

Directors' Report

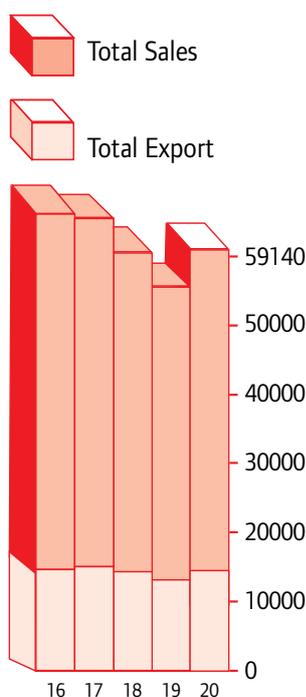
To
THE MEMBERS,
INGERSOLL – RAND (INDIA) LIMITED

Your Directors are pleased to submit the Ninety-Eighth Annual Report along with the Audited Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2020, that is, the year under review.

1. FINANCIAL SUMMARY OF THE COMPANY

GROSS SALES

(in Rs. Lakhs)



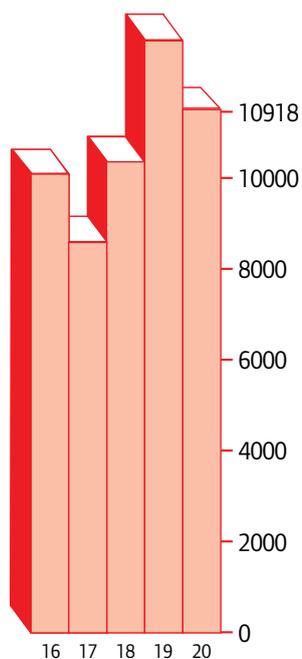
	(Rupees in Lakhs)	
	2019-20	2018-19
Gross Profit:	13,490.47	13,931.14
(Less): Depreciation and amortization expenses	(1,826.11)	(1,137.34)
(Less): Finance costs	<u>(260.01)</u>	<u>(49.01)</u>
Profit before taxation and exceptional items	11,404.35	12,744.79
(Less): Provision for Current Tax	(2,875.75)	(4,311.27)
(Less): Deferred Tax for the year	(178.07)	(388.71)
Add: Write back relating to prior years (net)	<u>109.54</u>	<u>48.31</u>
Net Profit	8,460.07	8,093.12
Other comprehensive income: (net of tax)	(487.12)	(6.10)
Total comprehensive income for the year	7,972.95	8,087.02
Add: Balance in retained earnings brought forward from earlier years	8,111.25	79,182.57
	<u>16,084.20</u>	<u>87,269.59</u>
Appropriations:		
Dividends paid (including tax thereon)	11,797.64	79,158.34
Balance carried to Balance Sheet as retained earnings	4,286.56	8,111.25
	<u>16,084.20</u>	<u>87,269.59</u>

2. MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Structure and Development:

The financial year 2019-20 witnessed healthy growth in the diverse product segments and markets as a result of steady demand from industries in the domestic market, combined with rising compressor sales in focused international markets.

PROFIT BEFORE TAX
(in Rs. Lakhs)



The Indian economy shrunk by 45% on an annualized basis for March quarter and its GDP is expected to slump by 5% this fiscal year due to the COVID-19 pandemic and lockdown, which would be its steepest contraction in 41 years. The board acknowledges that the current year will be a challenging one to function at the fullest capacities and reach the expected growth set by the management earlier.

According to a data by the National Statistical Office (NSO), the manufacturing sector output grew at a rate of 3.2 per cent in February compared to a contraction of 0.3 per cent in the same month a year ago.

Your Company’s products are primarily sold to industries in the automotive, metals, pharmaceutical and textile sectors and these sectors have shown moderate growth during the year under review.

II. **Segment-wise operational performance:** Air Solutions is the only segment in your Company’s operations. The gross revenue of Air Solutions business in the year under review was Rs. 70,562 lakhs as against Rs. 73,907 lakhs in the previous financial year. Your Company continues to focus on local innovation and creating markets “In India; For India; By India”.

