June 17, 2019

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051

Symbol: ORIENTELEC

BSE Limited
Phiroze Jeejeebhoy Towers
Fort, Dalal Street
Mumbai – 400 001

Scrip Code: 541301

Sub: Notice of the 3rd Annual General Meeting ('AGM') and Book Closure for AGM & Final Dividend

Dear Sir/ Madam,

We are pleased to inform you that the 3rd Annual General Meeting ('AGM') of Orient Electric Limited (the "Company") will be held on **Tuesday, July 16, 2019,** at **11:00 a.m.** at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha**, to transact the business specified in the Notice of the 3rd AGM. Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), copy of the Notice convening the 3rd AGM and Annual Report for the financial year 2018-19 are enclosed herewith.

It is further confirmed that dispatch of the Notice convening the 3rd AGM and Annual Report for the financial year 2018-19 to the shareholders of the Company commenced on June17, 2019.

Pursuant to Regulation 42 of the Listing Regulations, we further wish to inform you that the Register of Members and Share Transfer Books of the Company will be closed from **Saturday, July 13, 2019** to **Tuesday, July 16, 2019** (both days inclusive) for the purpose of 3rd AGM and also for the payment of Final Dividend to the shareholders of the Company for the financial year ended on March 31, 2019 at the rate of Rs. 0.50 (50%) per share of Re. 1 each, as recommended by the Board of Directors of the Company at their meeting held on April 30, 2019. The payment of Final Dividend is subject to the approval of the shareholders at the 3rd AGM.

You are requested to take the above information and enclosed documents on your record.

Thanking you,

Yours Sincerely,

For **Orient Electric Limited**

ORIENT ELECTRIC LTD.

Hitesh Kumar Jain
Company Secretary
Encl.: as above

CK BIRLA GROUP

orient electric

switch to smart

Adding **Smart** to Life

Orient Electric Limited

Annual Report 2018-19

Contents

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Chandra Kant Birla, (Chairman)
Rakesh Khanna, (Managing Director & CEO)
Desh Deepak Khetrapal, (Non-Executive Director)
K Pradeep Chandra, (Independent Director)
TCA Ranganathan, (Independent Director)
Alka Marezban Bharucha, (Independent Director)

Key Managerial Person

Rakesh Khanna, (Managing Director & CEO)
Saibal Sengupta, (Chief Financial Officer)
Hitesh Kumar Jain, (Company Secretary)

Registered Office

Unit VIII, Plot No. 7, Bhionagar,
Bhubaneswar – 751 012, Odisha

Corporate Office

240, Okhla Industrial Estate
Phase III, Okhla, New Delhi – 110 020

Corporate Identification Number

L31100OR2016PLC025892

ISIN

INE142Z01019

Scrip Code

BSE – 541301
NSE – ORIENTELEC

Website

www.orientelectric.com

Manufacturing Plants

Kolkata
6, Ghore Bibi Lane, Kolkata – 700 054, West Bengal

Guwahati
Plot No. 96, Brahmaputra Industrial Park, Amingaon, North, Guwahati – 781031, Assam

Faridabad
11, Industrial Estate, Sector 6, Faridabad – 121006, Haryana

Noida
C-130, Sector 63, Noida 201301, Uttar Pradesh
D-209, Sector 63, Noida 201301, Uttar Pradesh

Statutory Auditors

M/s S. R. Batliboi & Co. LLP
Chartered Accountants,

2nd & 3rd Floor, Golf View Corporate Tower -B
Sector 42, Gurugram – 122 002, Haryana, India

Bankers

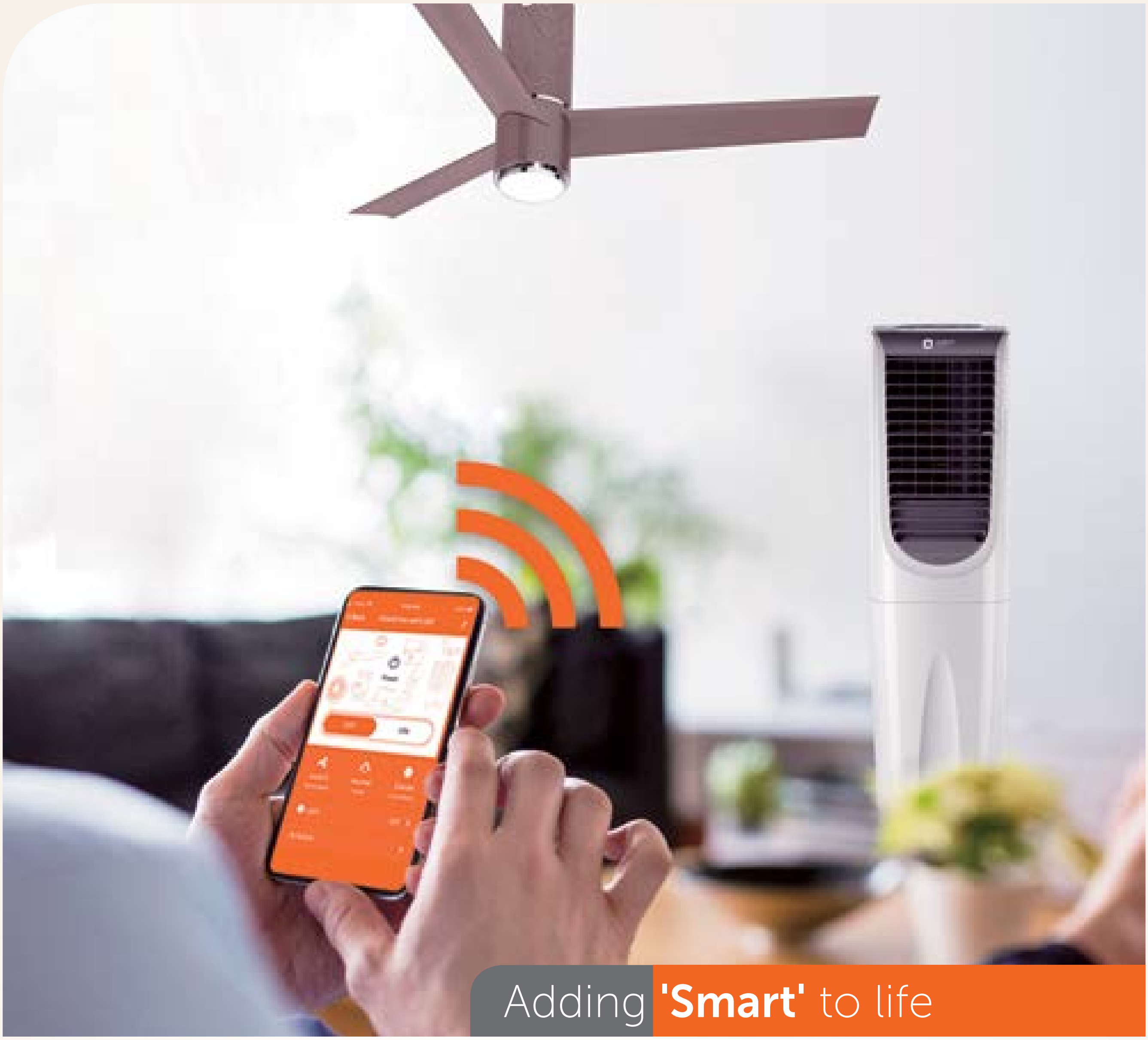
State Bank of India.
HDFC Bank Ltd.
ICICI Bank Ltd.
Standard Chartered Bank Ltd.
Indusind Bank Ltd.
Tata Capital Financial Services Ltd.

Registrar and Share Transfer Agent

M/s Karvy Fintech Private Limited
(Unit: Orient Electric Limited)
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032

A **'Smart'** beginning

The Company's shares got listed on the Indian bourses on May 14, 2018



Adding 'Smart' to life

At Orient Electric, ‘Smart’ is about delighting consumers and we have reinvented our business around this calling.

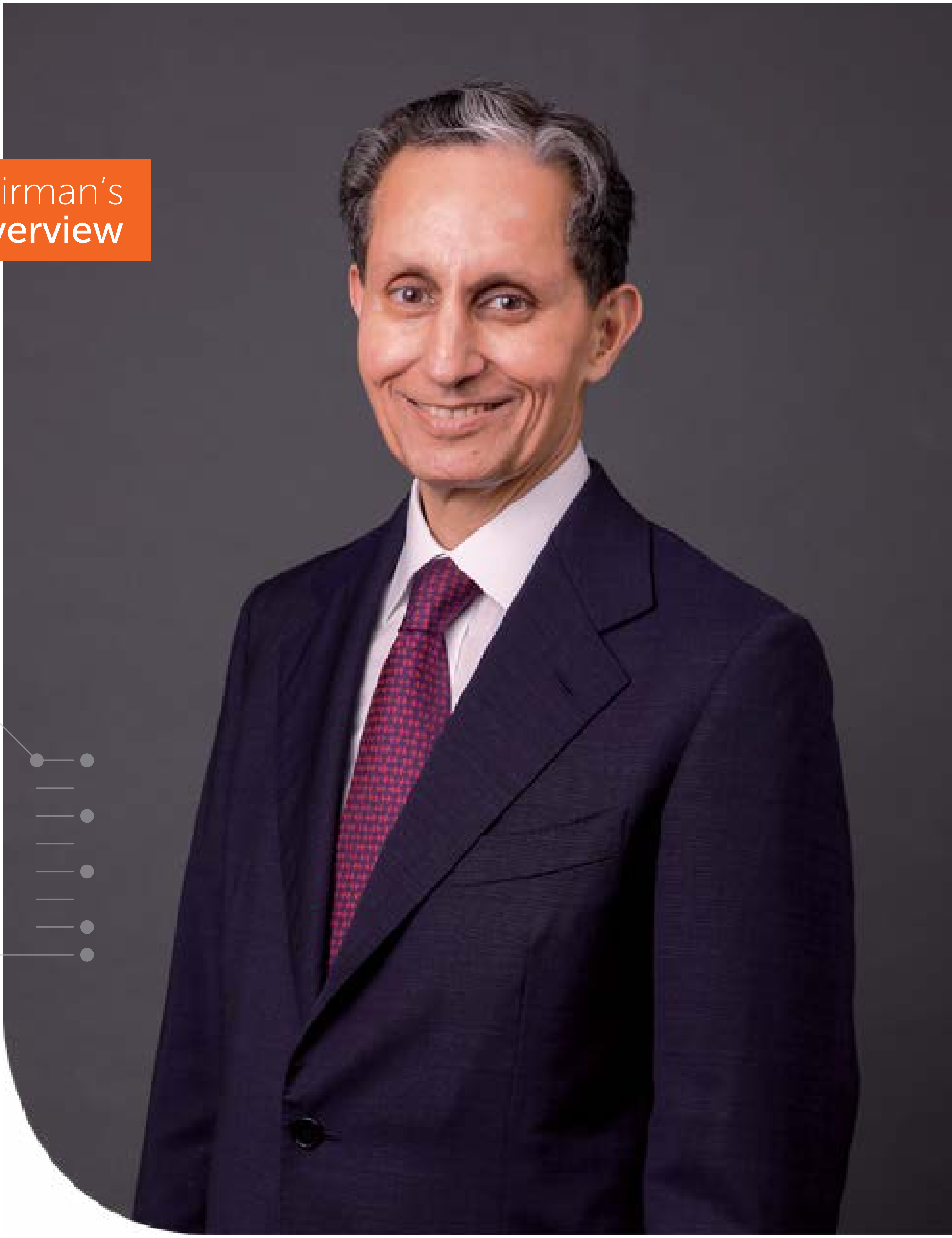
Extending the application of ‘Smart’ from a functional attribute.

To a driver of pride, trust and convenience.

The result is that we are not just a company that provides products plugging marketplace gaps.

We are a brand that inspires exciting possibilities and provides a glimpse into the future.

Chairman's **overview**



Orient Electric Limited continued to reinforce its positioning as a company delighting consumers and outperforming the sectoral growth trend.

The Company plays a distinctive role in India's large, growing and exciting consumer electrical space, and the Company's innovation-driven approach is neatly encapsulated in 'Switch to Smart'.

This idea is increasingly becoming relevant as more and more consumers seek futuristic conveniences and experiences. As a market-responsive company, Orient Electric has positioned itself around innovation. This is not only reflected in its new generation of products, but also in differentiated processes, practices and mindsets.

The way to our future will not just be about the incremental but increasingly about the radical. We believe that the best way to protect our prospects would be through introduction of disruptive products. These products will not be as much about capturing market share as they would be about creating new markets.

At Orient Electric, we are seized with the passion to transform our business spaces – literally and metaphorically. Our various office spaces, starting with our corporate office in the National Capital Region showcase the 'Smart' workplace of the future. The cabin-less environment stands for a boundary-less way of thinking that makes it possible to outperform consistently.

We believe we have created our company as a platform for smarter growth. This platform complements our quest for innovation, strengthening the brand, enhancing knowledge capital, stakeholder relationships and financial integrity.

Our journey in an independent avatar commenced creditably and should translate into sustainable growth for our stakeholder family.

CK Birla,
Chairman

Orient Electric. Driven by the passion to bring **'Smart' into people's** lives

Background

Orient Electric is a part of the diversified CK Birla Group. A distinguished name in the consumer electrical space for more than 60 years, Orient Electric has established itself as a one-stop provider of fans, lighting, home appliances, switchgears and other electrical solutions.

Facilities

Orient Electric has fully-integrated manufacturing facilities in Kolkata, Faridabad, Noida and Guwahati. It is also the second-largest manufacturer of LED bulbs in the non-OEM Segment in India.

Footprint

With a marketing footprint across India and in more than 40 countries, Orient Electric has earned the trust of millions of customers by providing cutting-edge lifestyle products. Orient Electric is the largest manufacturer and exporter of fans from India. Within India, the Company has an organised distribution network catering to more than 5,000 dealers, 125,000 retail outlets and a 450-city service network.

Awards and accolades

Orient Electric has received many prestigious awards and accolades on the back of its ability to manufacture electrical solutions benchmarked with the best standards in the industry. It has also been recognised globally for its state-of-the-art manufacturing facilities, innovative marketing practices and unique customer-servicing initiatives.

Listing

Orient Electric Limited's equity shares got listed on BSE and NSE on May 14, 2018. The Company enjoyed a market capitalisation of ₹3238 Cr. as on March 31, 2019.

Alliances

During 2018-19, Orient Electric expanded its presence in the small appliance business by entering into a strategic tie-up with De'Longhi group. This tie-up enabled the entry of the premium brands of De'Longhi, Kenwood & Braun into India. Each of these brands is an international market leader in its core product category, providing the Company with a strategic market placement advantage.

Ethos

Vision

Spreading happiness by smart application of technology.

Mission

We are a leading Indian electrical brand with a significant global presence. We are focused on making customers happy by consistently providing smart electrical solutions through innovation, world-class manufacturing practices and a knowledgeable and customer-oriented distribution network, highly-responsive after-sales service team and engaged employees.

Values

Excellence

- We consistently aim to achieve and exceed global benchmarks in quality and best practices
- We always strive for fresher ideas and newer ways of doing things
- We are most responsive to changing modern lifestyles and consumer needs
- We demonstrate drive and commitment for performance

Integrity

- We are committed to the highest standards of professional ethics and honesty
- We are credible in the sense that we do what we say
- We act in accordance to our roles and responsibilities
- We are accountable for both our successes and failures and do not allocate blame
- We speak openly and without fear

Collaboration

- We collaborate across functions and businesses to drive organisational goals
- We build mutually-rewarding long-term relationships based on trust and credibility
- We respect diversity and believe in consulting, engaging and empowering people
- We celebrate collaboration and take pride in our own work and that of others

Trust

- We foster a culture of belief and trust
- We are open and transparent in sharing relevant information to all stakeholders
- We are an open organisation that values everyone's point-of-view regardless of one's position in the hierarchy
- We provide enough freedom and space for people to deliver on their commitments

Care

- We encourage practicing empathy in all our acts
- We respect each individual and value everyone's contribution across the value chain
- We care about individual and professional development
- We partner in creating a caring environment

Our performance over the past two years

Company Performance

Revenue
(₹ Cr.)

18-19	1,864.40	Growth 14.7%
17-18	1,625.58	

EBITDA
(₹ Cr.)

18-19	150.14	Growth 6.8%
17-18	140.57	

Net Profit
(₹ Cr.)

18-19	68.87	Growth 9.2%
17-18	63.06	

ROCE
(%)

18-19	29	Change 200bps
17-18	27	

Debt-Equity Ratio
(X)

18-19	0.44	Change 2,700bps
17-18	0.71	

Segment Performance

Electrical Consumer Durables

Sales
(₹ Cr.)

18-19	1,329.61	Growth 9.2%
17-18	1,218.14	

PBIT
(₹ Cr.)

18-19	150.79	Growth 2.2%
17-18	147.48	

Lighting And Switchgear

Sales
(₹ Cr.)

18-19	534.79	Growth 31.3%
17-18	407.44	

PBIT
(₹ Cr.)

18-19	58.76	Growth 70.4%
17-18	34.48	

Board of Directors

Left to right: Rakesh Khanna, K Pradeep Chandra, Alka Marezban Bharucha, Chandra Kant Birla, Desh Deepak Khetrapal, and TCA Ranganathan

Profile of Directors

Chandra Kant Birla

Chairman

Chandra Kant Birla, aged 64 years, is the Chairman and Non-Executive Director of the Company. He is the Chairman of several companies of the CK Birla Group. The Group has interests across industries such as automotive, technology, infrastructure, building products, healthcare and education. He is also a keen philanthropist and deeply committed to creating sustainable positive impact.

Rakesh Khanna

Managing Director & CEO

Rakesh Khanna, aged 56 years, holds a B.E. (Mechanical Engineering) degree from Thapar Institute of Engineering and Technology; a Master's degree in Management Studies from University of Mumbai. He has more than 30 years of work experience in India and abroad in the consumer durables, consumer electronics, electrical and lighting sectors.

Desh Deepak Khetrapal

Non-Executive Director

Desh Deepak Khetrapal, aged 63 years, holds an Honours degree in Business Economics; a Master's degree in Marketing and Finance from Delhi University and is an alumni of Faculty of Management Studies, University of Delhi. He has a rich experience in industrial, consumer and retail businesses. He is a business leader with a track record of leading and transforming large and diversified organisations across various industries including services, industrials, consumer and retail businesses.

TCA Ranganathan

Independent Director

TCA Ranganathan, aged 64 years, holds a graduate degree from St Stephen's College, Delhi and Post Graduate degree in Economics from Delhi School of Economics. He was associated with State Bank of India and Export Import Bank of India. He is currently associated as an arbitrator on the panels of the various stock exchanges and the Indian Council of Arbitration. He is also associated with the United Nations Development Programme for promoting growth in Africa and emerging Asia. He has more than 38 years of experience in Corporate finance, International banking and Investment banking.

K Pradeep Chandra

Independent Director

K. Pradeep Chandra, aged 62 years, is a retired IAS officer. He holds a Bachelor's Degree in Mechanical Engineering from Indian Institute of Technology, Madras; a Master's degree in Marketing from Indian Institute of Management, Calcutta; a Master's Degree in Finance from Atkinson Graduate School of Management, Willamette University, USA and a Doctoral degree in Public Administration from University of South California, USA. He has headed a number of state public sector undertakings and has more than 34 years of experience in Education, Finance as well as the Industries and Commerce Departments of the Governments of Andhra Pradesh and Telangana.

Alka Marezban Bharucha

Independent Director

Alka Marezban Bharucha, aged 61 years, holds a Bachelor's degree in Arts with Honours from University of Mumbai; a law graduate from the University of Mumbai and Master's in law from University of London. She is the founding partner of Bharucha & Partners; is a solicitor of the Bombay High Court and an Advocate on record, at the Supreme Court of India. She has more than 30 years of experience in mergers and acquisitions, private equity investments, joint ventures, foreign venture capital investors, brokers, merchant bankers, and other financial intermediaries and is engaged in representing trans-national corporations for investments in the retail, real estate, defence, power and banking sectors.

The Managing Director & CEO's review

Rakesh Khanna,
Managing Director & Chief Executive Officer

The management at Orient Electric Limited is pleased with the performance of the Company during 2018-19.

The Company reported its second straight growth year following its de-merger from Orient Paper and Industries Limited. This endorsed the objective that the demerged business would be empowered to grow faster.

The 14.7% revenue growth by the Company was corresponded by a 9.2% increase in profit after tax. The Company performed creditably in each quarter of the last financial year. Each division reported growth and this performance would have been better but for an extended winter that affected the off-take of select product categories. This reality notwithstanding, the Company finished the year under review with stronger fundamentals and enhanced confidence.

Our business direction

At Orient Electric, we continued to reinforce our product positioning around 'Smart'.

This distinctive positioning represents our desire to be recognised for cutting-edge products. The operative word 'Smart' is in line with our futuristic approach towards products and provides a substantially improved proposition over competing options. I am convinced that this positioning will increasingly define not just the quality of our products, but also our processes, practices and personality.

Strengthening our fundamentals

In 2018-19, the management at Orient Electric focused on growing the business for the day while building for the future.

We focused on initiatives that will help moderate our long-term cost structure. We increased the weightage of value-added products in our portfolio. We strengthened the positioning of our respective product categories to entice higher demand. We enhanced processes leading to increased product reliability.

