprietor
M.No. : 082402
F.R.N. : 003456N

Place : New Delhi
Date : 9th July 2020

Rishi Seth
Managing Director
DIN- 00203469

Lalit Seth
Chairman
DIN- 00312007

Vivek Kumar
Company Secretary
M.No. A18491

Sudhir Barik
Chief Financial Officer
M.No. 13243

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of **HPL Electric & Power Limited** will be held on Wednesday, 30th September, 2020 at 11:00 A.M. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) for which purpose the Registered Office of the Company situated at 1/20, Asaf Ali Road, New Delhi – 110002 shall be deemed as the venue for the Meeting and the proceedings of the AGM shall be deemed to be made thereat, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the Financial Year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon.

2. To declare final dividend of Rs. 0.15 per equity share for the financial year ended 31st March, 2020.

3. To appoint a director in place of Mr. Rishi Seth (DIN:00203469), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Ratification of Remuneration of the Cost Auditors**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, be paid the remuneration as set out in the Statement annexed to this Notice convening the Meeting."

5. **Appointment of Mr. Hargovind Sachdev (DIN: 08105319) as an Independent Director for the second term**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV of the Companies Act, 2013 (Act) read with the Rules made thereunder and other applicable provisions, if any, provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Articles of Association of the Company and on the recommendation of the Board, Mr. Hargovind Sachdev (DIN: 08105319), who meets the criteria of independence as provided under Section 149(6) of the Act and Regulation16(1)(b) of the SEBI Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company for the further period of 5 consecutive years w.e.f. 13th April, 2020 and shall not be liable to retire by rotation."

6. **Change in designation of Mr. Lalit Seth (DIN: 00312007) from Chairman and Managing Director to Chairman and Whole-time Director, effective from 14th February, 2020:**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

   "**RESOLVED THAT** in partial modification of the earlier resolution approved by the shareholders on 17th March, 2019 vide Postal Ballot, Mr. Lalit Seth (DIN: 00312007), who was appointed as Chairman and Managing Director for a period of three years from 21st January, 2019 to 20th January, 2022, be and is hereby re-designated as Chairman and whole-time Director of the Company, effective from 14th February, 2020.

   RESOLVED FURTHER THAT except for the change in designation mentioned above, all other terms and conditions of his appointment as approved by the shareholders remain unchanged."

7. **Change in designation of Mr. Rishi Seth (DIN: 00203469) from Joint Managing Director to Managing Director, effective from 14th February, 2020:**

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

   "**RESOLVED THAT** in partial modification of the earlier resolution approved by the shareholders on 17th March, 2019 vide Postal Ballot, Mr. Rishi Seth (DIN: 00203469), who was appointed as Joint Managing Director for a period of three years from 21st January, 2019 to 20th January, 2022, be and is hereby re-designated as Managing Director of the Company, effective from 14th February, 2020.

   RESOLVED FURTHER THAT except for the change in designation mentioned above, all other terms and conditions of his appointment as approved by the shareholders remain unchanged."

By order of the board
For **HPL Electric & Power Limited**

Vivek Kumar
Company Secretary
M. No. A18491

Date : 3rd September, 2020
Place : Noida

Regd. Office: 1/20, Asaf Ali Road
New Delhi – 110002

NOTES:

1. **In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA**

Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing or other audio visual means (VC / OAVM). In compliance with the provisionsof the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and aforementioned MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. **Pursuant to the provisions of Section 105 of the Act, a proxy is allowed to attend and vote at a general meeting on behalf of a Member who is not able to attend personally. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members willnot be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

3. The Company has enabled VC / OAVM facility for participation of members in the AGM. Instructions for participation in the AGM through VC / OAVM are provided in para II of the 'instructions to members' section given in the Notice.

4. The business set out in the Notice will be transacted through electronic voting (e-voting) system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are provided in para I of the 'instructions to members' section given in the Notice.

5. Corporate members intending to attend the AGM through their authorised representatives are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the AGM through e-mail to deepak.kukreja@dmkassociates.in or einward.ris@kfintech.com

6. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of all Special business specified above is annexed hereto.