The profit before tax is Rs. 11,404 lakhs in the year under review as against Rs. 12,745 lakhs in the previous financial year.

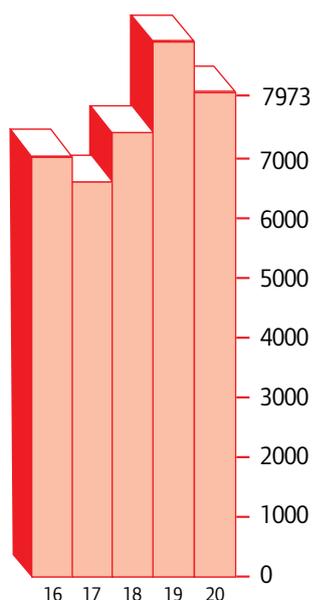
III. **Outlook:** The International Monetary Fund (IMF) further slashed India’s growth estimate for FY2020-21 to 1.9% from 5.8% estimated in January, warning that the “Worst Recession since the Great Depression” will dwarf the economic damage caused by the global financial crisis a decade back. It also said that India and China would be the only two major economies likely to register growth, with all others contracting.

IV. **Risk and Concerns:** Growth in the industrial sector depends on government policies and effective implementation of the same to boost industrial output. Your Company constantly monitors the challenges from amongst the eco-system comprising competition, industry, product life cycle, raw materials cost and takes steps to maintain and enhance existing competence. The primary threat continues to be competitors that are using price pressures as a tool to win the market share. Availability of spurious parts and components at cheap prices to the competitors to disrupt the fair competition is also an added threat. Fluctuating foreign currency rates will have impact on imports.

V. **Opportunities and Threats:**

The Company is known for its superior quality products in the segment from the customers’ perspective. Whereas from the shareholders perspective the Company has been declaring dividend consistently over the years due to its excellent financial performance. The industries requiring the products manufactured by your Company are growing which serves your Company a huge opportunity to enlarge its market share and reach to new customer base. Your Company always takes an extra step to be a trusted brand in the market for satisfying its customer with a reliable product and service. Your Directors have a positive insight on the wider opportunities of the growing market to make the Company and its products more attractive to the industries.

PROFIT AFTER TAX
(in Rs. Lakhs)



Certain locally made spurious products which has a large presence due to their low price may reduce certain opportunities the Company has in this segment. The management prefers to have a safe and steady assessment view point in respect of reaping the opportunities.

VI. Material developments in Human Resources / Industrial Relations front, including number of people employed:

With People as a key partner in success, the Company is committed to nurturing an environment of progressive growth, knowledge and skill development, coupled with high levels of engagement for its employees. Employees are led by the organization Purpose and Values and continues to focus on providing professional training to employees, while promoting a dialogue-oriented transparent culture, rooted in trust, respect for diversity and equal opportunity. The Company strives to provide fair treatment at workplace, a transparent and equitable compensation system, flexible work timings, and an environment that ensures health and well-being to hire and retain the best talent in the industry.

The Company constantly endeavors to adopt the best policies to keep its employees motivated, engaged and aligned to the interests of the Company. The Company undertakes various employee engagement initiatives and also fosters a culture of continuous learning and development and creating future leaders. The Company measures its employee engagement index through annual survey and is committed to execute the action plan.

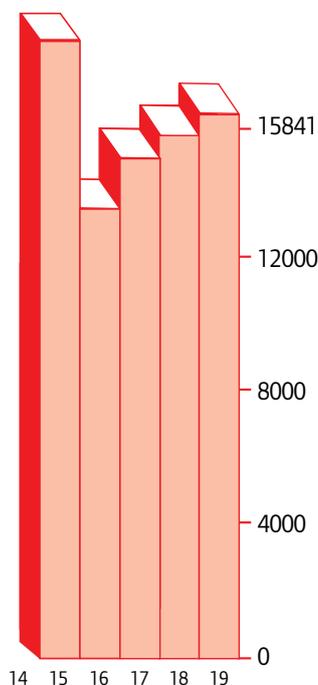
As on March 31, 2020, the company had 522 permanent employees on its rolls.