These business-building initiatives should translate into profitable growth for our company, sustainably into the future.

Building our knowledge capital

At Orient Electric, we believe that the most competitive company is one that possesses a passionate workplace marked by extensive knowledge-sharing.

Our open-plan and cabin-less workplace in New Delhi showcases a de-layered communication architecture that catalyses decision-making. The result was visible in our Employee Engagement Score, which reported one of the biggest improvements in 2018-19.

We also recognise that the quantity of our outperformance will be influenced by the quality of our people recruitment, engagement, training and retention. During the year under review, we strengthened our leadership with selective recruitment; we engaged top-notch professionals to head our product innovation, finance and other critical functions. We are optimistic that a stronger leadership bandwidth will translate into multi-pronged improvement. We complemented this recruitment with a number of hires across functions, increasing our future-readiness. We empowered more aggressively and implemented cutting-edge technologies in decision-making.

Strengthening our innovation culture

At Orient Electric, we recognise that the most effective way of creating a distinctive recall in a commoditised sector is through the design and development of differentiated products. The mere development of incrementally better products will not be enough; we need to create a generation of futuristic products.

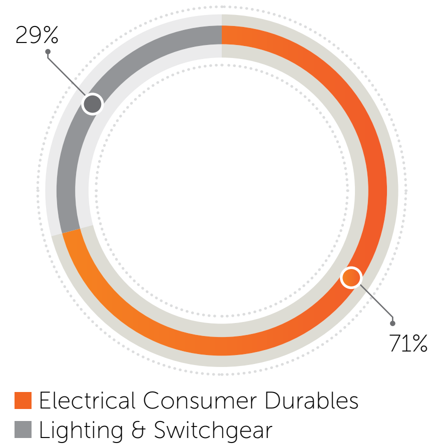
The green shoots of this long-term direction were visible during the year under review. The launch of Orient Electric's new generation of fans emerged as a sectoral benchmark. We stayed well ahead of the industry curve in the consumer electrical space by launching digitalised products. We introduced voice-assisted and IoT-driven fans and coolers. We reduced our response time to emerging consumer needs through the deeper use of digitalisation.

The other important initiative was to strengthen our ability to consistently introduce pathbreaking product. We carved out a strong team, with our vision to ensure a pipeline of innovative products.

Re-engineering our processes

At Orient Electric, we believe that the heart of a successful enterprise resides in the efficiency and effectiveness of its processes. We re-engineered our processes with the objective to enhance empowerment without diluting accountability;

Segment revenue share

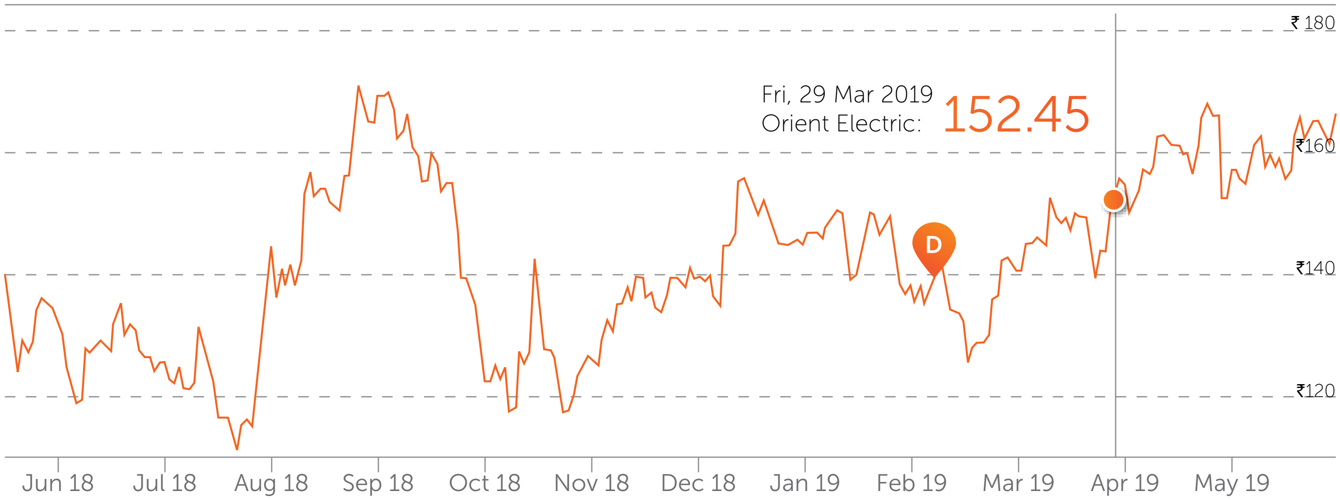


Orient Electric

152.45

+2.60(+1.74%)

Volume	Open	High	Low
1,48,490	152.00	154.00	147.45



We strengthened our compliance commitment without compromising speed; we strengthened our process robustness without making them individual-dependent; we enhanced product and component traceability without expending considerable resources; we re-engineered processes without compromising decision-making quality.

The result is that we reduced systemic costs and waste. Besides, we enhanced product quality, moderated our field failure, increased reliability, and boost the speed of decision making.

During the year, we reduced our fans warehouse from 22 regional warehouses to 2 national warehouses. We restructured the movement of fans from the factory to distributors. This reduced our logistics cost, speed of response and inventories, strengthening our competitiveness.

Building financial efficiency

At Orient Electric, we believe that the hallmark of business sustainability is fiscal efficiency. As competition increases, success lies in reconciling quantum growth with business quality.

During the year under review, we continued to strengthen our working capital management. We focused on reducing our receivables and inventories on the one hand while increasing the quantum of channel and vendor financing on the other. The enhanced liquidity made it possible to grow our revenue without a proportionate increase in deployed funds. In turn, this helped increase the role of net worth in growing our business, strengthening our preparedness for unforeseen market cycles.

Leveraging our intangibles

At Orient Electric, we are convinced that the increasingly successful companies of the future will leverage their business intangibles better than others. One of the principal intangible assets of our company is our distribution network, marked by a pan-India presence and financially robust trade partners. The other intangible asset in the strength of our Orient Electric brand, respected for product integrity, futuristic product features and a superior price-value proposition.

During the year under review, the Company decisively leveraged the intangible value resident in its brand and network. The Company entered into a marketing arrangement with De'Longhi group, one of the most prominent global consumer appliance brands. The Company will market prominent brands (Braun, Kenwood and De'Longhi) belonging to the global major through its established network. This win-win arrangement represents the coming together of companies with similar values. The arrangement will make it possible for the Italian brand to mature its presence in India quicker; the arrangement will make it possible for Orient Electric to monetise the value of its distribution network and strengthen its brand as a one-stop experience-enhancing solutions provider.

Outlook and optimism

At Orient Electric, we are optimistic of building a sustainable momentum.

A structural shift is presently underway in India. The consumer is becoming increasingly driven by the highest price-value proposition, seeking the best possible product.

We have selected to not merely grow a linear presence in commodity spaces. We are reinventing our presence in them. We are not just focused on cost moderation but enhancing realisations as well. We are not just delivering a functional convenience but strengthening our lifestyle positioning as well. We are not just delivering products that address functional needs but enhancing the overall consumer experience as well.

This focus is visible in each product category of our presence. By introducing a new generation of fans, we are helping people alter their perception of our products. By focusing on differentiation, we are addressing a growing presence and large addressable room in the lighting category. By launching products with a higher digital component, we expect to grow our share of the country's large appliances sector. By launching the safest switches, we have strengthened our distinctiveness that should increase customer acceptance.

Overview

Orient Electric is at an attractive juncture. The Company has created a robust foundation that should translate into attractive growth.

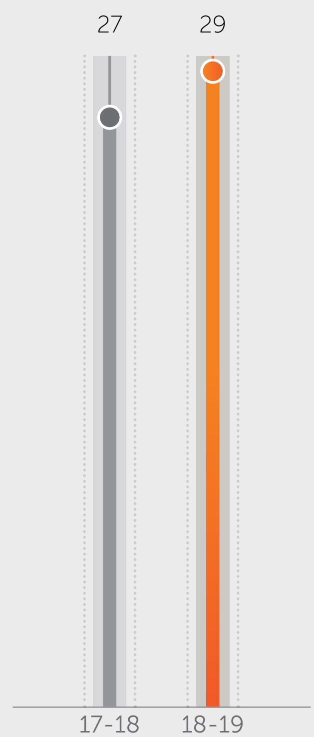
The Company is under-borrowed, possesses cash on the books, is accelerating the quantum of launches, is strengthening its brand around 'Smart' and is carving out a distinctive recall in a large sector.

We believe that the complement of these fundamentals should translate into enhanced value for all stakeholders associated with our company.

Rakesh Khanna,
Managing Director & Chief Executive Officer

ROCE

(%)



Rationale

The Company's ability to improve its mix of value-added products coupled with its cost optimisation initiatives has resulted in an improved return on capital employed.

Adding **'Smart'** to Life

A 360° transformation philosophy

Products
Enhances consumer delight; promotes ease-of-use

Technologies
Diminishes manual interventions; increases product utility

Manufacturing
Ensures qualitative consistency; enhances product quality

Processes
Increases productivity; enhances cost-efficiencies

Logistics
Accelerates speed of distribution, ensures timely availability

Workforce
Reinforces organisational backbone; drives long-term success

Marketing
Increases product visibility; enhances brand recall

Finance
Enhances liquidity and expansion capability

Smart consumers are increasingly **buying 'Smart' products**

Even as consumers live in the realities of the present, they are investing in products of the future.

The result is that the conventional analog product is yielding ground to the digital; yesterday's standalone product is being increasingly designed around the IoT design of tomorrow with improved functionality, reliability, ease, and aesthetics.

At Orient Electric, we have selected to play an active role in this seminal transformation to introduce tomorrow's products today.

Through an organisational restructuring - horizontally and vertically - to respond with speed to rapidly evolving market preferences.

Through the proactive introduction of a series of next-generation and aerodynamically-designed Aeroseries fans that are not just aesthetically different but also technologically-superior.

Through the launch of Aeroslim, India's first IoT-enabled fan.

Through a range of lifestyle fans - bladeless and portable - that matches fan design with evolving lifestyle standards.

Through the launch of a revolutionary product in the Table, Pedestal and Wall (TPW) fan category with the upgraded cutting-edge Windpro fans with CTX technology.

Through the augmentation of decorative ceiling and TPW fans following the launch of the Trendz series.

Through the introduction of India's first modular metal-bodied outdoor air-cooler and a line of IoT-enabled air coolers.

Through the launch of a first-of-its-kind energy-efficient BEE 5-Star-rated 9W LED bulb.

Through the introduction of Smart Street Lighting.

The result: Our innovative product offerings have driven the perception of premium among Indian consumers.

'Smart' technologies are inducing a sense of **awe and wow among consumers**

Consumers do not just seek one or two additional product features when they buy; they virtually seek everything.

Products with best-in-class technologies, increased operating efficiency and enhanced power efficiency, comprising the best value-for-money proposition.

Most companies would have pronounced 'Not possible!' At Orient Electric, we said, 'We can do it.'

We invested in research professionals and R&D alliances. We emphasised a mindset to fuse diverse capabilities into different products. We emphasised that 'impossible' is nothing.

This is what we have to show for our differentiated commitment.

We enhanced our fans air delivery performance by investing in path-breaking technologies. We took the positioning of Aeroseries fans to a new level, comprising arresting looks, smart IoT control and voice control, efficient inverter motor, slim cylindrical design, telescopic adjustable mounting, aerodynamic profiled blades and integrated under-lights – 'Very silent. Very powerful.'

We invested in our Windpro series of fans with concentric winding motor to reduce noise and increase product life; our distinctive five-blade design enhances air thrust.

We designed our modular coolers to enhance air delivery and moderate noise through an optimal combination (fan and motor). We achieved a high cooling efficacy through our densenest honeycomb pad and four-way air deflection system. We achieved quick cooling and long operating time through pre-programmed modes to optimise the consumption of power and water consumption. We designed our metal coolers with powder-coated galvanised plain skinpass sheets to resist harsh weather and enhance movement cum storage ease.

The result: In an ever-changing environment, Orient Electric emerged as a constant - a company respected for staying ahead of the curve.

'Smartness' is not derived from a **eureka moment but a structured discipline**

Modern-day customers seek the new in every aspect of the brand.

The right product design. The right function. The right product feel. The right endurance. The right price.

This, in turn, requires us to engage in a holistic disciplined approach that comprises design, finishing, aerodynamics, motor, heating / cooling systems and power optimisation.

At Orient Electric, we brought years of structured discipline to identify new product opportunities.

This discipline comprises reliable time and cost estimates, making it possible for our products to meet or exceed standards.

We invested in manufacturing automation (QR-based traceability) to enhance quality, process automation and safety.

We undertook initiatives that enhanced compliance and cost-efficiency.

We ramped up manufacturing capacities with speed and economy to address emerging consumption appetites (we increased our streetlight manufacturing capacity to 10,000 units per day, reinstating our position as one of the largest LED bulb manufacturers in India).

We ring-fenced our intellectual property through streamlined processes that protected our designs and technologies.

We optimised resource consumption and inventory through efficient systems.

We widened our after-sales service to more than 450 towns in 2018-19.

The result: Orient Electric was identified as a preferred LED lighting supplier by Energy Efficient Services Limited; the Company's superior price-value offering translated into an unmatched customer proposition.

The modern-day consumer is driven by highest **price-value proposition rather than by the lowest price**

'What's new?' is possibly the most frequently-used line in India's retail electrical sector.

To provide an institutionalised response, Orient Electric initiated the setting up of a full-fledged Innovation Centre in 2018. This was done with the objective to strengthen product development and spot new categories and businesses to enter.

We streamlined business processes, increasing our flexibility of response and institutionalising best-in-class practices.

We invested in advanced IT systems and integration technologies to identify incipient sectoral trends.

We selectively deployed sales force automation tool to gather insights and improve last mile connect and retail visibility.

We initiated the use of a 'time-series'-based demand forecasting tool for effective sales and inventory planning.

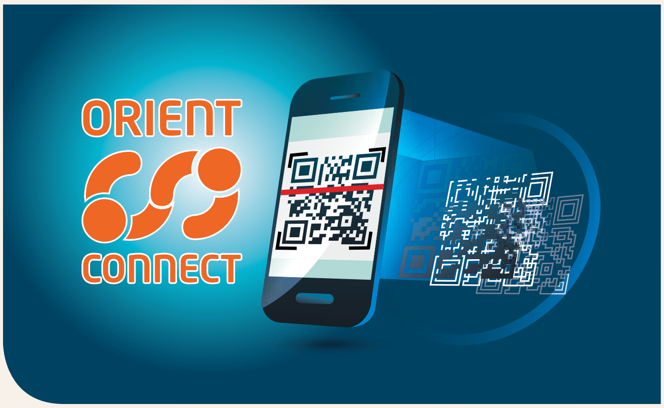
We launched an organisation-wide enterprise-level business intelligence tool to enhance informed decision-making.

We reinforced our cyber-security framework through the deployment of device leakage protection and mobile device management tools.

We increased catalogue traceability by empowering channel partners and customers to access products information using a centralised QR code.

The result: Orient Electric enhanced its reputation as a forward-looking company and is seeking to commission a fully-equipped world-class innovation centre.

'Smartness' is about going **where few may have ventured**



There is a premium on products being available on shelves and proximately accessible whenever the consumer wishes to buy.

The partner must possess the ability to provide the right mix of SKU's delivered in the shortest time and the lowest cost.

Over the last few years, Orient Electric challenged the assumption that the optimum had been achieved. The Company embarked on the exercise to question the status quo across its supply chain.

We widened our global footprint to generate a growing proportion of revenue from the international markets.

We deepened our e-retail presence through the launch and promotion of premium products in partnership with major online platforms, became the first in our industry to conduct a web broadcast of an online lucky draw for retail partners and introduced ISI-certified ceiling fans for the country's Canteen Stores Department. Our focus on the B2B channel through stronger relationships with partners across all verticals, propelled category growth by ~200%.

We deepened engagements with organised retail partners by leveraging the De'Longhi portfolio. We enhanced our shop-in-shop and pan-India retail visibility through strategic promotions.

Orient Connect program emerged as one of the most user friendly and loyalty inducing retailer engagement program. We strengthened our engagement with a vast electrician workforce by training, informing and building an army of brand advocates. We enhanced our fans warehouse space utilisation by 40% through centralisation leading to increased savings.

The result: Orient Electric widened and deepened its presence across India and the global market, accelerating offtake while increasing efficiency and service quality.

'Smart' is not as much about market **share as much as it is about mind share**

The reality of the day is that customers possess diverse choices and buy from wherever their mood suits them.

This reality makes it imperative to market with emotion, reside prominently in consumer recall and hope to translate this into loyalty.

At Orient Electric, we positioned ourselves distinctively – one, as a sectoral expert; two, as a one-stop-shop for lifestyle electrical solutions.

During the year under review, we enhanced consumer awareness of our young businesses through differentiated marketing campaigns.

We established a first-mover's advantage by becoming the first Indian lighting brand (LED bulbs) to be awarded a 5-Star rating from the Bureau of Energy Efficiency.

We launched a campaign covering the television, print and digital media to enhance consumer awareness about the benefits of switching to 5 Star- rated LED bulbs (120 lumens per watt and 30% brighter than 3-Star equivalents), which helped carve out a larger market share and respect.

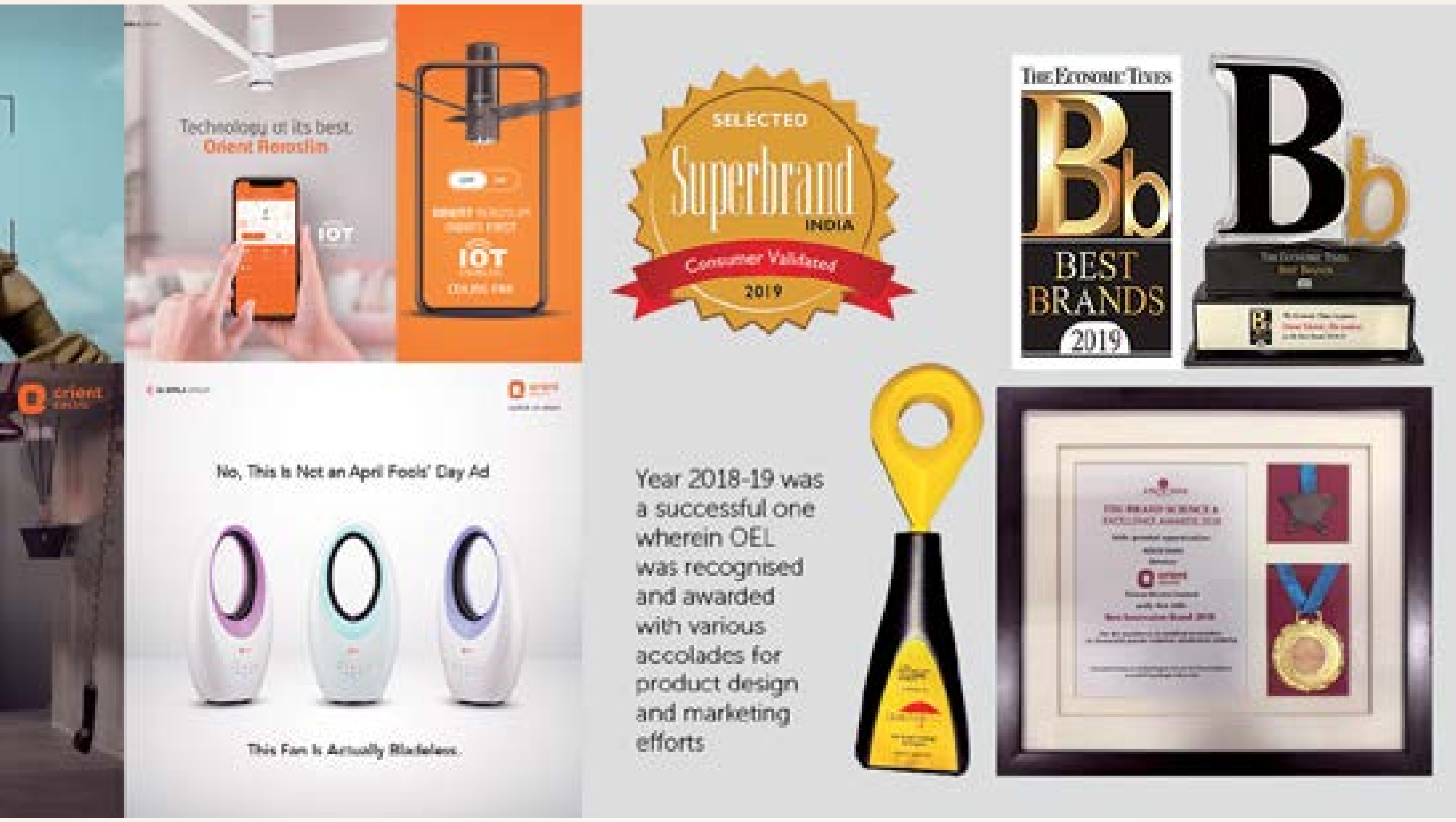
We emphasised our superior product attributes of 'silence' and 'power' through our prominent 'Song of Silence' campaign for Aerocool and Aerostorm fans and expansion of the Aeroseries range.