7. Information required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') in respect of appointment / re-appointment of directors is furnished in this Notice.

8. In terms of MCA and SEBI notifications, Notice of the 28th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those members whose email addresses are registered with the Company/ Depository participants ('DPs'). Members who have not yet registered their email addresses are requested to follow the procedure provided in para III of the 'instructions to members' section given in the Notice.

9. The Register of Members and Share Transfer Books will remain closed from 24th September, 2020 to 30th September, 2020 (both days inclusive) in connection with Annual General Meeting and for the purpose of payment of dividend, if declared at the meeting.

10. The dividend on the equity shares, if declared at the Annual General Meeting, will be payable subject to deduction of tax at source within 30 days from the date of the Annual General Meeting to those members:

    a) Whose names appear as member in the register of members of the company on 23rd September, 2020; and

    b) Whose names appear as Beneficial Owners in the list of Beneficial Owners on 23rd September, 2020 furnished by National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

11. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, the Register of Contacts or arrangements in which the directors are interested under section 189 of the Act and all other documents referred in the notice will be available for inspection. Members who wish to inspect the documents can send an email to hplcs@hplindia.com.

12. All correspondence relating to change of address, change in the e-mail address already registered with the company, transfer / transmission of shares, issue of duplicate share certificates, bank mandates and all other matters relating to the shareholding in the company may be made to KFin Technologies Private Limited (KFin), the Registrar and Share Transfer agent ('RTA') of the Company at einward.ris@karvy.com. Members holding shares in dematerialised form may send such communication to their respective DPs.

13. Members who are holding shares in physical form are advised to submit complete particulars of their bank account to our RTA at einward.ris@karvy.com, to facilitate electronic remittance of dividend. This would help avoiding fraudulent encashment of the warrants.

14. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form no. SH-13, duly filled in, to the RTA. The prescribed form can be obtained from the RTA or the secretarial department of the Company.

15. Members may note that pursuant to the amendments introduced by the Finance Act, 2020, w.e.f. April 1, 2020, the Company will be required to deduct tax at the applicable rates on the dividend declared and paid to the members. Therefore, members who have not furnished their Permanent Account Number (PAN) are requested to submit a copy of the same immediately to the Company / RTA or to the depository participants, as the case may be, to avoid deduction of tax at a higher rate. Members seeking non-deduction of tax on their dividends may submit Form 15G/15H as applicable, to the RTA at https://ris.kfintech.com/form15/.

16. SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form, are therefore requested to

submit their PAN to their DPs. Members holding shares in physical form may submit their details to RTA.

17. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to KFin, for consolidation into a single folio.

18. As per regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019. In view of this requirement members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

19. To promote green initiative, members are requested to register their e-mail address to receive all communication and documents including annual reports from time to time in electronic form. Members holding shares in dematerialised form may send such communication to their respective DPs and those holding shares in physical form may send such communication to the RTA.

20. Since the 28th AGM is being held in an electronic mode through VC / OAVM, the route map is not provided.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

M/s. Bikram Jain & Associates, Cost Accountants, (Firm Registration No. 101610) were re-appointed as Cost Auditors of the Company by the Board in their meeting held on 3rd September, 2020, on the recommendation of the Audit Committee, to conduct the audit of the cost records maintained by the Company in connection with manufacture of Switch Gears, Cables and Lights for the Financial Year ending 31st March, 2021 at a remuneration of Rs. 50,000/-(Rupees Fifty Thousand Only) plus Goods & Service Tax as applicable thereon and reimbursement of out-of-pocket expenses in connection with the audit of the company.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the remuneration payable to the Cost Auditors as approved by the Board of Directors on the recommendation of Audit Committee, is required to be ratified by the members of the Company.Accordingly, consent of the shareholders is sought for ratification of remuneration amounting to Rs. 50,000, payable to the Cost Auditors for conducting audit of the Cost Records of Company for the Financial Year ending 31st March, 2021.

Accordingly, consent of the members is being sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2021.

None of the Directors/ Key Managerial Personnel of the Company /their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Resolution set forth at Item No. 4 of the Notice for approval of the members as an Ordinary Resolution.