VII. Safety, Health and Environment: Environmental, Health and Safety (EHS) is of prime importance at Ingersoll Rand. Your Company has been taking timely measures to reaffirm the goal of “zero workplace at injuries” and “incident free” operations, and ensure all employees, staff, visitors are aligned with this objective. Continuous education on the safety measures and handling the machinery with due care is being taught to the employees on regular basis. The management is committed and responsible in complying with safety norms and takes adequate precautionary measures to avoid any kind of incidents at workplace.

Regular health check-up and hygiene studies are conducted on annual basis for the employees. Your Company continues to carefully analyze the hazardous and non-hazardous waste generation and its disposal, improving its own environmental footprint by continually reducing greenhouse gas (GHG) emissions. The wastes generated at the factory are suitably treated to ensure no harm is caused to the natural environment. Your Company has also achieved substantial savings of energy, natural resources etc. by carrying out energy audits and implementing necessary checkpoints to conserve the energy and take the best utilization of the available resources..

VIII. Technology Innovation: Your Company has continued to invest in technology innovation to sustain its leadership position and be the pioneer of best-in-class solutions for its customers. This year, your company has added new products to the existing wide gamut of products and introduced new models for small-scale industries in the form of reciprocating technology, which is our

GROSS BLOCK
(in Rs. Lakhs)



flagship product. Other than this, you have also introduced various energy saving options like VFD Retrofit and HRU, which compliments the industry in this global economic slowdown. There are a couple of new products in the pipeline, which would enter the market in the upcoming months to address various applications and industries. Some of these products will align with the Make in India strategy to make us more sustainable. With this and more, we continue to introduce break-through innovation into the market to partner with our customers in their quest for excellence.

IX. Disclosure as per paragraph B(1)(h)(i) under Schedule V of the SEBI Listing Regulations has not been furnished as none of the ratios differ by 25% or more as on March 31, 2020 in comparison to the previous financial year ended on March 31, 2019.

3. DIVIDEND

Your Company on December 4, 2019 declared an interim dividend at the rate of Rs. 3 per equity share, absorbing Rs. 947.04 lakhs for the financial year under review, out of profit for the year 2019-20

The shareholders vide e-voting/postal ballot on January 27, 2020 declared, out of the retained earnings, second interim dividend as Special Dividend at the rate of Rs. 25 per equity share absorbing Rs.7,892 lakhs.

Having declared two interim dividends during the during the year 2019 - 20, your Directors have not recommended payment of final dividend for the financial year 2019-20 ended on March 31, 2020.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the dividend distribution policy of the Company has been disclosed in the Corporate Governance Report and on the website of the Company at www.irco.com

4. TRANSFER TO RESERVES

Pursuant to the provisions of the Act, your Directors do not propose to transfer any amount to general reserves and the full profits for the year under review will be held in Retained Earnings.

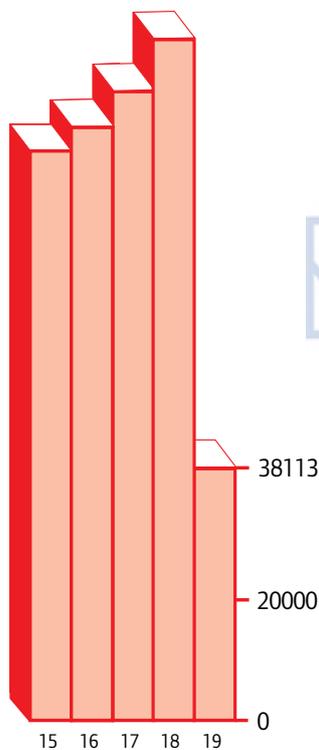
5. THE STATE OF COMPANY’S AFFAIRS

For the year ng March 31, 2020, your Company has recorded revenues of Rs. 70,562 lakhs from continuing operations which is 4.5% lower compared to that of previous financial year, primarily driven by impact of COVID pandemic in the last quarter of the fiscal year. Our profits after tax for the year ending March 31, 2020 stood at Rs. 7,973 lakhs which is marginally lower by 1.4% compared to profit after tax of previous financial year.

