



Igarashi Motors India Limited

IMIL/SE/AR/07/2019

09th July, 2019

Reg. Off. & Plant - I :

Plot No. B12 to B15 Phase II,

MEPZ - SEZ, Tambaram,

Chennai - 600 045, India.

Phone : +91-44-4229 8199

+91-44-2262 8199

Fax : +91-44-2262 8143

E-mail : igarashi@igarashimotors.co.in

CIN : L29142TN1992PLC021997

By Online Submission

Bombay Stock Exchange Limited

Corporate Relationship Department

1st Floor, New Trading Ring,

Rotunda Building, P J Towers,

Dalal Street, Fort,

Mumbai 400 001

Fax [022 2272 3121]

Email [corp.relations@bseindia.com]

Stock Code : 517380

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor ,Plot No.C/1,

G-Block, Bandra Kurla Complex,

Bandra (East),

Mumbai 400 051

Fax [022-26598237/ 26598238]

Email [cm1ist@nse.co.in]

Stock Code : IGARASHI

Attn: Compliance Department

Dear Sir/Madam,

Sub: Annual Report for the Financial Year 2018-19 – reg.

Ref: Regulation 30 and 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the enclosed copy of Annual Report and Business Responsibility Report of the Company for the Financial Year 2018-19 along with the Notice of the 27th Annual General Meeting of the Company to be held on Thursday, August 08, 2019 at 3.00 PM at Welcome Hotel (Formerly Hotel Chola), Cathedral Road, Chennai – 600 086. The Annual Reports FY 2018-19 are being dispatched today by e-mail and post.

Further in terms of BSE Circular no. LIST/COMP/40/2018-19 dated 08th February, 2019 and subsequent clarification vide circular no. LIST/COMP/13/2019-20 dated 16th May, 2019 with regards to filing of Annual Report in XBRL mode under Regulation 34 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the same shall be filed in XBRL format in due course.

This is for your information and records.

Thanking you.

Yours faithfully,

For IGARASHI MOTORS INDIA LIMITED

P Dinakara Babu

Company Secretary

Encl: As stated above



IGARASHI MOTORS INDIA LTD
27TH ANNUAL REPORT
2018-2019

www.igarashimotors.com



OUR PHILOSOPHY ON CORPORATE GOVERNANCE



**MISSION TO ENHANCE
CUSTOMERS COMPETITIVENESS**



**GLOBAL VISION THROUGH
INDIAN DOORWAY**



**WEALTH FOR ALL PARTNERS THROUGH
THE WHEEL OF ENGINEERING**



**TRANSPARENCY
AND COMPLIANCE**

IGARASHI GLOBAL LOCATIONS



- Sales Site
- Production Site





IGARASHI MOTORS INDIA LIMITED

BOARD OF DIRECTORS

Mr. K K Nohria (CHAIRMAN)
Mr. Hemant M Nerurkar
Mr. Keiichi Igarashi
Mr. S Radhakrishnan
Mrs. Eva Maria Rosa Schork

MANAGING DIRECTOR

Mr. P Mukund

CHIEF FINANCIAL OFFICER

Mr. R Chandrasekaran

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. P Dinakara Babu

AUDITORS

B S R & CO. LLP, Chartered Accountants
KRM Tower, 1st & 2nd Floor, No.1
Harington Road, Chetpet
Chennai- 600 031
Ph: +91-44-46083100

BANKERS

Axis Bank
IDFC FIRST Bank

REGISTERED OFFICE

Plot No. B-12 to B-15, Phase II,
MEPZ-SEZ, Tambaram,
Chennai- 600 045
Phone : +91-44-42298199/22628199,
Fax : +91-44-22628143
E-mail :investorservices@igarashimotors.co.in,
CIN : L29142TN1992PLC021997
Website : www.igarashimotors.com

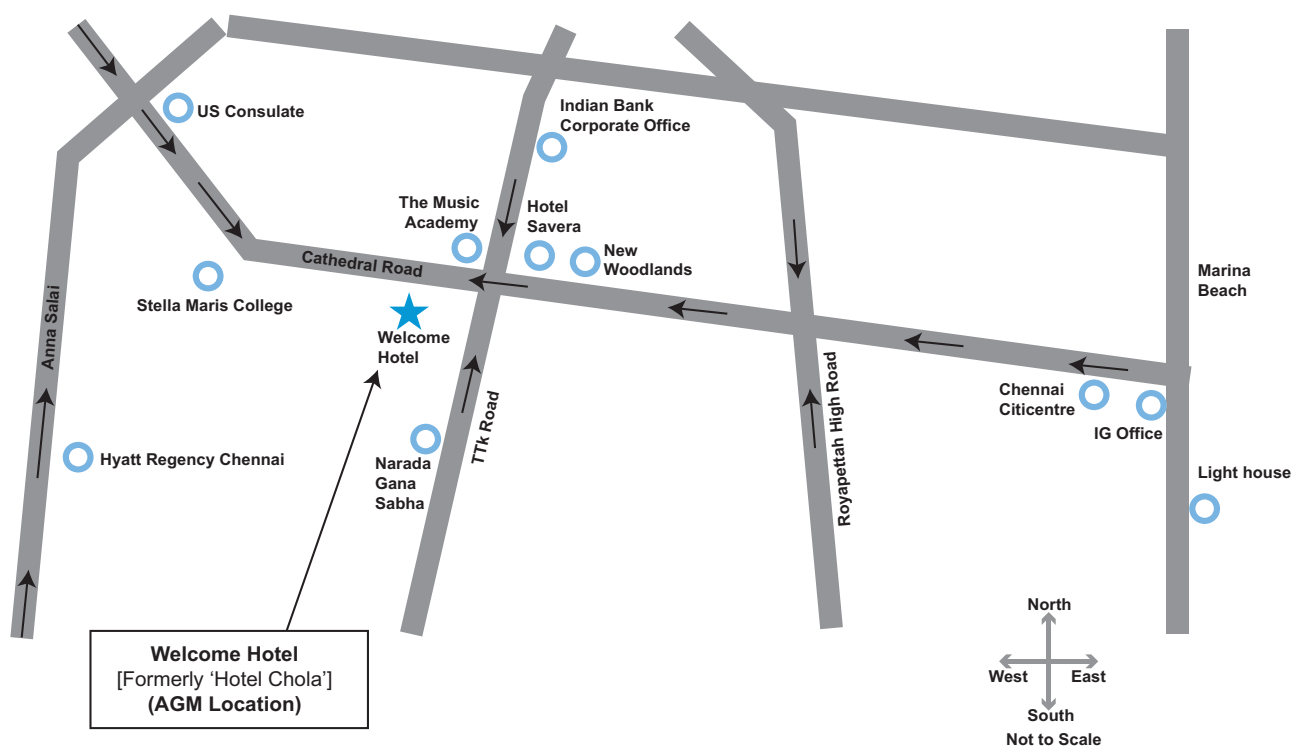
As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

PAST 5 YEARS PERFORMANCE SUMMARY

| Key Performance Indicators | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---------|---------|---------|---------|---------------|
| 1. Revenues from Operations (₹ in Crores) | 385.10 | 445.00 | 516.44 | 458.44 | 606.16 |
| 2. Operating Profit (₹ in Crores) | 79.04 | 107.03 | 120.77 | 102.26 | 115.58 |
| 3. Operating Profit Margin (%) | 20.5% | 24.1% | 23.4% | 22.3% | 19.1% |
| 4. Net Profit (₹ in Crores) | 48.95 | 63.64 | 75.32 | 66.27 | 57.41 |
| 5. Net worth (₹ in Crores) | 250.95 | 294.41 | 365.17 | 411.07 | 429.58 |
| 6. Debt Equity Ratio | 0.26 | 0.15 | 0.06 | 0.06 | 0.28 |
| 7. Earning Per share (₹) | 16.01 | 20.79 | 24.61 | 21.65 | 18.24 |
| 8. Book Value Per share (₹) | 81.99 | 96.19 | 119.30 | 134.30 | 136.48 |
| 9. Dividend Per share (₹) | 4.44 | 5.50 | 6.61 | 6.00 | 4.90 |

FY 2018-19 figures include Exports Division of Agile Electric Sub Assembly Pvt. Ltd for the full year due to acquisition.

Route Map to the Venue of 27th Annual General Meeting (AGM):



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From the Chairman's Desk

Dear Shareholder,

Your Company's financial performance has been adversely impacted due to slowdown in the Global Auto Industry. Despite the sales decline, your Company has been able to mitigate the impact on profitability by various cost containment measures. Your Company's share price has been under continuous stress amidst the global slowdown witnessed by many players in Automotive Industry and volatile Indian Stock Market.

From a financial performance perspective, FY2018-19 was disappointing. The results we posted during the year dropped far beyond our goals due to the impact of Global slowdown in all markets in second half of the year, impacting our margin improvement trend of the past years.

During the year, your Company's acquisition of Export Division of Agile Electric Sub Assembly Pvt Ltd from October 01, 2018, had paved way for diversification and growth into new application areas to serve existing & new customers/ market domains. Your Company would reap benefits of topline growth once Global Market Turnaround happens in the coming months.

Your Company's new programs for Global Clients continue to be on track and are expected to result in significant volume growth in the next few years.

I would like you to join me in complimenting your Company's team for their dedication and commitment.

As always, I am extremely grateful to you, shareholders for your understanding and support. I assure you, we will do our best to gain topline growth and maintain profitability in near future.

With regards



K K Nohria

Chairman



NOTICE

NOTICE IS HEREBY GIVEN THAT The Twenty Seventh Annual General Meeting ('AGM') of Igarashi Motors India Limited will be held on Thursday, the August 08, 2019 at 3.00 pm at Welcome Hotel (Formerly Hotel Chola), Cathedral Road, Chennai – 600 086 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2019, and the Reports of the Board of Directors and Auditor's Report thereon.
2. To declare a dividend of ₹ 4.90 per equity share for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mrs. Eva Maria Rosa Schork (DIN: 07159550) who retires at this meeting and is eligible for re-appointment.

SPECIAL BUSINESS

4. Re-appointment of Mr. P Mukund as Managing Director for 5 (Five) years from 01-Apr-19 to 31-Mar-24:

To consider and if thought fit to pass with or without modification the following resolution as a **Special Resolution** thereof:

"RESOLVED THAT pursuant to the provisions of Section 196, Section 197, Section 203 read with Schedule v and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment thereto, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors at their respective Meetings held on March 29, 2019, consent of the Company be and is hereby accorded for re-appointment of Mr. P Mukund (DIN : 00007788), as Managing Director for a period of 5 (Five) years from April 01, 2019 to March 31, 2024 on the terms given below, and he shall have the right to manage the day-to-day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company, upon the terms and conditions as detailed below in accordance of law:

| | |
|---------------------------------------|--|
| I. Salary | ₹ 5,00,000 (Rupees Five Lakhs) per month |
| II. Commission | Such percentage of net profits of the Company or such other quantum of the net profits of the Company as may be approved by the Board of Directors, at its absolute discretion, for each financial year, limited to a maximum of the annual salary. |
| III. Perquisites and other allowances | <ol style="list-style-type: none"> a) Leave travel concession, once in a year, as per the rules of the Company b) accommodation (furnished or otherwise) or house rent allowance in lieu thereof c) Reimbursement of medical expenses covering medical treatment for self and family, including premium for medical insurance and other related expenses d) Company's contribution to provident fund as per the rules of the Company e) Gratuity as per the rules of the Company f) Provision of Company Car and fuel maintenance h) Telecommunication facilities at residence i) Leave on full pay and other allowances as per rules of the Company k) Such other allowances, benefits, utilities, amenities, insurance, reimbursement of expenditure and facilities at the discretion of the Board l) all perquisites and other allowances limited to a maximum value equal to the annual salary |
| IV. Other benefits | In the event of loss of office, the Managing Director shall be paid compensation in the manner and to the extent and subject to the limits or priorities prescribed under Sections 191 and 202 of the Companies Act, 2013 and rules made thereunder |

RESOLVED FURTHER THAT the above mentioned remuneration allowed to the Managing Director shall be in accordance with Sections 196, 197, 198 and 203 read with Schedule V of the Companies Act, 2013 and / or such changes, variations and substitutions as may be made therein by the approval of shareholders of the Company or Such Other Authority from time to time.

RESOLVED FURTHER THAT the Board may revise the remuneration payable to the Managing Director, in any financial year during the currency of the tenure of office, in such manner as may be agreed to between the Board of Directors and the Managing Director subject to the condition that the total remuneration by way of salary, perquisites, commission, other allowances and other benefits, shall be within the limits permissible under Section 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT, notwithstanding anything to the contrary contained herein, in the absence or inadequacy of profits in any financial year, the Board of Directors / Nomination and Remuneration Committee of the Board shall approve the remuneration payable to the Managing Director, during such financial year, in such manner as may be agreed to between the Board of Directors / Nomination and Remuneration Committee of the Board and the Managing Director, however not exceeding the maximum limits specified in this behalf under Section 197 read with Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mr. P Mukund shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time.

RESOLVED FURTHER THAT Mr. P Mukund shall not be liable to retirement by rotation.

RESOLVED FURTHER THAT Mr. P Mukund shall not be entitled to any sitting fee for attending the meeting of the Board or any Committee thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or the Company Secretary of the Company be and are hereby authorized severally to take such steps as it may consider necessary, proper or expedient to give effect to the aforesaid resolution."

Place: Chennai
Date: May 16, 2019

By Order of the Board of Directors
For Igarashi Motors India Limited

P. Dinakara Babu
Company Secretary
Membership No. A14812

Registered Office:

Plot No. B-12 to B-15, Phase II,
MEPZ-SEZ, Tambaram,
Chennai - 600 045.
Phone: +91-44-42298199/22628199,
Fax: +91-44-22628143
E-mail: investorservices@igarashimotors.co.in
CIN: L29142TN1992PLC021997
Website: www.igarashimotors.com



Notes:

- a) The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special business set out in the Notice is annexed hereto and forms part of this Notice.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE AFORESAID MEETING.

Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- c) Corporate members, intending to send their authorised representatives to attend the AGM, are requested to send to the Company a certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013 authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- d) The Register of Members of the Company will remain closed from August 01, 2019 (Thursday) to August 08, 2019 (Thursday) (both days inclusive) for the purpose of the dividend for the financial year ended March 31, 2019 and Annual General Meeting.
- e) Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid on or after August 16, 2019, to those members whose names appear on the register of members as on Wednesday, July 31, 2019.
- f) As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations], the Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend. Members holding shares in demat mode are requested to submit their Bank details viz. Bank Account Number, Name of the Bank, Branch details, MICR Code, IFS Code to the Depository Participants with whom they are maintaining their demat account and Members holding shares in physical mode are requested to submit the said bank details to the Company's Registrar & Transfer Agent.
- g) Members, Proxies and Authorised Representatives are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting. Copies of the Annual Report will not be provided at the AGM venue.
- h) Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Registrar and Transfer Agents.
- i) Three intimation letters regarding PAN Intimation and advising physical shareholders to demat shares have been sent during the year FY2018-19.
- j) Shareholders desiring any information as regards the accounts are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.

All documents referred in the Notice will be available for inspection at the Company's Registered Office during all working days between 11.00 a.m. and 1.00 p.m. till the date of AGM.

- k) A route map showing directions to reach the venue of the 27th Annual General Meeting is given along with this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings".
- l) Members who have not so far encashed dividend warrant(s) for the Financial Years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 are requested to seek to issue a duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. Cameo Corporate Services Limited immediately. Members are requested to note that dividends unclaimed within 7 years from the date of transfer to the Company's Unpaid Dividend Account, as per Section 124 of the Companies Act, 2013 will be transferred to the Investor Education and Protection Fund. Details of unclaimed dividend are available on the Company's website www.igarashimotors.com under the section 'Investor Relations'.
- m) As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide its members the facility to cast their vote by electronic means (i.e. voting electronically from a place other than the venue of the general meeting) on all resolutions set forth in the Notice. The instructions for e-voting are given in Annexure A.
- n) The remote e-voting period starts on Sunday, August 04, 2019, 9.00 A.M (IST) and ends on Wednesday, August 07, 2019, 5.00 P.M (IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of August 01, 2019 may cast their votes electronically.
- o) The facility for voting through ballot paper shall be made available at the 27th AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Annual General Meeting through ballot paper.
- p) The members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote again.
- q) The Company's website is www.igarashimotors.com. Annual Reports of the Company, unclaimed dividend list, and other shareholder communications are made available on the Company's website.
- r) All the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is investor@cameoindia.com mentioning the Company's name i.e., Igarashi Motors India Limited so as to enable the Company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.
- s) Our Company's shares are tradable compulsorily in electronic form and through Cameo Corporate Services Limited, Registrars and Transfer Agents; we have established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The International Securities Identification Number (ISIN) allotted to your Company's shares under the Depository system is INE188B01013. As on March 31, 2019, 99.25% of our Company's shares were held in dematerialized form and the rest are in physical form.

To enable us to serve our investors better, we request shareholders whose shares are in physical mode to dematerialize shares and to update their bank accounts with the respective Depository Participants.

t) Re-appointment of Director

Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings, following information is furnished in respect of Director proposed to be reappointed.



| | |
|---|--|
| Name of the Director | Mrs. Eva Maria Rosa Schork (DIN: 07159550) |
| Date of Birth | May 01, 1964 |
| Age | 55 years |
| Brief Profile | She had completed specialization in Business Management and Economics. She is the Managing Director of Igarashi Motoren GmbH, Germany for the past two decades. She gained deep technical experience on electrical motors for applications in automotive appliance & office equipment application. She has been working over three decades in specific areas of motors business development, application engineering, customer relationship and organization building |
| Date of appointment | January 28, 2016 |
| No of Board Meetings attended during 2018-19 | 4 |
| Directorship held in all other companies | Public Companies -NIL Private Companies -NIL |
| Memberships / Chairmanships of Committees of the Board of all companies | NIL |
| Number of Equity Shares held in the Company | NIL |
| Inter-se relationship with other Directors / Manager / KMP | Mrs. Eva Maria Rosa Schork does not have relationship with any of the Directors on the Board/ KMP. |

STATEMENT UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 4

The current tenure of Mr. P Mukund (DIN : 00007788) as Managing Director of the Company was ended on March 31,2019. Mr. P Mukund was last re-appointed as the Managing Director for a period of three years from April 01,2016 to March 31,2019.

Having regard to the significant vast experience and expertise of Mr. P Mukund and in order to continue to avail of the benefits of his, the Board of Directors has, pursuant to the Resolution adopted on March 29, 2019, re-appointed Mr. P Mukund as Managing Director of the Company for a period of five years from April 01, 2019 to March 31,2024. He is a Whole-time Key Managerial Personnel under Section 203 of the Companies Act, 2013 and will continue to be so on re-appointment.

The Nomination and Remuneration Committee of the Company had recommended for payment of the managerial remuneration to Mr. P Mukund, Managing Director, as mentioned in the resolution and here above.

Mr. P Mukund, Managing Director will not be entitled to sitting fee for each meeting of the Board and / or Committee thereof attended by him.

Mr. P Mukund will exercise such of the powers as may be delegated from time to time by the Board of Directors. The total remuneration to him will be within the limits permissible under Section 197 of the Companies Act, 2013.

The proposal as set out in the Notice is placed for consideration and approval of the shareholders as Special Resolution.

Mr. P Mukund, Managing Director, may be deemed to be interested in this Resolution since it relates to his appointment and remuneration.

Brief resume of Mr. P Mukund as stipulated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings is being furnished below:

| | |
|---|--|
| Name of the Director | Mr. P Mukund (DIN: 00007788) |
| Date of Birth | May 14, 1959 |
| Age | 59 years |
| Brief Profile | Mr. P Mukund is a Honours Graduate in Mechanical Engineering, Post Graduate Diploma in Business Management with over three decades business experience related to electric motors globally. He has been working with the Company since inception and acting as Managing Director since July 12, 1999. He is one of the promoters of the Company, holding 6,658,033 (21.15%) equity shares of the Company. |
| Date of appointment | April 01, 2019 |
| No of Board Meetings attended during 2018-19 | 6 |
| Directorship held in all other companies | Public Companies : NIL Private Companies : Igarashi Motors Sales Pvt Ltd |
| Memberships / Chairmanships of Committees of the Board of all companies | Memberships – 2 |
| Number of Equity Shares held in the Company | 66,58,033 (21.15%) |
| Inter-se relationship with other Directors / Manager / KMP | Mr. P Mukund does not have relationship with any of the Directors on the Board/ KMP. |

Except Mr. P Mukund, no other Director or key managerial personnel or their relative is concerned or interested in this item of business.

The terms contained in the resolution shall constitute the written memorandum setting out the terms of re-appointment. The Board recommends the **Special Resolution** set out at Item No.4 of the Notice for approval by the Members.

Place: Chennai
Date: May 16, 2019

By Order of the Board of Directors
For Igarashi Motors India Limited

P. Dinakara Babu
Company Secretary
Membership No. A14812

Registered Office:

Plot No. B-12 to B-15, Phase II,
MEPZ-SEZ, Tambaram,
Chennai - 600 045.
Phone: +91-44-42298199/22628199,
Fax: +91-44-22628143
E-mail: investorservices@igarashimotors.co.in
CIN: L29142TN1992PLC021997
Website: www.igarashimotors.com



ANEXURE A

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- i. The voting period begins on Sunday, August 04, 2019, 9.00 A.M (IST) and ends on Wednesday, August 07, 2019, 5.00 P.M (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date August 01, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website www.evotingindia.com
- iv. Click on Shareholders.
- v. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to Login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Igarashi Motors India Limited on which you choose to vote.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xvi. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for smart mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non-Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com



DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting their Twenty Seventh Annual Report of your Company, together with the Audited Accounts for the year ended 31st March 2019.

FINANCIAL RESULTS

Your Company's performance during the year as compared with that during the previous year is summarized below: (₹ in Lakhs)

| Particulars | 2018-19 ^{\$} | 2017-18 ^{\$} |
|---|-----------------------|-----------------------|
| Manufacturing Sales | 60,616 | 67,120 |
| Add: Other Income | 2,504 | 3,385 |
| Total Income | 63,210 | 70,505 |
| Less: | | |
| (i) Materials & Manufacturing Expenses | 33,510 | 36,108 |
| (ii) Value Addition Cost | 17,025 | 16,520 |
| Profit before Depreciation, Amortization | 12,585 | 17,877 |
| Less: | | |
| Depreciation & Amortization Expenses | 3,993 | 3,791 |
| Profit before Tax | 8,593 | 14,086 |

^{\$}Restated financial information under IndAS 103 Refer note given elsewhere in Directors' Report

OPERATIONS

Your Company's revenues for the year stood at ₹ 60,616 Lakhs as against ₹ 67,120 Lakhs for previous year. Operating Profit before Depreciation & Amortization amounted to ₹ 12,585 Lakhs as against ₹ 17,877 Lakhs for previous year. Profit before Tax amounted to ₹ 8,593 Lakhs as against ₹ 14,086 Lakhs for previous year.

During the year under review, Chinese automotive industry witnessed slowdown in the second half triggering all Global OEMs & Tier-1s to pull back estimates in China resulting in pruning down the pipeline for tight inventory controls. Besides this, all global OEMs & Tier-1s pulled back volumes and inventories in other geographies as well. Your Company experienced a turnaround in the volume of the new programs by the end of the financial year. Your Company has taken initiatives covering range of activities including lean manufacturing streams, tight control on expenses, connecting the supply-chain partners, focus on customers to maintain business efficiency.

Pursuant to the Shareholders approval (other than Promoter & Promoter Group) by way of Postal Ballot on September 20, 2018, your Company acquired the export division of Agile Electric Sub Assembly Private Limited - [AESPL] (Holding Company) for a consideration of ₹ 13,562 Lakhs as a "going concern" ("Slump Sale") along with all assets, liabilities and employees with effect from 01st October, 2018.

Upon acquisition of Export Division of AESPL, the Board of Directors approved cancellation of ongoing process of amalgamation of AESPL with the Company as the majority of desired benefits have already been achieved.

DIVIDEND

Your Company had adopted the Dividend Distribution Policy and the same was hosted on the website of the Company at: http://www.igarashimotors.com/uploads/investor/pdf/14788383387IMIL-Dividend_Distribution_Policy.pdf

In line with the said Policy, your Directors are pleased to recommend a dividend of ₹ 4.90/- per Equity Share on Face value of ₹ 10/- each for the year ended March 31, 2019.

The Board has not recommended any transfer to general reserve from the profits of the year under review.

TRANSFER OF UNPAID & UNCLAIMED DIVIDEND AND UNCLAIMED SHARES TO INVESTOR EDUCATION AND PROTECTION FUND ('IEPF')

During the year, there are no unclaimed dividends and unclaimed shares which have to be transferred to Investor Education and Protection Fund ('IEPF') by the Company.

RESERVES

The Reserves at the end of the year 31st March, 2019 is at ₹ 39,811 Lakhs as against the Total Reserves of ₹ 36,816 Lakhs as at 31st March 2018.

MATERIAL CHANGES

No material changes or commitments have occurred between the end of the Financial Year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

INDIAN ACCOUNTING STANDARDS

Pursuant to The Companies (Indian Accounting Standards) Rules, 2015, your Company has to comply with Indian Accounting Standards (IndAS) from April 01, 2017. Accordingly, the financial statements of the Company for the financial year 2018-19 have been prepared as per IndAS.

Pursuant to the Acquisition of Export Division of Agile Electric Sub Assembly Private Limited, the said acquisition was considered as a Business Combination involving entities or businesses under a common control under IndAS 103 "Business Combinations". Consequently, the financial information for all the previous periods/year have been restated in the Audited Financials to include financials of the acquired Export Division as if the acquisition occurred from April 01, 2017.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

Your Company has no Subsidiary/ Associate / Joint Venture Companies as on March 31, 2019. Form AOC-1 enclosed to this report.

Your Company is holding 9.20% stake in Bosch Electrical Drives India Private Limited (BEDPL). Your Company is an investment partner of Robert Bosch since the joint venture agreement was terminated automatically due to fall in shareholding in BEDPL below the threshold limit.

Your Company's investment in BEDPL has gone down and appropriate impairment has been provided.

DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public under Section 76 of the Companies Act, 2013 and Rules made there under.

EMPLOYEE STOCK OPTION SCHEME

At 25th Annual General Meeting held on August 02, 2017, the Shareholders approved Employee Stock Option Scheme ('The Igarashi Motors Employees Stock Option Scheme 2017'). Pursuant to the approval, the Board has been authorised to offer, issue and allot stock options to eligible employees of the Company and its Holding Company (AESPL) under ESOP 2017. The maximum number of shares under the ESOP 2017 shall not exceed 6,00,000 equity shares. Out of this, during the year under review your Company had granted 507,600 (468,700 to the employees of Company and 38,900 to the employees of Holding Company) Stock Options. The following summary of grants made during the year under review :-



| Grantee | No. of options granted |
|---|------------------------|
| Mr. R Chandrasekaran, CFO (KMP) | 25,000 |
| Mr. P Dinakara Babu, Company Secretary (KMP) | 9,000 |
| Eligible Employees other than KMP (including Holding Company) | 4,73,600 |
| Total | 5,07,600 |

The relevant disclosures pursuant to Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is forming part of Annual report.

Your Company has received a certificate from the Statutory Auditors of the Company that ESOP Scheme 2017 has been implemented in accordance with Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution(s) passed by the Members of the Company. The certificate would be placed at the ensuing AGM for inspection by Members of the Company.

SHARE CAPITAL- BONUS SHARES

Upon completion of Open offer on April 17, 2018, your Company's Promoters & Promoter Group Shareholding increased from 75% to 77.12%. In order to meet minimum public shareholding norms, your company has allotted 866,604 equity shares (2.75%) having value of ₹ 10/- (Rupees Ten) per share as fully paid bonus to the holders of the equity shares, to the exception of the Promoter and promoter group of the company, in the proportion of 25 (Twenty Five) equity share for every 202 (Two Hundred Two) existing equity shares. Consequently the issued, Subscribed and Paidup Equity Shares has increased from ₹ 3,060.84 Lakhs divided into 3,06,08,444 Equity of ₹ 10 each to ₹ 3147.50 Lakhs divided into 31,475,048 Equity Shares of ₹ 10 Each on September 29, 2018. Your Company had distributed cash equivalent to 5,639 fractional Bonus shares to eligible shareholders.

Your Company's Paid-up equity share capital to ₹ 3147.50 Lakhs as on March 31, 2019.

DIRECTORS

During the year, Mr. K K Nohria (DIN : 00060015) was appointed as Director (Non- Executive & Non- Independent) of the Company whose period of office liable to determination by retirement by rotation, Such appointment was made based on Nomination & Remuneration Committee recommendation and the Board approved, at its meeting held on May 22, 2018 and also by the shareholders at 26th Annual General Meeting held on September 14, 2018 by passing a Special Resolution as required under SEBI Listing Regulations for appointment of person who is having age of Seventy Five years or more.

Mr. Hemant M Nerurkar and Mr. S Radhakrishnan as Non-Executive, Independent Directors are not liable to retire by rotation.

RETIREMENT BY ROTATION

Mrs. Eva Maria Rosa Schork (DIN: 07159550) Director retires by rotation at forthcoming 27th Annual General Meeting and being eligible, offers herself for re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 27th Annual General Meeting of the Company.

RE-APPOINTMENT OF MANAGING DIRECTOR

On March 29, 2019, the Board of Directors, based on recommendation of Nomination and Remuneration Committee, approved re-appointment and remuneration of Mr. P Mukund for a period of 5 years effective from April 01, 2019 subject to the approval of shareholders. The terms and conditions of re-appointment forms part of Notice of ensuing 27th Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Further, the brief profiles of above directors are given in along with the resolutions of re-appointments are forming part of Notice of the ensuing 27th Annual General Meeting being sent to the shareholders along with the Annual Report.

The Nomination and Remuneration Committee and the Board of Directors recommend re-appointment of Mrs. Eva Maria Rosa Schork as Director and Mr. P Mukund as Managing Director for your approval.

The details of familiarization programmes to Independent Directors is put up on the website of the Company at the link: <http://www.igarashimotors.com/investor-list.php?invescatid=23>.

EVALUATION OF THE BOARD'S PERFORMANCE

Your Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. Pursuant to the provisions of Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder Relationship Committee. Each Board member completed a questionnaire providing feedback on the functioning and overall engagement of the Board and its committees on various parameters such as the composition, execution of specific duties, quality, quantity and timelines of flow of information, deliberations at the meeting etc.,. Besides this, one –on-one meeting of the individual directors with the Chairman of the Board was also conducted as a part of self-appraisal and peer group evaluation. The Directors were also asked to provide their valuable feedback and suggestions about the over all functioning of the Board and its committees.