We introduced two path-breaking innovative IoT and voice assistant-led products in 2019 supported by a television commercial featuring cricket icon MS Dhoni; the commercial "Turn the world upside down" highlighted the breathtaking design and technology of the Aeroslim fan disrupting the market.

We launched our maiden television commercial for our appliances business, promoting IoT-enabled air coolers.

We launched a comprehensive digital-led campaign to promote our exciting range of lifestyle portable fans, leveraging the influence of lifestyle bloggers and social media.

Our retailer loyalty programme, Orient Connect emerged as one of the most



user-friendly loyalty and engagement program within the retail community.

We launched demo-and-display zones in premium outlets to enhance retailer confidence and consumer delight.

Our in-shop and out-shop branding measures increased pre-purchase visibility and a consumer pull. A retailer and electrician contact cum training programme highlighted the premiumness of our products.

We doubled our digital marketing budget in 2018-19 to enhance visibility across the social media and other digital platforms.

We executed a number of online campaigns comprising display advertising, digital PR, blogging and influencer activities, among others, to enhance brand awareness.

We achieved a significant growth in social media followers, enhancing our Share of Voice with a healthy month-on-month increase.

We put in place a robust Online Reputation Management process with online tracking tools and with response and escalation matrix which improved our online reputation through the prompt redressal of every single online grievance in 2018-19; this resulted in a high online positive sentiment rate of 94.45%, among the best in the industry.

We were listed among the '20 Most Trusted Brands' for the consumer durables category in a 2018 survey by Nielsen, for Economic Times- Brand Equity. We were voted as Superbrand for fans and coolers.

We were awarded TAVF's 'Best Brand Campaign of the Year' recognition in 2018 for our integrated communications campaign in the lighting segment.

We were shortlisted in the National jury round of Effie Awards 2018 in the consumer durables category for our campaigns related to Aeroquiet fans and LED battens.

The result: Orient Electric enjoys a positive recall for all-round product credibility, resulting in enhanced respect, offtake and market share.

‘Smart’ begins with the fundamental measure
of all our progress – our people

When people today speak of 'capital', there is a greater likelihood of this being less a reference to funds and a greater likelihood of this referring to knowledge capital.

There is a greater room for diversity in the modern workforce with an emphasis on open-plan working environments that enhance engagement and timely decision-making.

At Orient Electric, we have been a consistent investor in knowledge capital and modern ways of working. We took a focused approach towards improving our gender mix in our workforce in the financial year. This resulted in a 41% increase in Women employees of the Company, helping bring new perspectives to the business.

A number of improvements became discernible. The learning and development budget increased ~70%. An employee engagement survey conducted by AON Hewitt, showcased a marked improvement over the previous year. The Company extended beyond 'functional' to 'leadership' excellence through holistic leader assessments, skill strengthening, role widening, cross-functional responsibilities and personal coach assignments.

The Company prepared the next line of leaders through various initiatives: it facilitated periodic engagements of young achievers with the CEO and business heads, increased knowledge sharing; it undertook initiatives like Coffee with CEO, Town Hall meetings, workshops, forums, employee and department engagement activities; it launched a job posting policy to offer alternative career opportunities to existing employees.

The Company also prioritised an invigorating workplace environment. It relocated the head office team to an ultra-modern open office environment; it renovated six branch offices to foster openness, innovation and collaboration across levels.

The Company invested in forward-looking IT solutions that automated the Performance Management System and people-centric functions. It prepared a multi-year Advanced Development Programme to enrich its long-term innovation culture.

The result: Orient Electric strengthened people engagement and productivity, strengthening every aspect of its performance – the basis of its enduring sustainability.

The core of our company represents **'Smart' governance and robust financial management**

Orient Electric made its way to the **"Fortune India The Next 500"** list.

We ranked 4th in the Consumer Durables category and secured 71st position in the Next 500.

2018-19 was the first full year of the independent operations of Orient Electric as a legal entity.

The Company responded with a new style of working, showcasing stronger governance with a zero tolerance for non-compliance.

The Company engaged in organisation-wide communication, governance awareness-building sessions and a powerful dissemination of 'One Orient, One Team, One Dream'.

These initiatives resulted in a significant cultural shift. We recreated corporate communication policies; we strengthened compliance through an organisation-wide tool (Kavach); we monitored compliance each quarter to prevent misstatements that could compromise our accountability; we enhanced our internal audit discipline across locations and functions.

Our entry on D-Street on May 14, 2018 with our listing on BSE and NSE enhanced our stakeholder visibility, which in turn, increased our systemic transparency, raised governance standards and provided us with a sharper understanding of investor and street expectations. The biggest benefit of our listing was our increased ability to comprehend an outside-in view, and enhance visibility of our actions and intent across all external stakeholders. We are gradually getting investor-savvy in responding to specific queries that also facilitate our appreciation of their expectations.

On the performance side, our business segments consistently reported growth on the back of a robust demand-supply scenario. Our Electrical Consumer Durables segment, largely dominated by summer-relevant products comprising fans and coolers, accounted for 71% of our revenue and grew ahead of the sectoral curve until the headwind of a prolonged winter affected its pace in the last quarter.

The Company's Lighting and Switch gear segment have been gradually heading north, marked by an encouraging double-digit growth in topline and bottom-line. The segment now accounts for a substantial 29% share of our revenue. Even as the deepening electrification programme of the Government, coupled with an improved product mix towards luminaires and street-lighting, catalysed segment growth, erratic power quality enhanced warranty costs.

The Company outlined a long-term sustainability plan along with improved financial hygiene. Besides, the management team proactively redefined processes, tightened policies resulting in stricter financial discipline and made relevant investments. The result was that Company's EBIDTA margins contracted ~0.6% following increased advertisement and promotional spending together with one-time supply chain restructuring, liquidation of dated stock, higher warranty costs and increased provision of inventory and receivables.

During 2018-19, the absolute working capital outlay increased due to the enhanced scale of our operations. Despite this reality, we maintained our working capital cycle (34.68 days of turnover equivalent in 2017-18 and 35.14 days in 2018-19) on the back of strong channel financing and vendor financing, which was introduced in the current fiscal along with initiatives to liquidate inventory.

These initiatives strengthened cash flows that moderated gross debt by ₹51 Cr. and interest outflow by ₹2 Cr. during 2018-19.

FANS

Highlights

2018-19

- Launched India's first IoT enabled fan (Aeroslim) based on invertor technology, which gained traction and emerged as a best-seller across e-commerce platforms.
- Orient Electric launched a lifestyle category of fans comprising bladeless, tower and circulation fans.

Overview

Having entered the business through the manufacturing and marketing of conventional fans, Orient Electric has grown consistently to emerge as an innovative, lifestyle, and premium brand. The Company enjoys more than 50% market share in the premium segment and more than 30% market share in decorative and premium segment combined.

The Company reinforced its reputation as a sectoral leader in a rapidly-transforming marketplace marked by a greater need for cutting-edge technologies and evolving consumer needs. To take this reputation ahead, the Company invested deeper in R&D capabilities with the objective to accelerate new product development and stay ahead of the industry curve.

Orient Electric established itself as a premium lifestyle brand through distinctive marketing campaigns and the launch of Orient Zones pan-India to enhance the customer experience.

Challenges and counter-measures

Achieving market acceptance for new products:

Best-in-class product specifications and prudent marketing ensured an appreciable product offtake.

Erratic climatic patterns can affect fan sales:

A diverse product mix helped broad base revenue and counter the effect of a slowdown in any specific product category.

Strengths

R&D capabilities: The Company's R&D team focused on the consistent development of technologically-advanced products. The Aeroseries comprised the development of multiple prototypes, various colour combinations and the deployment of world-class technologies.

Process innovation: The Company's QR Coding allowed it to track products right up to the point of sale, while tracing every critical component to the manufacturing batch and the OEM supplier, providing cues related to product replacement and backward traceability.

Pioneering products: The Company's products were invested with futuristic technologies. The IoT-enabled fan launched by Orient Electric can be controlled using voice assistants (compatible with Amazons Alexa and Googles Assistant).

International footprint: The Company did not just make its presence felt across India but also widened its international footprint.

Digital connectivity: The Company leveraged the power of digital connectivity to enable continuous cost optimisation, qualitative enhancement, supply chain optimisation and real-time information access.

Retail network: The Company's retail network extends pan-India, leveraging its ~1,00,000 retailers.

Manufacturing bandwidth: While efficiency and productivity of existing lines were enhanced, new lines with minimal human interventions, automation and addition of robotics in certain processes added value & enhanced quality.

Growth strategy

The Company intends to grow this business through various initiatives.

- Widen the basket of premium fans
- Enhance its global footprint; enter new markets and deepen penetration in existing ones
- Optimise costs through the use of digital connectivity
- Introduce progressively silent and energy-efficient fans
- Strengthen manufacturing capability

Outlook

India is the fastest-growing major economy, expected to grow ~7% a year. This could catalyse disposable incomes and aspirations, strengthening the demand for premium products. The Company intends to capitalise on this opportunity through the accelerated introduction of premium and high-performance fans.

APPLIANCES

Highlights 2018-19

- Orient Electric was acknowledged as a 'Superbrand' in the air-cooler segment; awarded Economic Times Best Brand Award for being the best air-cooler brand in India.
- Launched IoT enabled cooler range, new range of modular metal cooler, and new SKUs of water heaters and mixer grinders.
- Expanded its presence in the small appliances business; entered into a strategic marketing alliance with De'Longhi group that made it possible to market the premium De'Longhi, Braun and Kenwood.

Overview

The Indian appliances market has transformed extensively, marked by a growing introduction of aspirational products for domestic use. These products enhance convenience, pride and lifestyle.

Orient Electric capitalised on this lifestyle transformation through the introduction of several modern appliances around a superior price-value proposition. These products were provided across colourful options, sleek designs and superior technologies. The Company engaged technologists to develop cooler fans with the Aerofan technology, providing superior air flow coupled with minimal noise. The Company introduced honeycomb pads with densenest technology for better water absorption and moderating water consumption in air-coolers. The Company also introduced a range of high-performance water heaters, enhancing consumer convenience.

Over the years, the Company strengthened its supply chain and leveraged its existing distribution network to market a larger throughput. In 2018-19, the Company entered into a marketing alliance with the global major De'Longhi group to market its products in India.

The Company invested in the design and development of tools and molds, resulting in higher manufacturing efficiencies. Besides, the Company invested in a competent R&D team that established its credentials through the use of alternative components to make lighter products in line with changing customer specifications.

Challenges and counter-measures

A poor second consecutive summer impacted offtake:

The Company's presence across the value chain helped stabilise revenue on account of a growth in other product categories.

A weak Indian rupee increased the cost of imported products:

The Company undertook cost optimisation activities together with price correction to protect margins.

Strengths

Collaborative approach: The Company's distribution channel helped seed new products introduced through the alliance with De'Longhi group.

Talent pool: The Company succeeded in aggregating a competent talent pool that introduced a new sectoral paradigm (through innovation and technology).

Modern retail: The Company's products are available across majority of modern retail formats.

Quality focus: Most products were Intertek-certified, validating their quality excellence.

Response time: The Company reduced its service response time, enhancing customer delight and repeat purchase.

Product innovation: The Company emphasised innovation through the launch of slim energy-efficient air coolers with Aerofan technology that make less noise and ensure better water absorption. Orient Electric was also the first sectoral player to offer IoT-enabled air coolers at higher price-value.

Growth strategy

The Company intends to grow this business through various initiatives.

- Enhance product durability and portability
- Enter into exclusive backward integrations. Improve efficiency of existing distribution channels to moderate related costs
- Widen the portfolio offering across segments
- Widen the domestic footprint
- Enhance brand awareness

Outlook

The business is expected to continue to grow at a high CAGR, largely driven by the launch of new-age products. The business will focus on expanding its international footprint while strengthening its domestic distribution network.

LIGHTING

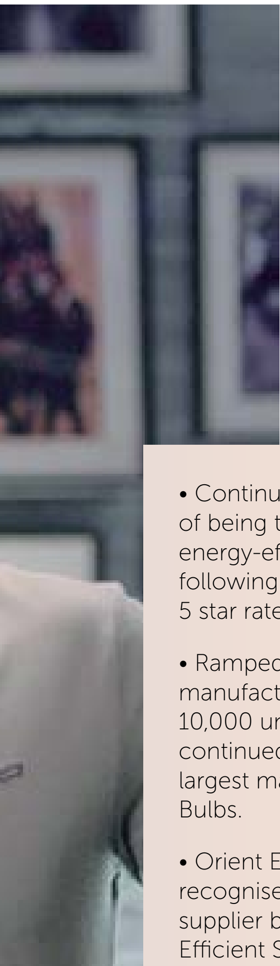
Overview

India's lighting market has substantially transformed in the last few years following the periodic introduction of new technologies.

Orient Electric proactively invested in cutting-edge R&D with the objective to stay ahead of the sectoral curve. In a predominantly labour-intensive industry, Orient Electric invested in innovation, premiumisation and digitalisation in scaling the manufacturing capacities of LED luminaires.

During the year under review, production lines were streamlined for the manufacturing of streetlights, floodlights, industrial and indoor lights. There was a shift in consumer preference towards LED lights with low-wattage bulbs (3 to 7 watts), focus lights and halogen lights. Besides, there was a marked preference for lifestyle lighting with an inclination for warmer light shades and multi-coloured mood lighting.

Orient Electric widened its market coverage through the addition of retailers and distributors.



Highlights 2018-19

- Continued with the legacy of being the first in launching energy-efficient products following the launch of the BEE 5 star rated 9W LED Bulb.
- Ramped streetlight manufacturing capacity to 10,000 units per day. OEL continued to remain one of the largest manufacturers of LED Bulbs.
- Orient Electric was recognised as the preferred supplier by EESL (Energy Efficient Services Limited) for LED street lighting.

Challenges and counter-measures

The sector is marked by rapid technology changes , pricing pressures and redundancy in products:

Orient Electric optimised costs, enhanced product quality and provided a superior overall proposition marked by more light with lower energy consumption.

Strengths

Balanced portfolio: Right balance of In-house manufacturing and outsourced manufacturing, increasing strategic flexibility, cost management and asset-lightness.

R&D focus: The Company's proactive R&D investments in people, infrastructure and equipment accelerated the launch of innovative products, marked by low power consumption and enhancing the customer value proposition.

Automated operations: The Company increased investments in process automation, helping optimise costs, strengthen efficiency and enhance transparency.

Product efficiency: The Company's products are marked by higher lumen power, enhancing the customer's price-value proposition.

Growth strategy

The Company is engaged in a number of business-reinforcing initiatives.

- Offering quality products at competitive prices
- Addressing a wider customer base
- Entering uncharted territories
- Enhancing brand awareness of the segment through marketing campaigns
- Educating customers about advanced and upgraded product features

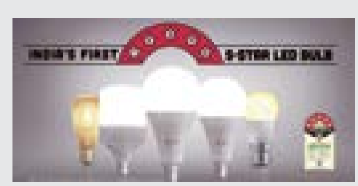
Outlook

The Company intends to strengthen its B2B business through the customised introduction of products for indoors, offices, warehouses and key industries.

The Company will also seek to optimise costs and enhance the share of premium products in its portfolio.

Orient Electric. Sectoral pioneer

Orient Electric works with global LED chip leaders for customised design and product development. The Company was the first sectoral player to launch 3 Star-rated bulbs in India in 2016 (now the norm). In 2018-19, the Company reinforced its respect as a sectoral pioneer by launching 5 Star-rated LED lamps, being the first to do so.



SWITCHGEAR AND WIRING ACCESSORIES

Highlights
2018-19

- Ventured into 10 more states in the financial year taking the business presence to 17 states.
- Launched state of the art premium switch range.
- Augmented wiring accessories range.

Overview

Orient Electric ventured into switchgear and wiring accessories business in 2015-16 and has continually leveraged technology and quality excellence to gather speed.

The Company has stringent manufacturing and quality processes to ensure quality consistency.

The Company is engaged in climbing the value chain through the launch of range of advanced products.

A critical differentiator in the Company's approach to marketing is effective leveraging of positive word of mouth derived from its extensive engagement with more than 30,000 electricians in 2018-19.

Challenges and counter-measures

The switchgears category is marked by a large number of players and a high pricing pressure:

Orient Electric has differentiated itself through the launch of technologically-advanced products on the one hand and sizable brand investments on the other. This has empowered the Company to consistently outperform industry growth trend of the category average.

A number of switchgear players are marketing their products in the wholesale market:

Orient Electric strengthened its last mile distribution connectivity, engaging small retailers, electricians and contractors to enhance its favourable word-of-mouth recall.

A low awareness of Orient Electric's products among electricians could affect offtake:

Orient Electric educated electricians of its product features through audio-visual presentations and training to transform them into product ambassadors.

Switchgear is a territory-driven category dominated by local manufacturers:

The Company highlighted the premiumness of its products through demonstrable differentiation by deeper engagement with retailers and electricians.

Inadequate availability of skilled professionals could prove challenging:

The Company strengthened employee capabilities through training and development programmes.

Strengths

Modernised facilities: Orient Electric has a state-of-the-art facility for the manufacturing of switchgears and switches.

Last-mile reach: The Company engaged with more than 30,000 electricians pan-India to enhance their product awareness and safety differentials.

Cutting-edge technology: The Company launched a generation of safer switches designed around a cutting edge technology.

Enhanced Manufacturing: The Company graduated switchgear manufacturing to complete automation and QR-coding, strengthening quality, transparency and traceability. The incorporation of bi-metal snap discs enhanced MCB product integrity.

Sectoral knowhow: The Company surveyed the market and sought product feedback from electricians with the objective to better its products.

Safety first: The Company invested in 3AB Arc shielding technology switches, enhancing safety.

Growth strategy

The Company is engaged in several business-strengthening initiatives.

- Widening the product range to address different socioeconomic segments
- Target diverse market segments
- Engage with small town retailers and electricians, strengthening its market connect
- Enhancement of distribution network

Outlook

The Company aims to sustain its culture of outperformance through the introduction of safer and enhanced switchgear and switches, reinforcing its credibility as an innovative manufacturer of premium products.

Switching to 'Smart'

The Company introduced switches comprising 3AB technology; these products were enthusiastically accepted by the marketplace.

Management discussion & analysis

1. Overview: Orient Electric Limited gets listed at the Stock Exchanges

Orient Electric Limited (OEL) got listed on the BSE and NSE on May 14, 2018 as a standalone entity, another milestone marking a new journey towards a vision of growth and profitability.

OEL has featured in the **"Fortune India The Next 500"** list of Mid-sized companies, ranked 4th in the Consumer Durables category and secured 71st position in the Next 500.

OEL gave a robust performance round the year across all our businesses segments, at-par or above industry growth levels that was sustained throughout, thus building investor confidence that further motivated our team and business partners. However, the last quarter ended with extended cold wave and delayed onset of summer season in several parts of the country that momentarily slowed down the growth momentum. OEL expects the seasonality to regularise in the early part of the next fiscal.

This year, the focus of management team was on rebuilding the organisational capability of OEL and create a stronger pedestal for accelerated and profitable growth. Some of the priorities for the Company where effort was invested, included concluding the de-merger and listing process, resetting and reinforcing distribution, supply chain restructuring, augmenting hygiene of business and sharpening governance processes. Besides, investments had also kicked off behind some strategic initiatives like product design & innovation, channel strengthening, digitalisation, quality enhancement, and focusing on customer centricity and brand equity.

2. Segment-wise Business Analysis

A. Industry Review

The Indian appliance and consumer electronics (ACE) sector is one of the vibrant proxies of a growing India. This segment is gaining increasing traction on account of India's sustained economic growth, increased personal incomes, superior lifestyle aspirations translating into stronger consumption of electrical and consumer durable products, growing pride in home and office interiors, wider and deeper national electricity access and a preference for products offering a superior price-value proposition.

In the last couple of years, the industry was affected by the implementation of Goods & Services Tax, which enhanced sectoral consolidation. The infusion of superior product technologies was sustained. Increased competition influenced realisations. A traction for energy-efficient and eco-friendly products widened the market. A growing premium on product innovation incentivised related spending.

One of the principal sectoral developments of the last few years was the consumer electricals space was marked by 'Smart' solutions that translate into autonomous, intelligent, and energy efficient products providing consumer convenience. The sector continued to transition from analog to digital systems increasingly integrated with IoT devices. In case of lighting, products are increasingly marked by control devices, dimmers and wireless lighting comprising advanced sensors. The result is that even as India is under-penetrated in the consumption of electrical and consumer appliance products and represents a case for linear growth, it is also evolving. This presents a concurrently growing and churning market, providing attractive opportunities for the nimble and future-focused.

Going ahead, the market is expected to grow on account of increased personal incomes and housing sector growth. Besides, the market growth is likely to be catalysed by enhanced consumer aspirations for superior cutting-edge technologies. The increased acceptance of superior products by India's vast rural market also offers a multi-year opportunity. Declining LED prices and favourable government initiatives are expected to widen the market for LED lighting products across commercial, residential and government project applications.

In the near future, demand for electrical and consumer durable products is expected to remain encouraging. This growth is likely to be derived from the expectation of normal 2019 monsoons, increase in Minimum Support Price across crop categories, announcement of schemes strengthening farmer support and increased benefits derived out of Direct Benefit Transfer. As a result, the Indian electrical products sector market is expected to continue growing at a healthy rate.