6. COVID-19

The Coronavirus (COVID-19) outbreak is an unprecedented global situation that all countries are dealing with in terms of its human and economic consequences. The World health Organization (WHO) has declared the COVID-19 as a pandemic which rapidly turned into a global crisis, forcing governments across the World to enforce lock-downs of all economic activity.

NET WORTH
(in Rs. Lakhs)



The outbreak of COVID-19 pandemic and consequent lockdown announced across India in the second fortnight of March 2020 impacted the business operations of the Company significantly. The Company’s manufacturing plant at Naroda, Ahmedabad was operating to a limited extent only during the lockdown to meet the requirements of our customers who cater to essential services. The branch offices across different locations within India were closed as per Government/ local authorities directives applicable to them. The Company adopted Work from Home for all its office employees and other staff to minimize the risk and contain spread of COVID-19 and provided IT infrastructure and connectivity to enable them to work from home.

Your Company pro-actively implemented certain measures to manage the impact of COVID-19, which inter alia included:

- i. Managing the liquidity prudently
- ii. Deploying various cost savings initiatives
- iii. Working closely with its supply chain partners and extending support as needed to ensure that supply chain partners are able to resume supplies.
- iv. Closely tracking end market conditions whereby Company estimates that demand in near term will remain soft considering disruptions in supply chain as well as closure of customer operations.
- v. Postponed/deferred capex after assessing business needs and sustainability.

The Company is currently in a comfortable liquidity position to meet its financial and other commitments and will continue to monitor the liquidity situation.

7. INGERSOLL RAND’S INDUSTRIAL SEGMENT MERGED INTO GARDNER DENVER

Gardner Denver Holdings Inc. completed the merger with Industrial Segment of Ingersoll Rand plc (erstwhile ultimate holding company) at the end of the day on 29 February 2020. The combined group globally is now named as Ingersoll Rand Inc.

Ingersoll Rand Inc. along with Ingersoll Rand U.S. Holdco Inc. and Ingersoll Rand Industrial U.S. Inc. has made an offer of Rs 642.63 per fully paid-up equity share to the public shareholders of the Company to acquire upto 8,207,680 fully paid-up equity shares, constituting 26% of the fully diluted voting equity share capital of the Company. This Offer is mandatory in compliance with Regulations 3(1), 4 and 5(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The Letter of Offer has been electronically dispatched to all the public shareholders of the Company holding equity shares as on identified date and who have registered their mail ids with the Depositories/Company and no physical dispatch of the Letter of Offer has been made in accordance with Relaxation Circular issued by SEBI. The period for tendering of equity shares has commenced on June 22, 2020 and will close on July 3, 2020.

8. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which has occurred, affecting the financial position of the Company between the end of the financial year of the Company i.e. March 31, 2020 and the date of signing of this report.

9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS IMPACTING THE GOING CONCERN STATUS

There are no significant and material order(s) passed by any of the Regulators or Courts or Tribunals which could impact the going concern status of the Company and its future operations.

10. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company's management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting. Accordingly, the Board of Directors has laid down internal financial controls to be followed by the Company and such policies and procedures to be adopted by the Company for ensuring efficient and orderly conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of financial information. The said internal controls are commensurate with the size, scale and complexity of your Company's operations and facilitate prevention and timely detection of any irregularities, errors and frauds. Your Company has an adequate and talented team of internal auditors that oversee the internal financial processes, policies and recommend robust internal financial controls from time to time to meet changes in business conditions, statutory and accounting requirements. The Audit Committee evaluates the internal financial control system periodically.