Item No. 5

Appointment of Mr. Hargovind Sachdev (DIN: 08105319) as an Independent Director for the second term

Mr. Hargovind Sachdev (DIN: 08105319) was appointed as an Independent Director on the Board of Directors of the Company in the Annual General Meeting (AGM) held on 27th September, 2018 to hold office for a period of 2 (Two) consecutive years w.e.f. 13th April, 2018. Therefore, his first term of office as Non-executive Independent Director completed effective 12th April, 2020.

In terms of Section 149 of the Companies Act, 2013, an Independent Director is eligible for re-appointment on passing of Special Resolution.

Mr. Hargovind Sachdev being eligible and offering himself for reappointment, is proposed to be re-appointed as an Independent Director for a Second Term of 5 (Five) consecutive years w.e.f. 13th April, 2020.

In the opinion of the Board, Mr. Hargovind Sachdev fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and the SEBI Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

Based on the Performance Evaluation conducted by the Board of Directors, the performance of Mr. Hargovind Sachdev was evaluated satisfactory in the efficient discharge of his role and responsibilities as an Independent Director of the Company. The Board and its allied Committees have benefitted from his relevant specialization and expertise.

Mr. Hargovind Sachdev is a member of the Audit Committee and Chairman of Stakeholder's Relationship Committee of the Company.

The Board upon the recommendation of the Nomination and Remuneration Committee, in its Meeting held on 14th February, 2020,has approved the re-appointment of Mr. Hargovind Sachdev as an Independent Director and recommends the same for the approval by the Shareholders of the Company by way of Special Resolution.

Copy of the letter of appointment of Mr. Hargovind Sachdev as an Independent Director, setting out the terms and conditions of appointment is available for inspection.

Save and except, Mr. Hargovind Sachdev and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Disclosure u/r 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other details as required under ICSI Secretarial Standard on General Meetings (SS-2) are set out in the annexure to the Explanatory Statement.

The Board recommends the Resolution set forth at Item No. 5 of the Notice for approval of the members as a Special Resolution.

Item No. 6

Change in designation of Mr. Lalit Seth (DIN: 00312007) from Chairman and Managing Director to Chairman and Whole-time Director, effective from 14th February, 2020:

The shareholders vide special resolution passed through Postal Ballot on 17th March, 2019 approved the re-appointment of Mr. Lalit Seth as Chairman and Managing Director ofthe Company for a period of three years w.e.f. 21st January, 2019 to 20th January, 2022. The terms and conditions of his re-appointment, including remuneration were approved by the shareholders in accordance with the provisions contained in Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.

The Board of Directors at their meeting held on 14th February, 2020 noted the request received from Mr. Lalit Seth about his desire to step down as the Managing Director of the Company, due to certain personal reasons.

Pursuant to the recommendation by the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 14th February, 2020, has re-designated Mr. Lalit Seth as the Chairman and Whole-time Director of the Company w.e.f. 14th February, 2020. Since, the designation of Mr. Lalit Seth was specifically mentioned as Chairman and Managing Director in the earlier resolution dated 17th March, 2019 approved by the shareholders, this resolution is being proposed to partially modify the same. Except for the change in designation, all other terms and conditions as approved by the shareholders on 17th March, 2019 remain unaltered.

Save and except, Mr. Lalit Seth to whom the resolution relates alongwith his relatives including Mr. Rishi Seth and Mr. Gautam Seth, none of the Directors/ Key Managerial Personnel of the Company/their relatives is in any way, financially or otherwise, concerned or interested in this Resolution.

The Board recommends the Resolution set forth at Item No. 6 of the Notice for approval of the members as a Special Resolution.

Item No. 7

Change in designation of Mr. Rishi Seth (DIN: 00203469) from Joint Managing Director to Managing Director, effective from 14th February, 2020:

The shareholders vide special resolution passed through Postal Ballot on 17th March, 2019 approved the re-appointment of Mr. Rishi Seth as Joint Managing Director ofthe Company for a period of three years w.e.f. 21st January, 2019 to 20th January, 2022. The terms and conditions of his re-appointment, including remuneration were approved by the shareholders in accordance with the provisions contained in Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.