B. Segment-wise Review and Analysis

I. Electrical Consumer Durables Segment

For the year ended March 31, 2019, your Company's Electric Consumer Durables Segment reported a 9.2% increase in revenue to ₹1,330 Cr. and a 2.2% growth in PBIT to ₹151 Cr.

This segment is largely influenced by summer products like Fans and Coolers. Whilst during the first three quarters, the Company had consistently remained at-par or ahead of the curve, the last quarter of the financial year experienced headwinds of a subdued season moderating the high growth momentum. The high growth impetus remained on premium range of products. Orient Electric continued to be the largest Indian manufacturer and exporter of fans. Our coolers and fans product categories weathered the seasonal challenge of late summers, while OEL got good tail winds due to longer winter in water heater category.

Major strategic initiatives undertaken during the year are:

- Aeroslim: In line with the growing need of Indian consumer for premium products OEL further extended the range of aerodynamically designed, aesthetically differentiated and technologically superior, Aeroseries fans, with the introduction of Aeroslim. Aeroslim is India's first IoT-enabled fan which can be controlled via Orient Smart mobile app and voice assists including Alexa and Google Assistant.
- Lifestyle fans: Reinforcing our thought leadership in the fans segment and with our aim to meet the aspirational needs of the consumers, OEL also introduced a new range of lifestyle bladeless and portable fans, featuring distinctive designs.
- Windpro 5 Blade fans: An upgraded version of Windpro with CTX technology was launched. This is a revolutionary product in TPW (table, pedestal and wall) fan category, having concentric winding motor which reduces noise and increases life and reliability of the fan while Its unique five blade design provides high air thrust.
- Trendz Series fans: OEL augmented the decorative range of ceiling and TPW fans with the launch of Trendz series, upgrading the design and adding accentuations suited for contemporary and modern home settings.
- Expansion in the air cooler range: At a time when air coolers are still considered a commodity, OEL has created differentiators by introducing India's first modular metal-bodied outdoor air cooler and a lineup of IoT-enabled air coolers. These coolers can be operated from anywhere, via Orient Smart mobile app and are also compatible with voice assistants - Alexa and Google Assistant.
- Partnership with De'Longhi group: In our bid to bring best in class kitchen appliances to the Indian consumers OEL entered into a strategic tie-up with De'Longhi group. This tie-up enabled the entry of premium range of products from all the three brands, De'Longhi, Kenwood & Braun. Each of these brands being an international market leader in their core product categories, it provides a strategic market placement advantage.

II. Lighting & Switchgear Segment

For the year ended March 31, 2019, your Company's Lighting & Switchgear Segment reported a 32.5% increase in revenue to ₹540 Cr. and a 70.4% growth in PBIT to ₹59 Cr.

The Lighting and Switchgear segment emerged as the fastest growing segment, outperforming the industry growth. The successful growth was backed up by efficient design & development capability combined with inhouse manufacturing. There was a concerted effort on cost optimisation while ensuring right quality.

Major strategic initiatives undertaken during the year are:

- BEE 5 Star 9W LED: OEL continued the legacy of being the first in launching energy efficient products with the launch of BEE 5 star rated 9W LED Bulb. This was backed up by a robust marketing campaign to support the sales initiatives.
- Launch of Switches: OEL established the premium range of switches with triple Arc Blocking Technology (3AB). This 3AB technology reinforces our promise to provide highest level of safety in switches and switchgear category to our consumers.
- Electrical accessories range expansion: OEL further expanded

the electrical accessories range to fulfil the need of our consumers and meet the demands from the trade.

- Enhancement of Lighting manufacturing capacity: OEL ramped up streetlight manufacturing capacity to 10,000 units per day. In addition, OEL continued to remain one of the largest manufacturers of LED Bulbs.
- EESL: Your Company is recognised as the preferred supplier by EESL (Energy Efficient Services Limited) for LED street lighting which provided us competitive advantage in the overall business landscape.
- Geography expansion in switchgear and switches: Encouraged by the customer acceptance in the 7 states of initial launch, OEL expanded the business reach to 17 states.

C. Major Opportunities/ Drivers

Rising Income: India's per capita income grew to an estimated ₹125,397 in 2018-19, faster than the 8.6% growth achieved in 2017-18. India's per capita income is expected to grow more than two-fold by 2027, strengthening the offtake of products enhancing lifestyle utility, pride and convenience.

Government Interventions: The Indian government is deepening its focus on programmes like UJALA, NEEP and SEEP. This, in turn is strengthening the consumer's awareness and preference for energy-efficient products and applications. This is driving the demand for relevant products like LED lighting and BLDC fans, among others. Besides, the government intends to develop 100,000 digital villages across five years; the Smart City mission is expected to benefit 7 Cr. people, strengthening demand for the Company's products.

Consumer Preference: The accelerating consumer preference for smart and innovative products over conventional variants is expected to strengthen OEL's prospects.

Widening Portfolio: A sustained widening of OEL's product portfolio across business segments is expected to address wider customer needs and preferences.

D. Major Threats

Unpredictable Weather: Erratic weather conditions like a delayed summer or winter, shorter seasons than usual, unseasonable summer rains and winter mildness could impact the offtake of fans, air coolers and water heaters.

Increasing Competition: Low barriers for new entrants into the sector coupled with increasing price-based competition could affect OEL's growth.

Material Costs: Enhanced raw material or resource costs could enhance the overall product cost structure which can pressurise profit margins.

Commodity & Currency: Unprecedented swing due to global macroeconomic factors may impact the forex rate and commodity prices, creating short term economic pressures.

3. Strategic Focus Areas

A. Creating High Performance Team:

Human capital is recognised as fundamental to build a high-performance culture. At Orient Electric, we believe that people capabilities and competence represent the bedrock of sustainable business growth.

2018-19 was critical for strengthening the most important pillar of OEL, i.e. its people.

OEL completed critical hiring of the senior leadership team in the year with special focus on innovation & product development, improved financial-planning and governance, developing new revenue streams and to spearhead digitalisation projects.

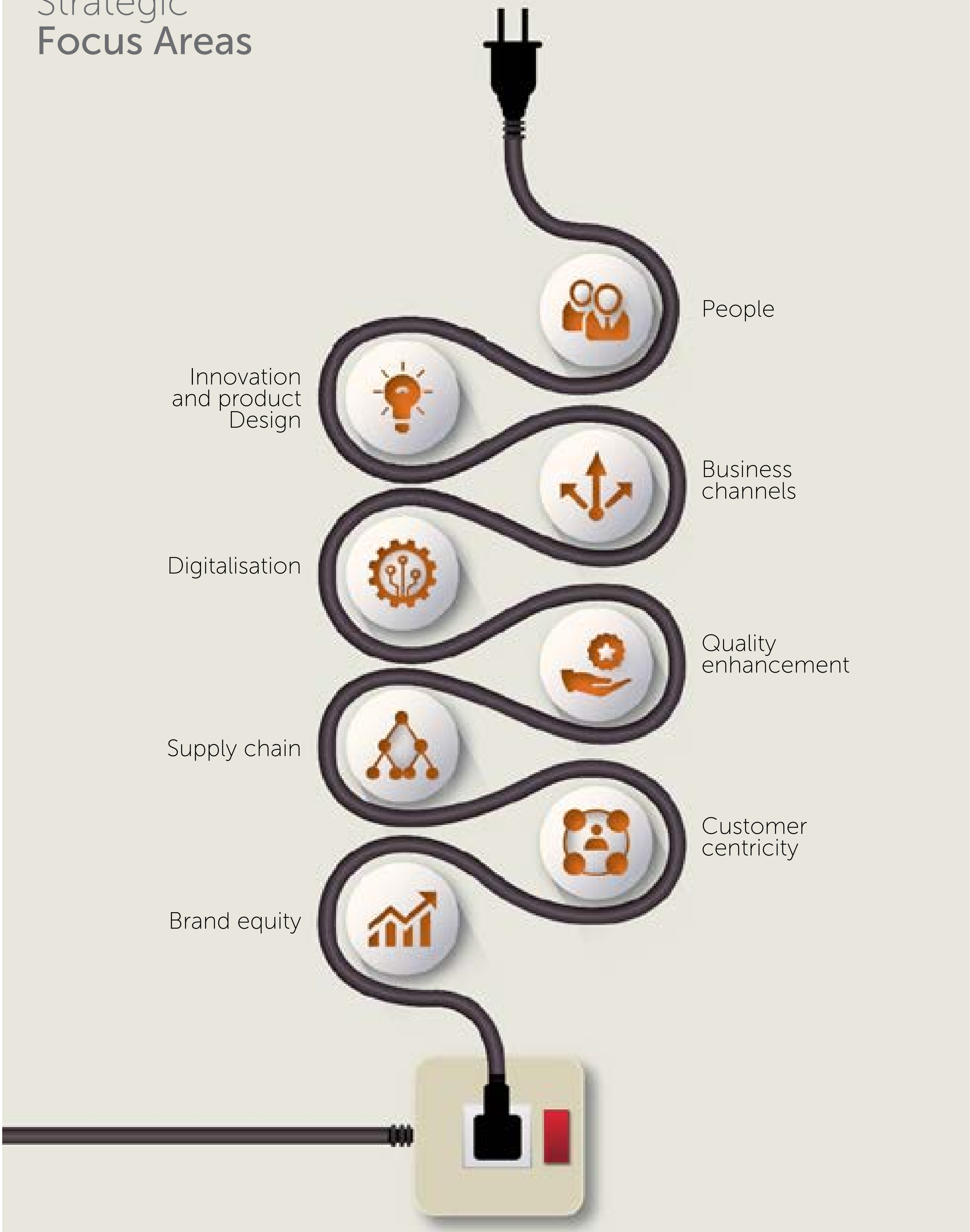
OEL introduced Employee-Stock Option Scheme and Long-Term Cash Incentive Plan to retain and incentivise key members of the senior management team.

For enhancing employees' engagement, OEL facilitated yearly and half yearly sales meets, internal engagement programs, rewards and recognition program, management interactions and open house sessions, resulting in a significant improvement in employee engagement score.
In our bid to be a progressive and diverse workforce, the Company substantially increased the women hires over the past year. Training programs such as POSH awareness, strengthening of our code of conduct policy and whistle blower policy helped promote an open, transparent, progressive, and high-performance culture.

In June last year, OEL moved the Head Office team to a state-of-the-art open office. This upgradation in office infrastructure was crucial to give our employees an enabling work environment that fosters openness, innovation and collaboration at each level.

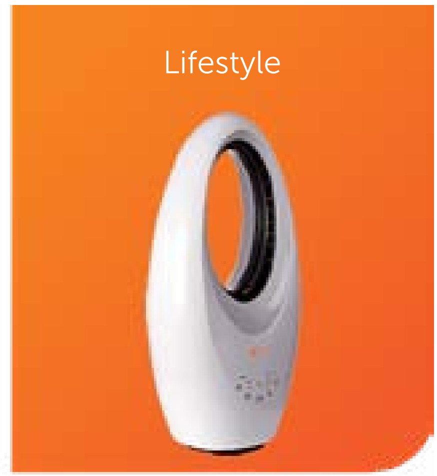
Open digital and social communication platforms for 861 permanent employees of the Company were launched in a bid to promote common ideas and collaboration for our employees. Over last year, it has become central to OEL's progressive culture.

Strategic Focus Areas



B. Innovation and Product design

Innovation has become the core catalyst for the growth engine of Orient Electric with clear plans charted out to create a competitive edge. OEL is increasingly investing in developing technologies and partnering with global best for integrating futuristic innovations. As a result, the Company successfully launched various future-facing series of next generation fans, coolers, lighting and appliances.



The new disruptive product designs in all the business segments have been trend setters in their respective categories. The ability to commercialise these innovative concepts with speed has been the key ingredient for our quick wins.

OEL has implemented a series of transformational steps focused on capability development, simplifying, streamlining and strengthening our processes as well as on establishing innovation as a culture across the organisation. Our new product development teams have strong experience across domains. OEL has established expertise in end-to-end product creation from industrial design, materials and finishing, engineering designs, component level expertise on aerodynamics, motors, heating and cooling systems, electronics design, and power electronics.

OEL will continue to work on strengthening innovation capability to be the thought leader in the industry.

C. Strengthening Brand 'Orient Electric'

The brand 'Orient Electric' grew from strength to strength and enhanced the 'Smart' quotient in its products. While 'Switch to Smart' works for itself, recognition is always a delight. 'Orient Electric' was listed amongst the 20 Most Trusted Brands in Consumer Durables category in a survey conducted in 2018 by Nielsen and commissioned by 'Brand Equity – The Economic Times'. Orient Electric also bagged the TAVF 2018 Best Brand Campaign of the Year award for our integrated communication in lighting. 'Orient Electric' and Orient Fans continue to be 'Superbrand' for 3rd consecutive year.

The communication strategy for the year revolved around driving conversation and inspiring actions in line with our business objectives. There is a desire for new stimulation and enhanced experiences. New generation consumers are more receptive to newer communication through humour, wit and intellect.

Orient Electric presented itself as a credible expert which provides customers with choices through comprehensive solutions.

In line with a rapidly-evolving digital landscape, OEL has successfully ramped up the digital marketing efforts with an aim to engage better with the target audience. OEL doubled the digital spends in comparison to previous fiscal. It is the result of our engaging content mix with distinct visual language across social and digital channels that OEL is today way ahead of the competition in the segment in terms of follower base and engagement rate.

OEL has consistently improved brand's online reputation through information spread, content promotion and prompt redressal of consumer grievances through the seamless effort of Online Reputation Management team and after-sales service team. OEL maintained highest positive sentiment online at 94.45% with 100% online complaint resolution in 2018-19.

D. Nurturing Channel Partnerships

OEL continues to expand its retail network both in width and depth. In addition to increasing distribution reach, OEL has also expanded the after-sales service penetration by more than 50% to reach 450 towns in 2018-19.

OEL increased the rigour on the ongoing initiatives and took further steps to strengthen our bonds with our partners. Some of the major steps include:

Export Footprint: Despite being the largest exporter of Fans from India, OEL faces the continuous challenge of sustaining the global revenue stream because of complex international dynamics. Our business in some markets got impacted because of political unrest in those countries. OEL has initiated expansion of global footprint to accelerate sales from international markets.

E-commerce: OEL continued the expansion on e-commerce space, partnering with major online platforms for launch and promotion of premium range of products like Aeroslim and De'Longhi.

CSD and B2B: Advancing the quality enhancement initiatives, OEL introduced ISI certified ceiling fans in CSD. Driving focus on B2B channel through stronger relationships with B2B partners across all verticals propelled the growth by ~200%.

Retail Presence: Our relationship with organised retail partners grew with augmentation of brands like De'Longhi in the product portfolio. Pan India Shop in Shop and Retail visibility activities have further strengthened the retail partnerships.

Orient Connect: Our retail royalty program doubled the engagement levels in the course of one year. OEL became the first in the industry to conceptualise live broadcast of online lucky draw in web space. Orient Connect emerged as one of the most user-friendly application among retail community. OEL intends to further strengthen the depth of the connect program to all the channel partners.

Forming bonds with Electricians: The electrician community forms an integral part of our industry. Electrician engagement program has become a significant part of our market engagement activities.

E. Go Digital

OEL has continuously invested in IT systems and integration technologies to keep abreast with emerging business landscape. OEL accelerated digital transformation journey in 2018-19 to get ahead of the market curve. Some of the initiatives kicked off in the financial year are as below:

Sales Force Automation: SFA was launched in select businesses to gather consumer insights and to improve servicing to our partners. This will be scaled up in the forthcoming year.

Demand Forecasting: OEL has initiated the use of a 'time-series' based demand forecasting tool for sales and inventory planning.

Business Intelligence (BI): Enterprise level business intelligence tool was launched across all functions to promote data driven decision making and visibility across all stakeholders.

Security Systems: OEL's cyber security was further strengthened by deployment of Device Leakage Protection (DLP) and Mobile Device Management (MDM).

Product Traceability: OEL initiated Traceability solution, which links all the product's information to a central QR Code. This is a step towards a fully integrated supply chain to provide efficient and seamless services to our channel partners and our customers.

F. Harnessing Quality and Supply chain efficiencies

OEL continued its robust practice of introducing quality products in the market. Our ability to provide quality products to our customers provides us a competitive advantage.

OEL invested in automation including QR-based traceability which resulted in quality improvement, process automation, and improved safety levels at our manufacturing facilities. OEL also undertook green initiatives to be a socially responsible company while creating cost efficiencies.

Post GST, OEL has rationalised warehousing space by 40%. OEL started with centralised warehouse operations for fans business resulting in efficient space utilisation and cost savings. Efficient Inventory management systems and improved SNOP (Sales and Operational planning) ensures optimum raw material and stock availability at all times.

4. Risk Mitigation

Risks are integral part of any business. During the financial year, OEL has revamped the Risk Management framework by revisiting the nature of all business risks together with the respective mitigation and re-assigning responsibilities, with due diligence of revised risk framework conducted by independent experts. Reinforced ERM (Enterprise Risk Management) process has been put in place and the same is periodically reviewed by the Board for measuring its effectiveness. The process evaluates each risk associated with various business transactions and undertakes effective mitigation strategies to minimise impact.

OEL has invested in relevant technology and continues with its quest to continuously provide technological breakthroughs and upgrades. Our ability in providing innovative products on a continuous line has helped us to stay ahead of the curve.

5. Finance

OEL has a robust cash planning and cash management system in place to closely monitor and ensure effective utilisation of cash. The Company's strong credit policies for all customers and vendors were further strengthened with introduction of channel finance and vendor finance schemes during the year. As a result, OEL was able to reduce the total borrowings by ₹50 Cr. during the year. Consequently, the debt equity ratio improved from 0.62 to 0.41.

6. Internal controls systems

The governance framework in OEL has been enriched with compliance of all regulations required for listed entities. Concurrently, organisation restructuring was implemented, entity-wide awareness sessions were conducted, new policies established, standard operating procedures were laid for all new regulations and revised for ongoing business processes to substantially upgrade the standards of governance, thus ensuring zero tolerance for non-compliance.

The robust internal controls systems of OEL provide efficiency, reliability and completeness of accounting records, which helps the Company in timely and accurate dispersion of financial and management information.

The Company has IFC (Internal Financial Control), Whistle-blower Policy and Fraud Risk Framework Policy to address different risks. The Audit Committee of the Board reviews significant audit findings of the Internal Audit function on a quarterly basis, covering operational, financial and other areas and provides guidance on strengthening internal controls.

7. Cautionary Statement

The Management of Orient Electric Limited has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, may include amounts based on informed judgements and estimates. The Management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimation and expectations may be 'forward looking statements' within the meaning of applicable law and regulations. Management has based these forward-looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially.

Statutory **Section**

Directors' Report

Dear Shareholder's,

The Board of Directors are pleased to present the Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended March 31, 2019.

Summary of Financial Performance

Company's financial performance during the financial year ended March 31, 2019:

(₹ In crores)

Particulars	2018-19	2017-18
Revenue		
Total Revenue	1,864.40	1,625.58
Other Revenue	9.53	5.51
Total Revenue	**1,873.93**	**1,631.09**
Expenses		
Operating Expenditure	1,723.12	1,489.04
Depreciation and amortization expense	23.05	19.75
Total Expenses	**1,746.17**	**1,508.79**
Profit before finance cost and tax	**127.76**	**122.30**
Finance costs	22.86	24.47
Profit before tax (PBT)	**104.90**	**97.83**
Tax	35.59	33.80
Profit for the year	**69.31**	**64.03**
Other Comprehensive Income	(0.44)	(0.97)
Profit brought forward from last year	47.15	11.86
Transfer to General Reserve	(15.00)	(15.00)
Dividend on equity shares	(21.22)	(10.61)
Corporate Dividend Tax	(4.36)	(2.16)
Balance carried to balance sheet	**75.44**	**47.15**
Earnings per Share	**3.27**	**3.02**

Operational and Financial Performance

Orient Electric registered a revenue of ₹1,864.40 crores for the financial year ended March 31, 2019 vs. ₹1,625.58 crores in the previous year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) stood at ₹150.14 crores, up by 6.81% compared to the previous year, on the back of growing business operations with interim headwinds of commodity and currency pressures and rising input costs. Depreciation was higher by 16.71% due to progressive capitalization during the year under review and still remaining in an asset-lite model. The Finance Cost was reduced by 6.58%. Profit before Tax (Before Exceptional Items) stood at ₹104.23 crores, up by 8.18% compared to the previous year. Net Profit for the financial year ended March 31, 2019 stood at ₹69.31 crores as compared to ₹64.03 crores in the previous year.

Dividend

The Board of Directors are pleased to recommend a final dividend of ₹0.50 per equity share of face value of ₹1 each for the financial year ended March 31, 2019, subject to the approval of shareholders at the ensuing Annual General Meeting (AGM) to be held on July 16, 2019. The total dividend for the financial year ended March 31, 2019 aggregates to ₹1 per equity share of face value of ₹1/- each which includes interim dividend of ₹0.50 per equity share declared during the financial year 2018-19.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 13, 2019 to Tuesday, July 16, 2019, both days inclusive, for determining the entitlement of the shareholders to the final dividend for the financial year ended March 31, 2019 and for annual book closure.