NUMBER OF MEETINGS OF THE BOARD

During the year, Six Board Meetings were held on 22nd May, 2018, 08th August, 2018, 14th September, 2018, 09th November, 2018, 13th February, 2019 and 29th March, 2019. The Company's last Annual General Meeting was held on 14th September, 2018. The particulars of Directors, their attendance during the financial year 2018-2019 have been disclosed in the Corporate Governance Report forming part of this Annual Report.

For details of the Committees of the Board, please refer to the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134 (5) of the Companies Act, 2013 your directors, on the basis of information made available to them, confirm the following:

- a) In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable Accounting Standards have been followed with explanation relating to material departures, if any;
- b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for that period;
- c) Proper care has been taken for maintenance of adequate accounting for safe guarding the assets of the Company and detecting fraud and other irregularities;



- d) They have laid down Internal Financial Controls to be followed by the Company and the Audit Committee of the Board of Directors shall ensure that the internal control is adequate and robust;
- e) The annual accounts are prepared on a going concern basis;
- f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DEMATERIALIZATION OF SHARES

99.25% of the Company's paid up Equity Share Capital is in dematerialized form as on March 31, 2019 and balance 0.75% is in physical form. Your Company has already sent three reminders to all concerned shareholders advising them to convert physical shares into demat form. The Company's Registrars are Cameo Corporate Services Limited, No.1, Subramaniam Building, Club House Road, Chennai 600 002.

CREDIT RATING

During the year CARE has given credit ratings of CARE A+ for long term debt, CARE A1+ for short term debt.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The information required to be furnished pursuant to Section 134(3) (m) of the Companies Act, 2013, is appended hereto and forms part of this Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of expenditure and earnings in foreign currency are given as an annexure to this Report.

PARTICULARS OF LOANS & INVESTMENTS BY COMPANY

Details of loans and investments by the Company, to other body corporate or persons are given in notes to the financial statements.

RELATED PARTY TRANSACTIONS

All the related party transactions entered during the year were in ordinary course of business and on arm's length basis. Your Company obtained shareholders' approval by way of Postal Ballots on February 10, 2018, and also on September 20, 2018 for material related party transactions though such transactions being entered during ordinary course of business and on arm's length basis as required under Listing Regulations.

Your Company's Policy on Related Party Transactions which can be accessed through weblink : <http://www.igarashimotors.com/investor-list.php?invescatid=18>.

Your Company presents a statement of all related party transactions before the Audit Committee. Details of such transactions are given in the accompanying financial statements. Disclosure of Related Party transaction (include details of the transactions with Promoter/Promoter Group holding is annexed with the report as per Form AOC-2.

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

Your Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment and Non-discrimination at Work Place in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. Your Company had arranged external expert consultant trainings on Compliance of Policy to all the employees and service providers. Your Company also launched awareness campaigns on said Policy.

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at work place.

During the year ended March 31, 2019, the ICC has received no complaints pertaining to sexual harassment / discrimination at work place.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. P Mukund, Managing Director, Mr. R Chandrasekaran, Chief Financial Officer and Mr. P Dinakara Babu, Company Secretary.

During the year, there was change in the Key Managerial Personnel, Re-Appointment of Mr. P Mukund (DIN: 00007788), as Managing Director for a period of 5 (Five) years from April 01, 2019 to March 31, 2024 on the same terms of previous appointment, Based on Nomination and Remuneration Committee recommendation, the Board approved, at its meeting held on March 29, 2019 subject to the shareholders approval at the ensuing 27th Annual General Meeting.

AUDITORS

M/s. B S R & Co LL.P, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed by the Shareholders at the 25th Annual General Meeting held on August 02, 2017 as Statutory Auditors for a term of five consecutive years to hold office until conclusion of 30th Annual General Meeting. The appointment is however, subject to ratification by members at every Annual General Meeting in accordance with Section 139 of the Companies Act, 2013 read with applicable rules made thereunder.

Pursuant to the amendment to Section 139 of the Companies Act, 2013 effective from May 07, 2018, ratification by shareholders every year for the appointment of Statutory Auditors is no longer required and accordingly, the Notice of ensuing 27th Annual General Meeting does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors appointment.

AUDITOR'S REPORT

No qualification, adverse remarks or disclaimer made by the Statutory Auditors with regard to the financial statements for the financial year 2018-19.

The Statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

There have been no instances of fraud reported by abovementioned Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government during FY 2018-19.

SECRETARIAL AUDITOR, SECRETARIAL AUDIT REPORT AND OTHER CERTIFICATES

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. C Prabhakar, Partner, BP & Associates, Company Secretaries (Membership No. A30433; Certificate of Practice No. 11033) to undertake the secretarial audit of the Company. Your Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.



The Secretarial Audit Report is given in Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

Also the Secretarial Audit Report issued under Regulation 24A of SEBI Listing Regulations is given in Annexure to this Report.

As required under SEBI Listing Regulations, your Company has obtained a certificate from the Practising Company Secretary that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors by MCA/ Statutory Authorities. The said Certificate is forming part of this Report.

COST AUDITOR

As your Company has been operating from MEPZ-Special Economic Zone, appointment of Cost Auditor is exempted under Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014. Your Company has been maintaining such accounts and cost records as required under the Rules.

EXTRACT OF THE ANNUAL RETURN

Relevant extract of annual return in Form MGT-9 as required under Section 92(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014 (as amended) to be filed with the Registrar of Companies for financial year 2018-19 is given in Annexure to this Report. A soft copy is also placed at website: www.igarashimotors.com.

INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management.

Internal Audit is carried out in a programmed way and follow-up actions were taken for all audit observations. Your Company's Statutory Auditors have, in their report, confirmed the adequacy of the internal control procedures.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company has constituted a CSR Committee. The CSR Committee comprises four members and the Chairman of Board is heading the Committee. CSR Committee of the Board has developed a CSR Policy. The CSR Committee met two times during the year on May 22, 2018 and August 08, 2018. The details of role and functioning of the Committee are given in Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report of the Company for year under review as required under Regulation 34 of Listing Regulations is given as a separate Statement in the Annual Report.

DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

Your Company has adopted a Risk Management Policy and constituted a Risk Management Committee for monitoring the same. The Company has been addressing various risks impacting the Company which is provided elsewhere in this Annual Report in Management Discussion and Analysis Report.

BUSINESS RESPONSIBILITY REPORT (BRR)

The Business Responsibility Report is not applicable as your Company is not in top 500 Criteria as per the Market Capitalisation as on March 31, 2019. Your Company voluntarily providing the Business Responsibility Report for the financial year ended March 31, 2019. As green initiative, Business Responsibility Report has

been hosted on the Company's website at : <http://www.igarashimotors.com/investor-list.php?invescatid=17> as required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any Member interested in obtaining a copy of BRR may write to the Company.

APPOINTMENT AND REMUNERATION OF KEY MANAGERIAL PERSONNEL

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the statement of particulars of Appointment and Remuneration of Key Managerial Personnel is forming part of this Report.

The remuneration paid to all Key Managerial Personnel was in accordance with remuneration policy adopted by the Company.

STATEMENT ON EMPLOYEE REMUNERATION

The information required pursuant to Section 136(1) of the Companies Act, 2013, the Report of the Board of Directors is being sent to all the shareholders of the Company excluding statement prescribed under Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Statement is available for inspection by the Shareholders at the registered office of the Company as per the details mentioned in the Notice of the 27th AGM during business hours upto the date of 27th Annual General Meeting.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

HUMAN RESOURCES

Your Company has 790 numbers of permanent employees on the rolls of the Company as on March 31, 2019. The Board of Directors wishes to place on record their sincere appreciation to all the employees of the Company for their dedication, commitment and loyalty to the Company.

CORPORATE GOVERNANCE

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the requirements of Corporate Governance pursuant to Listing Regulations is annexed hereto.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has a vigil mechanism by way of established Whistle Blower Policy, as per the requirement of the Companies Act, 2013 and the Listing Regulations, to enable all employees and the directors to report in good faith any violation of the Policy. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. Your Company has disclosed the details of revised Whistle Blower policy on its website: <http://www.igarashimotors.com/investor-list.php?invescatid=18>.

Your Company has been regularly conducting training programmes to all the employees about this policy.



PREVENTION OF INSIDER TRADING

Your Company has adopted a code of conduct for prevention of “Insider Trading” as mandated by the SEBI and same is available on the website of the Company: <http://www.igarashimotors.com/investor-list.php?invescatid=18>. The said Policy has been revised effective from April 01,2019 in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

CODE OF CONDUCT

Your Company has laid down a Code of Conduct Policy which can be accessed on the Company’s website: <http://www.igarashimotors.com/investor-list.php?invescatid=18>.

LISTING

The shares of your Company continued to be listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Listing fee has already been paid for the financial year 2018-19.

ACKNOWLEDGEMENT

The Board places on record its sincere appreciation for the continued support from the relevant Government Authorities, Promoters, Shareholders, Suppliers, Customers, and other business associates, for their strong support.

For and on behalf of the Board of Directors

KK Nohria

Chairman

Din:00060015

Place:Chennai

Date:May 16,2019

ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

- 1) Energy Conservation Measures Taken
 - i. BLDC Ceiling fans which consume 50% energy of conventional fans have been installed. 400 KWh/ month is being saved.
 - ii. LED lights installed instead of T5 –TL in which 40% of energy is saved for the same lux requirement. 10461 KWh/ month is being saved.
 - iii. Day lighting increased thereby reducing daytime lighting requirement. 600 KWh/ month is being saved.
 - iv. In-house built BLDC fans installed in canteens in some of our facilities thereby reducing 360 KWh / Month
- 2) Steps taken by the Company for utilizing alternate sources of energy are
 - i. Your Company uses green energy at a tariff less than Tamil Nadu Electricity Board
 - ii. As a first step solar heating for canteen wash implemented.
 - iii. Still process is under progress on explanatory mode.
- 3) The capital investment on energy conservation equipments
 - i. HVLS fans installed to circulate air in large manufacturing area avoiding numerous air circulators thereby reducing substantial energy consumption

B. TECHNOLOGY ABSORPTION

- 1) the efforts made towards technology absorption : continuous process
- 2) the benefits derived(like product improvement, cost reduction, product development or import substitution) : continuous process
- 3) Information regarding imported technology (last three years): Not applicable
- 4) Expenditure on Research and Development:
 - a) Capital : Nil (₹ 20.15 Lakhs previous year)
 - b) Recurring : ₹ 391.57 Lakhs (₹ 396.90 Lakhs previous year)
 - c) Total : ₹ 391.57 Lakhs (₹ 417.05 Lakhs previous year)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used during the year was ₹ 35,216.82 Lakhs and total foreign exchange earned during the year was ₹ 54,122.14 Lakhs through exports.



ANNEXURE TO THE DIRECTORS' REPORT

a) Section 197(12) read with Rule, 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

i) Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year.

| S. No. | Name | Designation | Remuneration paid FY 2018-19 (₹) | Remuneration paid FY 2017-18 (₹) | Increase in remuneration from previous year (%) | Ratio/Times per Median of employee remuneration |
|--------|---------------------------|----------------------|----------------------------------|----------------------------------|---|---|
| 1 | Mr. P Mukund | Managing Director | 10,708,800 ^{\$} | 8,708,800 | 23 | 8.8 |
| 2 | Mr. K K Nohria | Chairman | 12,50,000 [#] | 12,50,000 [#] | - | 0.99 |
| 3 | Mr. Hemant M Nerurkar | Independent Director | 9,25,000 [#] | 9,25,000 [#] | - | 0.72 |
| 4 | Mr. S. Radhakrishnan | Independent Director | 9,25,000 [#] | 9,25,000 [#] | - | 0.72 |
| 5 | Mr. Keiichi Igarashi | Director | Nil | Nil | N.A | N.A |
| 6 | Ms. Eva Maria Rosa Schork | Director | Nil | Nil | N.A | N.A |

Includes sitting fees paid for Board & Committee meetings and remuneration

\$ Includes Leave Encashment

ii) The percentage increase in remuneration of each director, Managing Director, Chief Financial Officer, Company Secretary in the financial year:

Mr. K K Nohria, Chairman - NIL

Mr. Hemant M Nerurkar, Director – NIL

Mr. S. Radhakrishnan, Director – NIL

Mr. P Mukund, Managing Director -23%\$

Mr. R Chandrasekaran, Chief Financial Officer – 4%

Mr. P Dinakara Babu, Company Secretary – 2%

\$ Includes Leave Encashment

iii) The percentage increase in the median remuneration of employees in the financial year : 0.5%

iv) The number of permanent employees on the rolls of Company : 790

v) The explanation on the relationship between average increase in remuneration and Company performance: Not Applicable.

vi) Comparison of the remuneration of the key managerial personnel against the performance of the Company:

During the year, the Company has not done any fixed remuneration revision to employees and compensated employees through variable earnings based on individual performance vis-à-vis Company performance.

- vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

| Particulars | March 31, 2019 | March 31, 2018 | % Change |
|----------------------------------|----------------|----------------|----------|
| Market Capitalization (₹ Crores) | 1089.19 | 2473.16 | (56%) |
| P/E Ratio | 18.97 | 37.31 | (49%) |

- viii) Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

| Particulars | March 31, 2019 (₹) [§] | IPO* | % Change |
|--------------------|------------------------------------|------|----------|
| Market Price (BSE) | 349.95 | 10 | 3399.5 |
| Market Price (NSE) | 346.05 | 10 | 3360.5 |

*During the year 1993-94 \$ as on March 29, 2019

- ix) 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: Not Applicable
- x) Comparison of each remuneration of the key managerial personnel against the performance of the Company:

| Particulars | Mr. P Mukund, Managing Director | Mr. R Chandrasekaran, Chief Financial Officer* | Mr. P Dinakara Babu, Company Secretary* |
|--|---------------------------------------|---|---|
| Remuneration [§] in FY18-19 (₹ in Lakhs) | 107.08 | 97.65 [#] | 46.17 [#] |
| Revenue (₹ in Lakhs) | 60,616 | | |
| Remuneration % of Revenue | 0.18% | 0.16% | 0.08% |
| Profit before Tax (PBT) (₹ in Lakhs) | 8,593 | | |
| Remuneration (as % of PBT) | 1.25% | 1.14% | 0.54% |

§ Includes Performance incentive & leave en-cashment, # excluding ESOP benefits as not vested on March 31, 2019.

- xi) The key parameters for any variable component of remuneration availed by the directors – Not Applicable
- xii) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None
- xiii) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.



DETAILS OF STOCK OPTIONS PURSUANT TO SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATION, 2014 READ WITH SEBI CIRCULAR DATED 16TH JUNE, 2015 FOR THE FINANCIAL YEAR 2018-19

| Description | ESOP Scheme- 2017 |
|---|---|
| A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time. | Please refer Notes to Accounts of the 27 th Annual Report 2018-19 |
| B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time. | ₹ 18.24 |
| C Details related to ESOS | |
| i A description of Each ESOS that existed at any time during the year, including general terms and conditions of each ESOS | |
| a) Date of shareholders approval | August 02,2017 |
| b) Total number of Options approved under ESOS | 6,00,000 |
| c) Vesting requirements | 2 years |
| d) Exercise Price or formula | ₹ 650/- |
| e) Maximum term of options granted | 2 years |
| f) Source of shares (primary, secondary or combination) | Primary |
| g) Variation of terms of options | Nil |
| ii Method used to account for ESOS - Intrinsic or fair value. | The Company has calculated the employee compensation cost using fair value method of accounting to account for options issued under "ESOP-2017" |
| iii Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Not applicable |
| iv Option movement during the year | |
| Particulars | Details |
| Number of options outstanding at the beginning of the period | 6,00,000 |
| Number of options granted during the year | 507,600 |
| Number of options forfeited / lapsed during the year | 51,750 |
| Number of options vested during the year | Nil |
| Number of options exercised during the year | Nil |
| Number of shares arising as a result of exercise of options | Nil |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | Nil |

| | | |
|----|--|---|
| | Loan repaid by the Trust during the year from exercise price received | Not applicable |
| | Number of options outstanding at the end of the year | 5,07,600* |
| | Number of options exercisable at the end of the year | Nil |
| v | Weighted-average market price of Company's shares on NSE at the time of grant i.e 22-May-2018 | ₹ 795.85/- |
| vi | Employee-wise details of options granted to | Details as under : |
| | i) Senior Managerial Personnel ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year iii) Identified employees who were granted option , during any one year , equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | 34,000 No employee of the Company received grant of options during the year amounting to 5% or more of options granted or exceeding 1% of issued capital of the Company |
| v | A description of the method and significant assumptions used during the year to estimate the fair values of options , including the following weighted average information : | |
| | 1) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model | Risk free interest rate -7.28% (Vesting 1) ~7.48% (Vesting 2) Expected life -1.5 (Vesting 1) ~2.5 (Vesting 2) volatility – 27% (Vesting 1) ~ 33% (Vesting 2) Expected Dividends -0.88% The Price of underlying share in the market at the time of option grant : ₹ 795.85 Option Exercise Price : ₹ 650 Option Fair value : ₹ 255 |
| | 2) the method used and the assumptions made to incorporate the effects of expected early exercise | Fair-valuation of ESOP under Black Scholes method |
| | 3) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | Daily volatility of stock price on NSE over a period prior to the date of grant corresponding with expected life of options. Daily volatility is then annualized. |
| | 4) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. | The expected life of share option is based on historical data. Future market conditions are not used for measurement of fair value |

* Excluding forfeited options.

For and on behalf of the Board of Directors

Place: Chennai
Date: May 16, 2019

K K Nohria
Chairman



Form AOC-1

(PURSUANT TO FIRST PROVISIO 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 ₹)

| S.No | Particulars | |
|------|--|-----|
| 1 | Name of the Subsidiary | NIL |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | |
| 4 | Share capital | |
| 5 | Reserves & surplus | |
| 6 | Total assets | |
| 7 | Total Liabilities | |
| 8 | Investments | |
| 9 | Turnover | |
| 10 | Profit before taxation | |
| 11 | Provision for taxation | |
| 12 | Profit after taxation | |
| 13 | Proposed Dividend | |
| 14 | % of shareholding | |

Part "B": Associates and Joint Ventures

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

| S.No | Name of the Joint Venture | NIL |
|------|--|-----|
| 1 | Latest audited Balance Sheet Date | NIL |
| 2 | Shares of /Joint Ventures held by the company on the year end | NIL |
| | No. | NIL |
| | Amount of investment in Joint Venture | NIL |
| | Extent of holding % | NIL |
| 3 | Description of how there is significant influence | NIL |
| 4 | Reason why the joint venture is not consolidated | NIL |
| 5 | Net worth attributable to shareholding as per latest audited Balance Sheet | NIL |
| 6 | Profit / Loss for the year | NIL |
| | i) Considered in consolidation | NIL |
| | ii) Not considered in consolidation | NIL |

1. Names of subsidiaries which are yet to commence operations: N.A

2. Names of subsidiaries which have been liquidated or sold during the year: N.A

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

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 transactions 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 financial year ended 31st March, 2019 which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis entered into during the financial year ended 31st March, 2019 are as follows,

| S. No | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Value of contracts/ arrangements/ transactions (₹ in Lakhs) | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions | Date(s) of approval by the Board and subsequent approvals by way of Postal Ballot/General Meetings | Amount paid as advances, if any: |
|-------|---|---|---|---|--|---|--|
| 1 | Agile Electric Sub Assembly Private Limited - Holding Company | Sale of goods and services | 497.63 | Year on year basis | Sale of components and parts | For sale and purchase: Necessary approvals were granted by the Audit Committee and Board Meetings held on 09/11/2017. Moreover the Public Shareholders of the Company approved by passing Ordinary Resolution through Postal Ballot on 10/02/2018. | Nil |
| | | Purchase of goods | 14.83 | Year on year basis | Purchase of components and parts | | Nil |
| | | Acquisition of Export Division | 13,562.82 | One time basis | Acquisition of Export Division under Slump sale (as going concern) | For Acquisition: Necessary approvals were granted at the Board Meeting held on 08/08/2018. Moreover the public shareholders of the Company by Ordinary Resolution passed through Postal Ballot on 20/09/2018, accorded their approval for said acquisition. | ₹ 60 Crores which was adjusted in sale consideration |



| S. No | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Value of contracts/ arrangements/ transactions (₹ in Lakhs) | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions | Date(s) of approval by the Board and subsequent approvals by way of Postal Ballot/General Meetings | Amount paid as advances, if any: |
|-------|--|---|---|---|--|---|----------------------------------|
| 2 | Igarashi Electric Works Limited, Japan | Service | 685.95 | One time basis | Procurement of services | For sale and purchase: Necessary approvals were granted by the Audit Committee and Board Meetings held as on 09/11/2017. Moreover the Public Shareholders of the Company approved by passing Ordinary Resolution through Postal Ballot on 10/02/2018. | Nil |
| | | Purchase of goods | 461.02 | Year on year basis | Purchase of components and spares | | |
| | | Acquisition of property, plant and equipment, intangible assets and capital WIP | 338.61 | One time basis | Procurement of Capital Goods and intangible assets | | |
| 3 | Igarashi Electric Works International Limited, Hong Kong | Sale of goods and services | 8,013.25 | Year on year basis | Sale of DC motors | As stated above | Nil |
| 4 | Igarashi Motoren GmbH, Germany | Sale of goods and services | 11,679.26 | Year on year basis | Sale of DC motors | As stated above | Nil |
| | | Acquisition of property, plant and equipment, intangible assets and capital WIP | 5.92 | | Purchase of components | | |
| 5 | Igarashi Motor Sales USA LLC, USA | Sale of goods and services | 27,692.70 | Year on year basis | Sale of DC motors | As stated above | Nil |

\$ Also refer Note 38 of Related Party Schedule to the Financial Statements

For and on behalf of the Board of Directors

Place: Chennai
Date: May 16, 2019

K K Nohria
Chairman

Particulars of Loans , Guarantees, or investments Pursuant to Section 134(g) of the Companies Act, 2013

A. Amount Outstanding as on March 31,2019

| Particulars | Amount (₹ Lakhs) | Purpose |
|------------------|------------------|----------|
| Loans given | Nil | Nil |
| Guarantees Given | Nil | Nil |
| Investments made | 3,413.05 | Business |

Refer Notes to Accounts given along with Financial Statements for the year ended March 31,2019.

B. Loans , Guarantees, Investments made during financial year 2018-19

| Sl. no | Name of the entity | Relation | Amount (₹ in Lakhs) | Particulars of Loans, Guarantees given or investments made | Purpose for which the loans, Guarantees and investments are proposed to be utilised |
|--------|---|-------------|---------------------|--|---|
| 1 | Betawind Farm Pvt Ltd | Not Related | 2.38 | Investments in 12,534 Equity Shares | Captive wind power Consumption |
| 2 | ICICI Prudential Mutual Fund and Tata Liquid Fund | Not Related | 1,254.05 | Investment in mutual fund | Better returns |

Refer Notes to Accounts given along with Financial Statements for the year ended March 31,2019.

For and on behalf of the Board of Directors

Place: Chennai
Date: May 16,2019

K K Nohria
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Automotive Trends & Market

Global Light Vehicle Sales for the Calendar Year 2018 was slightly lower than that in 2017 at 95 Million units. While the sales in 2018 during the period January 2018 to September 2018 were higher than the previous year, from October 2018 to March 2019 period, the Global Sales declined by 7%*. At the same time, sales in China and Europe declined by 13% and 10% respectively as compared to the previous year. Analysts attribute different factors for the sudden drop in Sales during the end of the year which include the economic impact due to the restrictive trade policies in China, issues of volatile regulatory environment in Europe and shift in customer preference patterns globally.

The key players in Global Automotive industry are gearing up for future mobility and drivers for the transformation include emissions, safety, electrification, autonomous driving, ride-sharing and connectivity.

While experts estimate that substantial investments in Electric Vehicles space have been incurred, the state of progress indicates that platforms in Hybrid Electric Vehicles and Internal Combustion Engines will continue to be an important focus for the next 10 years where downsizing and performance improvement will feature significantly.

Strong Hybrids based on fuel cells are also being worked upon by key players and the trajectory is expected to be known in the next years.

In the next 10 years, players look for substantial transformation in all key areas and the estimates of automotive volumes by 2030 vary from 105~115 Million units per year and experts estimate an average scenario of the penetration of Electric Vehicles is expected to be anywhere between 20-35% by 2030.

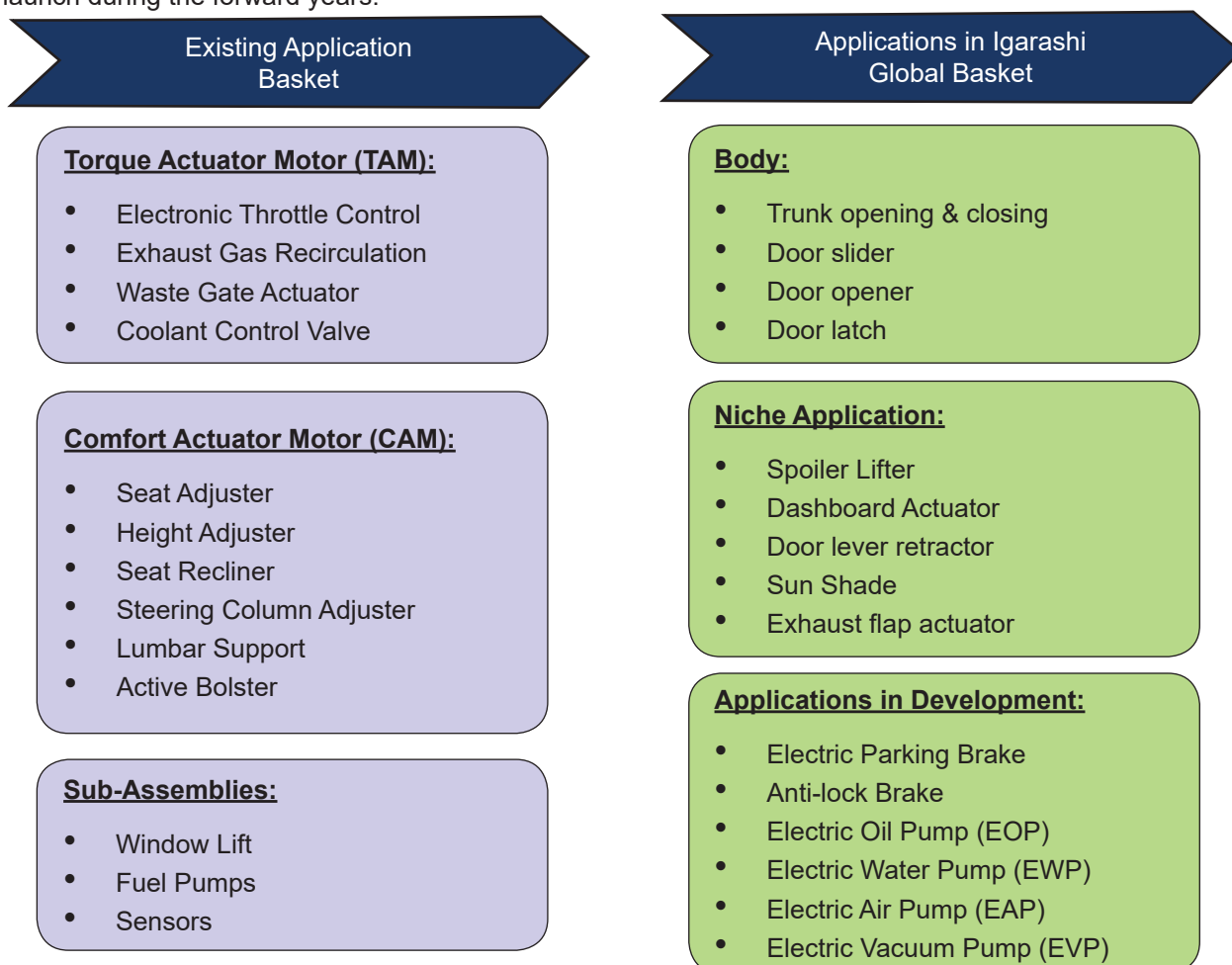
Electric Motors in Automotive

- Innovations and technological upgrades have created momentum to drive growth of electric motors in the automotive industry. With an average of 35 Electric Motors per vehicle globally today, up from 15 per vehicle 15 years ago, the market opportunity for Motors continues to be high.
- Demand for Brush DC Motors will continue to grow and Brushless DC Motors will increase its penetration in select applications like blowers, pumps, engine cooling, and power steering.
- Traction motors as main drive in the Electric Vehicles is being worked upon aggressively by key Tier-1 players and OEMs. Major players are working on multiple technologies to develop highly efficient traction motors with the help of superior materials and robust electronics. The most preferred solution today is that of a hybrid motor which embraces the technology of Switched Reluctance combined with Insert Permanent Magnet technology.
- European Union continues to lead on aggressive targets in emission control and fuel economy for an improvement by almost 50% in these aspects, USA & China are following the trend of improvement, thereby increasing the demand for electric motors and actuators that facilitate these targets.
- Usage of electric motors in Vision & Cleaning systems is also expected to increase due to adoption of wipers for rear-wind screen, headlight wipers and motors for windshield spray pump.
- Thermal management systems will also use more motors due to inclusion of Electric Oil Pump, Air Pump, Vacuum Pump and Water Pump.
- Comfort systems continue higher usage of Electric Motors for body, seats, and interiors. Key players estimate that a high-end vehicle will require over 20 motors per car for seat-specific applications. Applications include the different movements of the seat as well as lumbar supports and active bolsters.

* Source: LMC Automotive Report 2018

- Body systems and interiors continue to grow with trunk opening & closing device, door sliders, in-addition to the traditional window lift and door latch motors.
- Augmented Safety is increasing usage of electric motors for applications like Anti-lock Braking System, Electric Park Brake.
- Powertrain and chassis systems continue to account for high usage of Electric motors and these include starters, alternators, motors for under-the-hood actuators, all-wheel-drive, and power-steering.
- Niche applications like spoiler lifter, dashboard actuator, door lever retractor, sun-shade closure, exhaust flap actuator, are growing the usage of electric motors.
- Our Company has been developing Torque Actuator Motors (TAMs) & Comfort Actuator Motors (CAMs). During the year under review, we progressed considerably on technology solutions for the projects launched during the previous year which were awaiting validation approvals to take-off. Three key programs were successfully launched during the year which included motors for turbo-charger applications, new generation throttle bodies as well as motors that downsized actuators. These key launches being futuristic, it is planned that the volumes of these new programs will contribute to over a third of the total TAM volumes over the next 3 years.
- Focus continues on development of comfort motors with Europe centric customers for growing the existing business and industrializing these projects.