The Board of Directors at their meeting held on 14th February, 2020 noted the request received from Mr. Lalit Seth about his desire to step down as the Managing Director of the Company, due to certain personal reasons. Mr. Lalit Seth will continue to be a Chairman and Whole-time Director of the Company.

Pursuant to the recommendation by the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 14th February, 2020, has re-designated Mr. Rishi Seth as the Managing Director of the Company w.e.f. 14th February, 2020. Since, the designation of Mr. Rishi Seth was specifically mentioned as Joint Managing Director in the earlier resolution dated 17th March, 2019 approved by the shareholders, this resolution is being proposed to partially modify the same. Except for the change in designation, all other termsand conditions as approved by the shareholders on 17th March, 2019 remain unaltered.

Save and except, Mr. Rishi Seth to whom the resolution relates alongwith his relatives including Mr. Lalit Seth and Mr. Gautam Seth, none of the Directors/ Key Managerial Personnel of the Company/their relatives is in any way, financially or otherwise, concerned or interested in this Resolution.

The Board recommends the Resolution set forth at Item No. 7 of the Notice for approval of the members as a Special Resolution.

By order of the board
For **HPL Electric & Power Limited**

Vivek Kumar
Company Secretary
M. No. A18491

Date : 3rd September, 2020
Place : Noida

Regd. Office: 1/20, Asaf Ali Road
New Delhi – 110002

ANNEXURE

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD 2 ISSUED BY ICSI

Name of the Director	Mr. Rishi Seth	Mr. Hargovind Sachdev
Date of Birth (Age)	21st December, 1970 (48 years)	24th July,1957 (63 years)
Qualification	MBA in Finance	B.Sc Botany (Honours) and a postgraduate in English
Experience	25 years	38 years
Date of first Appointment on the Board	29th September, 2000	13th April, 2018
Expertise in Specific functional area/ Brief Profile	An MBA in Finance with more than 25 years of experience, Mr. Rishi Seth is a man of sharp vision. He has been instrumental in HPL Group's organic growth and is responsible for shaping the strategic perspective that has led to the diversification and expansion of HPL into new avenues including EPC projects. He looks after the Institutional and Government business in addition to a few manufacturing facilities. He has also been instrumental in the Company's foray into green projects. His major achievement includes HPL's growth into utility segment, making the Group stand tall as the largest Electronic Energy Meter manufacturer in India and among the largest in the world.	He worked with State Bank of Travancore, State Bank of Patiala & State Bank of India where he was posted at Frankfurt Germany from 2006 to 2011 as Head of Credit. He had also worked as Chief Vigilance Officer (CVO) in UCO Bank. He travelled across 15 countries in Europe for7 Credit & Foreign Exchange at Asian Institute of Management, Manila, Philippines & Euro Money, London
Terms & Conditions of re-appointment	As per Explanatory Statement	As per Explanatory Statement
Relationship with other Directors/ Managers and other Key Managerial Personnel	Mr. Rishi Seth is not related to any other director of the Company except Mr. Lalit Seth and Mr. Gautam Seth. Mr. Lalit Seth is a father of Mr. Rishi Seth and Mr. Gautam Seth is a brother of Mr. Rishi Seth.	Not Related
Directorship held in other companies	1. Himachal Energy Private Limited 2. HPL India Limited 3. Havell's Private Limited 4. Havells Electronics Private Limited 5. Jesons Impex Private Limited 6. HPL Power Corporation Limited	NIL
Chairman/Member of the committee of the Board of Director in other Companies	Member of CSR Committee of Himachal Energy Private Limited	Not Applicable
Number of Board Meetings attended during the year 2019-20	4	4
Detail of remuneration last drawn	As per Corporate Governance Report	Not Applicable
Shareholding in the Company	3.47%	NIL

INSTRUCTIONS TO MEMBERS

I. FOR ELECTRONIC VOTING [E-Voting]

Pursuant to the provisions of section 108 of the Act read with rule 20 of the Companies (Management and Administration) Rules,2014 and the Listing Regulations as amended from time to time, the Company is pleased to offer e-voting facility to members to exercise their votes electronically on all resolutions set forth in the notice convening the 28th Annual General Meeting (AGM) scheduled to be held at 11:00 AM on Wednesday, 30th September, 2020.