Listing of Shares

With the objective of unlocking value for the shareholders, the Consumer Electric Business of Orient Paper & Industries Limited ("OPIL") through the Scheme of Arrangement ("Scheme") between OPIL and Orient Electric Limited (the "Company"), transferred and vested into the Company with effect from the appointed date of March 1, 2017. As part of the Scheme and pursuant to the exemption granted by the Securities and Exchange Board of India from the application of Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957, the equity shares of the Company got listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"), and trading in the equity shares started w.e. f. May 14, 2018 on both these stock exchanges.

During the financial year 2018-19 there was no change in the outstanding paid-up share capital of the Company.

Orient Electric Employee Stock Option Scheme - 2019

In line with growth objective of the Company and with the intention to attract, motivate and retain the high quality talent at the senior level, the Company, during the financial year 2018-19, as part of its Long Term Incentive Programme, introduced 'Orient Electric Employee Stock Option Scheme - 2019' (ESOP Scheme - 2019). Under the ESOP Scheme - 2019 upto 30,00,000 Stock Options can be granted to the eligible employees of the Company, which upon exercise are convertible into equal number of equity shares of the Company of the face value of ₹1 each at a grant price to be decided by the Nomination and Remuneration Committee. Though there is no holding or subsidiary company of the Company at present, however keeping in mind the future prospects, benefits under the ESOP Scheme - 2019 included the potential eligible employee(s) of any future holding/ subsidiary company(ies) of the Company. In accordance with the provisions of Section 62(1)(b) of the Companies Act, 2013 ("Act"), the Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("ESOP Regulations"), ESOP Scheme – 2019 is approved by the shareholders through Postal Ballot process effective from March 13, 2019. Nomination and Remuneration Committee of the Board of Directors of the Company is authorised to implement and administer the ESOP Scheme - 2019.

During the financial year 2018-19 a total of 19,98,309 Stock Options were granted to the eligible senior employees of the Company under the ESOP Scheme - 2019. There is no change in the ESOP Scheme - 2019 during the financial year 2018-19 post implementation. The ESOP Scheme - 2019 is in compliance with ESOP Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). A certificate from the statutory auditors on the implementation of the ESOP Scheme - 2019 in compliance with ESOP Regulations will be placed at the ensuing Annual General Meeting ("AGM") for inspection by the shareholders.

Further, details required to be disclosed as per Regulation 14 of ESOP Regulations can be accessed on the website of the Company **http://www.orientelectric.com**.

Management Discussion and Analysis Report

As stipulated under Regulation 34 of the Listing Regulations, Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

Corporate Governance

Your Company always places major thrust on managing its affairs with diligence, transparency, responsibility and accountability thereby upholding the important dictum that an organisation's corporate governance philosophy is directly linked to its performance.

The Company is committed in adopting and adhering to established best corporate governance practices. The Board as a body understands and respects its fiduciary role and responsibilities towards the stakeholders of the Company and society at large, and strives to serve their interests, resulting in creation of value for all stakeholders.

A report on corporate governance alongwith a certificate from M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, confirming the compliance of the conditions of corporate governance, as stipulated under Regulation 34 of Listing Regulations, is attached to this Annual Report.

Holding, Subsidiary and Joint Venture Companies

During the financial year 2018-19, the Company had no holding, subsidiary or joint venture company.

Director's Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, the Board of Directors, to the best of their knowledge, belief and ability, 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 along with proper explanation relating to material departures;

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

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

d. The Directors have prepared these Annual Accounts on a going concern basis;

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

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

Directors and Key Managerial Personnel

Mr. Desh Deepak Khetrapal, Non-Executive Director of the Company, retiring by rotation at the forthcoming AGM and being eligible, offers himself for re-appointment. His brief profile and other details as required under the provisions of the Act and Rules made thereunder, Secretarial Standard issued by the Institute of Company Secretaries of India and Listing Regulations are provided in the Notice to the AGM.

The Board of Directors recommends re-appointment of Mr. Desh Deepak Khetrapal as a Non- Executive Director, liable to retire by rotation, at the ensuing AGM of the Company.

Declaration by Independent Directors

All Independent Directors of the Company have given declaration confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and Regulations 16 and 25 of the Listing Regulations.

Familiarization Programme for Independent Directors

The Company has adopted a policy on familiarization programme for Independent Directors. All the Independent Directors were briefed with an overview of the Company's business operations, organization structure and products of the Company. Details of the familiarization programme for Independent Directors are available on the website of the Company and can be accessed at the following link: **https://www.orientelectric.com/images/investors/familiarisation-programme.pdf.**

Performance Evaluation

Pursuant to the provisions of the Act, Listing Regulations and Directors' Performance Evaluation Policy of the

Company, the Nomination and Remuneration Committee of the Board has laid down the manner for effective performance evaluation of the Board, it's committees and individual directors. During the year performance evaluation was carried out by the Board under the supervision of Nomination and Remuneration Committee. Independent Directors carried out the performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman of the Board after taking into account the views of Executive Directors and Non-Executive Directors. The Board evaluated the performance of individual Directors, the Board as a whole and Committees thereof after taking the views of Executive and Non-Executive Directors on structured questionnaire.

Performance of the Board was evaluated by each Director on the parameters such as its role and responsibilities, business risks, contribution to the development of strategy and effective risk management, understanding of operational programmes, availability of quality information in a timely manner, regular evaluation of progress towards strategic goals and operational performance, adoption of good governance practices, adequacy and length of meetings, etc.

Board Committees were evaluated by the respective Committee Members on the parameters such as its role and responsibilities, effectiveness of the Committee vis-a-vis assigned role, appropriateness of Committee composition, timely receipt of information by the Committee, effectiveness of communication by the Committee with the Board, Senior Management and Key Managerial Personnel.

Performance of the Chairperson was evaluated by the Independent Directors on the parameters such as demonstration of effective leadership, contribution to the Board's work, communication with the Board, use of time and overall efficiency of Board meetings, quality of discussions at the Board meetings, process for settling Board agenda, etc.

Directors were evaluated individually by the Board of Directors (except by the Director being evaluated) on the parameters such as his/ her preparedness at the Board meetings, attendance at the Board meetings, devotion of time and efforts to understand the Company and its business, quality of contribution at the Board meetings, application of knowledge and experience while considering the strategy, effectiveness of follow-up in the areas of concern, communication with Board Members, Senior Management and Key Managerial Personnel, etc. The performance evaluation of the Non – Independent Directors was also carried out by the Independent Directors. Nomination and Remuneration Committee reviews the implementation of performance evaluation criteria.

Board of Directors and its Committees

Company's Board consists of six Directors comprising of Executive, Non-Executive and Independent Directors, including one Woman Independent Director. As per regulatory requirements and with a view to have focused deliberation, the Board has constituted following Committees:

a. Audit Committee,

b. Nomination and Remuneration Committee,

c. Stakeholders' Relationship Committee,

d. Corporate Social Responsibility Committee, and

e. Risk Management Committee.

In the last financial year 2018-19, the Board of Directors met five times. The intervening gap between the meetings was within the limits prescribed under the Act and Listing Regulations.

Details of the composition of the Board and its Committees, terms of reference and roles of these Committees along with the meetings of the Board and Committees, held during the year under review, are stated in the Corporate Governance Report forming part of this Annual Report.

Audit Committee

Audit Committee of the Company has been duly constituted by the Board of Directors pursuant to the provisions of the Act and Listing Regulations. During the year under review all recommendations made by the Audit Committee to the Board of Directors were accepted by the Board.

Dividend Distribution Policy

As per the list of top 500 listed companies, based on market capitalization as on March 31, 2019, released by NSE and BSE, your Company falls under the category of top 500 listed companies. Therefore, as per the requirement of Regulation

43A of the Listing Regulations, your Company has formulated a dividend distribution policy. The policy is appended to this Report as **Annexure I** and can also be accessed at the following web link: **https://www.orientelectric.com/images/investors/dividend-distribution-Policy.pdf**.

Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism of your Company is governed by 'Whistle Blower Policy' ("Policy") and Code of Conduct for Directors and Senior Management ("Code"), through which Directors and Employees are provided a platform to report to the Company Secretary and/or Chairman of the Audit Committee, on a confidential basis, any practices or actions believed to be inappropriate or illegal as per the Company's Policy and Code. It is affirmed that no person has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the website of the Company and can be accessed through the following web link: **https://www.orientelectric.com/images/investors/whistle-blower-policy.pdf**.

During the year under review one compliant was received under the Policy. The Whistle Blower Committee, consisting of senior managerial personnel, including Managing Director & CEO, investigated the matter. Based on the investigation, disciplinary action was taken against two employees, who were found to be involved in the irregularity. The details and status of the said compliant was placed before the Audit Committee and Board of Directors of the Company.

Nomination and Remuneration Policy

Nomination and Remuneration Policy ("Remuneration Policy") of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate Directors on the Board, Key Managerial Personnel and the Senior Management Officers. Our business model promotes customer centricity and requires employee mobility to address project needs. The Remuneration Policy supports such mobility through pay models that are at par with industry standards.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component), variable pay and other benefits under Long Term Incentive Programme (variable component) to its Managing Director & CEO, Key Managerial Personnel and the Senior Management Officers. Annual increments are recommended by the Remuneration Committee and are effective form April 1, of every year. Based on the performance of the Company viz a viz the concerned person, the Remuneration Committee decides and recommends to the Board of Directors the variable amount payable to the Managing Director & CEO, Key Managerial Personnel and the Senior Management Officers. The Remuneration Committee also decides, and recommends to the Board of Directors, the remuneration payable to the Non - Executive Directors. Non - Executive Directors are paid remuneration in the form of commission, apart from sitting fees for attending meetings of the Board and Committees thereof.

The shareholders at the AGM of the Company held on July 16, 2018, approved payment of remuneration in the form of commission to the Non-Executive Directors with the ceiling of 1% of net profits of the Company as computed under Section 198 of the Act, for a period of five years, effective from the financial year 2017-18. Remuneration Committee decides and recommends to the Board of Directors, the quantum and distribution of such commission amongst the Non-Executive Directors.

Details of sitting fees paid to the Non-Executive Directors for attending meetings of the Board and Committees thereof and also the commission for the financial year 2018-19 are provided in the Corporate Governance Report annexed to this Annual Report.

The Nomination and Remuneration Policy of the Company containing the criteria for payment of remuneration to Executive and Non-Executive Directors including independent Directors, as adopted by the Board of Directors is available on the website of the Company and can be accessed through the following web link: **https://www.orientelectric.com/images/investors/nomination-remuneration-policy.pdf**.

The key objectives of this Policy include:

(i) guiding the Board of Directors in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

(ii) specifying the manner for effective evaluation of the performance of members of the Board, the Board as a whole and Committees thereof, and review its implementation and compliance.

(iii) recommending to the Board the remuneration, in whatever form, payable to the Directors, Key Managerial Personnel & Senior Management Personnel.

Particulars of Directors and Employees

The statement of Disclosure on the Remuneration of Directors and Key Managerial Personnel as per the provisions of Section 197 of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure II** to this Report.

Auditors

Statutory Auditor

M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/ E300005) are the Statutory Auditors of the Company who were appointed for a period of five years i.e. to hold office from the conclusion of the 1st AGM till the conclusion of 6th AGM of the Company to be held in the calendar year 2022. In accordance with the Companies (Amendment) Act, 2017, made effective from May 7, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is now not required to be ratified by the shareholders of the Company at every AGM. Therefore ratification of their appointment is not being proposed for the shareholder's approval at the AGM.

Auditors' Report on the financials of the Company for the financial year 2018-19 is self-explanatory and therefore, does not require further comments and explanation. There is no reservation or qualification in the Auditor's Report. During the year under review, the Statutory Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3) (ca) of the Act.

Cost Auditor

In terms of the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have, on the recommendation of the Audit Committee, appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M. No. – F5343) as Cost Auditors, to conduct the audit of cost records of your Company for the financial year 2019-20, at a remuneration as mentioned in the Notice convening the AGM. As required under the Act, ratification of the remuneration payable to the Cost Auditor for audit of the cost records for the financial year 2019-20, by shareholders is being sought at the ensuing AGM.

The Company has received declaration from Mr. Somnath Mukherjee, Cost Accountant, to the effect that his re-appointment would be within the limits prescribed under Section 141(3)(g) of the Act and that he is not disqualified for such re-appointment within the meaning of Section 141 of the Act.

Secretarial Auditor

The Secretarial Audit was carried out by M/s A. K. Labh & Co., Practicing Company Secretaries, (C.P. No. 3238) for the financial year 2018-19. The report given by the Secretarial Auditor is annexed as **Annexure III** and forms integral part of this Report. There is no qualification, reservation or adverse remark in the Secretarial Audit Report. During the financial year 2018-19, the Secretarial Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

In terms of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors on the recommendation of the Audit Committee, appointed M/s A. K. Labh & Co., Practicing Company Secretaries, (C.P. No. 3238) as the Secretarial Auditor of the Company for the financial year 2019-20. Your Company had received their written consent confirming that their appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

Compliance with Secretarial Standards

During the year under review your Company has complied with the respective Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings, General Meetings and Dividend.

Particulars of Loans, Guarantees and Investments

During the financial year 2018-19 your Company has not given any loans, provided any guarantees/securities and made investments which are covered under the provisions of Section 186 of the Act.

Deposits

During the financial year 2018-19 your Company has not accepted any deposits from public under Chapter V of the Act and as such, no amount on account of principal or interest on deposits from public was outstanding as on March 31, 2019.

Related Party Transactions

In line with the requirements of the Act and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is available on the Company's website and can be accessed at the following web link: **https://www.orientelectric.com/images/investors/related-party-policy.pdf**. This Policy intends to ensure that proper approval, reporting and disclosure processes are in place for all transactions between the Company and its Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. The approval of the Board and shareholders is also taken, wherever such approval is required as per the provisions of Section 188 of the Act, rules made thereunder, Regulation 23 of the Listing Regulations and applicable Accounting Standards. Prior omnibus approval is obtained for Related Party Transactions which are of repetitive nature.

All Related Party Transactions entered during the financial year 2018-19 were in ordinary course of business and at arm's length basis. During the year under review, your Company had not entered into any material related party transactions i.e. transactions exceeding 10% of the last audited annual consolidated financial statement.

Particulars of contract or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2, is annexed as **Annexure IV**, to this Report. Shareholders may refer to notes to the Financial Statements for details on Related Party Transactions.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and rules made thereunder, your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment of women at workplace. The Company has also constituted Internal Complaints Committees. While maintaining the highest governance norms, the Company has appointed external independent person who had worked in this area and have the requisite experience and knowledge in handling such matters, as Member of such Committees. To build awareness in this area, the Company has been conducting induction / awareness programmes in the organisation on a continuous basis.

During the year under review, no complaint of sexual harassment was received by the Company. Details as per Section 21 and 22 of the POSH Act are as under:

Number of cases pending as on the beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of cases pending as at the end of the financial year	Nil

Risk Management

The Company has an elaborated Risk Management framework in place, which helps in identifying the risks and proper mitigation thereof. During the year under review, as per the requirements of Regulation 21 of the Listing Regulations, to review the risk management process of the Company, the Board of Directors has also constituted a Risk Management Committee. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The senior management team sets the overall tone and risk culture of the organization through defined and communicated corporate values, clearly assigned risk responsibilities, appropriately delegated authority, and a set of processes and guidelines which are presented to the Committee and the Board especially with respect to risk assessment and risk minimization procedures. As an organization, it promotes strong ethical values and high levels of integrity in all its activities, which in itself is a significant risk mitigator.

With the growth strategy in place, risk management holds key to the success of our journey of continued competitive sustainability in attaining desired business objectives. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Internal Financial Controls and their Adequacy

The Company had laid down a set of internal financial controls to be followed in the business operations. Certain policies and procedures are adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information. Audit Committee and the Board, on regular basis evaluates the internal financial control system.

As per the provisions of Section 134(5)(e) of the Act, the Directors have an overall responsibility for ensuring that the Company has implemented robust systems/ framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regard to reporting operational and compliance risks.

The internal financial controls have been embedded in the business processes. Assurance on the effectiveness of internal financial controls is obtained through management reviews, continuous monitoring by functional leaders as well as testing of the internal financial control systems by the internal auditors during the course of their audits.

Conservation of Energy, Technology Absorption and foreign Exchange Earnings & Outgo

a) Conservation of Energy

The Company is an energy intensive unit, hence alternate source of energy may not be feasible. However, regular efforts are made to conserve the energy. The Company evaluates the possibilities and various alternatives to reduce energy consumption.

b) Technology Absorption

The Company is conscious on implementation of latest technologies in key working areas. Technology is everchanging and employees of the Company are made aware of the latest working techniques and technologies through workshops, group e-mails, and discussion sessions for optimum utilization of available resources and to improve operational efficiency.

c) Foreign Exchange Earnings & Outgo

As on March 31, 2019, Company has earned a foreign exchange of ₹85.36 crores and foreign exchange outgo was ₹140.92 crores.

Particulars required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy and technology absorption is enclosed as **Annexure V** to this Report.

Change in the Nature of Business of the Company

During the year under review, except as stated in this Report, there is no change in the nature of business operations of the Company.

Material Development after the end of the year

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of this Report.

Corporate Social Responsibility

The Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Section 135(1) of the Act. Composition, role and terms of reference of the CSR Committee are stated in the Corporate Governance Report annexed to this Annual Report. The Company has adopted and implemented a CSR Policy which covers activities prescribed in Schedule VII to the Act and sets out the procedure for making contributions. A copy of the Company's CSR policy is available on the website of the Company and can be accessed through the following web link: **https://www.orientelectric.com/images/investors/corporate-social-responsibility-policy.pdf**.

Since the Company was incorporated on October 10, 2016, the average net profit of the Company could be calculated for a period of two preceding financial years as of April 1, 2018. Accordingly, the minimum spending requirement specified under Section 135(5) of the Act was not applicable for the financial year 2018-19.

In accordance with the provisions of Section 134(3)(o) of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, a report on Corporate Social Responsibility covering brief extract of the CSR policy of the Company is annexed as **Annexure VI** to this Report.

Investor Education and Protection Fund

Pursuant to the Scheme, the Company had allotted 5,57,238 equity shares against the shares of OPIL which it had transferred to the demat account of Investor Education and Protection Fund ("IEPF") Authority for non-encashing of dividend for last 7 years. As per Section 124 (6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules"), the Company has transferred through corporate action, these 5,57,238 equity shares to the demat account of IEPF Authority. Corresponding dividend amount on the said shares, pertaining to financial years 2017-18 (interim and final dividend) and 2018-19 (interim dividend) totaling to ₹8,35,857/- has also been transferred in the designated bank account of IEPF Authority.

Registrar and Share Transfer Agent

With the objective to improve the shareholders' services and on the recommendation of the Stakeholders' Relationship Committee, the Board of Directors at their meeting held on January 28, 2019 approved the appointment of Karvy Fintech Private Limited as the new Registrar and Share Transfer Agent ("RTA") of the Company in place of existing RTA, MCS Share Transfer Agent Limited. The appointment of new RTA would be effective on the completion of regulatory process and execution of required agreements & documents.

Extract of Annual Return

The extract of annual return in Form MGT-9 as required under the provisions of Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014, is annexed as **Annexure VII** to this Report. Extract of Annual Return has also been placed at the Company's website and can be accessed at **http://www.orientelectric.com/images/investors/Annual-Report-2018-19.pdf**, in terms of the provisions of Section 134(3)(a) of the Act.

Significant and Material Orders Passed by any Regulators or Court

During the year under review no regulator or court has passed any significant and material orders impacting the going concern status of the Company and its future operations. However, the Company, during the year received notice each from NSE and BSE alleging non-compliance of Regulation 29(2) and (3) of Listing Regulations and each imposing fine of ₹10,000. The Company submitted its response to NSE and BSE clarifying that the Company has not made any default in complying with Regulation 29 of the Listing Regulations and requested for waiver of the fine. In the absence of any revert from NSE and BSE, the Company paid the fine under protest.

Appreciations and Acknowledgements

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to emerge as a significant player in the industry.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for, and co-operation with, each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all shareholders, clients, vendors, banks, government and regulatory authorities for their continued support.

For and on behalf of the Board of Directors
For Orient Electric Limited

New Delhi
April 30, 2019

Chandra Kant Birla
Chairman

ANNEXURE I

Dividend Distribution Policy

Background, Purpose, Objectives and Scope

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), top five hundred listed companies based on their market capitalization, as on March 31 of the previous financial year, are required to have in place a Dividend Distribution Policy. The Board of Directors of the Company recognizes the need to lay down a broad framework for considering decisions by the Board of Directors of the Company, with regard to distribution of Dividend to its shareholders and/ or retaining or plough back of its profits. The Policy also sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The intent of the Policy is to broadly cover the following:

(a) The circumstances under which the shareholders of the Company may or may not expect Dividend;

(b) Internal and external factors including financial parameters that shall be considered while declaring Dividend;

(c) Policy as to how the retained earnings shall be utilized;

(d) Parameters that shall be adopted with regard to various classes of shares.

Any deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

The Board of Directors of the Company in its meeting held on March 27, 2019 has approved this Dividend Distribution Policy of the Company which endeavors fairness, consistency and sustainability while distributing profits to the shareholders of the Company.