In addition, to the motors in our portfolio, we are working on the new blocks of applications in the below diagram for launch during the forward years.



Brushless DC (BLDC) Motors

- The technology in evolution of Electric Motors clearly indicates a strong impetus towards usage of Brushless DC Motors in many applications where Brush DC Motors, AC Induction Motors, and Universal Motors are being used currently.
- Key drivers for this trend include reduced energy use, long life, low noise, compact size and light weight characteristics. Inhibiting factors have been identified as costs, and performance of drivers & controllers. Technology developments in the area of Electronics to address the above are becoming visible and it is anticipated that with growing volumes in the future, the cost of electronics will become competitive over the next years, enabling extensive usage of BLDC Motors for multiple segments that include appliances, office equipment, and automotive.
- With increased focus in Electric Vehicles, including for the 2-Wheel, 3-Wheel & the 4-Wheel segment, usage of BLDC Motors as the main powertrain drivers for the vehicles is expected to be a strong focus.
- In Geographies like India, regulatory guidelines to drive energy efficiency will accelerate the usage of BLDC Motors which contribute to significant savings in energy consumption of appliances, where a significant penetration is expected to occur in substitution of conventional motors.
- We have worked extensively in developing robust drivers & controllers with superior performance in the air-flow segment and significant traction has been built in Brushless DC Motors for the Ceiling Fan application. Soft-launches have been made during the year with key players and responses are encouraging. Capacity for 1 Million motors has already been installed (as in the below picture) and expected to be significantly utilized from the middle of 2019. Work is progressing in other areas of BLDC Motor applications in the appliances, and automotive markets.



Experiences during the year

- The forecasts and estimates given to us by customers at the beginning of the year were robust and the plan was to achieve growth momentum during the year.
- An abrupt slowdown in Chinese automotive volumes from October 2018 triggered all global OEMs & Tier-1s to pull back estimates in China as well as other regions and prune down the pipeline for tight inventory controls during the end of the Calendar year.
- It was explained by customers that China being the most positive from Business point of view for all OEMs & Tier-1s, a slowdown in China caused them to be cautious and pull back in other geographies as well.
- Reduction in volumes due to both these phenomenon were experienced by us through the second half of the year, albeit with lesser volatility during the end of the financial year, when we saw a turnaround in the volume of the new programs that were launched during the year.

- As volumes and capacity utilization are key to our business, we rapidly responded to the unpredicted, changed market scenario and evolved necessary short-term aggressive plans to maintain business efficiency, which include:
 - Creating focused teams to improve techno-managerial efficiency
 - Adopting lean-ness across Value streams
 - Controlling and deferring expenditures
 - Consolidating infrastructure
 - Regular dialogues with supply-chain partners for joint cost improvement initiatives of bought-out parts
 - Key Customer focused desk to tap on additional opportunities and new programs
- Our team, together with all our global partners, have set out aggressive short and medium-term plans to transform rapidly and get back to the growth path.
- Such instances have been experienced by our Company during global downturns and then we have seen strong recoveries when the cycle turns. With new platforms and programs launched for the forward years with existing & new customers, our preparedness for volume growth in the forward years is already in place.
- With new infrastructure and additional capacity set up in the last 2 years, we have the ability to scale-up the volumes substantially in the next years with marginal investments.

Quality And Manufacturing Engineering

During the year, substantial efforts and actions were taken in the manufacturing engineering area where more than 100 projects were launched and completed during the year which contributed to quality improvements on the various production machinery and assembly lines. These projects also contributed to productivity improvement in select areas by reducing cycle times and improving human productivity.

Key focus areas were towards automating complex processes and improving quality in work-stations, by including automated vision systems and poka-yokes with the help of robotics and intelligence.

Three new lines were set-up with the new concepts in manufacturing and these are expected to deliver improved quality and productivity as their capacities get utilized.

Key customer audits and assessments have taken place and customers are impressed with the optimal approach of human and automation for quality and productivity for new volumes that will be launched in the coming years. They are keenly looking at launching new volumes in the near future.

One Igarashi

'One Igarashi' program was launched for global integration of all functions and locations of Igarashi group to harmonize and complement one-another for the future. Progress has been made over the last year to integrate the technology teams, customer program teams, manufacturing teams, and sourcing teams across the group which will manifest efficiency across the global Igarashi value streams.

With the footprint created in India and global trade uncertainties, Igarashi Electric Works Limited, Japan (parent) has increased focus to grow the business from India. Dialogues with Japanese Tier-1 companies have been initiated for deliveries of motor from India.

Integration of Agile Exports Division

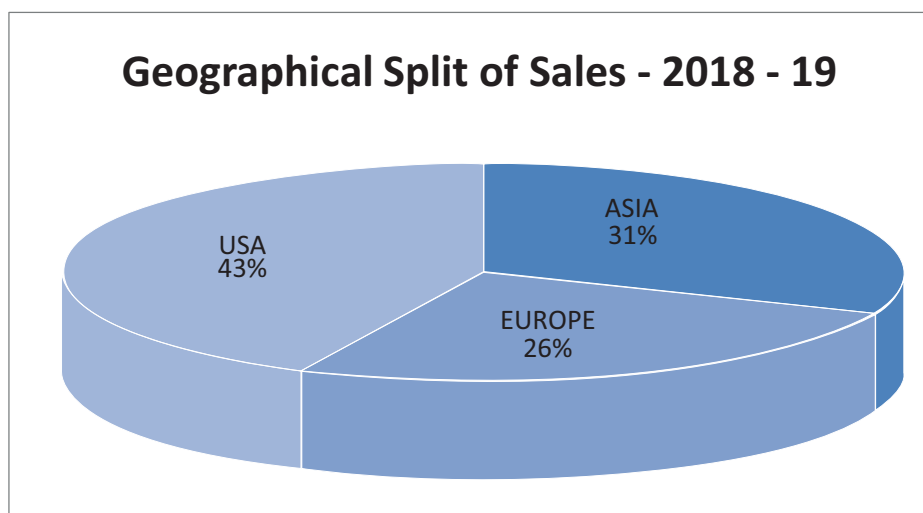
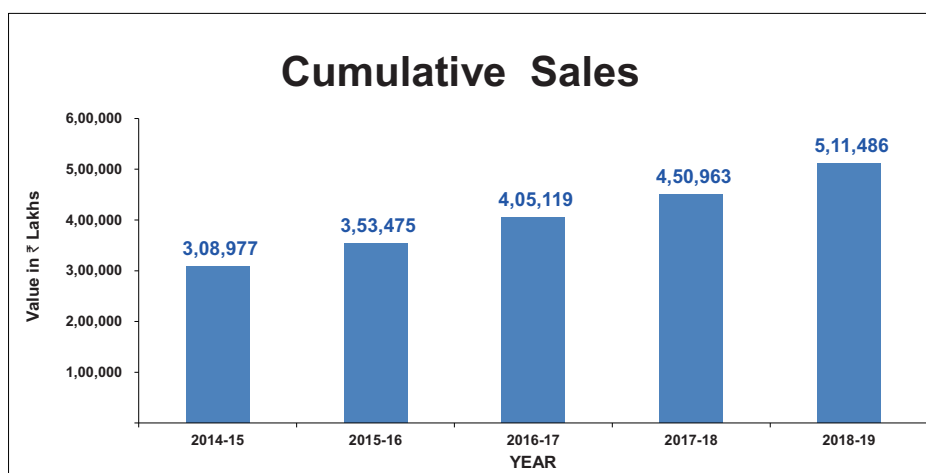
During the year, Exports division of Agile Electric Sub Assembly Private Limited (Agile) was combined with the company, thereby adding new products and applications to the portfolio.



High-end facilities of tool design & manufacturing, manufacturing engineering & line building, high precision polymer components, precision metal parts and stamped parts were added due to the integration.

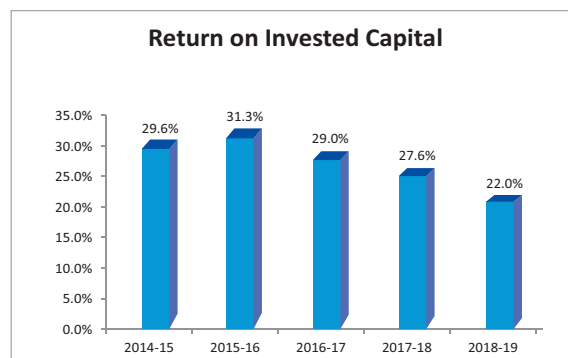
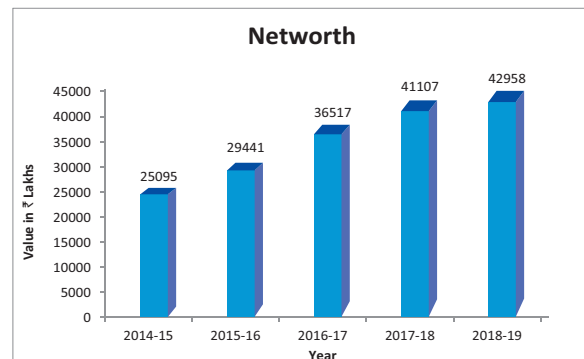
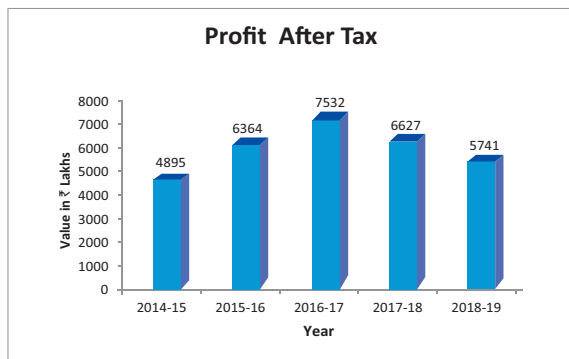
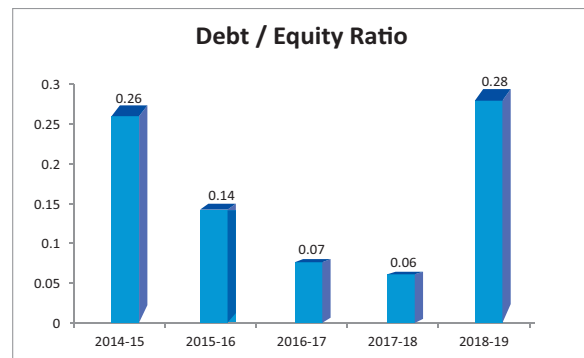
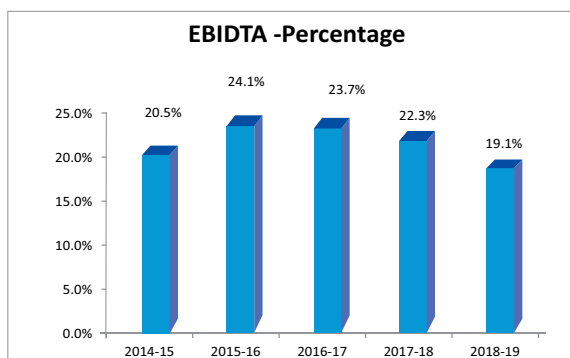
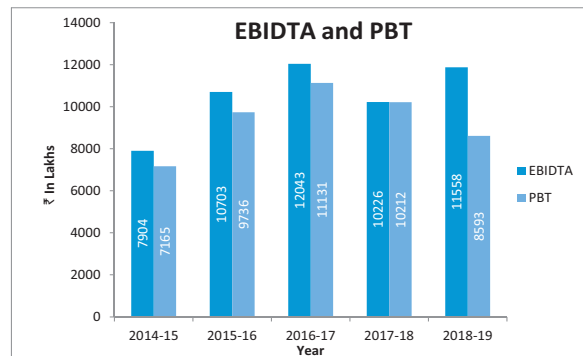
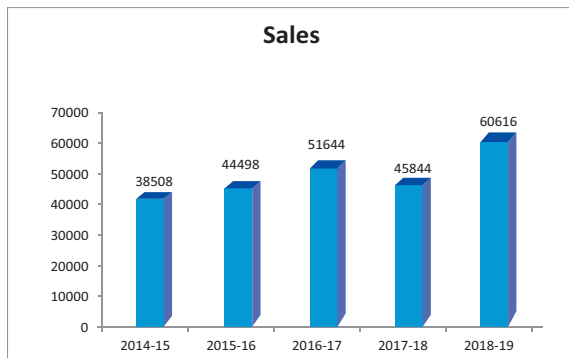
The above combination integrated key capabilities and facilities under our company and will contribute to tap new opportunities and improving competitiveness in the forward years.

PERFORMANCE 2018-19



| Key Ratios | FY 2018-19 | FY 2017-18 |
|-----------------------------|------------|------------|
| Debtors turnover | 4.28 | 4.44 |
| Inventory turnover | 9.82 | 12.44 |
| Interest coverage ratio | 6.82 | 53.01 |
| Current ratio | 1.30 | 2.49 |
| Debt equity ratio | 0.28 | 0.06 |
| Operating profit margin (%) | 19.1% | 22.3% |
| Net profit margin (%) | 9.5% | 14.5% |
| Return on Net Worth (%) | 13.4% | 16.1% |

PAST 5 YEARS PERFORMANCE



FY 2018-19 figures include Agile Exports Division for the full year.

The EBITDA, Return on Invested Capital and Debt Equity Ratio fell short due to Demand slowdown in the 2nd half and integration of Agile Exports Division respectively.

RISKS & CONCERNS

Your Company has formulated a Risk Management Policy which will guide the Risk Management Committee and the Internal Risk Management team to effectively manage the risks that the business faces. Risk management committee met on May 22, 2018. The Risk Management Committee consists of Mr. KK Nohria (Chairman), Mr.S.Radhakrishnan, Mr.Keiichi Igarashi and Mr. P.Mukund. The key risks that the business faces are enumerated as follows:

| Nature of Risk | Mitigation |
|---|---|
| Macro Global Risks <ul style="list-style-type: none"> Global Trade Relationships & Realignment Slowdown in Global Markets due to Economic / Political factors | <ul style="list-style-type: none"> Diversification of products and markets Strengthening customer relationship to align all resources in-line with markets for mutual benefit Exploring possibilities for non-organic growth and strategic alliances |
| Technology Risks <ul style="list-style-type: none"> Electrification & Autonomous Cars Changes in Consumer preferences like Ride sharing Changes in Product Technologies | <ul style="list-style-type: none"> Expanding band-width of products for Electric Vehicles and improving performance of existing products for Autonomous Cars Constantly upgrading technology of existing products for enhanced application requirements Aggressive introduction of BLDC Motors |
| Market Risks <ul style="list-style-type: none"> New entrants and aggression from existing players Geographical Localization of facilities Pricing Pressures from Customers Tier-2 players migrating to Tier-1 in Automotive space Customer/ Geography concentration | <ul style="list-style-type: none"> Improve co-operation with customers by offering multiple value propositions on products and services Real-time monitoring of logistics pipeline and global ware-houses to ensure Just-In-Time availability to customers at all locations Continuous cost-competitive actions across value-stream and offer higher performance products to remain preferred supplier to customers New customers and new geographies to be pursued in the business mix regularly |
| Operational Risks <ul style="list-style-type: none"> Stringent Quality Requirements with new performance specifications. Supply Chain Security Manufacturing Automation Capital Expenditure and Capacity Skilled Human Resources | <ul style="list-style-type: none"> Robust FMEA processes in Design/ Development and Process/ Manufacturing Lines to address superior demands in performance and quality of products Strengthen relationships with key supply-chain partners and focus strongly on in-house manufacturing where capacities and capabilities are available Increase low-cost automation and robotics on manufacturing lines with minimal investment Flexible higher capacities to use same line for multiple products and multiskilling of human resources. |

| | |
|--|--|
| Financial Risks <ul style="list-style-type: none"> • Financial Stability • Liquidity and Capital Access • Foreign Exchange fluctuation • Commodity Price movements; • Product Liability and Warranty | <ul style="list-style-type: none"> – Maintain low levels of leverage and continuous dialogues with financial institutions – Entering into Forward Contracts in-line with the hedging policy – Arrangement of pass-through mechanisms for commodity price movements – Optimal coverage of liability insurance in-line with industry practices and customer requirements |
| Cyber Security Risks <ul style="list-style-type: none"> • Threat of cyber attacks • Protection of IT systems and data | <ul style="list-style-type: none"> – Internal Control Measures taken to protect networks, computers, programs, and data; – Cyber Security Threat Audits by external Experts at regular intervals; |
| Health Environment and Safety Risks | <ul style="list-style-type: none"> – Complying with regulatory and customer requirements on Environment requirements & Global sustainability policies – Planned wellness programs for all employees – Ensuring work safety practices with periodic audits |

Best efforts have been put for the above mitigation plans with a caveat that, they may not be realized completely for reasons beyond control.

SEGMENT WISE/ PRODUCT WISE PERFORMANCE

Your Company is engaged in the business of auto components for automobiles. This is only one segment, hence there is no segment wise reporting.

INTERNAL CONTROL SYSTEMS & ADEQUACY

Your Company has an adequate system of internal controls to ensure that transactions are properly authorised, recorded, and reported, apart from safeguarding its assets. The internal control system is supplemented by well documented policies and procedures and reviews carried out by the Company's Internal Auditor which submits reports periodically to the Management and the Audit Committee of the Board.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Your Company recognizes importance of leadership, technical and behavioural development for employees across the Company. Your Company continues to provide training programs for employees to hone their skills of technical as well as soft skills. Your Company has total employee strength of 790 out of which majority are women employees.

CAUTIONARY STATEMENT

This report contains forward-looking statements. All such statements are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied depending on the circumstances.

For **IGARASHI MOTORS INDIA LIMITED**

Place: Chennai
Date: May 16, 2019

P Mukund
Managing Director
DIN No. 00007788



Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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]

To,
The Members,
IGARASHI MOTORS INDIA LIMITED
Plot No. B-12, B-15,
Phase-II, MEPZ-SEZ, Tambaram,
Chennai – 600 045

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Igarashi Motors India 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 Igarashi Motors India Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the management, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on 31st March, 2019 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 Igarashi Motors India Limited for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

- e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. The Special Economic Zones Act, 2005
- vii. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- viii. Other laws applicable to the Company as per the representations made by the Management.

With respect to Fiscal laws such as Income Tax, Value Added Tax, Central Excise Act and Service Tax Rules, Goods and Services Tax we have reviewed the systems and mechanisms established by the Company for ensuring compliances under various acts and based on the information and explanation provided to us by the management and officers of the company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India have been generally complied with.

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

During the period under review there were no events which required specific compliance of the provisions of

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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



We further report that during the audit period, the following significant events have taken place:

1. APPOINTMENT OF MR. K K NOHRIA AS NON EXECUTIVE NON INDEPENDENT DIRECTOR:

Mr. K K Nohria was appointed as Non Executive Non Independent Director in the Board with effect from 23rd July 2018.

2. ISSUE OF BONUS SHARES:

The Company has allotted 866,604 equity shares to the members of the company other than the promoter and promoter group on 29th September 2018.

3. DECLARATION OF DIVIDEND:

The Company has declared and paid a dividend of ₹ 6 per Equity Share as Final Dividend for the financial year ended March 31, 2018.

4. ACQUISITION OF EXPORT DIVISION OF AGILE ELECTRIC SUB ASSEMBLY PRIVATE LIMITED :

The Company has acquired Exports Division of Agile Electric Sub Assembly Private Limited as going concern (by way of Slump Sale) together with all its employees as well as assets and liabilities including all concerned licences, permits, consents and approvals with effect from October 1, 2018 for a purchase consideration of ₹ 135.62 Crores.

5. REAPPOINTMENT OF Mr. P. MUKUND AS MANAGING DIRECTOR:

Mr. P Mukund was Re-appointed as Managing Director of the Company for 5 years with effect from 01st April 2019.

For BP & Associates
Company Secretaries

C Prabhakar
Partner

M No: A30433
CP No: 11033

Date : May 16,2019
Place: Chennai

'ANNEXURE A'

To
The Members,
IGARASHI MOTORS INDIA LIMITED,
Plot No.B-12, B-15, Phase-II, MEPZ-SEZ,
Tambaram, Chennai- 600 045

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BP & Associates
Company Secretaries

C Prabhakar
Partner
M No: A30433
CP No: 11033

Date : May 16,2019
Place: Chennai



**SECRETARIAL COMPLIANCE REPORT OF IGARASHI MOTORS INDIA LIMITED
FOR THE YEAR ENDED 31ST MARCH 2019 AS PER SEBI (LISTING) REGULATION 2015**

To
IGARASHI MOTORS INDIA LIMITED,
Plot No.B-12, B-15, Phase-II, MEPZ-SEZ,
Tambaram, Chennai- 600 045

We have examined:

- a) all the documents and records made available to us and explanation provided by IGARASHI MOTORS INDIA LIMITED
- b) the filings/ submissions made by the listed entity to the stock exchanges,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification for the year ended 31st March 2019 ("Review Period") in respect of compliance with the provisions of :
 - i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - ii) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- iii) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- iv) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- v) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- vi) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder; and based on the above examination, I/We hereby report that, during the Review Period :

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sr.No | Compliance Requirement | Deviations | Observations/ Remarks |
|-------|------------------------|------------|-----------------------|
| 1 | Nil | Nil | Nil |

- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

- c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

| Sr.No | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks |
|-------|-----------------|----------------------|---|-----------------------|
| NIL | | | | |

- d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr.No | Observations in the previous reports | Observations made in the secretarial compliance report for the year ended 31 st March 2018 | Actions taken by the listed entity, if any | Comments on the actions taken by the listed entity |
|-------|---|---|---|--|
| NIL | | | | |

For BP & Associates
Company Secretaries

C Prabhakar
Partner
M No: A30433
CP No: 11033

Date : May 16, 2019
Place: Chennai



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

Igarashi Motors India Limited

Plot No.B-12 to B-15, Phase-II, MEPZ-SEZ

Tambaram, Chennai - 45.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IGARASHI MOTORS INDIA LIMITED having CIN L29142TN1992PLC021997 and having registered office at Plot No.B-12, B-15,Phase-II,Mepz, Tambaram, Chennai -45 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| SR. NO. | NAME OF DIRECTORS | DIN | DATE OF APPOINTMENT IN COMPANY |
|---------|----------------------------|----------|--------------------------------|
| 1 | Mr. P Mukund | 00007788 | 12/07/1999 |
| 2 | Mr. K K Nohria | 00060015 | 23/07/2015 |
| 3 | Mr. Hemant M Nerurkar | 00265887 | 23/06/2014 |
| 4 | Mr. Keiichi Igarashi | 00356779 | 17/07/2003 |
| 5 | Mr. S Radhakrishnan | 01246033 | 23/06/2014 |
| 6 | Mrs. Eva Maria Rosa Schork | 07159550 | 28/01/2016 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BP & Associates

Company Secretaries

Date : 16th May, 2019

Place: Chennai

C Prabhakar

Partner

M No: A30433

CP No: 11033

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has constituted a Corporate Social Responsibility committee (CSR) pursuant to provisions of Section 135 of The Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided herein below:

1. A brief outline of the Company's CSR policy

Our Corporate Social Responsibility program is based on to promote women skill development, Environment protection and other activities covered under Schedule VII of the Companies Act, 2013

The Company's CSR policy has been uploaded on the website of the Company under the web link: http://www.igarashimotors.com/uploads/investor/pdf/14531240404IMIL-CSR_Policy.pdf

2. The Composition of the CSR Committee

The composition of the CSR Committee comprises following directors as members:

- a) Mr. K K Nohria, (Chairman), Non-Executive, Non-Independent Director
- b) Mr. Hemant M Nerurkar, Member, Non-Executive, Independent Director
- c) Mr. S. Radhakrishnan, Member, Non-Executive, Independent Director
- d) Mr. P. Mukund, Member, Executive, Managing Director

3. Average profit (PBT) of the company for last three financial years

₹ 10,359.50 Lakhs (2015-16, 2016-17, 2017-18)

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

₹ 207.19 Lakhs

5. Details of CSR spent during the financial year 2018-19

- a) Total amount to be spent for the financial year: ₹ 207.19 Lakhs
- b) Amount unspent, if any: Nil
- c) Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|--|--|--|---|--|--|--|
| S.No | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) local area or other area (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹ in Lakhs) | Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads - (₹ in Lakhs) | Cumulative Expenditure upto to the reporting period – (₹ in Lakhs) | Amount spent : Direct or through implementing agency* |
| 1. | Promoting Civic Learning among children | Education | 3,000 school students in Chennai, Tamil Nadu as part of I Change My City Program | 25.32 | 25.32 | 25.32 | Through Janagraha Centre for Citizenship and Democracy |
| 2 | Cancer awareness Project | Health | All over India | 30.39 | 30.39 | 30.39 | Through Indian Cancer Society |
| 3 | Multiple Sclerosis Patient Care | Health | All over India | 5.00 | 5.00 | 5.00 | Through Multiple Sclerosis Society of India |
| 4 | Prime Ministers National Relief Fund (PMNRF) | For medical assistance, floods, drought, terrorist violence and other such unforeseen occurrences, with a reserve for emergencies. | All over India | 139.50 | 139.50 | 139.50 | Direct (PMNRF) |
| 5 | MEPZMA Health Center | Health | MEPZ- SEZ Chennai, Tamil Nadu | 10.00 | 10.00 | 10.00 | MEPZ Manufacturers Association |
| 6 | PMNRF | For medical assistance, floods, drought, terrorist violence and other such unforeseen occurrences, with a reserve for emergencies. | All over India | 0.50 [§] | 0.50 | 0.50 | Direct (PMNRF) |
| Total | | | | 210.71 | 210.71 | 210.71 | |

§ Revised CSR fund of FY 2017-18, balance amount was spent during the year

6. Reasons for not spending the prescribed amount

Not applicable

7. Responsibility statement of the CSR Committee

We hereby affirm that the implementation and monitoring of CSR activities is in compliance with CSR objectives and CSR Policy of the Company

On behalf of the CSR Committee of the Board

K K Nohria

Chairman of the CSR Committee

P Mukund

Member of the CSR Committee

Place: Chennai

Date: May 16, 2019



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to adopt the best Global practices of Corporate Governance. Corporate Governance envisages commitment of the Company towards the attainment of high levels of transparency, accountability and equity with the ultimate objective of increasing long-term shareholder value, keeping in view the needs and interests of all other stakeholders.

Your Company also believes that good Corporate Governance makes good business sense. As such your Company not only complies with all the requirements of Corporate Governance Under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 [Listing Regulations] but follows it in spirit also.

During the year ended 31st March, 2019, your Company had complied with the provisions set out on Corporate Governance Practices required under Listing Regulations.

2. BOARD OF DIRECTORS

As on 31st March, 2019 the Board of Directors comprised the Managing Director and 5 Non-Executive Directors

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors, which is in conformity with the Listing Regulations as of the year ended 31st March 2019, the Board consists of 6 Directors comprising One Executive Director, Three Non-Executive -Non Independent and Two Independent Directors. The Chairman of the Board is a Non-Executive, Non-Independent Director.

During the year, Six Board Meetings were held on 22nd May, 2018, 08th August, 2018, 14th September, 2018, 09th November, 2018, 13th February, 2019 and 29th March, 2019.

The particulars of Directors, their attendance during the financial year 2018-2019 and also other Directorships and Board Committee Representations of Public Limited Companies are as under:

| Name of Director & Designation | Category | Attendance | | Other Board Representations | |
|-----------------------------------|----------------------------------|----------------|----------|---|-------------------------------|
| | | Board Meetings | Last AGM | Directorship in Indian Public Companies | Committees \$ |
| Mr. K.K.Nohria * Chairman | Non-Executive Non-Independent | 5 | Yes | 7 | 6 (Member) |
| Mr. P.Mukund Managing Director | Promoter- Executive | 6 | Yes | Nil | 1 (Member) |
| Mr. Hemant M Nerurkar | Non-Executive Independent | 6 | Yes | 7 | 3 (Member) 3 (Chairperson) |
| Mr. S.Radhakrishnan | Non-Executive Independent | 6 | Yes | Nil | 1 (Member) 1 (Chairperson) |
| Mr. Keiichi Igarashi | Non-Executive Non-Independent | 2 | NO | 1 | Nil |
| Mrs. Eva Maria Rosa Schork | Non-Executive Non Independent | 4 | NO | Nil | Nil |

* Re-appointed as Non-Independent & Non-Executive Director with effect from 23rd July, 2018.

\$ Committees considered are Audit Committee & Stakeholders' Relationship Committee including of Igarashi Motors India Limited.

Name of the other listed entities in which imil director having directorship and their category of directorship:

1. Mr. K.K.Nohria

| S.No | CIN | Company Name | Category Of Directorship |
|------|-----------------------|--------------------------------|--|
| 1 | L74140PN1986PLC041033 | Accelya Kale Solutions Limited | Non-Executive - Independent Director. |
| 2 | L99999MH1982PLC026191 | Pradeep Metals Limited | Non-Executive - Non Independent Director |

2. Mr. Hemant M Nerurkar

| S.No | CIN | Company Name | Category Of Directorship |
|------|-----------------------|---|---------------------------------------|
| 1 | L31900MH2015PLC262254 | Crompton Greaves Consumer Electricals Limited | Non-Executive - Independent Director. |
| 2 | L51100GJ1993PLC019067 | Adani Enterprises Limited | Non-Executive - Independent Director |
| 3 | L72200TG1990PLC011146 | NCC Limited | Non-Executive - Independent Director |

None of the other four directors of the company have directorship in any other listed entity except above mentioned Directors.

During the year Mr. K.K. Nohria had acquired 5000 shares in tranches through Secondary Market and other Non-executive Directors of the Company are not holding any equity shares or convertible instruments of the Company during the financial year ended 31st March, 2019. None of the Directors had any relationships inter-se.