The company has engaged the services of KFin Technologies Private Limited (KFin) to provide remote e-voting facility for members to cast their votes in a secure manner. Mr. Deepak Kukreja and Mrs. Monika Kohli, Partners, DMK Associates, Company Secretaries will act as the scrutinizer and alternate scrutinizer respectively, to scrutinise remote e-voting and the evoting process at the AGM in a fair and transparent manner. In terms of the requirements of the Act and the Rules made there under, the Company has fixed Wednesday, 23rd September, 2020 as the cut-off date. The remote e-voting / voting rights of the members / beneficial owners shall be reckoned on the equity shares held by them as on cut-off date, i.e. 23rd

September, 2020.

The remote e-voting facility begins on Sunday, 27th September, 2020 (9:00 a.m. IST) and ends on Tuesday, 29th September, 2020 (5:00 p.m. IST). During this period, the members of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 23rd September, 2020, are entitled to avail the facility to cast their vote electronically / voting in the general meeting, as the case may be. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting facility shall be disabled by KFin upon expiry of the aforesaid period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently or cast the vote again.

A. For members receiving an e-mail from KFin, e-voting service provider [for members whose e-mail addresses are registered with the company /DP(s)]:

   Open your web browser during the voting period and navigate to https://evoting.karvy.com.

   (i) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be E-Voting Event Number (EVEN) followed by folio number. In case of demat account , UserID will be your DPID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.

   (ii) After entering these details appropriately, click on"LOGIN".

   (iii) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A - Z), one lower case (a-z), one numeric value(0-9)and a special character(@,#,$,etc.).The system will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

   (iv) You need to login again with the new credentials.

   (v) On successful login, the system will prompt you to select the E-Voting event.

   (vi) Select the EVEN of "HPL Electric & Power Limited" and click on "SUBMIT".

   (vii) Now you are ready for e-voting as "Cast Vote" page opens.

   (viii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

   (ix) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

   (x) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated asabstained.

   (xi) You may then cast your vote by selecting an appropriate option and click on"SUBMIT".

   (xii) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on theresolution(s).

   (xiii) Corporate / institutional members (i.e. other than Individuals, HUF, NRI etc.,) are also required to upload in the e-voting portal, the scanned certified true copy (PDF Format) of the board resolution/authority letter etc., together with attested specimen signature(s) of the duly authorised representative(s) or alternatively to e-mail, to the scrutiniser at e-mail, deepak.kukreja@dmkassociates.in with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "HPL – 28th AGM".

B. Members whose e-mail addresses are not registered with the Company/DPs [including members holding shares in physical form]:

   Members may follow the procedure for registration of e-mail address and obtaining User ID and Passwordprovided under section (III) below and then follow all steps from sl. no. (i) to sl. no. (xiii) above to cast your vote by electronic means.

C. Voting during the AGM:

   Members participating in the AGM and who have not cast their vote through remote e-voting are eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. Members may click on the voting icon ( ) on the left side of the screen to cast their votes.

D. Other Instructions

(i) In case of any queries, you may refer Help & FAQ section of KFin at https://evoting.karvy.com/public/Faq.aspx or call KFin on 040-67162222 & Toll-free No. 1800 3454001.

(ii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(iii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date of 23rd September, 2020.

(iv) Any person who acquires shares of the company and becomes a member of the company after sending of the notice to the members and holding shares as on the cut-off date of 23rd September, 2020, may obtain the User ID and password by sending a request through email to einward.ris@kfintech.com. However, if you are already registered with KFin for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot user details / Password" option available on https://evoting.karvy.com.

(v) Members who have cast their votes through remote e-voting may also attend the AGM. However, those members are not entitled to cast their vote again during the AGM.

(vi) A member can opt for only one mode of voting i.e., either through remote e-voting or evoting during the AGM. Thus, voting facility at the AGM shall be used only by those who have not exercised their right to vote through remote e-voting.