11. DETAILS OF JOINT VENTURES, SUBSIDIARIES AND ASSOCIATES

Ingersoll-Rand Industrial U.S Inc. is the holding Company and Ingersoll-Rand Inc. is the ultimate holding company of your Company. Your Company does not have any associate, subsidiary or joint venture either in India or anywhere else in the world.

12. DEPOSITS

During the year under review, your Company has not accepted any fixed deposits from the public within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits as on March 31, 2020.

13. AUDIT**A. STATUTORY AUDIT:**

M/s. B S R & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company for a term of 5 years at the 95th Annual General Meeting to hold office till the conclusion of 100th Annual General Meeting of the Company.

M/s. B S R & Co. LLP, Chartered Accountants, has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

The Audit Report issued by M/s. B S R & Co. LLP, Chartered Accountants on the financial statement of the Company for the year ended March 31, 2020 is part of the Annual Report. The Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. Further, during the financial year 2019-20, the Statutory Auditors have not reported any instances of fraud to the Audit Committee or Board as per Section 143 (12) of the Act.

B. COST AUDIT:

The Company has maintained adequate records and books of accounts pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed under Section 148 of the Act. The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Ashish Bhavsar & Associates, Cost Accountants, (ICMA Firm Registration No. 000387) as Cost Auditors for conducting the audit of the cost records maintained by the Company for the year ending March 31, 2021. M/s. Ashish Bhavsar & Associates, being eligible, have

consented to act as the Cost Auditors of the Company for the financial year 2020-21. The requisite resolution seeking approval for remuneration proposed to be paid to the Cost Auditors, as approved by the Board of Directors on the recommendation of Audit Committee has been set out in the Notice of the 98th Annual General Meeting of your Company.

C. SECRETARIAL AUDIT:

The Board of Directors of the Company has appointed Mr. Natesh K, Practicing Company Secretary (Certificate of Practice No. 7277), as the Secretarial Auditor to conduct an audit of the secretarial records for the financial year 2019-20. The Company has received consent from Mr. Natesh K to act as the auditor for conducting audit of the secretarial records for the financial year ending 31st March, 2020.

The Secretarial Audit Report for the financial year ended 31st March, 2020 under Act, read with Rules made thereunder and Regulation 24A of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in the Annexure – D1 to this report.

The Secretarial Compliance Report for the financial year ended 31st March, 2020, in relation to compliance of all applicable SEBI Regulations/circulars/ guidelines issued thereunder, pursuant to requirement of Regulation 24A of Listing Regulations, is set out in Annexure D2 to this report.

14. SECRETARIAL STANDARDS

The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

15. SHARE CAPITAL

The Company has only one class of share viz. equity share with a face value of Rs.10 each. During the year under review, there is no change in the issued and subscribed capital of your Company. The outstanding capital as on March 31, 2020 is Rs.3,156.80 lakhs comprising 31,568,000 equity shares of Rs.10/- each. Share capital audit as per the directives of the Securities and Exchange Board of India is being conducted on a quarterly basis by Parikh & Associates, Company Secretaries and the Audit Reports are placed on the table of the Board Meeting and duly forwarded to the stock exchanges where the equity shares of your Company are listed.

Ingersoll Rand Industrial U.S. Inc. acquired 23,360,000 equity shares of the Company from Ingersoll Rand Company, USA (erstwhile parent company) and consequently is now classified as the Promoter of the Company.

16. EXTRACT OF THE ANNUAL RETURN

The Extract of Annual Return in Form MGT 9 as on March 31, 2020 as required under Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 has been uploaded on website of the Company at the link www.irco.com

17. NUMBER OF MEETINGS OF THE BOARD

Six (6) meetings of the Board of Directors were held during the year under review. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2019-20 are given in the Corporate Governance Report which forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo required to be disclosed as per the provisions of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is set out in Annexure - A forming part of this report.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company continues to contribute time and financial support to the communities and beneficiaries in and around its areas of operation. This year too, your Company has continued its CSR initiatives to focus on providing education & skill development, healthcare, conservation of environment, and disaster relief. These activities are in accordance with Schedule VII of the Act. The Board of Directors and CSR Committee review and monitor from time to time all the CSR activities being undertaken by the Company. The CSR policy of your Company is the available on the website of the Company at www.irco.com

During the financial year 2019-20, your Company incurred CSR Expenditure of Rs.250.77 lakhs and the details of the same is set out in Annexure - B forming part of this report.