Effective Date

This Dividend Distribution Policy is effective from April 01, 2019.

Definitions

"Act" means Companies Act, 2013 including the Rules made thereunder, as amended from time to time.

"Board" or **"Board of Directors"** means the Board of Directors of the Company.

"Company" means Orient Electric Limited.

"Dividend" includes any interim Dividend and shall mean Dividend as defined under the Act.

"Listing Regulations" shall mean the "Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015" and the amendments thereto.

"Policy" means this Dividend Distribution Policy.

"SEBI" means Securities and Exchange Board of India.

Parameters and Factors for Declaration of Dividend

(I) Financial parameters and Internal Factors

(a) Working capital requirements

(b) Cash flow required to meet contingencies

(c) Profits earned during the year

(d) Profit available for distribution

(e) Past Dividend payout ratio/ trends

(f) Earnings Per Share (EPS)

(g) Cost of Borrowing

(h) Capital expenditure requirement

(i) Business expansion, growth and acquisition

(j) Creation of contingency fund

(k) Investment in joint-ventures, associates and subsidiaries

(l) Agreements with lending institutions / Debenture Trustees etc.

(m) Likelihood of crystallization of contingent liabilities, if any.

(II) External Factors

(a) Statutory provisions and guidelines

(b) Economic Environment

(c) Capital Markets

(d) Global conditions

(e) Dividend payout ratio of competitors

Circumstances under which Dividend Payout may or may not be expected

The decision of Dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders & the Company. The Board of the Company may not declare Dividend under the following circumstances:

(a) Proposed expansion plans including capital expenditure for existing operations, requiring higher capital allocation.

(b) Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow.

(c) Requirement of higher working capital for the purpose of business of the Company.

(d) Proposal for buyback of securities.

(e) In the event of loss or inadequacy of profit.

Manner of Utilization of Retained Earnings

The Board may decide to plough back the earnings for a particular financial year(s) to ensure the availability of funds for any of the following purpose:

(a) Expansion plans

(b) Modernization plans

(c) Diversification/ acquisition of business

(d) Plant expansion & diversification

(e) Replacement of capital assets

(f) Mitigate dependence on external debts

(g) High financial leverage

(h) Other such criteria as the Board may deem fit from time to time

Parameters for various Classes of Shares

The holders of the equity shares of the Company, as on the record date, are entitled to receive Dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the shareholders of the Company are entitled to receive the same amount of Dividend per share. The Policy shall be suitably revisited at the time of issue of any new class of shares with or without differential voting rights, depending upon the nature and guidelines thereof.

Procedure

(a) The Chief Financial Officer in consultation with Managing Director & CEO of the Company shall recommend any amount to be declared / recommended as Dividend to the Board of the Company.

(b) The agenda of the Board where Dividend declaration / recommendation is proposed shall contain the rationale of the proposal.

(c) Pursuant to the provisions of the applicable laws and this Policy, interim Dividend approved by the Board will be confirmed by the shareholders and final Dividend, if any, recommended by the Board, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

(d) The Company shall ensure compliance of provisions of applicable laws, the Act, SEBI Rules and Regulations and this Policy in relation to Dividend declared by the Company.

Policy Exclusion

The Policy shall not be applicable in the following circumstances:

(a) Any distribution of cash as an alternative to payment of Dividend by way of buyback of equity shares.

(b) Distribution of Dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities.

(c) Determination and declaring Dividend on preference shares, if any.

Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at **www.orientelectric.com**.

General

(a) The Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, SEBI or such other regulatory authority as may be authorised, from time to time, on the subject matter.

(b) The Company reserves its right to alter, modify, cancel, add, delete or amend any of the provisions of this Policy.

(c) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

ANNEXURE II

Details of Remuneration

[As per Section 197 of the Companies Act, 2013 ('Act') and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.]

A. Details as per Section 197 of the Act and Rule 5(1):

(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19, percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19 is as follows:

S. No.	Name of Executive Director / KMP	Designation	Percentage increase / (Decrease) in Remuneration in the financial year 2018-19	Ratio of Remuneration to median remuneration of employees**
1	Mr. Rakesh Khanna	Managing Director & CEO	15	36.2
2	Mr. Saibal Sengupta*	Chief Financial Officer	Not Applicable	Not Applicable
3	Mr. Hitesh Kumar Jain	Company Secretary	5.3	Not Applicable

*Appointed as Chief Financial Officer w.e.f. April 27, 2018.

Note: Mr. Manoj Kumar Dugar, erstwhile CFO, disassociated with the Company w.e.f April 24, 2018, therefore his salary details are not provided.

**Non-executive directors are paid sitting fees for attending meetings of the Board and Committees thereof, and commission and therefore the ratio for non-executive directors are not provided here.

(ii) Median Remuneration:

During the financial year 2018-19, median remuneration of the employees of the Company was ₹0.08 crores per annum. Median annual remuneration of employees has been increased by 6.3% during the financial year 2018-19 over the previous financial year.

(iii) Permanent Employees:

The Company had 861 permanent employees on its rolls as on March 31, 2019.

(iv) Average percentile increase made in the salaries of employees other than the managerial personnel during the financial year 2018-19 was 8.4%. Keeping in view the duties and responsibilities cast on the Managing Director & CEO and considering his knowledge of various aspects relating to the Company's affairs, the percentile increase in the managerial remuneration for the same financial year was 15%.

(v) The Company affirms that the remuneration to Directors and employees during the financial year 2018-19 is as per its Remuneration Policy.

B. Details as per Section 197 of the Act and Rule 5(2) and 5(3):

1. **Statement of Top 10 permanent employees in terms of remuneration drawn during the financial year 2018-19:**

S. No.	Employee Name	Designation	Remuneration (INR cores)	Educational Qualification	Age (Years)	Experience (Years)	Date of Commencement of Employment	Previous Employment	Percentage of Equity Shares held by the Employees in the Company
1	Mr. Rakesh Khanna	Managing Director & CEO	3.08	B.E. - Mechanical MBA – Marketing	56	33	December 01, 2014	Jumbo Electronic-Head, Sony & IT Products, UAE	Nil
2	Mr. Atul Jain	SBU Head (Fans & International Business)	2.63	B.Tech – Mechanical, MBA	52	29	July 04, 2017	LeEco Technology – COO & Head of India Operations	Negligible
3	Mr. Saibal Sengupta*	Chief Financial Officer	1.70	B. Com, CA	56	22	Apr 02, 2018	Usha International – CFO	Nil
4	Mr. Srihari Madhava Rao	Sr. Vice President -Innovation	1.55	B. Tech. - ECE	47	25	Mar 19, 2018	Philips Lighting India Ltd. – VP & Global R&D Head Professional Lighting System	Negligible
5	Mr. Puneet Dhawan	SBU Head - Lighting BU, Switchgear & Wiring Accessories BU	1.53	B.Tech. – Agriculture MBA (Sales & Marketing)	51	28	September 09, 2013	Crompton Greaves Ltd.- GM Sales (Consumer Business Unit)	Nil
6	Mr. Arvind Kumar Singh	VP & Head - Manufacturing – Fans	1.40	B.E. (Mechanical)	53	30	May 02, 2016	Hero Cycles Ltd. - Executive Director – Operations	Nil
7	Mr. Pushp Saurabh Baishakhia	SBU Head Appliances	1.35	B.Sc. – Electronics MBA (Sales & Marketing)	45	21	October 05, 2015	LG Electronics India Pvt. Ltd - Business Head	Nil
8	Mr. Ashok Kumar Singh	SBU Head (Switchgear & Wiring Accessories)	1.05	B.Tech. (Electricals) M.Tech. (Electricals)	55	29	June 24, 2015	Havells India P. Ltd.- VP -Industrial Product	Nil
9	Mr. Ravi Chopra	Vice President - Human Resources	1.03	B.Sc. Masters (HRM)	44	20	July 25, 2016	Samsung India Electronics Pvt. Ltd – Director- HR	Nil
10	Mr. Sunil Kumar Singh	AVP - Sales & Marketing (Fans)	0.76	B.A.(Honours) MA (Economics)	50	26	September 19, 2011	Bajaj Electricals Ltd.- DGM & Regional Manager - Central Fans BU	Nil

*Appointed w.e.f April 2, 2018 and designated as CFO w.e.f. April 27, 2018.

Note:

a. *The remuneration includes employer's contribution to Provident Fund but excludes the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Remuneration is calculated on actual receipt basis, including variable pay paid during the financial year 2018-19, belonging to the previous financial year and excludes any benefits accrued but not paid during the year under review.*

b. *Nature of employment is contractual in all the cases.*

c. *None of the above employee is a relative of any Director or Manager of the Company. Managing Director & CEO is not related to any other Director of the Company.*

2. During the financial year 2018-19, employees of the Company, other than Managing Director & CEO, mentioned in point No. 1 above from Sl. No. 2 to 9, received remuneration of one crore and two lac rupees or more per annum while working for the whole year.

3. During the financial year 2018-19, none of the employees of the Company, other than Managing Director & CEO, received remuneration at the rate of not less than eight lacs and fifty thousand rupees per month while working for a part of the year.

For and on Behalf of the Board of Directors
For Orient Electric Limited

April 30, 2019
New Delhi

Chandra Kant Birla
Chairman

ANNEXURE III

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To
The Members,
Orient Electric Limited
Unit VIII, Plot No. 7
Bhoinagar, Bhubaneswar – 751 012
Odisha

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Orient Electric Limited having its Registered Office at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneshwar – 751 012, Odisha (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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding 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.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statues as mentioned hereinafter.

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

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

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2019 according to the provisions of (as amended) :

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;

(iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

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

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

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

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014..

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Act:

(a) Bureau of Indian Standards

(b) Bureau of Energy Efficiency

(c) Electricity Act, 2003 and Rules

(d) Electrical Wires, Cables, Appliances and Protection Devices and Accessories (Quality Control) Order, 2003

(e) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;

(f) Explosives Act, 1884

to the extent of its applicability to the Company during the financial year ended 31.03.2019 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;

(iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

We further report that :

(a) 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.

(b) 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.

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

(d) 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:

(a) The Equity Shares of the Company have been listed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 14.05.2018.

(b) The Company has taken consent from shareholders through Postal Ballot for approval of Orient Electric Employee Stock Option Scheme - 2019 ("ESOP Scheme"), pursuant to Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 for the employees of the Company and also Extension of the Orient Electric Employee Stock Option Scheme – 2019 to the employees of the holding company and subsidiary company (ies), if any, of the Company.

(c) The Company has appointed Karvy Fintech Private Limited ("Karvy") as the new Registrar and Share Transfer Agent ("RTA") of the Company in place of existing RTA, MCS Share Transfer Agent Limited ("MCS") effective upon completion of required regulatory process of change of RTA, as applicable, including signing of (a) tripartite agreements between the Company, Karvy and Depositories; and tripartite agreement between the Company, Karvy and MCS.

(d) The Company received a notice from NSE and BSE, imposing a fine of ₹10,000/- for non-compliance of Regulation 29 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has represented to NSE and BSE for proper adherence of the provisions of Regulations 29 of Listing Regulations and to waive the fine as imposed. However, in absence of receipt of any further communication from them the Company has paid the fine under protest.

For A. K. LABH & Co.
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No.- 3238

Place: Kolkata
Dated: April 30, 2019

ANNEXURE IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 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 arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis-** NIL
   a. Name(s) of the related party and nature of relationship – Not Applicable
   b. Nature of contracts / arrangements / transactions – Not Applicable
   c. Duration of the contracts / arrangements / transactions – Not Applicable
   d. Salient terms of the contracts or arrangements or transactions including the value, if any – Not Applicable
   e. Justification for entering into such contracts or arrangements or transactions – Not Applicable
   f. Date(s) of approval by the Board – Not Applicable
   g. Amount paid as advances, if any – Not Applicable
   h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 - Not Applicable

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

Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any. (₹ crore)	Date(s) of approval by the Board, if any
Orient Paper & Industries Limited	Director of the Company alongwith his relatives holds more than 2% shares in Orient Paper & Industries Limited.	Rent for Birla Building and Brajrajnagar Office, Interest Payment and sale of products of the Company	Perpetual & need based	0.51	Not required as the transactions were at arms' length basis and in the ordinary course of business.
Orient Cement Limited	Two Directors of the Company are also Directors of Orient Cement Limited. One Director of the Company alongwith his relatives holds more than 2% shares in Orient Cement Limited.	Sale of products of the Company	Need Based	0.20	
Ms. Avani Birla	Relative of Director	Payment of remuneration as Senior Vice President, an office or place of profit pursuant to shareholders' approval.	On-going	0.77	April 27, 2018
Total				**1.48**	

Note: No advance was given to any of the above mentioned Related Parties. The above transactions are provided as a good governance practice of the Company, although they do not fall under the materiality criteria as defined under the Act, Listing Regulations and the Policy of the Company on dealing with Related Party Transactions.

For and on Behalf of the Board of Directors
For Orient Electric Limited

April 30, 2019
New Delhi

Chandra Kant Birla
Chairman

ANNEXURE V

Conservation of Energy and Technology Absorption

Conservation of Energy

The company remains conscious to enhance energy conservation. This is reflected in our process improvements, infrastructure upgrades and product development. Some of the activities carried out during the year towards energy conservation are as below:

1. Electrical load reduction through initiation of quarterly air leakage audits, leading to greater awareness and prompt actions including eliminating incorrect usage of compressed air.
2. Electrical load reduction by lowering of plant air pressure setting to 5.5 kg/cm.
3. Completed the conversion of GI pipe to aluminium pipes as well as main-ring system to avoid pressure losses.
4. Reduced energy consumption for pre-treatment of fan blades by over 10% by converting dip-PT to in-line spray-PT.
5. Reduced loss of PNG by conducting heat-loss audit in the Paint Shop oven and provided adequate insulation.
6. By shifting to new PT common-chemical for MS & Al, the Company achieved 50% reduction in heating load and almost 90% reduction in sludge formation.
7. Awareness on energy conservation at all plants have led to Shop-Floor Kaizens and initiated good practices like all-lights-off during break times.
8. Electrical load reduction by installing hydraulic goods lift in place of traction lift as well as through installation of loading / unloading conveyor thereby reducing dependency on traction goods lift at Noida factory.
9. Maintaining power factor 99.8% at Noida Switchgear factory through regular monitoring. Electricity load reduced by re-layout of AC duct and re-wiring of exhaust & celling fans by single switching method. During extra shifts when less machines are required to be operated, small compressors are used instead of big compressors. Lighting in most of the factory area has been replaced with LEDs.

Technology Absorption

The technology focus of the Company is in the areas of manufacturing process and efficiency improvement and in the product development in the areas of design, energy efficiency, product performance, cost reduction and continuous quality improvement:

1. Company has introduced 8 new models of Fans in BEE 5 star segment with ISI certification using BLDC motors which consume less energy compared to conventional induction motors.
2. Advance technology version of Aeroseries Fan named "Aeroslim" was launched during the year under review. Aeroslim is a slim and smart fan with low voltage technology based high efficiency motor. Slim & efficient BLDC motor has been developed & used in this new model of the fan. The fan incorporates variants with water film transfer and printing.
3. Developed new motor design which reduced temperature rise by 5^0C, leading to better reliability and life of the motor.
4. Company launched two models of TPW fans with concentric winding to reduce temperature rise and vibration, leading to higher reliability.
5. Company's lighting division, works continuously to provide energy efficient & cost-effective solution to the consumers. During the year under review, the Company has launched India's first energy efficient BEE 5 star rated 9W LED Bulb.

6. Currently the Company is working on products which improves the quality of light by controlling the flicker present in the LED products by developing products with flicker controlled technology.

7. Company has launched IoT based Ceiling Fan and range of coolers that can be operated through remote, mobile phone and voice based controls.

8. Company developed new range of BEE 5 Star rated water heaters complaint with new energy star requirements through optimised design and adoption of new thermal insulation.

9. New Modular switches with 3AB (Triple Arc Blocking) technology developed and launched which provides an additional layer of safety.

10. Modular switch range (Salus) developed and launched during the year under review.

11. Fans manufacturing plant in Faridabad implemented electroplating for TPW fan guards and implemented automatic paint stripping through sand blasting process.

12. Switchgear factory has installed fully automatic wire striping & cutting machine by replacing manual process. Automatic coil making machine taken for high rating coils.

13. At lighting factory in Noida top soldering process on B22 Aluminium Cap eyelet has been replaced with rivetted Cap fixing, which results in saving consumable of 50% on conventional method and eliminated smoke from production floor eminating from soldering process.

Imported Technology

Details of Technology Imported	Year of Import	Whether Technology has been fully absorbed	If not absorbed, areas where this has not taken place and reasons thereof
REFLO Oven	2015	Yes	Not Applicable
SMT Pick & Place Machines	2015	Yes	Not Applicable
3-Axis Robotic System for Gasketing	2016	Yes	Not Applicable
Aluminium Housing Assembly Machine	2016	Yes	Not Applicable
Auto Cartooning & Shrink Packing Machine	2017	Yes	Not Applicable
TPW-Rotor Turning & Pressing Machines	2016	Yes	Not Applicable
Coil Winding Machines	2016-2018	Yes	Not Applicable
Wedge & Coil Insertion Machine	2016	Yes	Not Applicable
Servo Double Sides Lacing Machines	2016	Yes	Not Applicable
Ceiling Fan Stator & Wedge Inserting Machines	2016	Yes	Not Applicable
Spectrometer & Integrating Sphere Test System	2018	Yes	Not Applicable
Dynamometer With Brake & Sensor Arrangement	2018	Yes	Not Applicable

Expenditure on Research & Development

The Company has an in-house Research and Development lab registered with the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology. The Company purchased additional equipments for this lab for performance evaluation & reliability. After de-merger of Consumer Electric business from OPIL to the Company, pursuant to the Scheme, during the financial year 2018-19 DSIR has issued the registration certificate for this Research and Development lab in the name of the Company. Below are the details of expenditure incurred by the Company during the financial year 2018-19 on its Research & Developments:

₹ In crores

	March 31, 2019
Employee benefit expenses	3.61
Development expenditure	0.93
Other expenses	0.33
Capital expenditure	0.59
Total	**5.46**

Benefits derived from the expenditure incurred on Research and Development:

Brand value of the Company has increased with the launch of new and improved products. The Company's presence in premium fans category has increased substantially. Increase in profitability for the overall premium segment fans and improved LEDs.

For and on Behalf of the Board of Directors
For Orient Electric Limited

April 30, 2019
New Delhi

Chandra Kant Birla
Chairman

ANNEXURE VI

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19.

1. **Brief outline of Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programmes:**
   The Company has constituted a CSR Committee and adopted a CSR Policy at its Board Meeting held on January 23, 2018.

   Orient Electric Limited's vision is to create value for the nation, through sustainable measures and active contribution to the social, economic and environmental development of the community in which the Company operates.

2. **Composition of the CSR Committee:**
   CSR Committee of the Company consist of three Non-Executive Directors out of which two are Independent. Chairman of the Committee is an Independent Director.

Mr. K. Pradeep Chandra	Chairman (Independent Director)
Mr. Desh Deepak Khetrapal	Member (Non-Executive Director)
Mr. T C A Ranganathan	Member (Independent Director)

3. **Average Net Profit of the Company for last three financial years:**

   The Company was incorporated on October 10, 2016 and therefore the average net profit for last three financial years is not available.

4. **Prescribed CSR Expenditure:**
   Not Applicable.

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

(a) total amount to be spent for the financial year	Nil
(b) amount unspent, if any	Not Applicable
(c) manner in which the amount was spent during the financial year	Not Applicable

6. **In case the Company fails to spend 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board Report:**
   As per Section 135(5) of the Act, the companies are required to spend on the CSR activities, at least 2% of the average net profit made during the three immediately preceding financial years. Since the Company was incorporated on October 10, 2016, the average net profit of the Company could only be calculated for two preceding financial years as of April 1, 2018. Accordingly, the requirement of minimum spend as per Section 135(5) of the Act was not applicable for the financial year 2018-19.

Responsibility Statement:
The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For Orient Electric Limited

K. Pradeep Chandra
Chairman – CSR Committee

Rakesh Khanna
Managing Director & CEO

ANNEXURE VII

Form MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 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:

1	CIN	L31100OR2016PLC025892
2	Registration Date	October 10, 2016
3	Name of the Company	Orient Electric Limited
4	Category / Sub-Category of the Company	Company limited by Shares
5	Address of the registered office and contact details	Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha – 751012
6	Whether listed company (Yes / No)	Yes
7	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	#MCS Share Transfer Agent Limited 383, Lake Gardens, 1st floor, Kolkata - 700 045

#The Board of Directors, on the recommendation of the Stakeholders' Relationship Committee, at their meeting held on January 28, 2019, approved the appointment of Karvy Fintech Private Limited as the new Registrar and Share Transfer Agent of the Company in place of MCS Share Transfer Agent Limited. The appointment will be effective on the completion of regulatory procedures.