During the year, separate meeting of the Independent Directors was held on 22nd May 2018 without the attendance of non-independent directors and members of the management. All Independent Directors attended the said meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Our company has imparted familiarization programme to Non Executive – Independent Directors and the web link of the same is as under:

http://www.igarashimotors.com/uploads/investor/pdf/14605431993Independent_Director-_Familiarization_Programme.pdf



Board Skill Matrix :-

| Skill & Experience | No. of Directors |
|--|------------------|
| A) Governance & Industry Skills | |
| 1) <u>Executive & International Leadership</u> Senior Executive experience, international leadership experience in Global markets, exposed to a range of political, cultural, regulatory and business environments | 6 |
| 2) <u>Financial Acumen</u> Senior Executive experience in financial accounting & reporting, Corporate Finance, Risk and Internal Controls | 6 |
| 3) <u>Strategy</u> Experience in developing, implementing, and challenging a plan of action designed to achieve the long term goals of an organization, mergers & acquisitions and implementation | 6 |
| 4) <u>Automotive Industry / Automotive Commodity Industry / Motor Industry (AC/DC)</u> Senior Executive Experience in Automotive / Commodity / Motor (AC/DC) industry with an understanding of Group Strategy, markets, competitors operational issues, technology, and Regulatory concerns | 6 |
| B) Human Resource & Development Skills | |
| 5) <u>Remuneration & Selection of Board members</u> Board remuneration committee membership or management experience in relation to selection , remuneration of senior management, incentive programs, legislation contractual frame work governing remuneration | 5 |
| 6) <u>Learning & Development</u> experience relating to education and growth of knowledge base , | 6 |
| C) Other Skills | |
| 7) <u>Work, Health , safety , Information Technology and sustainability</u> Experience related to health, safety, environment, Social Responsibility, Information Technology and Sustainability | 4 |
| 8) <u>Governance & Board</u> Prior experience as a Board Member, Industry or membership of Governance bodies | 6 |
| 9) <u>Regulatory and Public Policy</u> legal background or experience in regulatory and public policy | 4 |

3. AUDIT COMMITTEE: MANDATORY COMMITTEE

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, as applicable, besides other terms as referred by the Board of Directors.

The role includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, reappointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by Statutory Auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board for approval; approval or any subsequent modification

of any transactions of the Company with related parties; internal audit reports; review and monitor the auditor's independence and performance and effectiveness of audit process; scrutiny of inter corporate loans and investments, if any; evaluation of Internal Financial Controls and risk management system; Review of Statutory Compliances and reviewing the functioning of the whistle blower mechanism.

Mr. Hemant M Nerurkar, an Independent Non-Executive Director, is the Chairman of Audit Committee. Mr.S. Radhakrishnan an Independent Director and Mr. K K Nohria, Non-Independent Non-Executive Director are members of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

During the year, the Audit Committee met four times on 22nd May 2018, 08th August 2018, 09th November 2018 and 13th February 2019.

The details of attendance of each member of the Committee are as follows:

| Name of the Director | No of Meetings Attended |
|----------------------------------|-------------------------|
| Mr. Hemant M Nerurkar (Chairman) | 4 |
| Mr. S Radhakrishnan | 4 |
| Mr. K K Nohria | 3 |

4. NOMINATION AND REMUNERATION COMMITTEE: MANDATORY COMMITTEE

Pursuant to Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013 the Company has constituted a Nomination and Remuneration Committee.

The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; and identification of 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 of their appointment/ noting and removal.

Mr. S. Radhakrishnan, Independent Non-Executive Director, is the Chairman of the Committee. Mr. Hemant M Nerurkar, Independent Non-Executive Director and Mr. K K Nohria, Non-Independent Non-Executive Director are the members of Committee.

During the year, the Nomination and Remuneration Committee met three times on 22nd May 2018, 13th February 2019 and 29th March, 2019.

The details of attendance of each member of the Committee are as follows:

| Name of the Director | No of Meetings Attended |
|--------------------------------|-------------------------|
| Mr. S Radhakrishnan (Chairman) | 3 |
| Mr. Hemant M Nerurkar | 3 |
| Mr. K K Nohria | 3 |

Performance Evaluation

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors who are subject to evaluation had not participated



5. REMUNERATION OF DIRECTORS

a) Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive & Independent Directors other than payment of sitting fees to them for attending Board and Committee meetings and Commission as approved by members for their invaluable services to the Company.

b) Details of Remuneration paid to Directors

| Name of the Director | Sitting Fee * (₹ in Lakhs) | Salary (₹ in Lakhs) | Perquisites (₹ in Lakhs) | Performance Incentive/ Commission (₹ in Lakhs) | Other Allowances (₹ in Lakhs) | Total (₹ in Lakhs) |
|--|-------------------------------|------------------------|-----------------------------|--|----------------------------------|-----------------------|
| Mr. P Mukund, Managing Director | N.A | 84.80 | 22.28 ^{\$} | 0 | 0 | 107.08 |
| Mr. K K Nohria, Chairman | 4.50 | 0 | 0 | 8.00 | 0 | 12.50 |
| Mr. Hemant M Nerurkar, Independent Director | 5.25 | 0 | 0 | 4.00 | 0 | 9.25 |
| Mr. S Radhakrishnan, Independent Director | 5.25 | 0 | 0 | 4.00 | 0 | 9.25 |

\$ Includes leave encashment

* includes sitting fees paid for Board & Committee meeting & remuneration FY 2018-19

The Payment of remuneration to the Managing Director is governed by the resolution recommended by the Board and approved by the Shareholders. The appointment of Managing Director is normally done for 3 to 5 years.

The Non-executive directors are paid remuneration based on their contribution and current trends. Sitting fees is paid for attending each meeting of the Board and Committees thereof. Additionally, the Non-Executive Directors are entitled to remuneration up to an aggregate limit of 0.50% per annum of the net profits of the Company as approved by the members at the 22nd Annual General Meeting held on July 30, 2014. Within the aforesaid limit, the commission payable is determined by the Board Non-Executive Directors.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE: MANDATORY COMMITTEE

The Stakeholders Relationship Committee oversees, inter-alia, redressal of shareholder and investor grievances, transfer/ transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation / rematerialization of shares and related matters.

Mr. S. Radhakrishnan, Independent Non-Executive Director, is the Chairman of the Committee. Mr. P Mukund, Managing Director, Non-Executive Independent Director Mr. Hemant M Nerurkar and Non- Executive Non-Independent Mr. K K Nohria are the members of Committee.

Mr. P Dinakara Babu, Company Secretary, acts as the Compliance Officer to the Committee.

During the year, the Stakeholders Relationship Committee met four times on 22nd May 2018, 08th August, 2018, 09th November, 2018 and 13th February, 2019.

The details of attendance of each member of the Committee are as follows:

| Name of the Director | No of Meetings Attended |
|--------------------------------|-------------------------|
| Mr. S Radhakrishnan (Chairman) | 4 |
| Mr. P Mukund | 4 |
| Mr. Hemant M Nerurkar | 4 |
| Mr. K K Nohria | 3 |

During the year 2018-2019, the Company received 7 complaints from the investors. As on 31st March 2019, there were no investor grievances pending and no transfers were pending for approval.

7. GENERAL BODY MEETINGS

A) Particulars of Annual General Meetings (AGM) held during last three years:

| Financial Year | Date | Venue | Time | Special Resolutions Passed |
|----------------|----------------------------------|---|----------|---|
| 2017-18 | 14 th September, 2018 | Welcome Hotel (Formerly 'Hotel Chola') Cathedral Road, Chennai - 600 086. | 2.00 P.M | Approval for Appointment of Mr. K K Nohria (DIN: 00060015) as Non Executive, Non Independent Director, liable to retire by rotation. |
| 2016-17 | 02 nd August 2017 | Hotel My Fortune Chennai (Formerly 'Hotel Chola'), Cathedral Road, Chennai - 600 086. | 3.00 P.M | Approval for Re-appointment of Mr. Hemant M Nerurkar as an Independent Director Approval for Re-appointment of Mr. S Radhakrishnan as an Independent Director Approval for ESOP 2017 Approval for ESOP 2017 to the Employees of the Holding Company Approval of amendment of Articles of Association of the Company |
| 2015-16 | 04 th August 2016 | Hotel Savera, 146, Dr. Radhakrishnan Road, Chennai – 600 004 | 3.00 P.M | Nil |

Meeting initially scheduled on August 8, 2018 was postponed to September 14, 2018 due to public holiday declared by the Government of Tamil Nadu

B) Extra Ordinary General Meeting held during the year- None

C) Details of Special Resolutions passed last year through Postal Ballot- Yes

Postal Ballot was passed on 20th September, 2018 by the shareholders on the following matter-

1. To approve issue of Bonus Shares – Special Resolution
2. To approve Material Related Party Transaction – Acquisition of Export division of Agile Electric Sub Assembly Private Limited – Ordinary Resolution

D) Person who conducted the Postal Ballot exercise – Mr. S Bhaskar, Partner , BP & Associates, Practising Company Secretaries, (Membership No. A10798 & C.P No. 8315)

E) Details of Special Resolution was proposed to be conducted through postal ballot : N.A

F) Procedure for Postal Ballot : Not Applicable



8. MEANS OF COMMUNICATION

During the year under reference, quarterly results were published in widely circulating national and local daily newspapers such as the Business Standard (English) and The Tamil Hindu (Tamil). These were not sent individually to the shareholders. The quarterly and the annual results of the company are made available online filing to the stock exchanges on which the company's shares are listed, immediately after of closure of meeting of the Board of Directors. The said results were also posted on the website of the Company viz. www.igarashimotors.com. The Management's Discussion and Analysis forms part of the Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

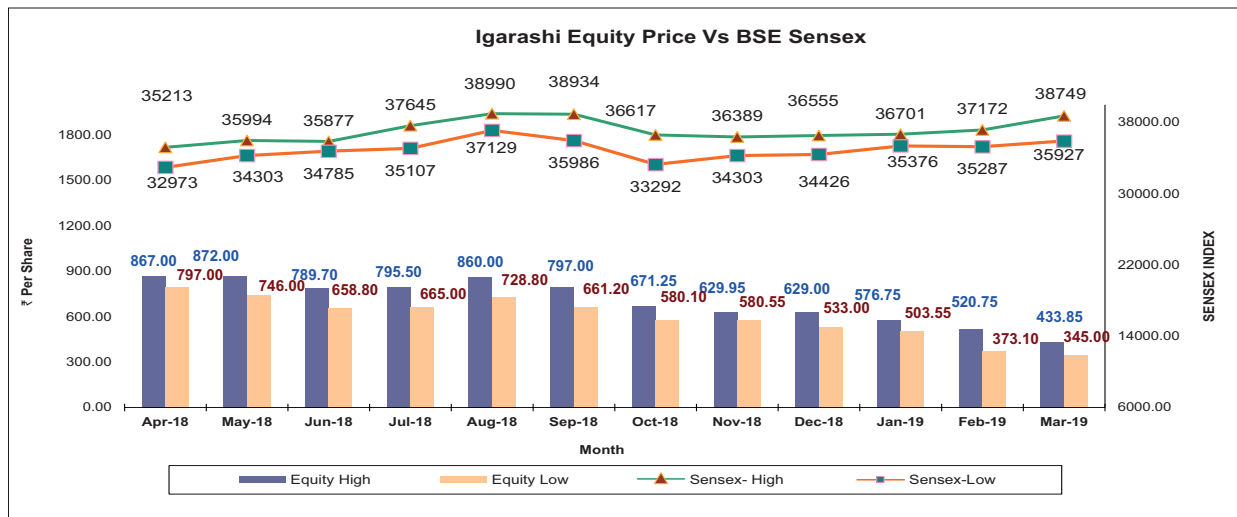
- i) Annual General Meeting (AGM)
- | | | |
|-------|---|--|
| Date | : | Thursday, August 08, 2019 |
| Venue | : | WELCOME HOTEL, (Formerly 'Hotel Chola') Cathedral Road, Chennai - 600 086. |
| Time | : | 3.00 PM |
- ii) Financial Calendar
- | | | |
|------------------------------------|-----------------------------------|-------------------|
| : | 1st April 2018 to 31st March 2019 | |
| a) First Quarter Results | : | August 08, 2018 |
| b) Second Quarter Results | : | November 09, 2018 |
| c) Third Quarter Results | : | February 13, 2019 |
| d) Last quarter Results and Annual | : | May 16, 2019 |
- iii) Date of Book Closure
- | | |
|---|------------------------------------|
| : | August 01, 2019 to August 08, 2019 |
|---|------------------------------------|
- iv) Dividend Payment Date
- | | |
|---|-----------------------------|
| : | On or after August 16, 2019 |
|---|-----------------------------|
- v) Listing on Stock Exchange
- | | |
|---|--|
| : | The Company's Shares are Listed on: |
| | 1. Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy towers Dalal Street, Mumbai – 400023. |
| | 2. National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th Floor, G-Block, Bandra Kurla Complex, Bandra (West), Mumbai – 400051. |
- vi) Listing Fee
- | | |
|---|--|
| : | The Listing fee of all the stock exchanges for the Year 2019-2020 has already been paid. |
|---|--|
- vii) Stock Code
- | : | <table border="1"> <thead> <tr> <th>Serial No</th> <th>Name of the Stock Exchange</th> <th>Stock Code</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>National Stock Exchange</td> <td>IGARASHI</td> </tr> <tr> <td>2</td> <td>Bombay Stock Exchange</td> <td>517380</td> </tr> </tbody> </table> | Serial No | Name of the Stock Exchange | Stock Code | 1 | National Stock Exchange | IGARASHI | 2 | Bombay Stock Exchange | 517380 |
|-----------|---|------------|----------------------------|------------|---|-------------------------|----------|---|-----------------------|--------|
| Serial No | Name of the Stock Exchange | Stock Code | | | | | | | | |
| 1 | National Stock Exchange | IGARASHI | | | | | | | | |
| 2 | Bombay Stock Exchange | 517380 | | | | | | | | |
- viii) International Securities identification Number (ISIN)
- | | |
|---|----------------------------|
| : | INE188B01013 (NSDL & CDSL) |
|---|----------------------------|

ix) Market Price Data

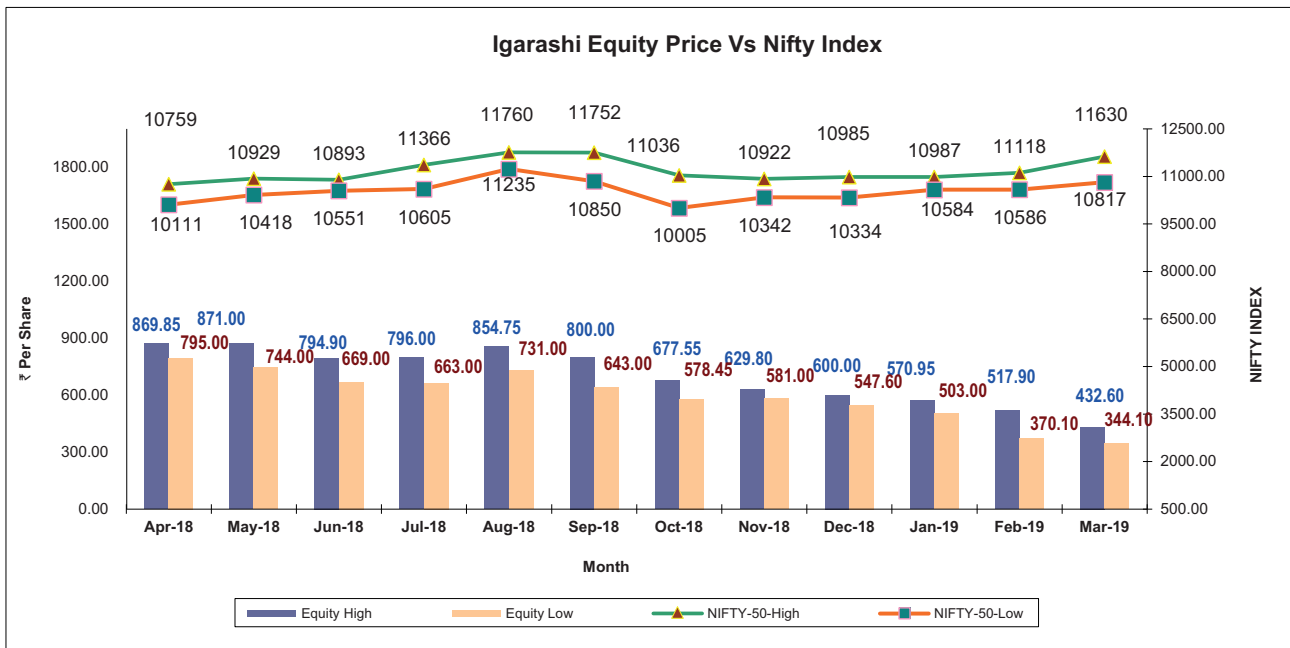
:

SHARE PRICE VS BSE SENSEX

| MONTH | IGARASHI 18-19 | | BSE SENSEX 18-19 | |
|--------|-----------------|----------------|------------------|------------|
| | Equity High (₹) | Equity Low (₹) | SENSEX-High | SENSEX-Low |
| Apr-18 | 867.00 | 797.00 | 35213.30 | 32972.56 |
| May-18 | 872.00 | 746.00 | 35993.53 | 34302.89 |
| Jun-18 | 789.70 | 658.80 | 35877.41 | 34784.68 |
| Jul-18 | 795.50 | 665.00 | 37644.59 | 35106.57 |
| Aug-18 | 860.00 | 728.80 | 38989.65 | 37128.99 |
| Sep-18 | 797.00 | 661.20 | 38934.35 | 35985.63 |
| Oct-18 | 671.25 | 580.10 | 36616.64 | 33291.58 |
| Nov-18 | 629.95 | 580.55 | 36389.22 | 34303.38 |
| Dec-18 | 629.00 | 533.00 | 36554.99 | 34426.29 |
| Jan-19 | 576.75 | 503.55 | 36701.03 | 35375.51 |
| Feb-19 | 520.75 | 373.10 | 37172.18 | 35287.16 |
| Mar-19 | 433.85 | 345.00 | 38748.54 | 35926.94 |

**SHARE PRICE VS NSE NIFTY 50**

| MONTH | IGARASHI | | NIFTY 50 | |
|--------|-----------------|----------------|---------------|--------------|
| | Equity High (₹) | Equity Low (₹) | NIFTY-50-High | NIFTY-50-Low |
| Apr-18 | 869.85 | 795.00 | 10759.00 | 10111.30 |
| May-18 | 871.00 | 744.00 | 10929.20 | 10417.80 |
| Jun-18 | 794.90 | 669.00 | 10893.25 | 10550.90 |
| Jul-18 | 796.00 | 663.00 | 11366.00 | 10604.65 |
| Aug-18 | 854.75 | 731.00 | 11760.20 | 11234.95 |
| Sep-18 | 800.00 | 643.00 | 11751.80 | 10850.30 |
| Oct-18 | 677.55 | 578.45 | 11035.65 | 10004.55 |
| Nov-18 | 629.80 | 581.00 | 10922.45 | 10341.90 |
| Dec-18 | 600.00 | 547.60 | 10985.15 | 10333.85 |
| Jan-19 | 570.95 | 503.00 | 10987.45 | 10583.65 |
| Feb-19 | 517.90 | 370.10 | 11118.10 | 10585.65 |
| Mar-19 | 432.60 | 344.10 | 11630.35 | 10817.00 |



x) Registrar and share Transfer Agent: : Cameo Corporate Services Ltd
 “Subramanian Building”
 1, Club House Road, Chennai – 600002
 Phone: + 91-44-28460390
 Fax No.: +91-44-28460129
 E-mail: investor@cameoindia.com / investor3@cameoindia.com

xi) Share Transfer system:

The Company’s shares are in compulsory Dematerialization Segment. Transfers in physical form are registered within a period of 15 days from the date of receipt, provided the documents are complete and the shares under transfer are not in dispute. The share certificates duly endorsed are being immediately dispatched after effecting transfer. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

xii) Distribution schedule as on 31st March 2019:

| Category | No of Shareholders | Percentage | No of Shares | Percentage |
|----------------|--------------------|------------|--------------|------------|
| Upto 5000 | 13,682 | 93.40 | 10,74,029 | 3.41 |
| 5001 – 10000 | 450 | 3.07 | 2,98,185 | 0.95 |
| 10001 – 20000 | 264 | 1.80 | 3,43,663 | 1.09 |
| 20001 – 30000 | 81 | 0.55 | 1,94,724 | 0.62 |
| 30001 – 40000 | 49 | 0.33 | 1,68,251 | 0.53 |
| 40001 – 50000 | 19 | 0.13 | 86,101 | 0.27 |
| 50001 – 100000 | 45 | 0.31 | 2,97,181 | 0.94 |
| 100001 & above | 60 | 0.41 | 2,90,12,914 | 92.19 |
| Total | 14,650 | 100.00 | 3,14,75,048 | 100.00 |

Shareholding Pattern as on 31st March 2019

| Category | No of Shareholders | No of Shares | Percentage of holding |
|------------------------------------|--------------------|--------------|-----------------------|
| Promoters and Promoter Group | 4 | 2,36,06,288 | 75.00% |
| Body Corporate | 261 | 11,66,901 | 3.70% |
| Mutual Fund | 4 | 23,91,694 | 7.60% |
| NRI/FII/FPI/Banks/Clearing Members | 320 | 18,24,345 | 5.80% |
| Public | 14,061 | 24,85,820 | 7.90% |
| Total | 14,650 | 3,14,75,048 | 100.00% |

Top 10–shareholders (other than Promoters & Promoter Group)

| Serial No | Shareholders | No of Shares | Percentage of Holding |
|-----------|---|--------------|-----------------------|
| 1 | UTI - Equity Fund | 16,35,664 | 5.20% |
| 2 | Pinebridge Investments GF Mauritius Limited | 8,81,285 | 2.80% |
| 3 | TATA AIA LIFE INSURANCE CO LTD-SUPER SELECT EQUITY FUND-ULIF 035 16/10/09 TSS 110 | 6,45,574 | 2.05% |
| 4 | IDFC Sterling Value Fund | 3,45,949 | 1.10% |
| 5 | DSP Small Cap Fund | 3,37,954 | 1.07% |
| 6 | INDUS India Fund (Sv) Limited | 3,28,011 | 1.04% |
| 7 | Rajasthan Global Securities Private Limited | 1,84,838 | 0.59% |
| 8 | Shinsei UTI Fund (Mauritius) Limited | 1,56,731 | 0.50% |
| 9 | UTI India Dynamic Equity Fund | 1,24,372 | 0.40% |
| 10 | AXIS Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund | 72,127 | 0.23% |
| | TOTAL | 47,12,505 | 14.98% |



Dematerialization of Shares : 99.25% of equity shares have been dematerialized upto 31st March 2019, Trading in your Company's shares is Permitted only in the dematerialized form as per Notifications issued by SEBI.

xii) Outstanding GDRs/ADRs/Warrants Or any Convertible Instruments : Not applicable

xiii) Commodity Price Risk / Foreign Exchange Currency Risk and Commodity Hedging activities:

The Company manages foreign exchange risk as per its adopted policies. The Company uses forward contracts to manage foreign exchange risk. The details of foreign exchange exposures are dislocated in Notes to Financial Statements for the year ended March 31, 2019.

Regarding Commodity risk, your Company had arrangement with Key Customers for passing on increase/decrease of commodity prices from agreed base price. As such your Company does not undertake commodity hedging activity.

The exposure of the Company in a particular commodity and percentage of such exposure hedged through commodity derivatives as at March 31, 2019 is as under

| Commodity Name | Exposure ₹ in lakhs towards the particular commodity for FY 2018-2019 ^s | Exposure in quantity terms towards the particular commodity (in MT) | % of such exposure hedged through commodity derivatives | | | | |
|----------------|--|---|---|----------|----------------------|----------|-------|
| | | | Domestic Market | | International Market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Copper | 2,712 | 489 | 0 | 0 | 100% | 0 | 100% |
| Steel | 6,588 | 8,615 | 1% | 0 | 99% | 0 | 100% |
| Brass | 794 | 137 | - | - | 100% | - | 100% |

\$The Company procures raw material directly from International Suppliers as negotiated by the Customers.

xiii) **Plant Location** :

1. Plots B-12 to B –15, Phase II
MEPZ-SEZ, **Tambaram, Chennai** 600 045
2. Plots 8,9,10, Phase I
MEPZ-SEZ, **Tambaram, Chennai** 600 045
3. Plot D-6/II-D & C, Phase II, MEPZ-SEZ,
Tambaram, Chennai 600045
4. Plot D-6/III, Phase II, MEPZ-SEZ,
Tambaram, Chennai 600045
5. Plot B-3 & 4 , Phase I, MEPZ-SEZ,
Tambaram, Chennai 600045
6. Plot A-17 & 18, Phase I, MEPZ-SEZ,
Tambaram, Chennai 600045

7. Plot B 16, Phase I, MEPZ-SEZ,
Tambaram, Chennai 600045.
8. Plot A-33 & 36, Phase I, MEPZ-SEZ,
Tambaram, Chennai 600045
9. Plot B 16, Phase I, MEPZ-SEZ,
Tambaram, Chennai 600045.

xiv) Investor Correspondence : The Company Secretary
Igarashi Motors India Ltd
Plots B-12 to B –15, Phase II
MEPZ-SEZ, Tambaram,
Chennai 600045.
Phone No.: +91-44-42298199
Fax No. : +91-44-22628143
E-mail: investorservices@igarashimotors.co.in

10. DISCLOSURES

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

There were no materially significant related party transactions having potential conflict with the interests of the Company at large during the financial year ended March 31, 2019. Transactions with related parties are disclosed in Notes to the Annual Accounts.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years - Nil
- c) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 regarding Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee etc., and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations pertaining to certain data on the Company's website.
- d) The Company has complied with Secretarial Standards viz. SS-1 and SS-2 with respect to General and Board Meetings issued by the Institute of Company Secretaries of India.
- e) The Company has no Subsidiary Company.
- f) Policy on dealing with related parties is displayed on the Companies website (Web link):
http://www.igarashimotors.com/uploads/investor/pdf/14531242482IMIL-Related_Party_Transaction_Policy_051115.pdf
- g) During the year ended March 31, 2019, the Internal Complaints Committee (ICC) has received Nil complaints pertaining to sexual harassment/discrimination at work place.

11. WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Board has established a Vigil Mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairperson of the audit committee in exceptional cases.

We further affirm that no employee has been denied access to the Audit Committee Chairman.



12. COMPLIANCE WITH MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

During the financial year 2018-19, the Company has complied with Corporate Governance requirements specified in the Listing Regulations.

13. COMPLIANCE WITH NON- MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

i) The Board :

The Company does not maintain a separate office for non-executive chairman.

The independent directors are having requisite qualification and experience to act as director on the Board.

ii) Shareholders rights:

Quarterly results were published in widely circulating national and local daily newspapers such as the Business Standard and Tamil Hindu. These were not sent individually to the shareholders.

iii) Audit Qualifications:

The auditors report does not contain any qualification.

iv) Separate post of Chairman and Chief Executive Officer:

The Company has separate person to the post of Chairman and Managing Director.

v) Reporting of Internal Auditor:

The internal auditor reports to the Audit Committee.

vi) Total Fee paid to the Statutory Auditors: Please refer Note 33 (a) of financial statements.

14. CODE OF CONDUCT AND INSIDER TRADING CODE

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and the same was posted on the website of the Company viz. www.igarashimotors.com. All the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as on March 31, 2019.

The Company also has in place a prevention of Insider Trading Code* based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

*The Code has been amended by the Board of Directors at its meeting held on 13th February, 2019 as per SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 effective from 1st April, 2019.

15. MAINTENANCE OF A WEBSITE

In order to ensure / enhance public dissemination of all basic information about the Company, we have been maintaining functional website containing basic information about the Company with duly updated all statutory filings. The Website of the Company is www.igarashimotors.com.

16. COMPLIANCE CERTIFICATE

As on March 31, 2019, Mr. P Mukund, Managing Director and Mr. R Chandrasekaran, CFO have certified to the Board with respect to the Financial Statements, Internal Controls and other matters as required by the Regulation 17(8) read with Schedule II of the Listing Regulations and said Certificate is contained in this Annual Report.

17. AUDITORS CERTIFICATION ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance prescribed by Listing Regulations, which is attached herewith.

18. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

As on March 31, 2019 there are no shares lying in the demat suspense account or unclaimed suspense account.

19. NOTE TO THE INVESTORS / SHAREHOLDERS:

- a. Transfer of Shares in Demat Mode Only: As per the SEBI Norms, with effect from 5th December 2018 (or such other date as may be notified) Only transmission or transposition requests for transfer of securities shall be processed in physical form, all other transfers shall be processed in dematerialised form only. You may refer our Website - www.igarashimotors.com for additional details.
- b. Updation of KYC Details: As per the SEBI Norms, efforts are underway to update Permanent Account Number (PAN) and Bank Account details of its concerned Shareholder(s) and three Communications have already been sent by the Company to eligible shareholders in this regard. It is requested to update these details with our RTA/ Company at the earliest.
- c. Electronic fund transfer details for remittance: It is in shareholders interest to claim any Un-encashed dividend and for future, opt for providing National Electronic Clearance System (NECS) / National Automated Clearing House (NACH) mandate to company in case of shares in physical form and ensure that correct and updated particulars of bank account are available with Depository Participant (DP) in case shares held in dematerialised Form, so that dividends paid by the company are credited to shareholder(s) account on time.
- d. Nomination: it has been observed by the company that many of its shareholders have not opted for nomination to the shares held by them and in case of demise of the shareholders without nomination, the lengthy and costly process of Transmission of shares has to be followed. Thus, Shareholders who have not yet provided their nomination are requested to do so at an early date by filling and submitting the nomination forms (to the Company / RTA Cameo Corporate Services Limited – for physical shares; to DP – for dematerialised shares)
- e. Submission of valid documents for effecting transfer of shares prior to book closure / Record Date will be eligible for corporate benefits.

20. DECLARATION

As provided under Listing Regulations, the Board of Directors and select employees have confirmed Compliance with the Code of Conduct.

For **IGARASHI MOTORS INDIA LIMITED**

P.Mukund

Managing Director

DIN: 00007788

Place: Chennai

Date: May 16, 2019



MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

(Pursuant to Regulation 17(8) read with Schedule II of the Listing Regulations)

To,
The Board of Directors,
Igarashi Motors India Limited

We, P Mukund, Managing Director and R Chandrasekaran, Chief Financial Officer, hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2019 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which 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 that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated wherever applicable, to the Auditors and the Audit committee
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have 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, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai
Date: May 16, 2019

P Mukund
Managing Director

R Chandrasekaran
Chief Financial Officer

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Igarashi Motors India Limited

The Certificate is issued in accordance with the terms of our engagement letter dated 17 April 2019.

We have examined the compliance of conditions of Corporate Governance by Igarashi Motors India Limited ('the Company') for the year ended 31 March 2019, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time ('the Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility

The Company's Management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the Corporate Governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.



Opinion

In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the above mentioned Listing Regulations.

We 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.