20. INDEPENDENT DIRECTORS

The Board has an optimum combination of Independent and Non-Independent Directors. In line with the requirements of the SEBI Listing Regulations, half of the Board's strength comprise of Independent Directors.

All new independent directors as and when inducted into the Board are familiarized with the operations and functioning of the Company.

As on date, Mr. Sekhar Natarajan, Ms. Jayantika Dave and Ms. Vijaya Sampath are independent directors of the Company.

In view of Regulation 17 (1A) of SEBI Listing Regulations becoming effective from April 1, 2019, Mr. Darius C Shroff, upon attaining the age of 75 years, ceased to be a Non-Executive & Independent Director effective August 8, 2019. Your Board places on record its appreciation for the invaluable contributions made by Mr. Shroff during his long tenure as Director on your Board.

The Company has received the following declarations from all the Independent Directors confirming that:

- They meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as of Regulation 16 of the Listing Regulations.
- In terms of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have registered themselves with the Independent Director's database maintained by the Indian Institute of Corporate Affairs.
- In terms of Regulation 25(8) of the Listing Regulations, they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties, the veracity of which has been assessed by the Board of Directors.

21. AUDIT COMMITTEE

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report. All the recommendations made by the Audit Committee was accepted by the Board of Directors.

22. DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. DIRECTORS:**

Mr. Anil Gopinathan and Mr. Kumar St Clair Paul, both of whom were Non-Executive and Non-Independent Directors resigned from the Board effective February 10, 2020. The Board places on record its appreciation for their contribution since their appointment.

In accordance with the applicable provisions of the Companies Act, 2013 read with terms of the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee, the

Board at its meeting held on February 10, 2020, considered and approved the following appointments, subject to the approval of the shareholders:

- Appointed Ms. Preeti Mohanty (DIN 08210994) as an additional director (executive & non-independent category), for a period of 5 consecutive years
- Appointed Mr. Naveen Samant (DIN 05127077) as an additional director (non-executive & non-independent category), subject to retirement by rotation

Both of them hold office upto the date of the forthcoming Annual General Meeting and are eligible for appointment. The Board recommends the appointment of both Ms. Preeti Mohanty and Mr. Naveen Samant as Directors.

The brief resume and other relevant details of Directors seeking appointment has been given in the annexure to the Notice of the Annual General Meeting.

B. KEY MANAGERIAL PERSONNEL:

Prior to appointment as Director, Ms. Preeti Mohanty, was appointed as Chief Financial Officer (CFO) of the Company effective November 5, 2019 in lieu of Mr. Vikas Goel who resigned as CFO effective July 19, 2019.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are:

- Mr. Amar Kaul, Chairman and Managing Director
- Ms. Preeti Mohanty, Executive Director and Chief Financial Officer
- Mr. P. R. Shubhakar, General Manager – Corp. Finance & Company Secretary

23. PARTICULARS OF EMPLOYEES

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (“Rules”), is appended as Annexure – C to the Report. The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

24. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your Company has an effective and robust Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of your Company serves as a guide for daily business interactions, reflecting your Company’s standard for appropriate behavior and living corporate values. The Code of Conduct is applicable to all employees of the Company.

The suppliers and vendors of the Company are also required to adhere to Code of Conduct as it is a prerequisite for conducting business with your Company.

The Company’s Whistle Blower Policy is the mechanism for directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company’s code of conduct, violations of legal or regulatory requirements, incorrect or misrepresentation in any financial statements and reports etc. The mechanism provides for adequate safeguards against victimization of those who avail the mechanism and also provides for direct access to the Chairman of Audit Committee in exceptional cases.