II. Principal Business Activities of the Company

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

Name and Description of main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
Lighting, Electrical distribution and Wiring devices	2740 / 2710 / 2733	28.68
Electrical Fans and appliances	2750	71.32

III. Particulars of Holding, Subsidiary and Associate Companies – Not Applicable

S. No.	Name of Company	Address of Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held as on 31.03.2019	Applicable Section
	Not Applicable					

IV. Shareholding Pattern (Equity Share Capital breakup as percentage of Total Equity)

(i) Category-wise Shareholding

	Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	78,84,945	-	78,84,945	3.72	76,04,945	-	76,04,945	3.58	(0.13)
(b)	Central Govt.	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	7,41,28,349	-	7,41,28,349	34.93	7,41,28,349	-	7,41,28,349	34.93	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**8,20,13,294**	**-**	**8,20,13,294**	**38.65**	**8,17,33,294**	**-**	**8,17,33,294**	**38.52**	**(0.13)**
(2)	Foreign									
(a)	NRIs - Individuals	–	–	–	–	–	–	–	–	–
(b)	Other - Individuals	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
(d)	Banks / FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**8,20,13,294**	**–**	**8,20,13,294**	**38.65**	**8,17,33,294**	**–**	**8,17,33,294**	**38.52**	**(0.13)**
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	2,83,95,749	-	2,83,95,749	13.38	3,18,40,320	-	3,18,40,320	15.01	1.62
(b)	Banks / FI	1,06,606	93,460	2,00,066	0.09	66,758	93,460	1,60,218	0.08	(0.02)
(c)	Central Govt	-	-	-	-	–	–	–	–	–
(d)	State Govt(s)	-	4,000	4,000	0.00	-	4,000	4,000	0.00	-
(e)	Venture Capital Funds	-	-	-	-	–	–	–	–	–
(f)	Insurance Companies	81,70,029	-	81,70,029	3.85	84,14,083	-	84,14,083	3.97	0.12
(g)	FIIs	59,07,823	-	59,07,823	2.78	88,65,624	-	88,65,624	4.18	1.39
(h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i)	Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
(j)	Any Other	–	–	–	–	–	–	–	–	–
	Sub- Total (B)(1)	**4,25,80,207**	**97,460**	**4,26,77,667**	**20.11**	**4,91,86,785**	**97,460**	**4,92,84,245**	**23.23**	**3.11**

	Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2.	**Non-Institutions**									
(a)	Bodies Corporate*									
(i)	Indian	1,98,99,441	5,83,620	2,04,83,061	9.65	1,69,48,201	3,34,120	1,72,82,321	8.14	(1.39)
(ii)	Overseas	-	-	-	-	–	–	–	–	–
(b)	Individuals									
I	Individual shareholders holding nominal share capital of up to ₹.1 lac	2,81,48,351	10,19,480	2,91,67,831	13.75	2,44,15,986	7,78,201	2,51,94,187	11.87	(1.99)
II	Individual shareholders holding nominal share capital in excess of ₹.1 lac	90,92,984	7,82,440	98,75,424	4.65	89,04,259	-	89,04,259	4.20	(0.46)
(c)	Others (specify)									
	Trust	1,87,765	-	1,87,765	0.09	1,30,754	-	1,30,754	0.06	(0.03)
	NBFC	3,36,050	-	3,36,050	0.16	13,000	-	13,000	0.01	(0.15)
	IEPF	-	5,57,238	5,57,238	0.26	5,57,238	-	5,57,238	0.26	-
	Co-operative Societies	2,14,63,600	-	2,14,63,600	10.12	2,17,43,600	-	2,17,43,600	10.25	0.13
	OCB's	38,13,748	-	38,13,748	1.80	38,13,748	-	38,13,748	1.80	-
	Clearing Members	-	-	-	-	-	-	-	-	-
	Non-Resident Indians	15,97,824	12,000	16,09,824	0.76	35,16,856	12,000	35,28,856	1.66	0.09
	Sub-total (B)(2)	**8,45,39,763**	**29,54,778**	**8,74,94,541**	**41.23**	**8,00,43,642**	**11,24,321**	**8,11,67,963**	**38.25**	**(2.98)**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**12,71,19,970**	**30,52,238**	**13,01,72,208**	**61.35**	**12,86,73,189**	**17,79,019**	**13,04,52,208**	**61.48**	**0.13**
C.	**Shares held by Custodian for GDRs and ADRs**	–	–	–	–	–	–	–	–	–
	Grand Total (A)+(B)+(C)	**20,91,33,364**	**30,52,238**	**21,21,85,502**	**100**	**21,06,52,253**	**17,79,019**	**21,21,85,502**	**100**	-

*430 shares were claimed by the shareholder during the year from the shares transferred to unclaimed suspense account.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Central India Industries Ltd.	5,25,59,648	24.77	-	5,25,59,648	24.77	-	-
2	Shekhavati Investment and Traders Ltd.	1,27,60,895	6.01	-	1,27,60,895	6.02	-	-
3	Nirmala Birla	36,06,410	1.70	-	36,06,410	1.70	-	-
4	Chandra Kant Birla	34,05,893	1.61	-	34,05,893	1.61	-	-
5	Hindusthan Discounting Company Ltd.	23,10,678	1.09	-	23,10,678	1.09	-	-
6	Gwalior Finance Corporation Ltd.	16,49,375	0.78	-	16,49,375	0.78	-	-
7	Amer Investments (Delhi) Ltd.	14,22,000	0.67	-	14,22,000	0.67	-	-
8	Universal Trading Company Ltd.	9,12,280	0.43	-	9,12,280	0.43	-	-
9	Rajasthan Industries Ltd.	6,90,035	0.33	-	6,90,035	0.33	-	-
10	Ashok Investment Corporation Ltd.	6,83,038	0.32	-	6,83,038	0.32	-	-
11	National Engineering Industries Ltd.	5,37,400	0.25	-	5,37,400	0.25	-	-
12	Amita Birla	3,28,000	0.15	-	3,28,000	0.15	-	-
13	*Shyam Sundar Jajodia & Yogesh Goenka (As trustees of Hindustan Charity Trust)	2,80,000	0.13	-	-	-	-	(0.13)
14	Jaipur Finance and Dairy Products Pvt. Ltd.	2,08,000	0.10	-	2,08,000	0.10	-	-
15	India Silica Magnesite Works Ltd.	2,00,000	0.09	-	2,00,000	0.09	-	-
16	Bengal Rubber Company Ltd.	1,95,000	0.09	-	1,95,000	0.09	-	-
17	Avanti Birla	1,34,642	0.06	-	1,34,642	0.06	-	-
18	Avani Birla	1,30,000	0.06	-	1,30,000	0.06	-	-

*Currently not holding any shares of the Company, but part of the Promoter Group.

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	8,20,13,294	38.65	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	–	–	2,80,000*	(0.13)
	At the end of the year (as on 31.03.2019)			8,17,33,294	38.52

**Note: 2,80,000 Shares held by Mr. Shyam Sundar Jajodia & Mr. Yogesh Goenka (As trustees of Hindusthan Charity Trust) were transferred by way of gift on May 15, 2018.*

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

Sl. No.	Name of Shareholder	Shareholding at the beginning (01.04.2018)		Change in no. of shares during the year			Cumulative Shareholding during the year / at the end of the year (31.03.2019)	
		No. of Shares	% of total shares of the Company	Date	Purchase/ Sale	No. of shares	No. of Shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Ltd-A/C Reliance Growth Fund	1,86,44,345	8.79	18.05.2018	Purchase	13,25,000	1,99,69,345	9.41
				08.06.2018	Purchase	25,000	1,99,94,345	9.42
				13.07.2018	Sale	(3,75,000)	1,96,19,345	9.25
				20.07.2018	Purchase	3,75,000	1,99,94,345	9.42
				03.08.2018	Sale	(62,804)	1,99,31,541	9.39
				10.08.2018	Sale	(25,00,000)	1,74,31,541	8,22
				17.08.2018	Purchase	16,00,000	1,90,31,541	8.97
				21.09.2018	Sale	(20,00,000)	1,70,31,541	8.03
				05.10.2018	Purchase	3,00,000	1,73,31,541	8.17
2	Life Insurance Corporation of India	55,56,793	2.62	-	-	-	55,56,793	2.62
3	Canara HSBC Oriental Bank of Commerce Life Insurance	44,20,744	2.08	18.05.2018	Purchase	3,50,307	47,71,051	2.25
				01.06.2018	Sale	(19,301)	47,51,750	2.24
				30.06.2018	Sale	(51,301)	47,00,449	2.22
				13.07.2018	Sale	(78,362)	46,22,087	2.18
				20.07.2018	Sale	(26,017)	45,96,070	2.17
				27.07.2018	Sale	(26,133)	45,69,937	2.15
				10.08.2018	Sale	(9,590)	45,60,347	2.15
				17.08.2018	Sale	(17,469)	45,42,878	2.14
				24.08.2018	Sale	(38,238)	45,04,640	2.12
				07.09.2018	Sale	(24,612)	44,80,028	2.11

Sl. No.	Name of Shareholder	Shareholding at the beginning (01.04.2018)		Change in no. of shares during the year			Cumulative Shareholding during the year / at the end of the year (31.03.2019)	
		No. of Shares	% of total shares of the Company	Date	Purchase/ Sale	No. of shares	No. of Shares	% of total shares of the Company
3	Canara HSBC Oriental Bank of Commerce Life Insurance			14.09.2018	Sale	(41,452)	44,38,576	2.09
				21.09.2018	Sale	(49,548)	43,89,028	2.07
				29.09.2018	Sale	(10,848)	43,78,180	2.06
				12.10.2018	Purchase	44,306	44,22,486	2.08
				19.10.2018	Purchase	11,112	44,33,598	2.09
				26.10.2018	Sale	(16,927)	44,16,671	2.08
				02.11.2018	Sale	(55,818)	43,60,853	2.06
				09.11.2018	Purchase	1,612	43,62,465	2.06
				16.11.2018	Sale	(2,953)	43,59,512	2.05
				23.11.2018	Sale	(23,497)	43,36,015	2.04
				07.12.2018	Sale	(13,126)	43,22,889	2.04
				14.12.2018	Sale	(19,780)	43,03,109	2.03
				21.12.2018	Sale	(11,298)	42,91,811	2.02
				31.12.2018	Purchase	3,395	42,95,206	2.02
				04.01.2019	Sale	(13,940)	42,81,266	2.02
				11.01.2019	Sale	(3,394)	42,77,872	2.02
				01.02.2019	Sale	(7,789)	42,70,083	2.01
				07.02.2019	Sale	(13,387)	42,56,696	2.01
				15.02.2019	Sale	(17,844)	42,38,852	2.00
				22.02.2019	Sale	(27,920)	42,10,932	1.98
				01.03.2019	Sale	(796)	42,10,136	1.98
				08.03.2019	Purchase	1,663	42,11,799	1.98
				30.03.2019	Sale	(28,004)	41,83,795	1.97
4	Birla Institute of Technology & Science	35,19,850	1.66	-	-	-	35,19,850	1.66
5	Rukmani Birla Educational Society	34,72,140	1.64	-	-	-	34,72,140	1.64
6	Shri Jagannath Educational Institute	31,70,000	1.49	-	-	-	31,70,000	1.49
7	Sri Govinddeo Educational Institute	30,05,000	1.42	-	-	-	30,05,000	1.42
8	Param Capital Research Pvt. Limited.	29,14,496	1.37	-	-	-	29,14,496	1.37
9	Shri Venkateshwara Educational Institute	28,51,860	1.34	-	-	-	28,51,860	1.34
10	National Insurance Company Limited	25,06,096	1.18	-	-	-	25,06,096	1.18

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of Director/ KMP	Shareholding at the beginning of the year (as on 01.04.2018)		Change in no. of shares during the year			Cumulative Shareholding during the year / at the end of the year (as on 31.03.2019)	
		No. of Shares	% of total shares of the Company	Date	Purchase/ Sale	No. of shares	No. of Shares	% of total shares of the Company
A	**Directors**							
1	Mr. Chandra Kant Birla (Chairman and Non-Executive Director)	34,05,893	1.61	–	–	–	34,05,893	1.61
2	Mr. Rakesh Khanna (Managing Director & CEO)	–	–	–	–	–	–	–
3	Mr. Desh Deepak Khetrapal (Non-Executive Director)	–	–	–	–	–	–	–
4	Mr. TCA Ranganathan (Independent Director)	–	–	–	–	–	–	–
5	Mr. K Pradeep Chandra (Independent Director)	–	–	–	–	–	–	–
6	Mrs. Alka Marezban Bharucha (Independent Director)	–	–	–	–	–	–	–
B.	**Key Managerial Personnel**							
1	Mr. Saibal Sengupta# (Chief Financial Officer)							
2	Mr. Hitesh Kumar Jain (Company Secretary)	–	–	–	–	–	–	–

#Appointed w.e.f .April 2, 2018 and designated as Chief Financial Officer w.e.f. April 27, 2018.

**Mr. Manoj Kumar Dugar, erstwhile CFO, disassociated with the Company w.e.f. April 24, 2018, therefore his details are not provided above.*

V. Indebtedness

Details of Indebtedness for the financial year 2018-19: (₹ in crores)

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	174.40	11.53	–	185.93
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	0.07	–	–	0.07
Total (i+ii+iii)	**174.47**	**11.53**	**-**	**186.00**
Change in Indebtedness during the financial year				
i. Addition	-	40.00	–	40.00
ii. Reduction	79.46	11.53	–	90.99
Net Change	**(79.46)**	**28.47**	**-**	**(50.99)**
Indebtedness at the end of the financial year				
i. Principal Amount	94.94	40.00	–	134.94
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	0.03	–	–	0.03
Total (i+ii+iii)	**94.97**	**40.00**	**-**	**134.97**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (₹ in Crores)

S. No.	Particulars of Remuneration	Rakesh Khanna (Managing Director & CEO)	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	2.80	2.80
	(b) Value of perquisites under Section 17(2) of Income-Tax Act, 1961	0.003	0.003
	(c) Profits in lieu of salary under Section 17(3) of Income- Tax Act, 1961	Nil	Nil
2.	Stock Option (No. of options)	5,13,138	5,13,138
3.	Sweat Equity	Nil	NA
4.	Commission		
	- as % of profit	NA	NA
	- Others, specify		
5.	Others		
	Employer's contribution to PF	0.12	0.28
	Superannuation Fund	0.16	
	Total (A)		**3.083**
	Ceiling as per the Act	₹ 5.75 crores (being 5% of the net profits of the Company for the financial year ended March 31, 2019, as per Section 198 of the Act.)	

Note: The remuneration does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Remuneration is inclusive of variable pay, paid during the financial year 2018-19, belongs to the previous financial year 2017-18.

B. Remuneration to other Directors (Non-Executive Directors)

(₹ in Crores)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Chandra Kant Birla	Mr. Desh Deepak Khetrapal	Mr. TCA Ranganathan	Mr. K Pradeep Chandra	Mrs. Alka Marezban Bharucha	
1	Fee for attending Board and Committee Meetings	0.05	0.125	0.13	0.125	0.13	**0.56**
2	Commission	0.35	0.125	0.125	0.125	0.125	**0.85**
3	Others, please specify	–	–	–	–	–	**–**
	Total (B)	**0.40**	**0.25**	**0.25**	**0.25**	**0.25**	**1.41**
	Ceiling as per the Act	Ceiling for the commission is ₹1.15 crores (being 1% of the net profits of the Company for the financial year ended March 31, 2019, as per Section 198 of the Act.)					
	Total Managerial Remuneration (A+B)	**₹ 4.49 crores**					
	Overall Ceiling as per the Act	₹ 12.65 crores (being 11% of the net profits of the Company for the financial year ended March 31, 2019, as per Section 198 of the Act.)					

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

(₹ in Crores)

S. No.	Particulars of Remuneration	Chief Financial Officer Saibal Sengupta#	Company Secretary Hitesh Kumar Jain	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	1.65	0.35	2.00
	(b) Value of perquisites under Section 17(2) of Income-Tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) of Income- Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option (No. of options)	1,65,408	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission			
	- as % of profit	NA	NA	NA
	- Others, specify			
5.	Others (Employer's contribution to PF)	0.05	0.01	0.06
	Total	**1.70**	**0.36**	**2.06**

#Appointed w.e.f. April 2, 2018 and designated as Chief Financial Officer w.e.f. April 27, 2018.

VII. Penalties / Punishment/ Compounding of Offences against Company/ Directors/ Officers in Default:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on Behalf of the Board of Directors
For Orient Electric Limited

April 30, 2019
New Delhi

Chandra Kant Birla
Chairman

Corporate Governance Report

Company's Corporate Governance Philosophy

Orient Electric Limited's Corporate Governance philosophy defines the way in which the Company directs its business operations. It aims at producing performance results that are enabled by strong policies, robust processes and best in class industry practices with high standards of regulatory compliance, ethics and operating controls. Aligned to the best in-class practices, the Company has adopted the following best Corporate Governance practices:

- The Company has a strong and diverse Board of Directors, independent of management with sufficient expertise to oversee corporate management on behalf of the Company's shareholders. The Board reviews and approves corporate strategies that are intended to build sustainable long-term value, including allocating capital for long-term growth, assessing & managing risks and sets the "tone at the top" for ethical conduct;
- In making decisions, the Board considers the interests of all the stakeholders of the Company such as employees, customers, suppliers and the community in which the Company operates and when doing so it results, in a direct and meaningful way, in long-term value creation;
- To prevent opportunistic behaviour by executive management and help link management with corporate performance, compensation of the senior management is approved by a committee comprised of Non-Executive and Independent Directors after review and assessment of individual performances;
- Corporate functioning is directed and exercised within the strict legal framework and compliance of corporate laws and regulations, which ensures fairness to all stakeholders and protects the rights of minority shareholders;
- Management sets exemplary standards of ethical behaviour, both internally within the organizations, as well as in their external relationships;
- Board of Directors and the officials strictly follows the Company's code of conduct;
- Appropriate and real time reporting of financial and non-financial information are made to apprise the shareholders and potential investors an accurate, timely and thorough picture of the Company's affairs, performance and liabilities;
- Appropriately qualified and experienced professionals are appointed who are entrusted with the responsibility of taking critical business decisions and monitoring the implementation thereof with proper internal controls;
- An independent audit function is in place, with sufficiently thorough procedures to confirm the accuracy of the Company's financial disclosures which is overseen by the Audit Committee comprised of Non-Executive and Independent Directors; and
- A robust internal audit function reviews the effectiveness of internal financial controls which includes critically reviewing, amongst other business functions, Standard Operating Processes and Delegation of Authorities to prevent any misuse of powers.

Listing Approval

Pursuant to the Scheme of Arrangement between Orient Paper & Industries Limited and the Company, as approved by the National Company Law Tribunal, Kolkata Bench, vide order dated November 09, 2017, during the financial year 2018-19, equity shares of the Company got listed at BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") w.e.f. May 14, 2018.

Board of Directors

Key objective of the Board of Directors' ("Board") of the Company is to ensure the Company's prosperity by collectively directing the Company's affairs, whilst meeting the appropriate interests of all its stakeholders. Board's powers, duties and responsibilities are determined by government regulations and the organization's own constitution, bylaws and policies to manage the affairs of the Company.

Key functions of the Board

The Board performs various statutory and other functions in connection with managing the affairs of the Company. The key functions performed by the Board are:

- Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge perspective and gender in the Board;
- Reviewing and guiding corporate strategy, major plans of action, annual budgets & business plans, setting performance objectives, monitoring implementation & corporate performance and overseeing major capital expenditures, acquisitions and divestments;
- Ensuring integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of internal controls are in place, in particular, systems for risk management, financial & operational controls, and compliance with the laws & regulations and relevant standards are in force;
- Monitoring effectiveness of the Company's governance, policies & practices and making changes therein as needed;
- Selecting, compensating, monitoring and when necessary, replacing Key Managerial Personnel and overseeing succession planning;
- Aligning Key Managerial Personnel and Board remuneration with the long term interests of the Company and its shareholders;
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions;
- Overseeing the process of disclosure and communications;
- Exercising Board's Evaluation framework.

Information shared with the Board

The Board and Committees thereof have complete access to all relevant information. Such information is submitted either as part of the agenda papers of the meetings in advance or by way of presentations and discussion materials during the meetings. Such information, *inter-alia*, includes the following:

- Annual operating plans and budgets;
- Capital budgets alongwith updates, if any;
- Business performance and tracking against the Budget;
- Annual and Quarterly results of the Company and its operating divisions;
- Minutes of the meetings of the Audit Committee and other Committees of the Board;
- Appointment and resignations of Directors and their remunerations;
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and the Company Secretary;
- Material litigations, including any show cause and penalty notices which are materially important;
- Disclosures of Directors' interest;
- Declaration of dividend;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Sale / disposal of property, plant, equipment and investments;
- Compliance report on the applicable laws and regulations;
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material;
- Audit observations and testing results of internal financial controls;
- Related party transactions of material nature;
- Quarterly statement showing status of investors complaints;
- Quarterly compliance report on Corporate Governance.

Board Meeting Process

- In sync with the motive of environment preservation, the Company sends documents relating to Board and Committee meetings, including agenda papers and supplementary documents, to the Directors in electronic form at least 7 days before the meetings.
- Documents containing Unpublished Price Sensitive Information are provided within the time line before the meeting as approved by the Board Members.

- Important decisions taken at the Board / Committee meetings are promptly communicated to the concerned departments / divisions.
- Managing Director & CEO updates the Board Members on the business operations. Chief Financial Officer assists the Board on financial results, budgets and other related matters.
- Minimum four Board Meetings are held during the financial year. Additional meetings took place as and when required to address the specific business requirements.
- The Company has complied with the Secretarial Standard-1 on Meetings of the Board of Directors and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India.
- Company Secretary provides assistance to the Chairman in conducting Board/Committee Meetings and also advises the Board/Committee on compliance and governance matters.