Restriction on use

This certificate has been solely issued for the purpose of complying with the Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Amar Sunder

Partner Membership No. 078305

(UDIN: 19078305AAAAAX2481)

Place: Chennai

Date: 20 June 2019

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

I. REGISTRATION AND OTHER DETAILS

| | | |
|-----|--|--|
| I | CIN | L29142TN1992PLC021997 |
| II | Registration Date | January 10, 1992 |
| III | Name of the Company | Igarashi Motors India Limited |
| IV | Category / Sub-Category of the Company | Company Limited by Shares/Non-Govt Company |
| V | Address of the Registered office and contact details | Plot B-12 to B-15, Phase II, MEPZ-SEZ, Tambaram, Chennai – 600045 Phone : +91-44-42298199/22628199, Fax : +91-44-22628143 e-mail: investorservices@igarashimotors.co.in Website - www.igarashimotors.com |
| VI | Whether listed company Yes / No | Yes |
| VII | Name, Address and Contact details of Registrar and Transfer Agent, if any. | Cameo Corporate Services Ltd "Subramanian Building" 1, Club House Road, Chennai – 600002 Phone: + 91-44-28460390 Fax No. : +91-44-28460129 E-mail: investor@cameoindia.com/ investor3@cameoindia.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.

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Electric Micro Motors & Motor Components | 85013301 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name & address of the Company | CIN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|--------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Agile Electric Sub Assembly Pvt Ltd Plot No. 7 & 8, Subramaniya Siva Salai Industrial Estate, Maraimalai Nagar, Kancheepuram 603209 - Tamil Nadu, India | U34300TN2005PTC057151 | Holding Company | 42.83% | Section 2(46) |



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) CATEGORY WISE SHAREHOLDING

| Category of Shareholders | No of Shares held at the beginning of the year | | | | No of Shares held at the end of the year | | | | % Change during the year |
|---|--|----------|--------------------|-------------------|--|----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 66,58,033 | 0 | 66,58,033 | 21.75 | 66,58,033 | 0 | 66,58,033 | 21.15 | (0.60) |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp... | 12,830,659 | 0 | 12,830,659 | 41.92 | 13,480,614 | 0 | 13,480,614 | 42.83 | 0.91 |
| e) Banks/ FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SubTotal(A)(1) | 19,488,692 | 0 | 19,488,692 | 63.67 | 201,38,647 | 0 | 201,38,647 | 63.98 | 0.31 |
| (2) Foreign | | | | | | | | | |
| a) NRIs Individual | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other Individual | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 34,67,641 | 0 | 34,67,641 | 11.33 | 34,67,641 | 0 | 34,67,641 | 11.02 | (0.31) |
| d) Banks/ FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (A) (2) | 34,67,641 | 0 | 34,67,641 | 11.33 | 34,67,641 | 0 | 34,67,641 | 11.02 | (0.31) |
| Total Shareholding of Promoter (A) = (A)(1)+A(2) | 2,29,56,333 | 0 | 2,29,56,333 | 75.00 | 2,36,06,288 | 0 | 2,36,06,288 | 75.00 | 0 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institution | | | | | | | | | |
| a) Mutual Funds | 18,46,502 | 0 | 18,46,502 | 6.03 | 23,91,694 | 0 | 23,91,694 | 7.60 | 1.57 |
| b) Banks/ FI | 9,499 | 0 | 9,499 | 0.03 | 29,708 | 0 | 29,708 | 0.09 | 0.06 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign VCF | 16,68,824 | 0 | 16,68,824 | 5.45 | 16,72,174 | 0 | 16,72,174 | 5.31 | (0.14) |

| Category of Shareholders | No of Shares held at the beginning of the year | | | | No of Shares held at the end of the year | | | | % Change during the year |
|---|--|-----------------|--------------------|-------------------|--|-----------------|---------------------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| i) Others (Foreign Portfolio Investors, Alternate Investment Funds) | 1,11,378 | 0 | 1,11,378 | 0.36 | 0 | 0 | 0 | 0 | (0.36) |
| Sub Total (B) (1) | 36,36,203 | 0 | 36,36,203 | 11.88 | 40,93,576 | 0 | 40,93,576 | 13.01 | 1.13 |
| (2) Non Institutions Bodies Corporate | | | | | | | | | |
| i) Indian | 12,01,362 | 1,100 | 12,02,462 | 3.93 | 11,65,667 | 1234 | 11,66,901 | 3.71 | (0.22) |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individual | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh | 18,23,654 | 2,27,174 | 20,50,828 | 6.70 | 17,88,816 | 2,33,524 | 20,22,340 | 6.43 | (0.27) |
| ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh | 5,31,084 | 0 | 5,31,084 | 1.74 | 3,32,547 | 0 | 3,32,547 | 1.06 | (0.68) |
| C) Others (Specify) | | | | | | | | | |
| NRI | 87,557 | 0 | 87,557 | 0.29 | 66,083 | 0 | 66,083 | 0.21 | (0.08) |
| HUF | 1,34,707 | 1 | 1,34,708 | 0.44 | 1,30,932 | 1 | 130933 | 0.42 | (0.02) |
| Clearing Member | 9,269 | 0 | 9,269 | 0.03 | 56,380 | 0 | 56,380 | 0.18 | 0.15 |
| Sub Total (B) (2) | 37,87,633 | 2,28,275 | 40,15,908 | 13.12 | 35,40,425 | 2,34,759 | 37,75,184 | 11.99 | (1.13) |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | 74,23,836 | 2,28,275 | 76,52,111 | 25.00 | 76,34,001 | 2,34,759 | 78,68,760 | 25.00 | 0 |
| C. Shares held by Custodian for GDRs and ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B=C) | 3,03,80,169 | 2,28,275 | 3,06,08,444 | 100 | 3,12,40,289 | 2,34,759 | 3,14,75,048^{\$} | 100 | 2.83 |

^{\$} Increased due to issuance of 866,604 Bonus shares



B) SHAREHOLDING OF PROMOTERS

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of 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 | % change in shareholding during the year |
| 1 | Agile Electric Sub Assembly Private Limited | 1,28,30,659 | 41.92% | 0 | 1,34,80,614 | 42.83% | 0 | 0.91% |
| 2 | Mr. P. Mukund | 66,58,033 | 21.75% | 21.75% | 66,58,033 | 21.15% | 100% | (0.06) |
| 3 | Igarashi Electric Works, (H.K) Limited, Hong Kong | 24,99,993 | 8.17% | 0 | 24,99,993 | 7.94% | 0 | (0.23) |
| 4 | Igarashi Electric Works Limited, Japan | 9,67,648 | 3.16% | 0 | 9,67,648 | 3.08% | 0 | (0.08) |

C) CHANGE IN PROMOTERS SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

| S. No | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|-------|--|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1. | Agile Electric Sub Assembly Private Limited | | | | |
| | At the beginning of the year | 1,28,30,659 | 41.92% | - | - |
| | Datewise increase/ decrease in promoters shareholding during the year specifying the reason for increase or decrease | | | April 17, 2019- 649,955- increase/ open offer | 2.12% |
| | At the end of the year | - | - | 1,34,80,614 | 42.83% |
| 2 | Mr. P. Mukund At the beginning of the year Datewise increase/ decrease in promoters shareholding during the year specifying the reason for increase or decrease At the end of the year | No Change in shareholding | | | |
| 3 | Igarashi Electric Works Limited, Japan At the beginning of the year Datewise increase/ decrease in promoters shareholding during the year specifying the reason for increase or decrease At the end of the year | No Change in shareholding | | | |
| 4 | Igarashi Electric Works, (H.K) Limited, Hong Kong At the beginning of the year Datewise increase/ decrease in promoters shareholding during the year specifying the reason for increase or decrease At the end of the year | No Change in shareholding | | | |

D) SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS (OTHER THAN PROMOTERS, DIRECTORS, AND HOLDERS OF ADRS AND GDR'S)

| S. No | Top 10 Shareholders | Shareholding at the beginning of the year | | shareholding at the end of the year | |
|-------|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1 | UTI - CCF -Equity Fund | 9,16,182 | 2.99% | 16,35,664 | 5.20% |
| 2 | Pinebridge Investments Gf Mauritius Limited | 9,57,040 | 3.13% | 8,81,285 | 2.80% |
| 3 | Tata Aia Life Insurance Co Ltd-Super Select Equity Fund-Ulif 035 16/10/09 Tss 110 | 2,80,549 | 0.92% | 6,45,574 | 2.05% |
| 4 | Idfc Sterling Value Fund | 2,50,000 | 0.81% | 3,45,949 | 1.10% |
| 5 | Dsp Small Cap Fund | 3,87,445 | 1.27% | 3,37,954 | 1.07% |
| 6 | Indus India Fund (SV) Limited | 2,36,655 | 0.77% | 3,28,011 | 1.04% |
| 7 | Rajasthan Global Securities Private Limited | 1,03,139 | 0.34% | 1,84,838 | 0.59% |
| 8 | Shinsei UTI India Fund (Mauritius) Limited | 91,363 | 0.30% | 1,56,731 | 0.50% |
| 9 | Uti India Dynamic Equity Fund | 47,210 | 0.15% | 1,24,372 | 0.40% |
| 10 | Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund | 64,951 | 0.21% | 72,127 | 0.23% |

E) SHAREHOLDING OF DIRECTORS AND KMP

| S. No | Name of the Director and KMP | Shareholding at the beginning of the year 01-Apr-18 | | Cumulative Shareholding during the year 31-Mar-19 | |
|-------|---|---|-------------------|---|-------------------|
| | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Mr. K K Nohria | Nil | Nil | 5,000 | 0.02 |
| 2 | Mr. Hemant M Nerurkar | Nil | Nil | Nil | Nil |
| 3 | Mr. S Radhakrishnan | Nil | Nil | Nil | Nil |
| 4 | Mr. Keiichi Igarashi | Nil | Nil | Nil | Nil |
| 5 | Mrs. Eva Maria Rosa Schork | Nil | Nil | Nil | Nil |
| 6 | Mr. P Mukund, Managing Director | 66,58,033 | 21.75 | 66,58,033 | 21.15 |
| 7 | Mr. R Chandrasekaran, Chief Financial Officer | Nil | Nil | Nil | Nil |
| 8 | Mr. P Dinakara Babu, Company Secretary | Nil | Nil | Nil | Nil |



V. INDEBTEDNESS

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

(₹ in Lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year 01-Apr-2018 | | | | |
| i) Principal Amount | 13,975.71 | - | - | 13,975.71 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 54.14 | - | - | 54.14 |
| Total (i+ii+iii) | 14,029.85 | - | - | 14,029.85 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 7,915.44 | - | - | 7,915.44 |
| Reduction | (10,059.19) | - | - | (10,059.19) |
| Net Change | (2,143.75) | - | - | (2,143.75) |
| Indebtedness at the end of the financial year 31-Mar-2019 | | | | |
| i) Principal Amount | 11,831.96 | - | - | 11,831.96 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 26.72 | - | - | 26.72 |
| Total (i+ii+iii) | 11,858.68 | - | - | 11,858.68 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE TIME DIRECTOR / MANAGER

| Sl. No | Particulars of Remuneration | Name of the MD/ WTD/Manager | Total Amount (₹ In Lakhs) |
|--------|--|--------------------------------|---------------------------|
| | | Mr P. Mukund Managing Director | |
| 1 | Gross Salary | | |
| | a) Salary as per the Provisions contained in Section 17(1) of the Income Tax Act, 1961 | 84.80 | 84.80 |
| | b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961 | 22.28 | 22.28 |
| | c) Profits in lieu of Salary u/s 17(3) of the Income Act, 1961 | --- | --- |
| 2 | Stock Option | --- | --- |
| 3 | Sweat Equity | --- | --- |
| 4 | Commission as % of Profits | --- | --- |
| 5 | Others, Please Specify | --- | --- |
| | Total (A) | 107.08 | 107.08 |

B. REMUNERATION TO OTHER DIRECTORS:

| Particulars of Remuneration | Name of the Directors | | | Total Amount (₹ In Lakhs) |
|---|------------------------------|----------------------------|-----------------------------------|------------------------------|
| Independent Directors | Mr. Hemant M Nerurkar | Mr S. Radhakrishnan | --- | |
| - Fee for attending board committee meetings | 5.25 | 5.25 | --- | 10.50 |
| - Commission | 4.00 | 4.00 | --- | 8.00 |
| - Others please specify | --- | --- | --- | --- |
| Total (1) | 9.25 | 9.25 | --- | 18.50 |
| Other Non-Executive Directors | Mr. K K Nohria | Mr Keiichi Igarashi | Mrs. Eva Maria Rosa Schork | |
| - Fee for attending board committee meetings | 4.50 | --- | --- | 4.50 |
| - Commission | 8.00 | --- | --- | 8.00 |
| - Others. Please specify | --- | --- | --- | --- |
| Total (2) | 12.50 | --- | --- | 12.50 |
| Total (B) = (1 + 2) | 21.75 | 9.25 | --- | 31.00 |
| Total Managerial Remuneration (A) + (B) | | | | 138.08 |
| Overall Ceiling as per the Act- 11% of net profit plus sitting fees | | | | 631.56 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / WTD / MANAGER

| Sl. No | Particulars of Remuneration | Key Managerial Personnel | | Total Amount (₹ In Lakhs) |
|--------|--|---------------------------|--|------------------------------|
| | | Mr R. Chandrasekaran, CFO | Mr P. Dinakara Babu, Company Secretary | |
| 1 | Gross Salary | | | |
| | a) Salary as per the Provisions contained in Section 17(1) of the Income Tax Act, 1961 | 75.32 | 36.31 | 111.63 |
| | b) Value of Perquisites u/s 17(2) of the Income Tax Act, 1961 | 10.33 | 4.41 | 14.74 |
| | c) Profits in lieu of Salary u/s 17(3) of the Income Act, 1961 | - | - | - |
| 2 | Stock Option | 39.44 | 14.19 [#] | 53.63 [#] |
| 3 | Sweat Equity | --- | --- | --- |
| 4 | Commission as % of Profits | --- | --- | --- |
| 5 | Others, Please Specify (Performance Incentive) | 12.00 | 5.45 | 17.45 |
| | Total | 137.09 | 60.36 | 197.45 |

Including ESOP option not yet vested as on March 31, 2019.



VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| Type | Section of Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal Made, if any |
|--------------------------------------|--------------------------|-------------------|---|----------------------------|---------------------|
| A. COMPANY | | | | | |
| Penalty Punishment Compounding | Nil | Nil | Nil | Nil | N.A |
| B. DIRECTORS | | | | | |
| Penalty Punishment Compounding | Nil | Nil | Nil | Nil | N.A |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty Punishment Compounding | Nil | Nil | Nil | Nil | N.A |

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Igarashi Motors India Limited

Report on the Audit of the Financial Statements

Opinion

We have Audited the financial statements of Igarashi Motors India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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 financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the 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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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.



Independent Auditor's Report to the members of Igarashi Motors India Limited (continued)

Revenue recognition and Related party transactions

| Description of Key Audit Matter | How the matter was addressed in our audit |
|--|---|
| <p>Revenue is a key performance indicator for the external stakeholders and majority of the revenues in the Company is derived from related parties. The Company has adopted Ind AS 115) Revenue from Contracts with Customers (Ind AS 115) which is the new revenue accounting standard and is effective for the year beginning April 1, 2018 (Refer note 3.9 to the financial statements).</p> <p>Related party transactions require various approvals under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013, etc. and disclosures in accordance with the accounting standards in the financial statements. (Refer note 38 to the financial statements).</p> <p>We identified these as our area of audit focus due to the significance of the amounts, the frequency of such transactions, focus of external stakeholders and compliance with various regulations.</p> | <p>In view of the significance of the matter, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> - We assessed the appropriateness of the revenue recognition accounting policies by comparing with the new accounting standard – IND AS 115. - We evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions. - We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling. - Obtained a list of related party relationships, significant related party transactions (RPT) and carried out an assessment on the key controls to identify and disclose such relationships and relevant transactions in accordance with the accounting standard. - Evaluated compliance for such related party transactions including approvals with applicable laws and regulations. - Tested whether the pricing of RPT's is at arm's length with the help of our internal specialists. - Evaluated the appropriateness of disclosures in the financial statements. |

Business combination

| Description of Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| <p>The Company has acquired exports division of Agile Electric Sub-Assembly Private Limited (Holding Company) w.e.f. October 1, 2018 for a purchase consideration of Rs. 13,562.82 lakhs. The acquisition was considered as a business combination involving entities under common control and pooling of interests method was adopted by the Company to account for the business acquisition.</p> <p>This is a significant focus area in our audit of the financial statements of the current period due to the significance of the amounts.</p> <p>(Refer note 43 to the financial statements).</p> | <p>In view of the significance of the matter, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> - Obtained and reviewed the Business Transfer Agreement and examined management's analysis of business, common control, and terms of the transfer in accordance with Ind AS 103. - Also performed procedures to evaluate the appropriateness of the amounts recognised in respect of business acquisition and the consequential restatement of comparative figures. - Evaluated the appropriateness of disclosures in the financial statements. |

Fair value of company's investment in equity shares of Bosch Electrical Drives India Private Limited

| Description of Key Audit Matter | How the matter was addressed in our audit |
|--|--|
| <p>Company has investment in equity shares of Bosch Electrical Drives India Private Limited ("Bosch") which is required to be measured at fair values at each reporting date in accordance with Ind AS 109. This investment is not publicly traded and hence its fair valuation involves techniques which uses unobservable inputs.</p> <p>This is a significant focus area in our audit of the financial statements of the current period due to the judgements / estimates involved in the fair valuation and the impact of the fair valuation on the financial statements.</p> <p>(Refer note 35 to the financial statements)</p> | <p>In view of the significance of the matter, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> - Understood the valuation technique and assumptions used by the independent valuation expert appointed by the management to carry out the fair valuation. - Tested the reasonableness of valuation technique and key assumptions, including comparable companies, comparable transactions, multiples, etc. with the help of our internal valuations specialists. - Verified the arithmetical accuracy of the valuation workings and evaluated the appropriateness of disclosures in the financial statements. |

Information Other than the Financial Statements and Auditor's Report Thereon

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 financial statements and our auditor's report thereon.

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

Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 and Board of Directors are 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.



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

Auditor's Responsibilities for the Audit of the 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(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 other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements - Refer Note 37 to the financial statements.
- ii. The Company does not have any long-term contracts other than derivative contracts. The Company has made provision, as required under any law or accounting standards, for material foreseeable losses, on derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2019.



(C) With respect to the matter to be included in the Auditor's 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 **B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2019

Annexure A to the Independent Auditor's Report on the financial statements of Igarashi Motors India Limited

(referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of records produced by the Company, the title deeds of the immoveable properties included in fixed assets is in the name of the Company.
- (ii) Inventories apart from goods in transit have been physically verified by the Management during the year and the discrepancies noticed on such verification between the physical stock and book records were not material. In our opinion, the frequency of such verification is reasonable.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to the investments made. The Company has not granted any loans or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act. Accordingly, to that extent paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, duty of customs, goods and services tax, employees' state insurance, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, service tax, value added tax, duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, duty of customs, goods and services tax, employees' state insurance and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.



- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, duty of excise, duty of customs and service tax which have not been deposited with the appropriate authorities on account of any disputes other than the following dues:

| Name of the Statute | Nature of the Dues | Amount (₹ in lakhs) | Amount paid under protest (₹ in lakhs) | Financial year to which the amount relates | Forum where dispute is pending |
|----------------------|--------------------|---------------------|--|--|--------------------------------------|
| Income Tax Act, 1961 | Income Tax | 16.61 | 10.00 | 2011-12 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 12.18 | - | 2012-13 | Commissioner of Income Tax (Appeals) |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks/financial institutions. The Company did not have any dues to debenture holders or loans or borrowings from the Government.
- (ix) According to the information and explanations given to us the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans raised by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals as per provision Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2019

Annexure B to the Independent Auditor's Report on the financial statements of Igarashi Motors India Limited

(referred to in our report of even date)

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

Opinion

We have audited the internal financial controls with reference to financial statements of Igarashi Motors India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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



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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

for **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2019

Balance Sheet as at 31st March 2019

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

| | Note | As at 31 March 2019 | As at 31 March 2018 |
|--|------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 37,862.65 | 31,843.90 |
| Capital work-in-progress | 5 | 1,902.93 | 4,163.72 |
| Intangible assets | 6 | 388.62 | 139.29 |
| Intangible assets under development | 6 | 400.64 | 216.00 |
| Financial assets | | | |
| Investments | 7 | 2,159.00 | 3,507.05 |
| Deposits and other receivables | 13 | 514.73 | 522.61 |
| Other financial assets | 14 | 233.67 | - |
| Income tax assets | | 87.61 | 74.75 |
| Other non-current assets | 15 | 82.61 | 538.43 |
| Total non-current assets | | 43,632.46 | 41,005.75 |
| Current assets | | | |
| Inventories | 8 | 6,171.22 | 6,088.28 |
| Financial assets | | | |
| Investments | 9 | 1,254.05 | 1,523.84 |
| Trade receivables | 10 | 14,172.05 | 16,920.74 |
| Cash and cash equivalents | 11 | 255.53 | 218.50 |
| Other bank balances | 12 | 46.68 | 10,419.63 |
| Deposits and other receivables | 13 | 104.63 | 65.13 |
| Other financial assets | 14 | 504.07 | 2,625.65 |
| Other current assets | 15 | 889.16 | 1,603.02 |
| Total current assets | | 23,397.39 | 39,464.79 |
| Total assets | | 67,029.85 | 80,470.54 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 16 | 3,147.50 | 3,060.84 |
| Other equity | | | |
| Securities premium | | 13,432.35 | 13,519.01 |
| Retained earnings | | 26,272.24 | 22,744.85 |
| Others (including items of Other Comprehensive Income) | | 106.38 | 552.27 |
| Total equity | | 42,958.47 | 39,876.97 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 4,050.68 | 4,322.19 |
| Provisions | 21 | - | 224.53 |
| Deferred tax liabilities (net) | 34 | 2,044.56 | 1,417.48 |
| Total non-current liabilities | | 6,095.24 | 5,964.20 |



Balance Sheet as at 31st March 2019

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

| | Note | As at 31 March 2019 | As at 31 March 2018 |
|-------------------------------------|------|------------------------|------------------------|
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 1,764.09 | 6,203.80 |
| Trade payables | 22 | 7,967.22 | 9,111.33 |
| Other financial liabilities | 23 | 7,064.38 | 18,274.74 |
| Other current liabilities | 24 | 674.84 | 408.56 |
| Provisions | 21 | 129.68 | 92.33 |
| Income tax liabilities | | 375.93 | 538.61 |
| Total current liabilities | | 17,976.14 | 34,629.37 |
| Total liabilities | | 24,071.38 | 40,593.57 |
| Total equity and liabilities | | 67,029.85 | 80,470.54 |
| Significant accounting policies | 3 | | |

The notes referred to above form an integral part of financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration

No. 101248W/W-100022

For and on behalf of the Board of Directors of

Igarashi Motors India Limited

(CIN: L29142TN1992PLC021997)

S Sethuraman

Partner

Membership No. 203491

P Mukund

Managing Director

DIN: 00007788

K K Nohria

Chairman

DIN: 00060015

Keiichi Igarashi

Director

DIN: 00356779

R Chandrasekaran

Chief Financial Officer

P. Dinakara Babu

Company Secretary

Membership No. A14812

Hemant M Nerurkar

Director

DIN: 00265887

Place: Chennai

Date: 16 May 2019

Statement of Profit and Loss for the year ended 31st March 2019

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

| | Note | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|------|-----------------------------|-----------------------------|
| Revenue | | | |
| Revenue from operations | 26 | 60,616.01 | 67,120.16 |
| Other income | 27 | 2,504.45 | 3,384.82 |
| Total Income | | 63,120.46 | 70,504.98 |
| Expenses | | | |
| Cost of materials consumed | 28 | 33,600.01 | 36,091.16 |
| Changes in inventory of finished goods and work-in-progress | 29 | (89.73) | 17.05 |
| Employee benefits expense | 30 | 5,619.48 | 5,203.72 |
| Finance costs | 31 | 1,476.89 | 1,210.12 |
| Depreciation and amortization expense | 32 | 3,992.72 | 3,790.94 |
| Other expenses | 33 | 9,928.31 | 10,105.77 |
| Total expenses | | 54,527.68 | 56,418.76 |
| Profit before income tax | | 8,592.78 | 14,086.22 |
| Income tax | 34 | | |
| Current tax | | 2,370.74 | 4,635.84 |
| Tax for earlier years | | (73.48) | - |
| Deferred tax charge / (credit) | | 554.03 | (75.40) |
| Income tax expense | | 2,851.29 | 4,560.44 |
| Profit for the year | | 5,741.49 | 9,525.78 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurements of the defined benefit liability | 21 | 2.39 | (84.55) |
| Equity investments through other comprehensive income - net change in fair value | | (1,350.44) | 454.56 |
| Income tax relating to items that will not be reclassified to profit or loss | 34 | (0.84) | 15.97 |
| Net other comprehensive income that will not to be reclassified subsequently to profit or loss | | (1,348.89) | 385.98 |
| Items that will be subsequently reclassified to profit or loss | | | |
| Effective portion of gains / (losses) on hedging instruments in cash flow hedges | | 206.64 | (40.55) |
| Income tax relating to items that will be reclassified to profit or loss | 34 | (72.21) | 13.44 |
| Net other comprehensive income that will be reclassified subsequently to profit or loss | | 134.43 | (27.11) |
| Other comprehensive income for the year, net of income tax | | (1,214.46) | 358.87 |
| Total comprehensive income for the year | | 4,527.03 | 9,884.65 |
| Earnings per share | | | |
| Basic and diluted earnings per share (in Indian Rupees) | 18 | 18.24 | 30.26 |
| Significant accounting policies | 3 | | |

The notes referred to above form an integral part of financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration

No. 101248W/W-100022

For and on behalf of the Board of Directors of

Igarashi Motors India Limited

(CIN: L29142TN1992PLC021997)

S Sethuraman

Partner

Membership No. 203491

P Mukund

Managing Director

DIN: 00007788

K K Nohria

Chairman

DIN: 00060015

Keiichi Igarashi

Director

DIN: 00356779

R Chandrasekaran

Chief Financial Officer

P. Dinakara Babu

Company Secretary

Membership No. A14812

Hemant M Nerurkar

Director

DIN: 00265887

Place: Chennai

Date: 16 May 2019



Statement of Cash Flows for the year ended 31 March 2019

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

| | Note | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|------|-----------------------------|-----------------------------|
| Cash flow from operating activities | | | |
| Profit for the year | | 5,741.49 | 9,525.78 |
| Adjustments for: | | | |
| Depreciation and amortization | | 3,992.72 | 3,790.94 |
| Equity-settled share based payments | | 768.57 | - |
| Provision for doubtful debts | | 31.52 | 45.81 |
| Unrealised foreign exchange (gain) / loss | | 197.26 | (54.62) |
| Fixed assets written off | | - | 16.71 |
| Profit on sale of assets | | (4.60) | - |
| Finance costs | | 1,476.89 | 1,210.12 |
| Interest income on others | | (28.74) | (31.83) |
| Gain on sale of investments | | (257.40) | (434.53) |
| Interest income on cash and bank balances | | (270.28) | (442.69) |
| Income tax expense | | 2,851.29 | 4,560.44 |
| | | 14,498.72 | 18,186.13 |
| Working capital adjustments: | | | |
| (Increase) / decrease in inventories | | (82.94) | 1,057.23 |
| (Increase) / decrease in trade receivables | | 2,532.97 | 207.95 |
| (Increase) / decrease in deposits and other receivables | | (31.62) | (56.33) |
| (Increase) / decrease in other current / non-current financial assets | | 2,094.55 | (41.49) |
| (Increase) / decrease in other current / non-current assets | | 836.48 | (1,200.65) |
| Increase / (decrease) in trade payable and other financial liabilities | | (1,062.33) | (4,314.21) |
| Increase / (decrease) in provisions and other current liabilities | | 81.49 | (264.57) |
| Cash generated from operating activities | | 18,867.32 | 13,574.06 |
| Income tax paid (net) | | (2,472.80) | (4,137.70) |
| Net cash generated from operating activities (A) | | 16,394.52 | 9,436.36 |
| Cash flow from investing activities | | | |
| Interest received on cash and bank balances | | 270.28 | 442.69 |
| Acquisition of property, plant and equipment, intangible assets and capital work-in-progress net of payable for capital goods and capital advances | | (8,094.40) | (10,823.38) |
| Proceeds from sale of fixed assets | | 78.88 | - |
| Proceeds from sale of mutual funds (net) | | 527.19 | 13,299.63 |
| Investments in equity shares | | (2.38) | (33.48) |
| Investments in bank deposits (net) | | 10,372.95 | (9,766.23) |
| Payment for acquisition of exports division (refer Note 43) | | (13,562.82) | - |
| Net cash used in investing activities (B) | | (10,410.30) | (6,880.77) |

Statement of Cash Flows for the year ended 31 March 2019

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

| | Note | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|------|-----------------------------|-----------------------------|
| Cash flow from financing activities | | | |
| Repayment of borrowings (net) * | | (10,059.19) | (5,309.20) |
| Proceeds from borrowings (net) * | | 7,820.60 | 6,203.80 |
| Interest paid | | (1,504.31) | (1,167.22) |
| Dividend paid (and related dividend distribution tax) | | (2,204.30) | (2,424.02) |
| Net cash used in financing activities (C) | | (5,947.20) | (2,696.64) |
| * Also refer Note 20 for disclosure on changes in liabilities arising from financing activities | | | |
| Net decrease in cash and cash equivalents (A+B+C) | | 37.03 | (141.05) |
| Cash and cash equivalents as at April 1 | 11 | 218.50 | 359.55 |
| Cash and cash equivalents as at March 31 | 11 | 255.53 | 218.50 |
| Significant accounting policies | 3 | | |

The notes referred to above form an integral part of financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration

No. 101248W/W-100022

For and on behalf of the Board of Directors of

Igarashi Motors India Limited

(CIN: L29142TN1992PLC021997)

S Sethuraman

Partner

Membership No. 203491

P Mukund

Managing Director

DIN: 00007788

K K Nohria

Chairman

DIN: 00060015

Keiichi Igarashi

Director

DIN: 00356779

R Chandrasekaran

Chief Financial Officer

P. Dinakara Babu

Company Secretary

Membership No. A14812

Hemant M Nerurkar

Director

DIN: 00265887

Place: Chennai

Date: 16 May 2019



Statement of Changes in Equity for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

(a) Equity share capital

| Particulars | Amount | No. of shares |
|---|-----------------|--------------------|
| Equity shares of ₹ 10 each issued, subscribed and fully paid | | |
| Balance as at 1 April 2018 | 3,060.84 | 3,06,08,444 |
| Issue of bonus shares during the year | 86.66 | 8,66,604 |
| Balance as at 31 March 2019 | 3,147.50 | 3,14,75,048 |

(b) Other equity

| | Reserves and surplus | | | ESOP Out standing | Other comprehensive income (OCI) | | | Total |
|--|-----------------------|----------------------|--------------------|-------------------------|---|--------------------------------------|--------------------------|-------------------|
| | Securities premium | Retained earnings | General reserve | | Effective portion of cash flow hedges | Equity investments through OCI | Other items of OCI | |
| Balance as at 1 April 2017 (Refer note 43) | 13,519.01 | 15,654.18 | 464.42 | - | 141.78 | (351.04) | (61.76) | 29,366.59 |
| Total comprehensive income for the year ended 31 March 2017 | | | | | | | | |
| Profit for the year | - | 9,525.78 | - | - | - | - | - | 9,525.78 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | (27.11) | 454.56 | (68.58) | 358.87 |
| Total comprehensive income | - | 9,525.78 | - | - | (27.11) | 454.56 | (68.58) | 9,884.65 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | - | (2,023.22) | - | - | - | - | - | (2,023.22) |
| Dividend distribution tax | - | (411.89) | - | - | - | - | - | (411.89) |
| Total Contributions and distributions to owners | - | (2,435.11) | - | - | - | - | - | (2,435.11) |
| Balance as at 31 March 2018 | 13,519.01 | 22,744.85 | 464.42 | | 114.67 | 103.52 | (130.34) | 36,816.13 |
| Balance as at 1 April 2018 | 13,519.01 | 22,744.85 | 464.42 | - | 114.67 | 103.52 | (130.34) | 36,816.13 |

Statement of Changes in Equity for the year ended 31 March 2018

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| | Reserves and surplus | | | ESOP Out standing | Other comprehensive income (OCI) | | | Total |
|--|-----------------------|----------------------|--------------------|-------------------------|---|--------------------------------------|--------------------------|-------------------|
| | Securities premium | Retained earnings | General reserve | | Effective portion of cash flow hedges | Equity investments through OCI | Other items of OCI | |
| Total comprehensive income for the year ended 31 March 2019 | | | | | | | | - |
| Share based payment | - | - | - | 768.57 | - | - | - | 768.57 |
| Less: Bonus issue during the year | (86.66) | - | - | - | - | - | - | (86.66) |
| Profit for the year | - | 5,741.49 | - | - | - | - | - | 5,741.49 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | 134.43 | (1,350.44) | 1.55 | (1,214.46) |
| Total comprehensive income | (86.66) | 5,741.49 | - | 768.57 | 134.43 | (1,350.44) | 1.55 | 5,208.94 |
| Contributions and distributions to owners | | | | | | | | |
| Dividends | - | (1,836.51) | - | - | - | - | - | (1,836.51) |
| Dividend distribution tax | - | (377.59) | - | - | - | - | - | (377.59) |
| Total Contributions and distributions to owners | - | (2,214.10) | - | - | - | - | - | (2,214.10) |
| Total transactions with owners | - | (2,214.10) | - | - | - | - | - | (2,214.10) |
| Balance as at 31 March 2019 | 13,432.35 | 26,272.24 | 464.42 | 768.57 | 249.10 | (1,246.92) | (128.79) | 39,810.97 |

Significant accounting policies 3

The notes referred to above form an integral part of financial statements

As per our report of even date attached for **B S R & Co. LLP**

Chartered Accountants

Firm Registration

No. 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

P Mukund

Managing Director

DIN: 00007788

R Chandrasekaran

Chief Financial Officer

For and on behalf of the Board of Directors of

Igarashi Motors India Limited

(CIN: L29142TN1992PLC021997)

K K Nohria

Chairman

DIN: 00060015

P. Dinakara Babu

Company Secretary

Membership No. A14812

Keiichi Igarashi

Director

DIN: 00356779

Hemant M Nerurkar

Director

DIN: 00265887

Place: Chennai

Date: 16 May 2019



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

1 Background

Igarashi Motors India Limited ('IMIL' / 'Company') is primarily engaged in the manufacture of micro motors and its accessories mainly for the automotive sector. The Company is a public limited company incorporated and domiciled in India and has its registered office in Chennai, Tamil Nadu, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

During the year, the Company has acquired exports division of Agile Electric Sub-Assembly Private Limited as going concern with effect from 1 October 2018. (refer Note 3.15 and Note 43). The aforesaid export division is also into similar line of business i.e. manufacture of micro motors and its accessories mainly for the automotive sector.