(vii) The Scrutiniser shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same and declare the results of the voting forthwith.

(viii) The voting results declared along with the scrutiniser's report will be placed on the company's website www.hplindia.com and on the website of KFin at https://evoting.karvy.com/public/Downloads.aspx after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchange(s).

II. FOR ATTENDING THE AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM)

The company has engaged M/s KFin Technologies Private Limited (KFin) to provide VC/OAVM facility to conduct the 28th AGM in an electronic manner. Procedure for participating in the AGM through VC / OAVM and the related matters are given below:

(i) Members may attend the AGM through VC at https://emeetings.kfintech.com by using their remote e-voting credentials. The link for the AGM will be available in the shareholder/Members login where the "EVENT" and the "Name of the company" can be selected. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.

(ii) Members can join the AGM 15 minutes before the scheduled time of the commencement of the AGM by logging into https://emeetings.kfintech.com and clicking on the "Video Conference" icon. Upto 1000 members will be allowed to participate in the AGM on first come first serve basis. This restriction is not applicable for participation of large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committeeand Stakeholders Relationship Committee, Auditors etc.

(iii) Members are encouraged to participate in the AGM through laptops or desktops using Google Chrome for better experience. Members are also required to allow camera and use internet with good speed to avoid any disturbance during the meeting. Members may further note that connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may face audio/video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to avoid suchissues.

(iv) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum for the meeting under Section 103 of the Act.

(v) Posting of queries prior to AGM: Shareholders who would like to express their views/raise queries on the official business during the AGM, may please log into https://emeetings.kfintech.com and click on the tab 'Post Your Queries' to post their queries/views/questions in the window provided therein by mentioning their e-mail id and mobile number. The window for posting queries/questions/views will remain open from 9:00 AM (IST) 26th September, 2020 to 5:00 PM (IST) 27th September, 2020.

(vi) Speaker Registration: Members who wish to speak at the AGM may log into https://emeetings.kfintech.comand click on the tab "Speaker Registration" by mentioning their e-mail id, mobile number and city. The speaker registration will commence at 9.00am (IST) on 26th September, 2020 to 5:00 PM (IST) 27th September, 2020.

Only members who have registered themselves as a speaker will be allowed to speak or ask questions during the AGM. Speakers are requested to submit their queries at the time of registration, to enable the Company to respond appropriately. The Company reserves the right to restrict the number of speakers asking questions depending on the availability of time.

(vii) Members seeking any technical assistance or support are requested to contact KFin at toll free number 1-800-3454-001 or send a mail at evoting@kfintech.com.

III. FOR REGISTRATION OF E-MAIL ADDRESS AND TO OBTAIN NOTICE OF 28TH AGM AND THE ANNUAL REPORT FOR FY 2019-20

(i) Member who have registered/not registered their mail address and mobile number including address and bank account details are requested to validate/update their details with their DPs in case the shares are held in electronic form and with the Company's RTA, KFin Technologies Private Limited (KFin) in case the shares are held in physical form.

(ii) Members who have not registered their mail address and in consequence the Annual Report for the financial year 2019-20 and Notice for 28th AGM including the instructions for e-voting could not be serviced, may temporarily provide their email address and mobile number to KFin by sending an email to einward.ris@kfintech.com.

(iii) Members can download the said documents available on the website of the Company at www.hplindia.com and on the webpage of KFin at https://evoting.karvy.com/public/Downloads.aspx

(iv) Alternatively, Shareholders may send an e-mail to einward.ris@kfintech.com along with scanned copy of the signed request letter providing the e-mail address, mobile number, self-attested PAN copy and client master copy ,in case of electronic folio and copy of share certificate, in case of physical folio for sending the Annual Report, Notice of 28th AGM and instructions for e-voting instructions in an electronic mode. Shareholders may also access the link https://ris.kfintech.com/email_registration/ and directly register their e-mail address and mobile number for receiving a soft copy of the said documents relating to the AGM.

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HPL Electric & Power Limited

www.hplindia.com

Concept, Content & Design
WYATTPrism COMMUNICATIONS (info@wyatt.co.in)