The Whistle Blower Policy can be accessed on the website of the Company www.irco.com

25. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Your Board has adopted a Remuneration Policy for identification, selection and appointment of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of your Company. The Policy provides criteria for fixing remuneration of the Directors, KMPs, SMPs as well as other employees of the Company.

Your Board, on the recommendations of the Nomination and Remuneration Committee, appoints Director(s) of the Company based on his/her eligibility, experience and qualifications and such appointment is approved by the Members of the Company at General Meetings. Generally, the Executive Directors and Independent Directors are appointed for a period of five years. The Directors, KMPs and SMPs shall retire as per the applicable provisions of the Act and the policy of the Company. While determining remuneration of the Directors, KMPs, SMPs and other employees, the Nomination and Remuneration Committee ensures that the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate them and ensure the quality required to run the Company successfully and such remuneration comprises a balance between fixed and variable pay reflecting performance objectives appropriate to the working of the Company and its goals. Annual increments are also decided by the Nomination and Remuneration Committee. Remuneration to Directors is paid within the limits as prescribed under the Act and the limits as approved by the Members of the Company, from time to time. The remuneration policy of the Company is uploaded on its website at www.irco.com

26. ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, SEBI Listing Regulations and the Remuneration Policy of the Company, your Company conducts a Board Evaluation process for the Board of Directors as a whole, Board Committees and also for the Directors individually by seeking responses/inputs from all the Directors to an assessment questionnaire.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review, your Company has not given any loans or provided any guarantees or made any investments within the meaning of Section 186 of the Act.

28. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the year under review with Related Parties were in ordinary course of business and on arm's length basis in terms of provisions of the Act.

Your Company has formulated a policy on Related Party Transactions which has been uploaded on website of the Company at www.irco.com

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions, formulated and adopted by the Company. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. A statement giving details of all Related Party Transactions is placed before the Audit Committee for their review on a quarterly basis.

There are no materially significant related party transactions entered into by the Company with its promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 35 to the Financial Statements of the Company. The Company in terms of Regulation 23 of the Listing Regulations submits within 30 days from the date of publication of its financial results, disclosures of material related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges.

Particulars of contracts or arrangements with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in 'Annexure - F' in Form AOC-2 and forms part of this report

29. CORPORATE GOVERNANCE

At the Company, we ensure that we comply with the corporate governance guidelines and best practices sincerely, to boost long-term shareholder value and to respect minority rights. The Company considers it an inherent responsibility to disclose timely and accurate information regarding its operations and performance, as well as the leadership and governance of the Company.

A separate report on Corporate Governance along with the compliance certificate from Mr. Natesh K, Company Secretary confirming compliance with the requirements of Corporate Governance is set out in Annexure - E forming part of this report.

30. RISK MANAGEMENT POLICY

Your Company has constituted a Risk Management Committee, the details pertaining to the Committee are included in the Corporate Governance Report, which is a part of this report.

The Company has laid down procedures regarding the framework for identification of risks, risk assessment and minimization, loss prevention measures and other risk management procedures. These procedures are periodically reviewed to ensure that executive management controls risk through a properly defined framework. The Risk Management Committee monitors the risks and its mitigation actions.

31. PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention of sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. An Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

The Company periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act. The Company had mandated all employees to undergo online training on Prevention of Sexual Harassment (POSH) and also conducted the workshops during the year.

During the year under review, no complaint relating to sexual harassment was received.

32. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations provided to them, your Directors, pursuant to sub-section (5) of Section 134 of the Act, state:

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (b) that appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as March 31, 2020 and of the profit and loss of the Company for the year ended March 31, 2020;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;

- (e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. ACKNOWLEDGEMENTS

The Directors wish to place on record their gratitude and appreciation to all employees of the Company's for their whole-hearted efforts as well as their hard work, dedication and collective contribution to the Company's performance. The Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers and all other business associates for their continued support to the Company and for the faith reposed in the management.

For and on behalf of the Board of Directors

Amar Kaul
Chairman & Managing Director
(DIN: 07574081)

Place: Gurugram
Date: 30 June 2020