These financial statements were authorised for issue by the Company's Board of Directors on 16 May 2019.

2 Basis of preparation

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Details of the Company's accounting policies are included in Note 3

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

| Items | Measurement basis |
|---|--|
| - Certain financial assets and liabilities (including derivative instruments) | Fair value |
| - Share based payment transactions | Fair value |
| - Net defined benefit asset / (liability) | Fair value of plan assets, less present value of defined benefit obligations |

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Judgements

Information about judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 35 – fair valuation of financial assets

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 3.3 – Estimation of useful lives of property, plant and equipment and intangible assets
- Note 21 – measurement of defined benefit obligations: key actuarial assumptions
- Note 35 – fair valuation of financial assets
- Note 34 – recognition of deferred tax assets
- Note 37 – recognition and measurement of provisions and contingencies
- Note 35 – Impairment of financial assets

2 Basis of preparation (contd.)

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Further information about the assumptions made in measuring fair values is included in Note 35 – financial instruments and in Note 19 - share-based payments.

3 Significant accounting policies

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from translation of qualifying cash flow hedges to the extent that the hedges are effective, which are recognised in Other Comprehensive Income.

3.2 Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.2 Financial instruments (contd.)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, refer Note 3.2 (v) for derivatives designated as hedging instruments. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit and loss in the same period or periods as the hedged expected future cash flows affect profit and loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash dividend to equity holders

The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Asset | Management estimate of useful life | Useful life as per Schedule II |
|------------------------|------------------------------------|--------------------------------|
| Building | 3 - 60 years | 30 - 60 years |
| Plant and equipment | 3 - 20 years | 15 years |
| Office equipments | 2 - 5 years | 5 years |
| Furniture and fixtures | 5 - 10 years | 10 years |
| Vehicles | 8 years | 8 years |

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.4 Intangible assets

i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in Statement of Profit and Loss.

The estimated useful lives are as follows:

| Asset | Management estimate of useful life |
|-------------------------|------------------------------------|
| Product design expenses | 5 - 6 years |
| Software | 6 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

3 Significant accounting policies (contd.)

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

3.6 Impairment

i. Impairment of financial instruments

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

iii. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iv. Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

v. Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. Grant date fair value of the equity settled share-based payment awards granted to the employees of group companies is recognised as a receivable from the group Company, with a corresponding increase in equity.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.9 Revenue recognition

i. Sale of goods

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. 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



Notes forming part of the financial statements for the year ended 31 March 2019

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of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 3.9 – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

ii. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received.

3.10 Leases

i. Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

iii. Minimum alternate tax

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an deferred tax asset only when and to the extent there is convincing evidence that the branch will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

3.13 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.14 Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

3.15 Business combinations

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve or retained earnings.

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(All amounts are in Indian rupees in lakhs, except share data and as stated)

4 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 standard and amendments to existing Ind AS standards which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2019:

New Standard

Ind AS 116 – Leases

The Company will recognise new assets and liabilities for its operating leases of land. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Company is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Amendments to the existing standards

Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. In this regard, the Company is in process of carrying out assessment of potential impact on adoption.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

5 Property, plant and equipment

| | Buildings | Plant and machinery | Office equipments | Furniture and fixtures | Vehicles | Total (A) | Capital work-in-progress (B) | Total (A+B) |
|---------------------------------|-----------------|---------------------|-------------------|------------------------|--------------|------------------|------------------------------|------------------|
| Gross carrying amount | | | | | | | | |
| Balance at 1 April 2017 | 4,612.80 | 26,383.81 | 100.78 | 103.71 | 52.39 | 31,253.49 | 836.13 | 32,089.62 |
| Additions | 1,854.47 | 5,359.73 | 48.21 | 98.26 | - | 7,360.67 | 10,770.18 | 18,130.85 |
| Disposals / Deletions | - | (11.07) | (4.62) | (15.55) | - | (31.24) | (7,442.59) | (7,473.83) |
| Balance at 31 March 2018 | 6,467.27 | 31,732.47 | 144.37 | 186.42 | 52.39 | 38,582.92 | 4,163.72 | 42,746.64 |
| Additions | 2,033.70 | 7,851.99 | 43.21 | 95.94 | - | 10,024.84 | 7,162.91 | 17,187.75 |
| Disposals / Deletions | - | (763.17) | (39.56) | (28.01) | (10.95) | (841.69) | (9,423.70) | (10,265.39) |
| Balance at 31 March 2019 | 8,500.97 | 38,821.29 | 148.02 | 254.35 | 41.44 | 47,766.07 | 1,902.93 | 49,669.00 |
| Accumulated depreciation | | | | | | | | |
| Balance at 1 April 2017 | 174.33 | 2,787.10 | 19.02 | 19.43 | 6.19 | 3,006.07 | - | 3,006.07 |
| Additions | 203.29 | 3,468.79 | 35.34 | 31.20 | 8.86 | 3,747.48 | - | 3,747.48 |
| Disposals | - | (1.01) | (0.66) | (12.86) | - | (14.53) | - | (14.53) |
| Balance at 31 March 2018 | 377.62 | 6,254.88 | 53.70 | 37.77 | 15.05 | 6,739.02 | - | 6,739.02 |
| Additions | 302.15 | 3,558.47 | 35.64 | 28.02 | 7.53 | 3,931.81 | - | 3,931.81 |
| Disposals | - | (690.32) | (39.46) | (27.83) | (9.80) | (767.41) | - | (767.41) |
| Balance at 31 March 2019 | 679.77 | 9,123.03 | 49.88 | 37.96 | 12.78 | 9,903.42 | - | 9,903.42 |
| Carrying amount (net) | | | | | | | | |
| As at 31 March 2018 | 6,089.65 | 25,477.59 | 90.67 | 148.65 | 37.34 | 31,843.90 | 4,163.72 | 36,007.62 |
| As at 31 March 2019 | 7,821.20 | 29,698.26 | 98.14 | 216.39 | 28.66 | 37,862.65 | 1,902.93 | 39,765.58 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

6 Intangible assets

| | Product design expenses | Specialised software | Intangible assets under development | Total |
|---------------------------------|-------------------------|----------------------|-------------------------------------|-----------------|
| Gross carrying amount | | | | |
| Balance at 1 April 2017 | 147.49 | 237.12 | - | 384.61 |
| Additions | - | 59.84 | 216.00 | 275.84 |
| Disposals | - | - | - | - |
| Balance at 31 March 2018 | 147.49 | 296.96 | 216.00 | 660.45 |
| Additions | 277.70 | 32.54 | 184.64 | 494.88 |
| Disposals | - | - | - | - |
| Balance at 31 March 2019 | 425.19 | 329.50 | 400.64 | 1,155.33 |
| Accumulated amortization | | | | |
| Balance at 1 April 2017 | 88.21 | 173.49 | - | 261.70 |
| Additions | 23.83 | 19.63 | - | 43.46 |
| Disposals | - | - | - | - |
| Balance at 31 March 2018 | 112.04 | 193.12 | - | 305.16 |
| Additions | 35.44 | 25.47 | - | 60.91 |
| Disposals | - | - | - | - |
| Balance at 31 March 2019 | 147.48 | 218.59 | - | 366.07 |
| Carrying amount (net) | | | | |
| As at 31 March 2018 | 35.45 | 103.84 | 216.00 | 355.29 |
| As at 31 March 2019 | 277.71 | 110.91 | 400.64 | 789.26 |

7 Non-current investments

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Unquoted instruments | | |
| <i>Equity shares at FVOCI</i> | | |
| 3,370,049 (31 March 2018: 3,370,049) Equity Shares of Bosch Electrical Drives India Private Limited of ₹ 100 each, fully paid up. | 2,123.14 | 3,473.57 |
| 188,762 (31 March 2018: 176,228) Equity Shares of Beta Wind Farm Private Limited of ₹ 10 each, fully paid up. | 35.86 | 33.48 |
| | 2,159.00 | 3,507.05 |
| Aggregate value of unquoted investments | 2,159.00 | 3,507.05 |
| Aggregate amount of impairment (fair value adjustment) in value of investments (included in above) | 1,246.92 | - |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

8 Inventories

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Raw materials and components (includes raw materials in transit amounting to ₹ 1,021.44 lakhs; 31 March 2018: ₹ 1,076.50 lakhs) | 3,944.18 | 4,468.25 |
| Work-in-progress | 672.75 | 495.52 |
| Finished goods | 281.76 | 369.26 |
| Stores and spares (includes stores and spares in transit amounting to ₹ 18.71 lakhs; 31 March 2018: ₹ 12.24 lakhs) | 495.43 | 573.15 |
| Tools | 777.10 | 182.10 |
| | 6,171.22 | 6,088.28 |

9 Current investments

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Unquoted investments carried at FVTPL | | |
| Units in mutual funds | | |
| ICICI Prudential Mutual fund - Money Market Fund - DRT Growth Plan 461,430 units (31 March 2018 - Nil units) | 1,200.46 | - |
| Tata Liquid Fund - Growth Plan 1,820 units (31 March 2018 - Nil units) | 53.59 | - |
| ICICI Prudential Mutual fund - Savings Fund Growth Plan Nil units (31 March 2018 - 187,651 units) | - | 507.30 |
| ICICI Prudential Fixed Maturity Plan Series 82 - 103 Days Plan Nil units (31 March 2018- 10,000,000 units) | - | 1,006.50 |
| Tata Money Market Fund - Growth Plan Nil units (31 March 2018 - 367 units) | - | 10.04 |
| Aggregate value of unquoted investments | 1,254.05 | 1,523.84 |

10 Trade receivables

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Unsecured, considered good | 14,250.60 | 16,967.77 |
| Less : Loss allowance for expected credit losses | (78.55) | (47.03) |
| | 14,172.05 | 16,920.74 |
| Of the above, trade receivables from related parties are as below: | | |
| Total trade receivables from related parties | 11,299.91 | 10,808.07 |
| Less : Loss allowance for expected credit losses | (51.32) | - |
| Net trade receivables | 11,248.59 | 10,808.07 |

The Company's exposure to credit and currency risks, loss allowances are disclosed in Note 35.

For receivables secured against borrowings, see Note 20

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

11 Cash and cash equivalents

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Balance with banks: | | |
| - in current accounts | 255.53 | 218.50 |
| Cash and cash equivalents in balance sheet | 255.53 | 218.50 |
| Cash and cash equivalents in the statements of cash flows | 255.53 | 218.50 |

12 Other bank balances

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Demand deposits with original maturity of more than three months | - | 10,382.75 |
| Earmarked balances with banks - unpaid dividend accounts | 46.68 | 36.88 |
| | 46.68 | 10,419.63 |

Other bank balances include demand deposits amounting to ₹ Nil (31 March 2018 : ₹ 382.75 lakhs) marked as a lien in respect of certain financing arrangements.

13 Deposits and other receivables

| | As at 31 March 2019 | As at 31 March 2018 |
|----------------------|------------------------|------------------------|
| Non-current | | |
| Security deposit | 432.83 | 418.28 |
| Advance to employees | 81.90 | 104.33 |
| | 514.73 | 522.61 |
| Current | | |
| Security deposit | 73.53 | 27.62 |
| Advance to employees | 31.10 | 37.51 |
| | 104.63 | 65.13 |

14 Other financial assets

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Non-current | | |
| Forward exchange contracts used for hedging | 233.67 | - |
| | 233.67 | - |
| Current | | |
| Forward exchange contracts used for hedging | 175.35 | 176.26 |
| MEIS scrips available for sale | 328.72 | - |
| Other receivable from related parties | - | 2,449.39 |
| | 504.07 | 2,625.65 |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

15 Other assets

| | As at 31 March 2019 | As at 31 March 2018 |
|-------------------------------------|------------------------|------------------------|
| Non-current | | |
| Capital advances | - | 361.94 |
| Prepayments | 82.61 | 176.49 |
| | 82.61 | 538.43 |
| Current | | |
| Prepayments | 292.20 | 344.73 |
| Balances with statutory authorities | 171.94 | - |
| Export incentive receivable | 400.16 | 1,140.89 |
| Others | 24.86 | 117.40 |
| | 889.16 | 1,603.02 |

16 Share Capital

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Authorised | | |
| 35,000,000 (31 March 2018: 35,000,000) equity shares of ₹ 10/- each | 3,500.00 | 3,500.00 |
| Issued, Subscribed and Paid-up | | |
| 31,475,048 (31 March 2018: 30,608,444) equity shares of ₹ 10/- each fully paid up | 3,147.50 | 3,060.84 |

a Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| | 31 March 2019 | | 31 March 2018 | |
|---------------------------------------|--------------------|-----------------|--------------------|-----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity shares | | | | |
| At the commencement of the year | 3,06,08,444 | 3,060.84 | 3,06,08,444 | 3,060.84 |
| Issue of bonus shares during the year | 8,66,604 | 86.66 | - | - |
| At the end of the year | 3,14,75,048 | 3,147.50 | 3,06,08,444 | 3,060.84 |

b Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares of par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees and all shares issued carry equal rights for dividend declared. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c Employee stock options

Terms attached to stock options granted are described in Note 19 regarding share-based payments.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

d Shares held by holding / ultimate holding company and / or their subsidiaries / associates

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|----------|------------------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Agile Electric Sub Assembly Private Limited, the Holding Company | 1,34,80,614 | 1,348.06 | 1,28,30,659 | 1,283.07 |
| Igarashi Electric Works (H.K.) Limited Hong Kong, the subsidiary of the ultimate holding company | 24,99,993 | 250.00 | 24,99,993 | 250.00 |
| Igarashi Electric Works Limited, Japan, the ultimate holding company | 9,67,648 | 96.76 | 9,67,648 | 96.76 |

e Particulars of shareholders holding more than 5% shares of a class of shares

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|-------------------|------------------------|-------------------|
| | No. of Shares | % of total shares | No. of Shares | % of total shares |
| Agile Electric Sub Assembly Private Limited | 1,34,80,614 | 42.83% | 1,28,30,659 | 41.92% |
| Mr. P. Mukund | 66,58,033 | 21.15% | 66,58,033 | 21.75% |
| Igarashi Electric Works (H.K) Limited, Hong Kong | 24,99,993 | 7.94% | 24,99,993 | 8.17% |
| UTI Mutual Fund | 16,35,664 | 5.20% | 10,84,106 | 3.54% |

f Shares reserved for issue under options

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Under Employee Stock Option Scheme, 2017: 600,000 equity shares of ₹ 10 each, at an exercise price of ₹ 650 per share (see Note 19) | 60.00 | - |

g In the period of five years immediately preceding March 31, 2019:

- The Company has allotted 866,604 fully paid-up equity shares of face value ₹ 10/- each during the year ended 31 March 2019 pursuant to a bonus issue approved by the shareholders through postal ballot. Record date fixed by the Board of Directors was 28 September 2018. The bonus shares were issued by utilization of securities premium.
- The Company has not allotted any other equity shares as fully paid up without payment being received in cash.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

17 Other equity

A.i Securities premium

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

A.ii General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

B ESOP Outstanding account

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|----------------------|-----------------------------|-----------------------------|
| Opening balance | - | - |
| Share-based payments | 768.57 | - |
| | 768.57 | - |

C Dividends

The following dividends were declared and paid by the Company during the year

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| ₹ 6 per equity share (31 March 2018: ₹ 6.61 per equity share) | 1,836.51 | 2,023.22 |
| Dividend distribution tax (DDT) on dividend to equity shareholders | 377.59 | 411.89 |
| | 2,214.10 | 2,435.11 |

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared / paid.

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| ₹ 4.90 per equity share (31 March 2018: ₹ 6 per equity share) | 1,542.28 | 1836.51 |

D Analysis of accumulated OCI (net of tax)

(i) Other items of OCI

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Remeasurements of defined benefit liability | (128.79) | (130.34) |
| | (128.79) | (130.34) |

Remeasurements of defined benefit liability

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Opening balance | (130.34) | (61.76) |
| Remeasurements of defined benefit liability | 1.55 | (68.58) |
| Closing balance | (128.79) | (130.34) |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

(ii) Disaggregation of changes in items of OCI (net of tax)

| | Equity investments through OCI (a) | Effective portion of cash flow hedges (b) | Remeasurement of defined benefit liability (c) | Total |
|--|------------------------------------|---|--|-------------------|
| Year ended 31 March 2018 | | | | |
| Effective portion of gains / (losses) on hedging instruments in cash flow hedges | - | (27.11) | - | (27.11) |
| Equity investments through other comprehensive income - net change in fair value | 454.56 | - | - | 454.56 |
| Remeasurement of defined benefit liability | - | - | (68.58) | (68.58) |
| | 454.56 | (27.11) | (68.58) | 358.87 |
| Year ended 31 March 2019 | | | | |
| Effective portion of gains / (losses) on hedging instruments in cash flow hedges | - | 134.43 | - | 134.43 |
| Equity investments through other comprehensive income - net change in fair value | (1,350.44) | - | - | (1,350.44) |
| Remeasurement of defined benefit liability | - | - | 1.55 | 1.55 |
| | (1,350.44) | 134.43 | 1.55 | (1,214.46) |

a Equity investments through OCI

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

b Effective portion of cash flow hedges

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

c Remeasurement of defined benefit liability

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

17E Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

18 Earnings per share

Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

(i) Profit attributable to equity shareholders (basic and diluted)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Profit for the year, attributable to the equity holders | 5,741.49 | 9,525.78 |

(ii) Weighted average number of equity shares (for computing basic earnings per share)

| | | |
|--|--------------------|--------------------|
| Opening balance (number of equity shares) | 3,06,08,444 | 3,06,08,444 |
| Effect of fresh issue of shares (bonus issue) | 8,66,604 | 8,66,604 |
| Weighted average number of equity shares for the year | 3,14,75,048 | 3,14,75,048 |

(iii) Weighted average number of equity shares (for computing diluted earnings per share)

| | | |
|---|--------------------|--------------------|
| Opening balance (number of equity shares) | 3,06,08,444 | 3,06,08,444 |
| Effect of fresh issue of shares (bonus issue) | 8,66,604 | 8,66,604 |
| Effect of dilutive common equivalent shares - share options outstanding | - | - |
| Weighted average number of equity shares for the year | 3,14,75,048 | 3,14,75,048 |

For the year ended 31 March 2019, 1,025 options (31 March 2018: Nil) were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

19 Share-based payments

A. Description of share-based payment arrangements

At 31 March 2019, the Company has the following share-based payment arrangements:

Employees Stock Option Scheme - 2017 (equity settled)

The scheme was approved by a resolution of the Board of Directors of Igarashi Motors India Limited duly passed on May 11, 2017 and by a special resolution of shareholders on August 02, 2017. The scheme provides for issuance of 600,000 options, convertible to equivalent number of equity shares of Face Value of ₹10 each, to the eligible employees (key management personnel, employees of the Holding Company and other employees of the Company). The exercise price shall be ₹ 650 per option or such other price as may be fixed by the Board or Committee. The options will vest over a period of 2 years, with 50% vesting each year. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

| Grant date/employees entitled | Number of instruments granted | Vesting conditions | Contractual life of options |
|--|-------------------------------|----------------------------------|-----------------------------|
| Option grant to key management personnel of the Company on 22 May 2018 | 17,000 | Options will lapse on regination | 2 years |
| Option grant to key management personnel of the Company on 22 May 2018 | 17,000 | Same as above | 3 years |
| Option grant to employees of Holding Company on 22 May 2018 | 19,450 | Same as above | 2 years |
| Option grant to employees of Holding Company on 22 May 2018 | 19,450 | Same as above | 3 years |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Grant date/employees entitled | Number of instruments granted | Vesting conditions | Contractual life of options |
|---|-------------------------------|--------------------|-----------------------------|
| Option grant to other employees of the Company on 22 May 2018 | 2,17,350 | Same as above | 2 years |
| Option grant to other employees of the Company on 22 May 2018 | 2,17,350 | Same as above | 3 years |
| Total share options | 5,07,600 | | |

B. Measurement of fair values

| | Year ended 31 March 2019 | |
|---|--------------------------|------------------------|
| | Key Management Personnel | Other Employees |
| Fair value at grant date (value based on Black-Scholes Merton formula) | 254.96 | 254.96 |
| Share price at grant date | 795.85 | 795.85 |
| Exercise price | 650.00 | 650.00 |
| Expected volatility (weighted average volatility) | 30% | 30% |
| Expected life (expected weighted average life) | 1.5 years to 2.5 years | 1.5 years to 2.5 years |
| Expected dividends | 0.88% | 0.88% |
| Risk-free interest rate (based on government bonds) (weighted average rate) | 7.28% | 7.28% |

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price.

C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option plans are as follows.

| | Year ended 31 March 2019 | |
|------------------------------|---------------------------------|-------------------|
| | Weighted average exercise price | Number of options |
| Granted during the period | 650.00 | 5,07,600 |
| Forfeited during the period | 650.00 | (51,750) |
| Outstanding at 31 March 2019 | 650.00 | 4,55,850 |
| Exercisable at 31 March 2019 | | - |

The options outstanding at 31 March 2019 have an exercise price of ₹ 650 per share and a weighted average remaining contractual life of 2.5 years.

D. Expense recognised in statement of profit and loss

The Company has granted 5,07,600 options (4,68,700 options to its employees and 38,900 stock options to the employees of the Holding Company) under its stock option plan during the year ended 31 March 2019 (after giving effect to the business combination referred in note 43). Accordingly, the Company has recorded net employee benefit expenses amounting to ₹ 721.60 lakhs for the year ended 31 March 2019 (after considering the effect of business combination referred in note 43) based on the fair value of the options granted. Also see Note 30.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

20 Borrowings

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Non-current borrowings | | |
| External commercial borrowings (ECB) | 566.10 | 1,962.81 |
| Other term loan from banks | 3,484.58 | 2,359.38 |
| | 4,050.68 | 4,322.19 |
| Current borrowings | | |
| ECB and other term loan from banks | 6,017.19 | 3,449.72 |
| Working capital facilities from banks - (Buyer's credit, cash credit and packing credit) | 1,764.09 | 6,203.80 |
| | 7,781.28 | 9,653.52 |
| Less: Amount included under 'other financial liabilities' (refer Note 23) | (6,017.19) | (3,449.72) |
| | 1,764.09 | 6,203.80 |

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 35

A. Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

| | Currency | Nominal interest rate | Year of maturity | Carrying amount at 31 March 2019 | Carrying amount at 31 March 2018 |
|----------------------------|----------|--------------------------|---------------------|--|--|
| ECB | USD | Libor + 2.95% | 2017-21 | 1,701.61 | 2,363.82 |
| ECB | USD | Libor + 3.4% | 2016-20 | 389.09 | 852.34 |
| Term loan from banks - I | INR | Base rate + 1% | 2016-20 | 1,250.00 | 2,916.67 |
| Term loan from banks - II | INR | Base rate + 1% | 2017-21 | 1,109.38 | 1,639.08 |
| Term loan from banks - III | USD | Libor + 2.75% | 2018-22 | 5,617.79 | - |
| Cash credit | INR | Base rate + 1% | 2018-19 | - | 3,972.82 |
| Buyer's credit | USD | 2.24% - 3.45% | 2018-19 | - | 931.65 |
| Buyer's credit | JPY | 0.65% - 0.85% | 2018-19 | - | 837.11 |
| Packing credit - I | USD | Libor + 2.5% | 2019-20 | 899.34 | - |
| Packing credit - II | USD | Libor + 2.75% | 2018-20 | 864.75 | 462.22 |
| | | | | 11,831.96 | 13,975.71 |

B. Secured bank loans

External commercial borrowings are secured by first pari passu charge on the entire moveable and immoveable fixed assets of the Company, both present and future; and pari passu second charge on the current assets of the Company, both present and future.

Term loan from banks - I is secured by first pari passu charge on the moveable fixed assets of the Company; and pari passu second charge on the current assets of the Company.

Term loan from banks - II is secured by first pari passu charge on the entire moveable and immoveable fixed assets of the Company, both present and future; and pari passu second charge on the current assets of the Company, both present and future.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Term loan from banks - III is secured by first pari passu charge on the entire moveable fixed assets of the Company, both present and future; and pari passu second charge on the current assets of the Company, both present and future.

Working capital facilities (Cash credit, packing credit - I and buyer's credit) are secured by first pari passu charge on the entire current assets of the Company, both present and future; and pari passu second charge on the fixed assets of the Company, both present and future.

Packing credit - II are secured by first pari passu charge on the current assets of the Company; and pari passu second charge on moveable fixed assets of the Company.

C. Changes in liabilities arising from financing activities

| | As at 31 March 2018 | Cash flows | Foreign exchange movement | As at 31 March 2019 |
|---|---------------------------|-------------------|---------------------------------|---------------------------|
| Long-term borrowings (including current maturities) | 7,771.91 | 2,189.10 | 106.86 | 10,067.87 |
| Short-term borrowings | 6,203.80 | (4,427.69) | (12.02) | 1,764.09 |
| Total liabilities from financing activities | 13,975.71 | (2,238.59) | 94.84 | 11,831.96 |

| | As at 31 March 2017 | Cash flows | Foreign exchange movement | As at 31 March 2018 |
|---|------------------------|---------------|---------------------------------|------------------------|
| Long-term borrowings (including current maturities) | 9,370.59 | (1,632.27) | 33.59 | 7,771.91 |
| Short-term borrowings | 3,627.95 | 2,526.87 | 48.98 | 6,203.80 |
| Total liabilities from financing activities | 12,998.54 | 894.60 | 82.57 | 13,975.71 |

21 Provisions

| | As at 31 March 2019 | As at 31 March 2018 |
|---------------------------------------|------------------------|------------------------|
| Provision for employee benefit | | |
| Net defined liability for gratuity | 56.46 | 234.92 |
| Liability for compensated absences | 73.22 | 81.94 |
| | 129.68 | 316.86 |
| Non current | - | 224.53 |
| Current | 129.68 | 92.33 |
| | 129.68 | 316.86 |

For details about the related employee benefit expenses, see Note 30

The Company operates the following post-employment defined benefit plans:

The Company has a defined benefit gratuity plan in India (the Plan), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee at the time of retirement, death or termination of employment. Liabilities for the same are determined through an actuarial valuation as at the reporting dates using the "projected unit cost method".



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The Company provides the gratuity benefit through annual contribution to Life Insurance Corporation of India (LIC)

A. Reconciliation of the net defined benefit (asset)/ liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

Reconciliation of present value of defined benefit obligation

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Balance at the beginning of the year | 644.74 | 429.02 |
| Benefits paid | (41.30) | (29.44) |
| Current service cost | 66.73 | 77.53 |
| Past service cost | - | 46.69 |
| Interest cost | 49.11 | 30.01 |
| Acquisition adjustment | (13.48) | 3.25 |
| Actuarial (gains) losses recognised in other comprehensive income | | - |
| - changes in demographic assumptions | - | (8.44) |
| - changes in financial assumptions | (6.13) | (78.88) |
| - experience adjustments | 7.03 | 175.00 |
| Balance at the end of the year | 706.70 | 644.74 |

Reconciliation of present value of plan assets

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Balance at the beginning of the year | 409.82 | 366.46 |
| Benefits paid | (41.30) | (29.44) |
| Contributions paid into the plan | 226.09 | 40.98 |
| Interest income | 35.57 | 25.63 |
| Employee transfer adjustment | 16.77 | 3.06 |
| Return on plan assets recognised in other comprehensive income | 3.29 | 3.13 |
| Balance at the end of the year | 650.24 | 409.82 |
| Net defined benefit obligation | 56.46 | 234.92 |

C. Expense recognised in the statement of profit or loss

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|----------------------|-----------------------------|-----------------------------|
| Current service cost | 66.73 | 77.53 |
| Past service cost | - | 46.69 |
| Interest cost | 49.11 | 30.01 |
| Interest income | (35.57) | (25.63) |
| | 80.27 | 128.60 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Remeasurements recognised in other comprehensive income

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Actuarial loss on defined benefit obligations | 0.90 | 87.68 |
| Return on plan assets excluding interest income | (3.29) | (3.13) |
| | (2.39) | 84.55 |

D. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | As at 31 March 2019 | As at 31 March 2018 |
|----------------------|------------------------|------------------------|
| Discount rate | 7.65% | 7.65% to 7.80% |
| Future salary growth | 8.00% | 8.00% |
| Attrition rate | 10% | 10% |

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|---------------------|----------|---------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (49.69) | 56.82 | (45.84) | 52.49 |
| Future salary growth (1% movement) | 54.01 | (48.09) | 49.57 | (44.06) |
| Attrition rate (50% of attrition rates movement) | (7.99) | 13.22 | (6.08) | 10.19 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

22 Trade payables

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Dues to related parties (refer Note 38) | 311.14 | 138.68 |
| Dues to micro, small and medium enterprises (refer Note 39) | 222.29 | - |
| Dues to others | 7433.79 | 8,972.65 |
| | 7,967.22 | 9,111.33 |

All trades payables are 'current'

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in Note 35.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

23 Other financial liabilities

| | As at 31 March 2019 | As at 31 March 2018 |
|--|------------------------|------------------------|
| Current maturities of long-term borrowings (refer Note 20) | 6,017.19 | 3,449.72 |
| Payables for capital goods | 973.79 | 1,171.18 |
| Interest accrued but not due | 26.72 | 54.14 |
| Unpaid dividends | 46.68 | 36.88 |
| Purchase consideration payable (refer Note 43) | - | 13,562.82 |
| | 7,064.38 | 18,274.74 |

All other financial liabilities are 'current'

The Company's exposure to currency and liquidity risk related to above financial liabilities is disclosed in Note 35.

24 Other current liabilities

| | As at 31 March 2019 | As at 31 March 2018 |
|-------------------------|------------------------|------------------------|
| Dues to employees | 459.22 | 167.67 |
| Advances from customers | 34.30 | 142.70 |
| Statutory dues | 181.32 | 98.19 |
| | 674.84 | 408.56 |

25 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director (MD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company is engaged in only one business namely manufacture of micro motors and its accessories mainly for the automotive sector. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these financial statements are reflective of the information required by the Ind AS 108 for micro motors segment. The Company's operations are entirely domiciled in India and as such all its non-current assets are located in India.

A. Geographic information :

The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been determined based on the geographic location of the customers.

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--------------------------|-----------------------------|-----------------------------|
| United States of America | 28,364.38 | 26,259.09 |
| Germany | 13,244.10 | 15,200.98 |
| Hong Kong | 8,013.25 | 8,979.77 |
| India | 6,493.87 | 6,222.81 |
| Rest of the world | 4,500.41 | 10,457.51 |
| | 60,616.01 | 67,120.16 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

The Company's operations are entirely carried out of India and as such all its non-current assets are located in India.

B. Major Customers

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows:

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Igarashi Motoren GmbH, Germany | 11,679.26 | 11,530.74 |
| Igarashi Motor Sales USA LLC, USA | 27,692.70 | 25,427.57 |
| Igarashi Electric Works International Limited, Hong Kong | 8,013.25 | 8,992.77 |

26 Revenue from operations

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| a Revenue streams | | |
| Sale of products | 58,604.79 | 64,463.66 |
| Other operating revenue | | |
| Scrap Sales | 1,325.27 | 1,610.57 |
| Capacity commitment fees | 685.95 | 1,045.93 |
| Revenue from contract with customers | 60,616.01 | 67,120.16 |

b Revenue from contract with customers have been disaggregated based on customer markets (refer Note 25)

c Contract balances

The following disclosure provide information about receivables, contract assets and liabilities from contract with customers.

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Receivable which are included in trade receivables (refer Note 10) | 14,172.05 | 16,920.74 |
| Payable which are included in other current liabilities (refer Note 24) | 34.30 | 142.70 |

27 Other income

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| | | |
| Income from MEIS scrips | 1,928.02 | 1,835.72 |
| Interest income on | | |
| Cash and bank balances | 270.28 | 442.69 |
| Others | 28.74 | 31.83 |
| Gain on foreign currency transactions (net) | - | 513.47 |
| Financial assets at FVTPL-net change in fair value | | |
| Mandatorily measured at FVTPL - others | 257.40 | 434.53 |
| Miscellaneous income | 20.01 | 126.58 |
| | 2,504.45 | 3,384.82 |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

28 Cost of materials consumed

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Inventory of materials at the beginning of the year | 4,650.35 | 5,379.10 |
| Add: Purchases | 33,670.94 | 35,362.41 |
| Less: Inventory of materials at the end of the year | (4,721.28) | (4,650.35) |
| | 33,600.01 | 36,091.16 |

29 Changes in inventory of finished goods and work-in-progress

| | Year ended 31 March 2019 | | | Year ended 31 March 2018 | | |
|------------------|--------------------------|------------------|--------------------------|--------------------------|------------------|--------------------------|
| | Opening stock | Closing stock | (Increase) / Decrease | Opening stock | Closing stock | (Increase) / Decrease |
| Finished goods | 369.26 | 281.76 | 87.50 | 342.58 | 369.26 | (26.68) |
| Work-in-progress | 495.52 | 672.75 | (177.23) | 539.25 | 495.52 | 43.73 |
| | 864.78 | 954.51 | (89.73) | 881.83 | 864.78 | 17.05 |

30 Employee benefits expense

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 3,803.42 | 3,935.13 |
| Contribution to provident fund | 206.21 | 206.17 |
| Expenses related to post-employment defined benefit plans (refer Note 21) | 80.27 | 128.60 |
| Expenses related to compensated absences | 22.11 | 15.05 |
| Equity-settled share based payments (refer Note 19) | 721.60 | - |
| Staff welfare expenses | 785.87 | 918.77 |
| | 5,619.48 | 5,203.72 |

31 Finance costs

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|-----------------------------|-----------------------------|
| Interest expense on financial liabilities measured at amortised cost | 1,036.86 | 1,023.27 |
| Applicable net loss on foreign currency transactions and translations to the extent regarded as borrowing costs | 229.97 | 20.44 |
| Others | 210.06 | 166.41 |
| | 1,476.89 | 1,210.12 |

32 Depreciation and amortization expense

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Depreciation of property, plant and equipment (refer Note 5) | 3,931.81 | 3,747.48 |
| Amortization of intangible assets (refer Note 6) | 60.91 | 43.46 |
| | 3,992.72 | 3,790.94 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

33 Other expenses

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Consumption of stores and spares | 1,327.72 | 1,491.55 |
| Freight, delivery and shipping charges | 362.05 | 372.32 |
| Rent | 448.21 | 100.18 |
| Outsourced manpower cost | 1,850.38 | 1,908.76 |
| Commission | 40.52 | 55.67 |
| Power and fuel | 1,127.65 | 1,151.36 |
| Rates and taxes | 87.64 | 115.64 |
| Insurance | 161.80 | 163.07 |
| Repairs and maintenance | | |
| Buildings | 42.24 | 100.33 |
| Machinery | 1,037.32 | 1,205.45 |
| Others | 29.20 | 27.06 |
| Legal and professional charges (refer note (a) below) | 811.63 | 809.72 |
| Travel and Conveyance | 533.37 | 680.10 |
| Communication expenses | 78.85 | 79.68 |
| Recruitment and training | 82.31 | 41.13 |
| Sitting fees and commission to Independent Directors (including taxes) | 37.75 | 31.97 |
| Security expenses | 207.28 | 196.68 |
| Printing and stationery | 54.10 | 57.75 |
| Quality cost | 495.47 | 353.61 |
| Provision for loss allowance for expected credit losses | 31.52 | 45.81 |
| Fixed assets written off | - | 16.71 |
| Bank charges | 95.80 | 101.18 |
| Expenditure on corporate social responsibility (refer note (b) below) | 210.71 | 265.01 |
| Loss on sale of fixed assets (net) | - | 7.25 |
| Loss on foreign currency transactions (net) | 154.39 | - |
| Miscellaneous expenses | 620.40 | 727.78 |
| | 9,928.31 | 10,105.77 |

a. Payment to auditors (excluding taxes)

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| As auditor | | |
| Statutory audit | 45.00 | 30.00 |
| Tax audit | 4.50 | 3.00 |
| Limited review of quarterly results | 22.00 | 10.00 |
| Limited review of quarterly results (quarter ended Jun-17) and others* | - | 11.02 |
| In other capacity | | |
| Tax services | 16.55 | 7.38 |
| Certification | 11.00 | 3.00 |
| Reimbursement of expenses | 6.80 | 1.66 |
| | 105.85 | 66.06 |

* Paid to auditors other than B S R & Co. LLP



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

b. Details of corporate social responsibility expenditure

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Amount required to be spent by the Company during the year | 207.19 | 188.39 |
| Amount spent during the year (in cash) : | | |
| (i) Construction/ acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 210.71 | 188.01 |

34 Income tax

A. Amount recognised in the statement of profit and loss

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Current tax | | |
| Current period | 2,370.74 | 4,635.84 |
| Tax for earlier years | (73.48) | - |
| Total current tax expense | 2,297.26 | 4,635.84 |
| Deferred tax | | |
| Origination and reversal of temporary difference | 554.03 | (75.40) |
| Total deferred tax expense / (benefit) | 554.03 | (75.40) |
| | 2,851.29 | 4,560.44 |

B. Income tax recognised in other comprehensive income

| | Year ended 31 March 2019 | | | Year ended 31 March 2018 | | |
|--|--------------------------|-------------------------------|---------------|--------------------------|-------------------------------|----------------|
| | Before tax | Tax (expense) / benefit | Net of tax | Before tax | Tax (expense) / benefit | Net of tax |
| Remeasurement of defined benefit liability (asset) | 2.39 | (0.84) | 1.55 | (84.55) | 15.97 | (68.58) |
| Effective portion of gains (losses) on hedging instruments in cash flow hedges | 206.64 | (72.21) | 134.43 | (40.55) | 13.44 | (27.11) |
| | 209.03 | (73.05) | 135.98 | (125.10) | 29.41 | (95.69) |

C. Reconciliation of effective tax rate

| | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|--------------------------|-----------------|--------------------------|------------------|
| Profit before tax | | 8,592.78 | | 14,086.22 |
| Tax using the Company's domestic tax rate | 34.94% | 3,002.66 | 34.61% | 4,874.96 |
| Tax incentives | -0.80% | (68.42) | -0.49% | (68.68) |
| Changes in estimates related to prior years | 0.00% | - | 0.09% | 12.90 |
| Tax related to prior years | -0.86% | (73.48) | 0.00% | - |
| Effect of business acquisition | -1.26% | (108.36) | -2.59% | (364.82) |
| Effect of non-deductible expenses | 1.15% | 98.88 | 0.75% | 106.08 |
| Income tax expense | 33.17% | 2,851.29 | 32.37% | 4,560.44 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

34 Income tax (contd.)

D. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Deferred tax (assets) | | Deferred tax liabilities | | Net Deferred tax (assets) / liabilities | |
|--|-----------------------|---------------------|--------------------------|---------------------|---|---------------------|
| | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Property, plant and equipment | - | - | 2,463.87 | 1,439.02 | 2,463.87 | 1,439.02 |
| Provision - employee benefits | (91.78) | (89.06) | - | - | (91.78) | (89.06) |
| Investments at fair value through profit or loss | - | - | - | 6.99 | - | 6.99 |
| Effective portion of cash flow hedges | - | - | 141.43 | 69.22 | 141.43 | 69.22 |
| Minimum alternate tax | (417.00) | - | - | - | (417.00) | - |
| Other items | (60.59) | (8.69) | 8.63 | - | (51.96) | (8.69) |
| Net deferred tax (assets) / liabilities | (569.37) | (97.75) | 2,613.93 | 1,515.23 | 2,044.56 | 1,417.48 |

Movement in temporary differences:

| | Balance as at 1 April 2017 | Recognized in profit or loss during 2017-18 | Recognized in OCI during 2017-18 | Balance as at 31 March 2018 | Recognized in profit or loss during 2018-19 | Recognized in OCI during 2018-19 | Balance as at 31 March 2019 |
|--|----------------------------|---|----------------------------------|-----------------------------|---|----------------------------------|-----------------------------|
| Property, plant and equipment | 1,361.65 | 77.37 | - | 1,439.02 | 1,024.85 | - | 2,463.87 |
| Provision - employee benefits | (19.42) | (53.67) | (15.97) | (89.06) | (3.56) | 0.84 | (91.78) |
| Investments at fair value through profit or loss | 89.38 | (82.39) | - | 6.99 | (6.99) | - | - |
| Effective portion of cash flow hedges | 75.04 | - | (5.82) | 69.22 | - | 72.21 | 141.43 |
| Minimum alternate tax | - | - | - | - | (417.00) | - | (417.00) |
| Other items | 8.02 | (16.71) | - | (8.69) | (43.27) | - | (51.96) |
| | 1,514.67 | (75.40) | (21.79) | 1,417.48 | 554.03 | 73.05 | 2,044.56 |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

35 Financial instruments - Fair values and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

A. Accounting classification and fair values

Financial assets measured at fair value

31 March 2019

| Particulars | Carrying amount | | | | | | | Fair value | | | |
|---|-----------------|----------------------------------|-------------------------------|----------------------------|---|---|-----------------------|------------|---------|----------|----------|
| | Note | Fair value - hedging instruments | Mandatorily at FVTPL - others | FVOCI - equity instruments | Other financial assets - Amortised cost | Other financial liabilities- Amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | | | | | | | | |
| -Equity shares | 7 | - | - | 2,159.00 | - | - | 2,159.00 | - | - | 2,159.00 | 2,159.00 |
| -Mutual funds | 9 | - | 1,254.05 | - | - | - | 1,254.05 | 1,254.05 | - | - | 1,254.05 |
| Forward exchange contracts used for hedging | 14 | 409.02 | - | - | - | - | 409.02 | - | 409.02 | - | 409.02 |
| | | 409.02 | 1,254.05 | 2,159.00 | - | - | 3,822.07 | 1,254.05 | 409.02 | 2,159.00 | 3,822.07 |

Financial assets not measured at fair value (Refer Note 1 below)

| Particulars | Carrying amount | | | | | | |
|--------------------------------|-----------------|----------------------------------|-------------------------------|---------------------------|---|---|-----------------------|
| | Note | Fair value - hedging instruments | Mandatorily at FVTPL - others | FVOCI -equity instruments | Other financial assets - Amortised cost | Other financial liabilities- Amortised cost | Total carrying amount |
| Trade receivables | 10 | - | - | - | 14,172.05 | - | 14,172.05 |
| Cash and cash equivalents | 11 | - | - | - | 255.53 | - | 255.53 |
| Other bank balances | 12 | - | - | - | 46.68 | - | 46.68 |
| MEIS scrips available for sale | 14 | - | - | - | 328.72 | - | 328.72 |
| Deposits and other receivables | 13 | - | - | - | 619.36 | - | 619.36 |
| | | - | - | - | 15,422.34 | - | 15,422.34 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Financial liabilities not measured at fair value (Refer Note 1 below)

| Particulars | Carrying amount | | | | | | |
|-----------------------------|-----------------|----------------------------------|-------------------------------|---------------------------|---|---|-----------------------|
| | Note | Fair value - hedging instruments | Mandatorily at FVTPL - others | FVOCI -equity instruments | Other financial assets - Amortised cost | Other financial liabilities- Amortised cost | Total carrying amount |
| Trade payables | 22 | - | - | - | - | 7,967.22 | 7,967.22 |
| Borrowings | 20 | - | - | - | - | 11,831.96 | 11,831.96 |
| Other financial liabilities | 23 | - | - | - | - | 1,047.19 | 1,047.19 |
| | | - | - | - | - | 20,846.37 | 20,846.37 |

31 March 2018

Financial assets measured at fair value

| Particulars | Carrying amount | | | | | | | Fair value | | | |
|---|-----------------|----------------------------------|-------------------------------|----------------------------|---|---|-----------------------|-----------------|---------------|-----------------|-----------------|
| | Note | Fair value - hedging instruments | Mandatorily at FVTPL - others | FVOCI - equity instruments | Other financial assets - Amortised cost | Other financial liabilities- Amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | | | | | | | | |
| -Equity shares | 7 | - | - | 3,507.05 | - | - | 3,507.05 | - | - | 3,507.05 | 3,507.05 |
| -Mutual funds | 9 | - | 1,523.84 | - | - | - | 1,523.84 | 1,523.84 | - | - | 1,523.84 |
| Forward exchange contracts used for hedging | 14 | 176.26 | - | - | - | - | 176.26 | - | 176.26 | - | 176.26 |
| | | 176.26 | 1,523.84 | 3,507.05 | - | - | 5,207.15 | 1,523.84 | 176.26 | 3,507.05 | 5,207.15 |

A. Accounting classification and fair values (contd.)

| Particulars | Carrying amount | | | | | | | Fair value | | | |
|--|-----------------|----------------------------------|-------------------------------|---------------------------|---|---|-----------------------|------------|---------|---------|-------|
| | Note | Fair value - hedging instruments | Mandatorily at FVTPL - others | FVOCI -equity instruments | Other financial assets - Amortised cost | Other financial liabilities- Amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets not measured at fair value (Refer Note 1 below) | | | | | | | | | | | |
| Trade receivables | 10 | - | - | - | 16,920.74 | - | 16,920.74 | | | | |
| Cash and cash equivalents | 11 | - | - | - | 218.50 | - | 218.50 | | | | |
| Other bank balances | 12 | - | - | - | 10,419.63 | - | 10,419.63 | | | | |
| Other receivable from related parties | 14 | - | - | - | 2,449.39 | - | 2,449.39 | | | | |
| Deposits and other receivables | 13 | - | - | - | 587.74 | - | 587.74 | | | | |
| | | - | - | - | 30,596.00 | - | 30,596.00 | | | | |
| Financial liabilities not measured at fair value (Refer Note 1 below) | | | | | | | | | | | |
| Trade payables | 22 | - | - | - | - | 9,111.33 | 9,111.33 | | | | |
| Borrowings | 20 | - | - | - | - | 13,975.71 | 13,975.71 | | | | |
| Other financial liabilities | 23 | - | - | - | - | 14,825.02 | 14,825.02 | | | | |
| | | - | - | - | - | 37,912.06 | 37,912.06 | | | | |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Note 1: The Company has not disclosed fair values of financial instruments such as trade receivables, cash and bank balances, deposits and other receivables, MEIS scrips available for sale, other receivables from related parties, trade payables, borrowings because their carrying amounts are reasonable approximations of their fair values.

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation process are described in Note 2.5

| Type | Valuation technique used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|------------------------------------|--|---------------------------------|---|
| Forward contracts used for hedging | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. | Not applicable | Not applicable |

B. Measurement of fair values (contd.)

i. Valuation techniques and significant unobservable inputs (contd.)

| Type | Valuation technique used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---------------------------------------|--|--|--|
| Investments in unquoted equity shares | 31 March 2019 Market approach – in this approach, multiples and other relevant information generated by companies in similar business or market transactions involving identical or comparable (i.e. similar) companies are used to arrive at the fair value. | - Revenue multiples for comparable companies (31 March 2019: 0.8x) - Revenue multiples for comparable transactions (31 March 2019: 1.3x to 1.5x) | The estimated fair value would increase / (decrease) if the revenue multiples were higher (lower). |
| | 31 March 2018 Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these equity instruments. | - Forecast annual revenue growth rate (31 March 2018: 4 - 15%). - Forecast EBITDA margin (31 March 2018: 7 - 12%). - Risk adjusted discount rate (31 March 2018: 13.42%) | The estimated fair value would increase / (decrease) if: - the annual revenue growth rate were higher / (lower); - the EBITDA margin were higher / (lower); or - the adjusted market multiple were higher / (lower). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

ii. Level 3 fair values

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Opening balance | 103.52 | (351.04) |
| Gain included in OCI - net change in fair value (unrealised) | (1,350.44) | 454.56 |
| Closing balance | (1,246.92) | 103.52 |

Sensitivity analysis

For the fair values of FVOCI equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

| | Year ended 31 March 2019 | | Year ended 31 March 2018 | |
|---|-----------------------------|----------|--------------------------|----------|
| | OCI, net of tax | | OCI, net of tax | |
| | Increase | Decrease | Increase | Decrease |
| Revenue multiples for comparable companies (0.1x movement) | 206.68 | (206.68) | - | - |
| Revenue multiples for comparable transactions (0.1x movement) | 51.67 | (51.67) | - | - |
| EBITDA margin (50 bps movement) | - | - | 152.59 | (152.59) |
| Risk-adjusted discount rate (100 bps movement) | - | - | (392.76) | 489.34 |

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see C.ii);
- liquidity risk (see C.iii); and
- market risk (see C.iv)

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets.

a. Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Company determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about customers. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

More than 70% of the Company's customers are related parties who have been transacting with the Company for over five years, and none of these customers' balances have been credit-impaired in the past. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

| | As at 31 March 2019 | As at 31 March 2018 |
|----------------------------------|------------------------|------------------------|
| United States of America | 5,552.06 | 4,607.18 |
| Germany | 2,959.19 | 3,887.44 |
| Hong Kong | 2,622.76 | 2,825.99 |
| India | 2,066.56 | 1,997.98 |
| Rest of the world | 1,050.03 | 3,649.18 |
| Total receivables (Gross) | 14,250.60 | 16,967.77 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2019

| | Gross carrying amount | Weighted-average loss rate | Loss allowance | Whether credit-impaired |
|-------------------------|-----------------------|----------------------------|----------------|-------------------------|
| Not due | 10,777.36 | 0.00% | - | No |
| Past due 1-90 days | 2,945.96 | 0.47% | (13.89) | No |
| Past due 90-180 days | 508.42 | 9.84% | (50.04) | No |
| Past due 181-365 days | 0.62 | 40.32% | (0.25) | No |
| Past due 365 - 720 days | 18.24 | 78.78% | (14.37) | No |
| Total | 14,250.60 | | (78.55) | |

As at 31 March 2018

| | Gross carrying amount | Weighted-average loss rate | Loss allowance | Whether credit-impaired |
|-----------------------|-----------------------|----------------------------|----------------|-------------------------|
| Not due | 14,397.87 | 0.00% | - | No |
| Past due 1-90 days | 2,330.38 | 0.73% | (16.92) | No |
| Past due 90-180 days | 214.57 | 10.51% | (22.54) | No |
| Past due 181-365 days | 24.95 | 30.36% | (7.57) | No |
| Total | 16,967.77 | | (47.03) | |

Movements in the allowance for impairment in respect of trade receivables and loans:

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

| | 31 March 2019 | 31 March 2018 |
|-----------------------------|---------------|---------------|
| Balances at 1 April | 47.03 | 1.22 |
| Loss allowance for the year | 31.52 | 45.81 |
| Balance at 31 March | 78.55 | 47.03 |

b. Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)

The Company holds cash and bank balances of INR 302.21 lakhs at 31 March 2019 (31 March 2018: INR 10,638.13 lakhs;). The creditworthiness of such banks/financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. Security deposits

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Company for carrying out its operations. The Company does not expect any losses from non-performance by these counter-parties.

d. Advance to employees

This balance is primarily constituted by advances given to the employees. The Company does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

e. MEIS scrips available for sale

This balance is primarily constituted by MEIS scrips available for sale. The Company does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

f. Receivable from forward exchange contracts used for hedging

This balance is primarily constituted by mark - to - market gains on forward contracts. The Company does not expect any losses from non-performance by these counter-parties as the amounts are due from a scheduled bank which is rated AAA, based on CRISIL ratings.

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (excluding trade payables).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements:

| | Contractual cash flows | | | | | |
|---|------------------------|------------------|-----------------|-----------------|---------------|-------------------|
| | Carrying amount | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| 31 March 2019 | | | | | | |
| Non derivative financial liabilities | | | | | | |
| Borrowings | 11,831.96 | 4,402.60 | 3,379.02 | 3,441.15 | 609.19 | - |
| Trade payables | 7,967.22 | 7,967.22 | - | - | - | - |
| Other financial liabilities | 1,047.19 | 1,047.19 | - | - | - | - |
| | 20,846.37 | 13,417.01 | 3,379.02 | 3,441.15 | 609.19 | - |

| | Contractual cash flows | | | | | |
|---|------------------------|------------------|------------------|-----------------|---------------|-------------------|
| | Carrying amount | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
| 31 March 2018 | | | | | | |
| Non derivative financial liabilities | | | | | | |
| Borrowings | 13,975.71 | 5,905.60 | 3,747.66 | 3,420.41 | 902.04 | - |
| Trade payables | 9,111.33 | 9,111.33 | - | - | - | - |
| Other financial liabilities | 14,825.02 | 1,262.20 | 13,562.82 | - | - | - |
| | 37,912.06 | 16,279.13 | 17,310.48 | 3,420.41 | 902.04 | - |

As disclosed in Note 20, the Company has borrowings that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

35 Financial instruments - Fair values and risk management (contd.)

iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates will affect the Company's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters and optimising the return.

a. Currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows:

| | USD | Others |
|---|-------------------|-------------------|
| 31 March 2019 | | |
| Financial assets: | | |
| Trade receivables | 12,184.04 | - |
| Financial liabilities: | | |
| Borrowings | 9,472.58 | - |
| Trade payables | 5,162.57 | 840.92 |
| Others | 395.91 | 10.51 |
| Net exposure in respect of recognised assets and liabilities | (2,847.02) | (851.43) |
| 31 March 2018 | | |
| Financial assets: | | |
| Trade receivables | 14,969.79 | - |
| Financial liabilities: | | |
| Borrowings | 4,610.03 | 837.11 |
| Trade payables | 6,324.40 | 623.33 |
| Others | 13.06 | - |
| Net exposure in respect of recognised assets and liabilities | 4,022.30 | (1,460.44) |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against INR at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit / (loss) | | Equity, net of tax | |
|----------------------|-----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2019 | | | | |
| USD (1% movement) | (28.47) | 28.47 | (18.52) | 18.52 |
| 31 March 2018 | | | | |
| USD (1% movement) | 40.22 | (40.22) | 26.30 | (26.30) |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

b. Hedge accounting

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated.

Company's risk management policy is to hedge using forward contracts. Hedge exposure is calculated based on highly probable forecast transactions received from each customer. Hedging Strategy on the net exposure is limited to the 75%, 50%, 25% rule as below:

- 75% coverage of hedge exposure of current year
- 50% coverage of hedge exposure of next year
- 25% coverage of hedge exposure of third year

At 31 March 2019, the Company holds the following instruments to hedge exposures to changes in foreign currency:

| | Maturity | | |
|---------------------------------------|------------|-------------|--------------------|
| | 1-6 months | 6-12 months | More than one year |
| Foreign currency risk | | | |
| Forward exchange contracts | | | |
| Net exposure | 3,390.71 | 3,044.86 | 5,358.43 |
| Average INR:USD forward contract rate | 71.44 | 73.10 | 76.37 |

At 31 March 2018, the Company holds the following instruments to hedge exposures to changes in foreign currency:

| | Maturity | | |
|---------------------------------------|------------|-------------|--------------------|
| | 1-6 months | 6-12 months | More than one year |
| Foreign currency risk | | | |
| Forward exchange contracts | | | |
| Net exposure | 2,477.46 | 2,636.56 | 194.82 |
| Average INR:USD forward contract rate | 69.16 | 69.87 | 68.15 |

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

| | 31 March 2019 Equity head 'Effective portion of cash flow hedges' | 31 March 2018 Equity head 'Effective portion of cash flow hedges' |
|---|--|--|
| Balance as at 1 April | 114.67 | 141.78 |
| Effective portion of changes in fair value | | |
| Foreign currency risk – Sales | 206.64 | (40.55) |
| Tax on movements in relevant items of OCI during the year | (72.21) | 13.44 |
| Balance as at 31 March | 249.10 | 114.67 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

c. Interest rate risk

The Company has only variable rate instruments i.e. external commercial borrowings, term loans, packing credit and buyer's credit.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

| | 31 March 2019 | 31 March 2018 |
|--------------------------|------------------|------------------|
| Fixed rate borrowings | - | - |
| Variable rate borrowings | 11,831.96 | 13,975.71 |
| | 11,831.96 | 13,975.71 |

c. Interest rate risk

Cash flow sensitivity analysis for variable rate instruments

A reasonable possible change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| | Effect on profit and loss before tax | |
|------------------------------------|--------------------------------------|-----------------|
| | 100 bp increase | 100 bp decrease |
| 31 March 2019 | | |
| Variable rate instrument | (118.32) | 118.32 |
| Cash flow sensitivity (net) | (118.32) | 118.32 |
| 31 March 2018 | | |
| Variable rate instrument | (139.76) | 139.76 |
| Cash flow sensitivity (net) | (139.76) | 139.76 |

36 Leases

Operating leases

A. Leases as lessee

The Company has taken factory premises under cancellable operating leases. The leases are for varied periods, which are renewable at the option of the Company.

i. Amounts recognised in statement of profit or loss

| | Year ended 31 March 2019 | Year ended 31 March 2018 |
|--|-----------------------------|-----------------------------|
| Lease expense - minimum lease payments | 448.21 | 100.18 |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

37 Commitments and contingent liabilities

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided | 624.09 | 2,001.71 |
| Claims against the Company not acknowledged as debts | | |
| Income tax liability that may arise in respect of matters for which the Company is under appeal | 110.26 | 118.39 |
| Employees State Insurance demand on dues for trainees | 24.34 | 24.34 |

Also, the income tax authorities have disallowed carry forward losses in AY 2013-14, but no demand orders have been raised in the subsequent years. Hence, the Company is unable to determine the amount of obligation with sufficient reliability. Management is of the view that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

In addition to the above, there are certain claims which the Company receives from time to time in the ordinary course of business for which the amount of obligation cannot be measured with sufficient reliability. Management is of the view that such claims will not have any material adverse effect on the Company's financial position and result of operations.

Supreme Court (SC) vide their judgment dated 28 February 2019 on Provident fund has held that the allowances paid to employees are essentially a part of the basic wage, which are necessarily and ordinarily paid to all employees and are to be treated as wages for the purpose of ('PF') Provident Fund contribution, with fewer exception to the same. The Company has evaluated implications arising out of the SC judgment. Based on legal advice, considering that the PF authorities has not commenced any proceedings claiming contribution on allowances for prior periods and considering interpretative challenges surrounding the retrospective application of the judgement and absence of reliable measurement of provisions relating to earlier periods, this matter has been disclosed as contingent liability. The Company has made provision w.e.f. 01 April 2018 in the books. The company would continue to evaluate the provision required in the books based on further clarifications from the authorities.

38 Related parties

A. Names of related parties and description of relationship

| Nature of Relationship | Name of the Party |
|--------------------------|--|
| Ultimate Holding Company | Igarashi Electric Works Limited, Japan |
| Holding Company | Agile Electric Sub Assembly Private Limited |
| Fellow subsidiaries | Igarashi Electric Works International Limited, Hong Kong |
| | Igarashi Motoren GmbH, Germany |
| | Igarashi Motor Sales USA LLC, USA |
| Key Managerial Personnel | Mr. P. Mukund, Managing Director |
| | Mr. R. Chandrasekaran, Chief Financial Officer |
| | Mr. P. Dinakara Babu, Company Secretary |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

B. Transaction with key managerial personnel

Key management personnel of the Company comprise of key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation during the year are as follows:

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Short term employee benefits | 250.92 | 225.96 |
| Post-employment defined benefits | * | * |
| Compensated absences | * | * |
| Equity-settled share based payments | 53.63 | - |
| Total | 304.55 | 225.96 |

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan (see Note 30).

* Amount attributable to post - employment benefits and compensated absences have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

C. Related party transactions other than key managerial personnel compensation

| | Transaction value | | Gross balance outstanding Receivable / (Payable) | |
|---|-------------------------------------|-------------------------------------|---|------------------------|
| | For the year ended 31 March 2019 | For the year ended 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Sale of goods and services | | | | |
| Holding Company | 497.63 | - | 289.00 | - |
| Ultimate Holding Company | 685.95 | 1,045.93 | 337.47 | 1,045.93 |
| <i>Fellow subsidiaries</i> | | | | |
| Igarashi Electric Works International Limited, Hong Kong | 8,013.25 | 8,992.77 | 2,622.76 | 2,793.98 |
| Igarashi Motoren GmbH, Germany | 11,679.26 | 11,530.74 | 2,656.29 | 2,373.51 |
| Igarashi Motor Sales USA LLC, USA | 27,692.70 | 25,427.57 | 5,394.39 | 4,594.65 |
| Acquisition of property, plant and equipment, intangible assets and capital work-in-progress | | | | |
| Ultimate Holding Company | 338.61 | - | - | - |
| Holding Company | - | 26.42 | - | - |
| <i>Fellow subsidiaries</i> | | | | |
| Igarashi Motoren GmbH, Germany | 5.92 | - | - | - |
| Purchase of goods | | | | |
| Ultimate Holding Company | 461.02 | 523.04 | (268.64) | (138.68) |
| Holding Company | 14.83 | - | (2.61) | - |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

38 Related parties (contd.)

C. Related party transactions other than key managerial personnel compensation (contd.)

| | Transaction value | | Balance outstanding Receivable / (Payable) | |
|--|----------------------------------|----------------------------------|--|---------------------|
| | For the year ended 31 March 2019 | For the year ended 31 March 2018 | As at 31 March 2019 | As at 31 March 2018 |
| Acquisition of business | | | | |
| Holding Company (refer Note 43) | 13,562.82 | - | - | (13,562.82) |
| Inter-unit receivable (refer Note 43) | - | - | - | 2,449.39 |
| Dividend paid | | | | |
| Ultimate Holding Company | 58.06 | 63.96 | - | - |
| Holding Company | 808.84 | 848.11 | - | - |
| <i>Fellow subsidiaries</i> | | | | |
| Igarashi Electric Works International Limited, Hong Kong | 150.00 | 165.25 | - | - |
| <i>Key Managerial Personnel</i> | | | | |
| Mr. P. Mukund | 399.48 | 440.10 | - | - |
| Reimbursement of expenses received | | | | |
| Holding company | 46.97 | 40.96 | - | - |
| Reimbursement of expenses paid | | | | |
| Holding company | 39.89 | - | (39.89) | - |
| Rent paid | | | | |
| Holding company | 22.20 | - | - | - |

39 Due to micro, small and medium enterprises

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006.

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|----------------------------------|----------------------------------|
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year* | 222.29 | - |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |

* The above amount includes ₹ 41.77 lakhs due beyond the applicable period.

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year (also included in (a) above) and | 10.65 | - |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

The above disclosures are provided based on the information available with the Company in respect of the registration status of its vendors/suppliers. (Also refer Note 22)

- 40** Board of Directors of the Company at its meeting held on 27 May 2017 approved the scheme of arrangement ("Scheme") facilitating the amalgamation of Agile Electric Sub Assembly Private Limited ("AESPL") with the Company under Section 230 read with Section 232 of the Companies Act, 2013 and no objection certificate were issued by the stock exchanges on 9 May 2018. During the year, Board of Directors of the Company have approved to cancel this proposed scheme of arrangement.

41 Transfer pricing

The Company has entered into transactions with certain related parties during the year ended 31 March 2019. The management believes that all such transactions are in compliance with the provisions of Income-tax Act, 1961 and also confirms that it maintains documentation as prescribed, to prove that the transactions are at arm's length. Further, management also believes the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.

42 Expenditure incurred on research and development

| | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Revenue expenditure - charged to statement of profit and loss | 391.57 | 396.90 |
| Capital expenditure | - | 20.15 |
| | 391.57 | 417.05 |

- 43** During the year, pursuant to the approval of the Board of Directors in their meeting dated 8 August 2018, the Company has completed the acquisition of exports division of Agile Electric Sub-Assembly Private Limited as going concern with effect from 1 October 2018. The acquisition became effective from 1 October 2018 upon completion of all regulatory formalities. In accordance with Ind AS 103 - Business Combinations, the financial statements of the Company for the previous financial year 2017-18 have been restated with effect from 01 April 2017 (being the earliest period presented). All assets and liabilities of the exports division of Agile Electric Sub-Assembly Private Limited taken over as per the agreement dated 11 October 2018 are recognized in the books of the Company at their respective carrying values as at 1 April 2017 and is detailed below.



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Particulars | As at 1 April 2017 |
|--|-----------------------|
| Property, plant and equipment | 12,555.99 |
| Capital work-in-progress | 579.03 |
| Intangible assets | 20.21 |
| Deposits and other receivables | 152.03 |
| Other financial assets | 2,329.86 |
| Other non-current assets | 37.47 |
| Inventories | 2,710.04 |
| Trade receivables | 6,608.39 |
| Other current assets | 199.81 |
| Borrowings | (10,807.68) |
| Trade payables | (4,133.15) |
| Other financial liabilities | (434.11) |
| Other current liabilities | (276.68) |
| Provisions | (67.72) |
| Total net assets acquired (A) | 9,473.49 |
| Purchase consideration (B) | 13,562.82 |
| Excess purchase consideration adjusted in retained earnings | (4,089.33) |

| Particulars | As at 1 April 2017 |
|---|-----------------------|
| Retained earnings as per previously reported financial statements | 19,743.51 |
| Excess purchase consideration adjusted in retained earnings | (4,089.33) |
| Retained earnings as per these financial statements | 15,654.18 |

The impact of the acquisition on the previously reported statement of profit and loss for the year ended 31 March 2018 is given below:

| Particulars | As previously reported | Agile Exports Division | Elimination | Total |
|---|---------------------------|---------------------------|-------------------|------------------|
| Revenue | | | | |
| Revenue from operations | 45,844.18 | 28,384.69 | (7,108.71) | 67,120.16 |
| Other income | 2,647.85 | 736.97 | - | 3,384.82 |
| Total Income | 48,492.03 | 29,121.66 | (7,108.71) | 70,504.98 |
| Expenses | | | | |
| Cost of materials consumed | 26,675.34 | 16,510.57 | (7,094.75) | 36,091.16 |
| Changes in inventory of finished goods and work-in-progress | (168.87) | 144.34 | 41.58 | 17.05 |
| Employee benefits expense | 3,117.50 | 2,086.22 | - | 5,203.72 |
| Finance costs | 196.35 | 1,013.77 | - | 1,210.12 |
| Depreciation and amortization expense | 2,465.95 | 1,324.99 | - | 3,790.94 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Particulars | As previously reported | Agile Exports Division | Elimination | Total |
|---|------------------------|------------------------|-------------------|------------------|
| Other expenses | 5,994.06 | 4,125.67 | (13.96) | 10,105.77 |
| Total expenses | 38,280.33 | 25,205.56 | (7,067.13) | 56,418.76 |
| Profit before income tax | 10,211.70 | 3,916.10 | (41.58) | 14,086.22 |
| Income tax | | | | |
| Current tax | 3,659.77 | 976.07 | - | 4,635.84 |
| Deferred tax charge / (credit) | (75.40) | - | - | (75.40) |
| Income tax expense | 3,584.37 | 976.07 | - | 4,560.44 |
| Profit for the year | 6,627.33 | 2,940.03 | (41.58) | 9,525.78 |
| Other comprehensive income | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurements of the defined benefit liability | (45.71) | (38.84) | - | (84.55) |
| Equity investments through other comprehensive income - net change in fair value | 454.56 | - | - | 454.56 |
| Income tax relating to items that will not be reclassified to profit or loss | 15.97 | - | - | 15.97 |
| Net other comprehensive income that will not to be reclassified subsequently to profit or loss | 424.82 | (38.84) | - | 385.98 |
| Items that will be subsequently reclassified to profit or loss | | | | |
| Effective portion of gains (losses) on hedging instruments in cash flow hedges | (40.55) | - | - | (40.55) |
| Income tax relating to items that will be reclassified to profit or loss | 13.44 | - | - | 13.44 |
| Net other comprehensive income that will be reclassified subsequently to profit or loss | (27.11) | - | - | (27.11) |
| Other comprehensive income for the year, net of income tax | 397.71 | (38.84) | - | 358.87 |
| Total comprehensive income for the year | 7,025.04 | 2,901.19 | (41.58) | 9,884.65 |



Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

The impact of the acquisition on the previously reported balance sheet as at 31 March 2018 is given below:

| Particulars | As previously reported | Agile Exports Division | Elimination | Total |
|--|------------------------|------------------------|-------------------|------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 17,992.68 | 13,851.22 | - | 31,843.90 |
| Capital work-in-progress | 4,003.40 | 160.32 | - | 4,163.72 |
| Intangible assets | 89.66 | 49.63 | - | 139.29 |
| Intangible assets under development | 216.00 | - | - | 216.00 |
| Financial assets | | | | |
| Investments | 3,507.05 | - | - | 3,507.05 |
| Deposits and other receivables | 380.75 | 141.86 | - | 522.61 |
| Income tax assets | 74.75 | - | - | 74.75 |
| Other non-current assets | 306.92 | 231.51 | - | 538.43 |
| Total non-current assets | 26,571.21 | 14,434.54 | - | 41,005.75 |
| Current assets | | | | |
| Inventories | 3,683.90 | 2,445.96 | (41.58) | 6,088.28 |
| Financial assets | | | | |
| Investments | 1,523.84 | - | - | 1,523.84 |
| Trade receivables | 10,318.86 | 8,318.18 | (1,716.30) | 16,920.74 |
| Cash and cash equivalents | 218.50 | - | - | 218.50 |
| Other bank balances | 10,419.63 | - | - | 10,419.63 |
| Deposits and other receivables | 53.79 | 11.34 | - | 65.13 |
| Other financial assets | 176.26 | 2,449.39 | - | 2,625.65 |
| Other current assets | 1,089.31 | 513.71 | - | 1,603.02 |
| Total current assets | 27,484.09 | 13,738.58 | (1,757.88) | 39,464.79 |
| Total assets | 54,055.30 | 28,173.12 | (1,757.88) | 80,470.54 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Equity share capital | 3,060.84 | - | | 3,060.84 |
| Other equity | | | | |
| Securities premium | 13,519.01 | - | | 13,519.01 |
| Retained earnings | 23,935.73 | (1,149.30) | (41.58) | 22,744.85 |
| Others (including items of Other Comprehensive Income) | 591.11 | (38.84) | | 552.27 |
| Total equity | 41,106.69 | (1,188.14) | (41.58) | 39,876.97 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 365.29 | 3,956.90 | - | 4,322.19 |
| Provisions | 129.97 | 94.56 | - | 224.53 |
| Deferred tax liabilities (net) | 1,417.48 | - | - | 1,417.48 |
| Total non-current liabilities | 1,912.74 | 4,051.46 | - | 5,964.20 |

Notes forming part of the financial statements for the year ended 31 March 2019

(All amounts are in Indian rupees in lakhs, except share data and as stated)

| Particulars | As previously reported | Agile Exports Division | Elimination | Total |
|-------------------------------------|------------------------|------------------------|-------------------|------------------|
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 1,768.76 | 4,435.04 | - | 6,203.80 |
| Trade payables | 6,702.12 | 4,125.51 | (1,716.30) | 9,111.33 |
| Other financial liabilities | 1,653.69 | 16,621.05 | - | 18,274.74 |
| Other current liabilities | 317.14 | 91.42 | - | 408.56 |
| Provisions | 55.55 | 36.78 | - | 92.33 |
| Income tax liabilities | 538.61 | - | - | 538.61 |
| Total current liabilities | 11,035.87 | 25,309.80 | (1,716.30) | 34,629.37 |
| Total liabilities | 12,948.61 | 29,361.26 | (1,716.30) | 40,593.57 |
| Total equity and liabilities | 54,055.30 | 28,173.12 | (1,757.88) | 80,470.54 |

The impact of the acquisition on the previously reported statement of cash flows for the year ended 31 March 2018 is given below:

| Particulars | As previously reported | Agile Exports Division | Elimination | Total |
|--|------------------------|------------------------|-----------------|-----------------|
| Net cash generated from operating activities | 6,438.05 | 3,992.98 | (994.67) | 9,436.36 |
| Net cash used in investing activities | (4,301.60) | (2,579.17) | - | (6,880.77) |
| Net cash used in financing activities | (2,277.50) | (419.14) | - | (2,696.64) |
| Net decrease in cash and cash equivalents | (141.05) | 994.67 | (994.67) | (141.05) |

44 There are no subsequent events that have occurred after the reporting period till the date of approval of these financial statements.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No. 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

P Mukund
Managing Director
DIN: 00007788

R Chandrasekaran
Chief Financial Officer

For and on behalf of the Board of Directors of
Igarashi Motors India Limited
(CIN: L29142TN1992PLC021997)

K K Nohria
Chairman
DIN: 00060015

Hemant M Nerurkar
Director
DIN: 00265887

Keiichi Igarashi
Director
DIN: 00356779

P. Dinakara Babu
Company Secretary
Membership No. A14812

Place: Chennai
Date: 16 May 2019

**IGARASHI MOTORS INDIA LIMITED**

CIN : L29142TN1992PLC021997

Regd. Office: Plot No. B-12 to B-15, Phase II MEPZ- SEZ, Tambaram, Chennai 600 045 Phone : +91-44-42298199/22628199

Fax : +91-44-22628143, e-mail :investorservices@igarashimotors.co.in, Website: www.igarashimotors.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

| | |
|-----------------------------------|-----------------------------|
| Name of the attending Member(s) : | Folio/DP ID-Client ID No. : |
| No. of shares held : | |

I hereby record my presence at the 27th Annual General Meeting of the Company held on Thursday, the August 08, 2019 at 3.00 p.m. at Welcome Hotel (Formerly 'Hotel Chola'), Cathedral Road, Chennai – 600 086.

| | |
|--------------------------------|-------------------------------------|
| NAME OF PROXY IN BLOCK LETTERS | SIGNATURE OF THE SHAREHOLDER/PROXY* |
|--------------------------------|-------------------------------------|

*Strike out whichever is not applicable.

**IGARASHI MOTORS INDIA LIMITED**

CIN : L29142TN1992PLC021997

Regd. Office: Plot No. B-12 to B-15, Phase II MEPZ- SEZ, Tambaram, Chennai 600 045 Phone : +91-44-42298199/22628199

Fax : +91-44-22628143, e-mail :investorservices@igarashimotors.co.in, Website: www.igarashimotors.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-----------------------|-------------------------------|
| Name of the members : | E-mail id : |
| Registered Address : | DP ID / Client ID/Folio NO. : |

I/we, being the member(s) of shares of Igarashi Motors India Limited, hereby appoint (1)Name..... Address.....
e-mail id.....signature.....Or failing him/her;
(2)Name..... Address.....
e-mail id.....signature.....Or failing him/her;
(3)Name..... Address.....
e-mail id.....signature.....Or failing him/her;

my/our Proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Thursday, the August 08, 2019 at 3.00 p.m. at Welcome Hotel (Formerly 'Hotel Chola'), Cathedral Road, Chennai – 600 086 and at any adjournment thereof in respect of such resolutions as are indicated below :

** I wish my above Proxy to vote in the manner as indicated in the box below:

| No. | Resolution | For** | Against** | Abstain** |
|--------------------------|---|-------|-----------|-----------|
| Ordinary Business | | | | |
| 1 | Adoption of audited Financial Statements for the financial year ended 31 st March 2019, and the Reports of the Board of Directors and Auditors' Report thereon | | | |
| 2 | Approval for declaration of dividend of ₹ 4.90 per equity share. | | | |
| 3 | Appointment of Ms.Eva Maria Rosa Schork (DIN: 07159550) retires by rotation and being eligible, seeks re-appointment | | | |
| Special Business | | | | |
| 4 | Re-Appointment of Mr. P.Mukund (DIN: 00007788) as Managing Director for 5 years from 01-Apr-19 | | | |

Signature : _____

Signed thisday of2019.

Affix a
₹ 1
Revenue
Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

NOTES

[illegible]



BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company:

| Sl. No | General Information | Details |
|--------|---|--|
| 1 | Corporate Identity Number (CIN) of the Company | L29142TN1992PLC021997 |
| 2 | Name of the Company | IGARASHI MOTORS INDIA LIMITED |
| 3 | Registered address | Plot No.B-12,B-15,Phase-II,MEPZ,Tambaram, Chennai – 600 045 |
| 4 | Website | www.igarashimotors.com |
| 5 | E-mail id | investorservices@igarashimotors.co.in |
| 6 | Financial Year Reported | 2018-19 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code-wise) | Electric Micro Motors – 2710 Stamping and Motor Components – 2591 |
| 8 | List three key products/services that the Company manufactures/provides (as in balance sheet) | Electric Micro Motors Stamping and Motor Components |
| 9 | Total number of locations where business activity is undertaken by the Company | One location, Chennai, Tamil Nadu |
| a | Number of International Locations (Provide details of major 5) | Nil |
| b | Number of National Locations | One location, Chennai, Tamil Nadu |
| 10 | Markets served by the Company: Local/State/National/International | India, USA, Europe, China and Asia. |

Section B: Financial Details of the Company:

| Sl. No | Particulars | Amount |
|--------|---|---|
| 1 | Paid up Capital | 314,750,480 |
| 2 | Total Turnover | 60616 |
| 3 | Total profit after taxes | 5741 |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2% |
| 5 | List of activities in which expenditure in 4 above has been incurred | Promoting Civic Learning among children Cancer Awareness Project Health and Medical Support Prime Ministers National Relief Fund (PMNRF) |

Section C: Other Details

| Sl. No | Other Details | Details |
|--------|---|--|
| 1 | Does the Company have any Subsidiary Company/Companies? | No |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | Not Applicable |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | All our customers are Global Tier I and as per our understanding & information, all of them have their own BR initiatives. |

Section D: BR Information

1. Details of Director/Directors Responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

| | |
|-------------|-------------------|
| DIN | 00007788 |
| Name | Mr. P. Mukund |
| Designation | Managing Director |

b. Details of the BR head

| | |
|---------------------|---------------------------------------|
| DIN (if applicable) | 00007788 |
| Name | Mr. P. Mukund |
| Designation | Managing Director |
| Telephone Number | +91 044 42298199/22628199 |
| e-mail id | investorservices@igarashimotors.co.in |

List of Principles:

| | |
|---------------|--|
| Principle - 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| Principle - 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle |
| Principle - 3 | Businesses should promote the wellbeing of all employees |
| Principle - 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle - 5 | Businesses should respect and promote human rights |
| Principle - 6 | Business should respect, protect, and make efforts to restore the environment |
| Principle - 7 | Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| Principle - 8 | Businesses should support inclusive growth and equitable development |
| Principle - 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

2. Principle - Wise (As per National Voluntary Guidelines) Business Responsibility Policy/

Policies (Reply in Y/N)

| Sl. No | Question | Principle (Yes/No) | | | | | | | | |
|--------|--|--|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Do you have policy/policies for? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national /international standards? If yes, specify? (The policies conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, SA 8000, UNGC guidelines and ILO principles and meet the regulatory requirements such as Clause 49 of listing agreement, Sarbanes Oxley Act etc. The policies reflect IMIL commitment to improve the quality of life of the communities it serves and practice of returning to society what it earns) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | N | Y | Y | Y | N | N | Y | Y | Y |
| 6 | Has the policy been formally communicated to all relevant internal and external stakeholders? | The policies have been communicated to all its internal stakeholders and external stakeholders based on their relevance. | | | | | | | | |
| 7 | Does the company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Yes, the Company has an internal persons to evaluated the workings of this Policy | | | | | | | | |

2 A. If answer to Sl. No 1 against any principle, is 'No', Please explain why:

(Tick Up to 2 Options)

| Sl. No | Question | Principle (Yes/No) | | | | | | | | |
|--------|---|--------------------|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | The Company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | The Company does not have financial or manpower resources available for the task. | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify) | - | - | - | - | - | - | - | - | - |

3. Governance related to BR:

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Your Company's Board of Directors reviews the performance on quarterly basis. The action points emerged from the discussion at the meetings is reviewed in the subsequent meeting for their closure.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Though, your Company is not among top 500 listed entities (by Market Capitalization as on March 31, 2018), your Company has hosted Business Responsibility Report on the Company's website: <http://igarashimotors.com/investor-list.php?investcatid=17>, as part of green initiative under Regulation 34(2)(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Section E: Principle wise Performance

Principle -1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Igarashi Motors India Limited has adopted Whistle Blower Policy in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior in consonance with Code of Conduct.

The Company in order to attain the highest legal and ethical standard has adopted Anti-Corruption Compliance Policy. The policy covers instances pertaining to bribery, kickbacks, or corruption of any kind directly or through third parties, whether or not explicitly prohibited by this policy or law. The policy applies to all the stakeholders involved in the business environment.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof

Stakeholders Complaint Received – 7

Stakeholders Complaint Resolved – 7

Stakeholders Complaint Pending – 0

Percentage of Stakeholders Complaint Resolved – 100%

Principle – 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

Given below is a list of products whose design has incorporated social or environmental concerns:

- Electric DC Micro Motors.
- Stamping and Motor Components.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

Steel and copper are the major raw material in all these three products. All the resources used in the production of these products are used efficiently and hence it reduces the impacts on the environment.

- a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Your Company working closely with Global Suppliers for reducing wastage and achieving optimum utilization.

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company adopts the latest Tier - I technology in its products to provide high fuel efficiency, better emission control and stronger engine dynamics.

- i. BLDC Ceiling fans which consume 50% of conventional fans have been installed. 400 KWh/ month is being saved.
- ii. LED lights installed instead of T5 –TL in which 40% of energy is saved for the same lux requirement. 10461 KWh/ month is being saved.
- iii. Day lighting increased thereby reducing daytime lighting requirement. 600 KWh/ month is being saved.
- iv. In-house built BLDC fans installed in canteens in some of our facilities thereby reducing 360 KWh / Month

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes

- a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so

Your Company, being a major exporter to Global Tier I customers, has to meet the huge demands of the customers by providing timely delivery and international standard quality products, hence to meet the demand it has to obtain its inputs from global market. As the local suppliers find it difficult to meet the vast quantity and global demands, ~93% of raw material, components, stores and spares are being imported. The Company continuously works with its vendors and suppliers to reduce the environmental impact of sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Your Company has to sustain the global market competition and to the meet the demands of the Global Tier I customers. In this capacity, many local and small communities including communities surrounding their place of work are encouraged and utilized for their products and services. These local firms are given adequate quality and safety standards, including guidance, to achieve and they are also rewarded for their performance.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so

Your Company efficiently uses its raw material and products. In the process of continuous learning and effective usage of resources, 100% of waste materials are being given to identified recycle suppliers.

Principle – 3 Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

The total number of employees was 745 as on 31st March, 2019 in the Company.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

The total contractual/temporary manpower employed was 745 as on 31st March, 2019 in the Company.

3. Please indicate the Number of permanent women employees

There were 745 permanent female employees as on 31st March, 2019 in the Company.

4. Please indicate the Number of permanent employees with disabilities

There were no employees with disabilities as on 31st March, 2019

5. Do you have an employee association that is recognized by management

No

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

| Sl. No | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|--------|---|--|--|
| 1 | Child Labour/Forced Labour/Involuntary Labour | Nil | Nil |
| 2 | Sexual harassment | Nil | Nil |
| 3 | Discriminatory Employment | Nil | Nil |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

| Sl. No | Particulars | Percentage |
|--------|--|------------|
| a | Permanent Employees | 82% |
| b | Permanent Women Employees | 59% |
| c | Casual/Temporary/Contractual Employees | 100% |
| d | Employees with Disabilities | Nil |

Principle – 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?

Yes, the Company has mapped all its internal stakeholders and external stakeholders based on their relevance. Individual Departments within the company have their own roles and responsibilities to be identified with its stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so:

Yes, your Company has implemented the following three CSR initiatives

- a. Promoting Civic Learning among children:

Your Company along with Bala Janaagraha (NGO) have promoted civic learning among children's through webbased online teaching by different faculties (Political Representatives, Corporate Volunteers, Community volunteers etc.) Delivering improved Civic Learning to 3,000 students in Chennai, Tamil Nadu during Jun'18 to Sep'18, then lesson plans aligned to the NCERT curriculum by School Teachers of 18 lessons by Q4 of FY19 and also conduct of the City Level Fest in Chennai and the I Change My City (ICMC) National Civic Fest in Bengaluru. ICMC program an opportunity to engage with a civic issue or any other issue that affects them, their school or their community. Civic Learning, in the long run, has the potential to transform India's cities and towns by creating a generation of change agents who are civically aware and engaged with their Government.

- b. Cancer awareness Project:

Your Company has joined hands with Indian Cancer Society and created cancer awareness programs to remove the fear of cancer from Individuals & Society, start conversations on busting myths, lead people to go for regular check-ups, advise to act promptly if diagnosed, promote healthy life style to prevent the occurrence of cancer.

- c. Multiple Sclerosis Patient Care Project :

Your Company has joined hands with Multiple Sclerosis Society of India for supporting Multiple Sclerosis patient care support covering rehabilitation care, personal care and general wellness by trained staff.

- d. MEPZMA Health Center Project :-

Your Company has joined hands with MEPZ Manufacturers Association for re-furbishing Health Center for providing immediate medical health facility, medical services for minor ailments, health check-up and emergency treatment to the employees working in the SEZ Units located in MEPZSEZ. Our Company has been funding Rs. 10 Lakhs. This project would improve medical facilities in the MEPZ-SEZ.

- e. Prime Ministers National Relief Fund (PMNRF):

Your Company has contributed the Prime Ministers National Relief Fund for medical assistance, floods, drought, terrorist violence and other such unforeseen occurrences, with a reserve for emergencies.

Principle – 5 Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGO's / others?

Yes the policy extends to its suppliers and contractors also.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any stakeholder complaint regarding Human Rights in the year 2018-19

Principle – 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others

The company has adopted Environment Policy and it extends to all the personnel under the control of the organization.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

The Company has taken several initiatives to reduce the consumption of power. Refer Directors Report for details in Conservation of Energy, Technology and Absorption.

3. Does the company identify and assess potential environmental risks?

Yes, potential environmental risks are identified as part of the company's risk management policy. The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The company has adopted ISO/TS 16949:2009 certification by DQS UL Management Solutions for their design, development and manufacture.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc

The Company has taken several initiatives to reduce the consumption of power by taking initiatives of Wind Power sourcing. Refer Directors Report for details in Conservation of Energy, Technology and Absorption.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, all the emission/waste generated by the company is within the permissible limits given by CPCB/SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year

There were no show cause/ legal notices received during the year 2018-19

Principle – 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, member of Export Promotion Council for EOUs & SEZs

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No

Principle – 8 Businesses should support inclusive growth and equitable development

1. Does the company have specified program/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through its Corporate Social Responsibility (CSR) programmes. The Company has initiated projects like Janaagraha Centre for Citizenship and Democracy, Indian Cancer Society, Multiple Sclerosis Society of India, MEPZ Manufacturers Association, Prime Ministers National Relief Fund (PMNRF).

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The CSR programs of the company are run through NGO and other organizations having experience.

3. Have you done any impact assessment of your initiative?

The CSR programs and their impacts/ outcomes are monitored and reviewed by the CSR Committee periodically.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

a. Janaagraha Centre for Citizenship & Democracy - Rs. 25.32 Lakhs

b. Indian Cancer Society - Rs. 30.39 Lakhs

c. Multiple Sclerosis Society of India – Rs. 5 Lakhs

d. MEPZ Manufacturers Association- Rs. 10 Lakhs

e. Prime Ministers National Relief Fund (PMNRF) – Rs. 140 Lakhs

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

Yes, Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits gained by the community through CSR Committee

Principle – 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year
During the year 2018-19 there were no customer complaints or cases received
2. Does the company display product information on the product label, over and above what is mandated as per local laws?
Not applicable as the company's product is not directly visible to the end user
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so
There were no cases filed by any stakeholder against the company.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
Not Applicable.

GLOBAL IGARASHI MOTOR APPLICATIONS





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