Board Composition

- Company believes to have an appropriate mix of executive, non-executive and independent directors to maintain its independence and separate its functions of governance and management. The Board composition of the Company meets the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
- As on March 31, 2019, Board of the Company comprises of six members, consisting of one Non-Executive & Non-Independent Chairman (Promoter Chairman), one Executive Director (designated as Managing Director & CEO), one Non-Executive Director and three Non-Executive - Independent Directors. Independent Directors constitute 50% of the Board's strength – as per the requirements of the Companies Act, 2013 (the "Act") and the Listing Regulations.
- Out of three Independent Directors, one is woman Director.
- None of the Directors on the Board is a member of more than 10 (ten) Committees or Chairman of more than 5 (five) Committees (Audit Committee and Stakeholders' Relationship Committee) across all companies in which he/she is a Director.
- None of the Directors of the Company is *inter-se* related to each other.

Skills / Expertise / Competencies of Board of Directors:

The Board of Directors is a collective body which is expected to consist of mix of individual Directors who has balance of skills such as leadership to direct the implementation of corporate policies, setting goals, strategy formulation to achieve corporate growth alongwith other personal attributes such as integrity, strong ethics, honesty and sound professional knowledge.

Following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the business of the Company for it to function effectively and those actually available with the Board:

(i) Leadership

(ii) Management & operation of various Industrial Enterprises

(iii) Expertise on various laws

(iv) Expertise in Operations & Strategy formulation

(v) Analytical skills

(vi) Rich experience of administration, economics, and finance fields.

Category of Directors

Directorships and Committee positions, including that of the Company, as on March 31, 2019:

- Overview of the directorships and committee positions held by the Directors of the Company:

Name of the Director	No. of Directorships[1]	Committee Membership in Listed and Unlisted Companies[2]	Committee Chairmanship in Listed and Unlisted Companies[2]
Mr. Chandra Kant Birla	8	0	0
Mr. Rakesh Khanna	1	1	0
Mr. Desh Deepak Khetrapal	4	5	0
Mr. TCA Ranganathan	4	0	2
Mr. K Pradeep Chandra	2	4	0
Mrs. Alka Marezban Bharucha	10	5	3

[1] Excludes directorships in foreign companies, companies registered under Section 8 of the Act, private limited companies and alternate directorships.

[2]Includes membership(s) / chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies.

- List of other listed companies alongwith category of directorship in which Director is a member or chairperson:

Directors' Name	Name of Listed Company	Category of Directorship
Mr. Chandra Kant Birla	Orient Paper & Industries Limited	Non- Executive Chairman
	Orient Cement Limited	Non- Executive Chairman
	HIL Limited	Non- Executive Chairman
	Birlasoft Limited*	Non- Executive Director

**Formally known as KPIT Technologies Limited.*

Directors' Name	Name of Listed Company	Category of Directorship
Mr. Desh Deepak Khetrapal	Oriental Bank of Commerce	Independent Director
	Orient Cement Limited	Managing Director & CEO
	HIL Limited	Non- Executive Director

Directors' Name	Name of Listed Company	Category of Directorship
Mr. TCA Ranganathan	Security and Intelligence Services (India) Limited	Independent Director
	Indian Overseas Bank	Non- Executive Chairman

Directors' Name	Name of Listed Company	Category of Directorship
Mr. K Pradeep Chandra	Moschip Semiconductor Technology Limited	Independent Director

Directors' Name	Name of Listed Company	Category of Directorship
Mrs. Alka Marezban Bharucha	Honda Siel Power Products Limited	Independent Director
	Ultratech Cement Limited	Independent Director
	Hindalco Industries Limited	Independent Director
	Birlasoft Limited*	Independent Director

**Formally known as KPIT Technologies Limited.*

Mr. Rakesh Khanna, Managing Director & CEO of the Company, does not hold directorship in any other company.

Attendance of Directors at Board and General Meetings:

Board of Directors of the Company met five times, during the financial year 2018-19, on April 27, 2018, July 30, 2018, November 02, 2018, January 28, 2019 and March 27, 2019. During the financial year 2018-19, time gap between any two Board Meetings did not exceed one hundred and twenty days. Attendance of the Directors at the Board Meetings and last Annual General Meeting is as follows:

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at AGM held on July 16, 2018
Mr. Chandra Kant Birla	5	5	No
Mr. Rakesh Khanna	5	5	Yes
Mr. Desh Deepak Khetrapal	5	5	Yes
Mr. TCA Ranganathan	5	5	Yes
Mr. K Pradeep Chandra	5	5	Yes
Mrs. Alka Marezban Bharucha	5	5	#

#Mrs. Alka Marezban Bharucha, Chairperson of Nomination and Remuneration Committee and Stakeholders Relationship Committee, authorized Mr. TCA Ranganathan and Mr. Rakesh Khanna, respectively, to attend the AGM in her absence.

Independent Directors

- All the Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act.
- Appointment of all the Independent Directors is in conformity with the requirements of Schedule IV to the Act and Regulation 17 of the Listing Regulations.
- The maximum tenure of Independent Directors is in compliance with the Act.
- All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulations 16(1)(b) and 25 of the Listing Regulations and Section 149(6) of the Act. In the opinion of the Board, all the Independent Directors fulfills the conditions specified under Listing Regulations and the Act and are independent of the management.
- None of the Independent Directors is related to the promoter or other Director(s) of the Company.
- Terms and conditions of appointment of Independent Directors have been disseminated on the website of the Company and can be accessed at: **https://www.orientelectric.com/images/investors/Terms-Conditions-of-Appointment-of-Independent-Directors.pdf**

Board Members' Familiarization

During the Board and Committee Meetings, the Board Members were briefed on the business operations of the Company viz-a-viz industry. These updates provide a good understanding of the business to the Independent Directors, and an opportunity to understand Company's footprint in the market. These Board updates focuses on the strategy for the future and covers all parts of the business and functions, the course of corrections, if any, required to be undertaken and gives a good perspective of future opportunities and challenges. Apart from the above, Directors are also given an update on the environmental and social impact of the business, corporate governance, regulatory developments and investor relations matters.

The details of training programme attended by Independent Directors are available on the website and can be accessed at the following link: **https://www.orientelectric.com/images/investors/familiarisation-programme.pdf**

Separate Meeting of Independent Directors

During the financial year 2018-19 a separate meeting of Independent Directors was held on November 02, 2018, without the attendance of Non-Independent Directors and members of management of the Company.

The Independent Directors, *inter-alia*, evaluated performance of the individual non-independent Directors and the Chairman of the Company.

Independent Directors also assessed the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to these formal meetings, interactions during the Board/Committee Meetings also takes place between the Chairman and Independent Directors.

Directors' Performance Evaluation

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. Performance of Directors is evaluated based on the criteria of evaluation of Directors (including Independent Directors) devised by the Nomination and Remuneration Committee of the Board. As per the criteria, the Directors are evaluated based on their attendance, contributions made by them in the meetings, subject knowledge, awareness of the business and regulatory environment in which the Company operates etc.

During the year, Board evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and peer evaluation of the Directors. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. Guidance note issued by SEBI on Board evaluation was duly considered while conducting the evaluation exercise. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committee Meetings.

Committees of the Board

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board, as a part of good governance practice. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulations, which corelates with the Company and need a closer review. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. Minutes of the meetings of all Committees are placed before the Board for review. The Board Committees are empowered to call special invitees to join the meeting, as appropriate. The Company Secretary acts as the Secretary to these Committees. During the financial year 2018-19, the Board has constituted one more Committee i.e. Risk Management Committee.

The Board has established the following statutory Committees:

Audit Committee

Constitution of Audit Committee and its functions

Company has an Audit Committee at the Board level which acts as a link between the management, statutory & internal auditors and the Board of Directors, and also oversees the financial reporting process. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations.

The composition of the Audit Committee is as follows:

Name of Member	Position	Category
Mr. TCA Ranganathan	Chairman	Non-Executive Independent Director
Mr. Desh Deepak Khetrapal	Member	Non-Executive Director
Mr. K Pradeep Chandra	Member	Non-Executive Independent Director
Mrs. Alka Marezban Bharucha	Member	Non-Executive Independent Director

At the quarterly meetings of the Audit Committee apart from the consideration of financial results, Audit Committee also reviews related party transactions, business risk assessment, internal audit and other control assurance reports of the Company. Managing Director & CEO and Chief Financial Officer, the representatives of Statutory and Internal Auditors, Group Internal Audit Head and Internal Audit Head of the Company, also attends the Audit Committee meetings as special invitees.

During the financial year 2018-19, the Audit Committee met five times on April 27, 2018, July 30, 2018, November 02, 2018, January 28, 2019 and March 27, 2019.

Audit Committee's role & functions

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and *inter alia*, performs the following functions:

- Reviewing and examining with management, quarterly and annual financial results along with auditors' report thereon before submission to the Board for approval;
- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process along with management letters issued;
- Recommending appointment, re-appointment, terms of appointment and removal, remuneration, as and when required, of the auditors of the Company;
- Reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the provisions of Section 188 read with Section 2(76) of the Act, Regulation 23 of the Listing Regulations and Related Party Transaction Policy of the Company;
- Reviewing management discussion and analysis report on financial condition and results of operations;
- Reviewing the matters required to be mentioned in the Director's Responsibility Statement to be included in the Board's Report;
- Reviewing the functioning of the Whistle Blower Mechanism;
- Reviewing and evaluating internal financial controls, adequacy of the internal control and risk management systems;
- Reviewing the Internal Audit Report presented by the internal auditors including the independence, adequacy and effectiveness of the overall internal audit function and evaluation of the external and internal auditors;
- Reviewing any internal investigations by the internal auditors into areas of suspected fraud or irregularity of a material nature and reporting the matter to the Board;
- Any other matters as may be mentioned in the terms of reference of the Audit Committee.

Nomination and Remuneration Committee

Constitution of Nomination and Remuneration Committee and its functions

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria of individuals who shall qualify to serve as executive directors, non-executive directors and independent directors, consistent with the criteria approved by the Board, and to recommend, for approval to the Board. It also designs, benchmarks and continuously reviews the compensation programme for the Board and the Managing Director & CEO against the achievement of measurable performance goals. The Committee also reviews and recommends remuneration payable to the senior management to ensure it is competitive in the industry in which the Company operates, to attract and retain the best talent.

It reviews and discusses all matters pertaining to annual evaluation of the Board, individual directors and key managerial personnel on the basis of the detailed performance parameters set for each executive director and key managerial personnel at the beginning of the year.

During the financial year 2018-19, Company introduced a Long Term Incentive Programme for the senior leadership team of the Company, to reward their high individual performance. This Long Term Incentive Programme is implemented as a dual benefit scheme which includes Orient Electric - Employee Stock Option Scheme 2019 ("ESOP Scheme - 2019") and Long Term Performance Cash Incentives. Detailed information on the Long Term Incentive Programme is provided under the Report of Board of Directors. The Committee also plays the role of Compensation Committee and is responsible for administering the ESOP Scheme - 2019 and Long Term Performance Cash Incentives of the Company.

The Committee's composition and terms of reference fulfills the requirements of Section 177 of the Act and Regulation 19 of the Listing Regulations & Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

Nomination and Remuneration Committee met thrice, during the financial year 2018-19, on April 27, 2018, January 28, 2019 and March 27, 2019. During the financial year 2018-19 Mr. Chandra Kant Birla, Non- Executive Director of the Company, has been inducted as a Member of Nomination and Remuneration Committee w.e.f. March 27, 2019.

The composition of the Nomination and Remuneration Committee is as follows:

Name of Member	Position	Category
Mrs. Alka Marezban Bharucha	Chairperson	Non-Executive Independent Director
Mr. Chandra Kant Birla	Member	Non-Executive Director
Mr. Desh Deepak Khetrapal	Member	Non-Executive Director
Mr. TCA Ranganathan	Member	Non-Executive Independent Director

Nomination and Remuneration Committee's role and functions

The terms of reference, role, powers and functions of Nomination and Remuneration Committee includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole along with its Committees;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Recommendation of remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria and commissions payable to Non-Executive Directors, to the Board;
- Recommendation of remuneration payable to Directors, Key Managerial Personnel and other senior management personnel, to the Board;
- To administer, monitor and formulate detailed terms and conditions of the ESOP Scheme - 2019 of the Company;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Nomination and Remuneration Policy

Salient features of Nomination and Remuneration Policy of the Company are given in the Report of Board of Directors, forming part of the Annual Report. Changes in the role of Nomination and Remuneration Committee, as per the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, were incorporated in the Policy. Nomination and Remuneration Policy of the Company is available on the website of the Company and can be accessed at the following link: **https://www.orientelectric.com/images/investors/nomination-remuneration-policy.pdf.**

Board Membership Criteria

The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for being appointed as a Director on the Board. The criteria for appointment to the Board include:

- Composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- Size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- Professional qualifications, expertise and experience in specific area of relevance to the Company;
- Desired age and diversity on the Board;
- Balance of skills and expertise in view of the objectives and activities of the Company;
- Avoidance of any present or potential conflict of interest;
- Availability of time and other commitments for proper performance of duties;
- Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Directors' Remuneration

Non-Executive Directors (including Independent Directors) are eligible for remuneration in the form of commission not exceeding 1% of the net profit of the Company for the respective financial year, calculated as per Section 198 of the Act, as approved by the shareholders of the Company. The payment of commission and the manner of distribution thereof amongst all the Non-Executive Directors, is decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee. Apart from payment of commission, Non-Executive Directors (including Independent Directors) are paid sitting fees for attending each meeting of the Board or Committee(s) thereof.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and commission. The Company has not granted any stock options to any of its Non-Executive Independent Directors.

The details of remuneration paid, Stock Options and Long Term Performance Cash Incentive grants made to Executive Directors and remuneration paid to Non-Executive Directors during the financial year 2018-19 are provided hereinafter.

Remuneration paid / accrued to the Managing Director and CEO during the financial year 2018-19: *(INR crores)*

Name	Salary, Allowances & Perquisites	Annual Performance Linked Pay & Performance Criteria	Retiral Benefit	Total	Notice Period / Severance Period
Mr. Rakesh Khanna	2.11	0.63 Managing Director and CEO's performance and Company's performance	0.33	3.07	3 Months

- Mr. Rakesh Khanna has been granted Long Term Cash Incentive of ₹1.46 crores, by the Board of Directors at its meeting held on March 27, 2019, to be effective from April 01, 2019, payable on achievement of incremental value targets.
- 40% incentive shall be payable at the end of the financial year 2021-22 and 60% shall be payable at the end of the financial year 2022-23.

Details of Stock Options Granted to the Managing Director & CEO under Long Term Incentive Programme:

Name	Grant of Options under the ESOP Scheme during the year	Options exercised during the year	Balance Options as on March 31, 2019
Mr. Rakesh Khanna	5,13,138	Nil	5,13,138

- Exercise price of the above Stock Options is the Market Price as per ESOP Scheme - 2019 which is the closing price of the equity shares of the Company on previous trading day of the grant at the Stock Exchange having higher trading volume.
- 40% of the Stock Options shall vest on April 01, 2022 and 60% of the Stock Options shall vest on April 01, 2023.
- Vested Stock Options can be exercised within 4 years after vesting.

Details of remuneration and sitting fees paid/ accrued to Non-Executive and Independent Directors and their shareholding in the Company as on March 31, 2019:

(INR crores)

Name of Director	Sitting Fees	Commission*	No. of shares held
Mr. Chandra Kant Birla	0.050	0.350	34,05,893
Mr. Desh Deepak Khetrapal	0.125	0.125	Nil
Mr. TCA Ranganathan	0.130	0.125	Nil
Mr. K Pradeep Chandra	0.125	0.125	Nil
Mrs. Alka Marezban Bharucha	0.130	0.125	Nil

**For the financial year 2018-19 on accrual basis.*

Stakeholders' Relationship Committee

Constitution of Stakeholders' Relationship Committee and its functions

The Company has a Stakeholder's Relationship Committee at the Board level to deal with various matters relating to redressal of shareholders and investors' grievances, such as transfer and transmission of shares, issue of duplicate shares, non-receipt of dividends / notices / annual reports, etc. In addition, the Committee also looks into other matters including status of dematerialization / rematerialization of shares, systems and procedures followed to track timely redressal of investors' complaints and suggest measures for improvement thereon from time to time.

The Stakeholders' Relationship Committee's composition and terms of reference fulfills the requirements of Section 177 of the Act and Regulation 20 of the Listing Regulations. Stakeholder's Relationship Committee met twice, during the financial year 2018-19, on July 30, 2018, and January 28, 2019.

The composition of the Stakeholders' Relationship Committee is as follows:

Name of Member	Position	Category
Mrs. Alka Marezban Bharucha	Chairperson	Non-Executive Independent Director
Mr. K Pradeep Chandra	Member	Non-Executive Independent Director
Mr. Rakesh Khanna	Member	Executive Director

Stakeholders' Relationship Committee's role and functions

The role, function and terms of reference of Stakeholders' Relationship Committee are as follows:

- Issue duplicate share certificates including in place of those which are lost, damaged or in which the pages are completely exhausted;
- Approve requests for dematerialization / rematerialization of securities and issue certificates thereof;
- Approve transfer/ transmission/ transposition of any security of the Company;
- Collecting and analyzing reports received periodically from the Registrar and Share Transfer Agent ("RTA") on the following:
    - Complaints of investors routed by SEBI or Stock Exchanges and / or other regulatory authority;
    - Sub-division, consolidation, split, exchange, endorsement and transposition of share certificates;
    - Requests relating to dematerialization and rematerialization of shares;
    - Requests relating to modes of paying the dividend i.e. through electronic clearing service;
    - RTGS and issue of dividend warrant for dividend payment/interest etc.
- To oversee performance of the RTA of the Company and recommend measures for overall improvement in the quality of investor service;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of various measures and initiatives for reducing the quantum of unclaimed dividends and ensuring timely

receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

Contact details of the Compliance Officer / Company Secretary

Mr. Hitesh Kumar Jain

Company Secretary

Address: 240, Okhla Industrial Estate,
Phase-III, Okhla, New Delhi-110020

E-mail: investor@orientelectric.com

Stakeholders' Grievance Redressal

All grievances received from the shareholders of the Company are being redressed expeditiously and satisfactorily at utmost priority, by the Secretarial Department and the RTA of the Company.

Company has designated a separate e-mail id i.e. **investor@orientelectric.com**, for the shareholders to lodge their complaints / queries.

Communication to Shareholders

- Securities and Exchange Board of India ('SEBI') has, vide its circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 (hereinafter referred to as 'SEBI Circular') directed all the listed companies to make payment of dividend to its shareholders through approved electronic modes. In those cases where either the bank details such as MICR, IFSC etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, companies shall make the payment of dividend by physical instrument, such as banker's cheque/demand draft incorporating bank details of the shareholders. The SEBI Circular also directed that updated bank details of the shareholders must be maintained by the companies / RTA and if such details are not available in respect of any shareholder, holding shares in physical form, the same must be obtained from the concerned shareholder. Thus, one initial letter along with two reminder letters were sent to the shareholders whose Bank Account details were not updated with the Depository Participant / Company / RTA, asking them to provide their Bank Account details as per the requirement of the aforementioned SEBI circular.

  The Company hereby further request the shareholders, whose Bank Account details are not updated with the Depository Participant or with the Company / RTA, to update their Bank Account details in order to avoid any future inconveniences.

- Further, SEBI in order to protect the interests of investors in the securities market and to curb fraud and manipulation involved in physical transfer of securities by unscrupulous entities, has mandated, by way of an amendment to Regulation 40 of the Listing Regulations, that with effect from April 01, 2019, transfer of securities shall be carried out in dematerialised form only. Thus, in compliance of the aforementioned directions one initial letter along with two reminder letters were sent to the shareholders holding shares of the Company in physical form advising them to convert their shareholding in dematerialized form. The shareholders may continue to hold these shares in physical form but will not be able to transfer them in physical form with effect from April 01, 2019.

  The Company hereby further request the shareholders, still holding shares in physical mode to contact any Depository Participant having registration with SEBI to open a Demat account and get the shares of the Company held in physical mode, dematerialized at the earliest to avoid any future inconvenience.

SEBI Complaints Redressal System (SCORES)

The Company has registered itself on SEBI SCORES Portal, wherein the investor complaints are processed in a centralized web-based complaints redressal system. The salient features of this system include, centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Status of complaints received and resolved during the financial year

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	3
Number of complaints resolved during the year	3
Number of complaints not resolved to the satisfaction of the shareholder	Nil
Number of complaints pending at the end of the year	Nil

Unclaimed Shares

Pursuant to Regulation 39 of the Listing Regulations, the Company has opened an Unclaimed Suspense Demat Account wherein unclaimed shares have been credited. Shareholders may write to the Company / RTA of the Company for claiming their shares back. Upon such request, after due verification, the shares shall be transferred to the owner. Voting rights on these shares are frozen till they are transferred back to the rightful owner.

Details of shares in Unclaimed Suspense Account:

- 2,46,200 equity shares pertaining to 26 shareholders of the Company were lying into the credit of this Unclaimed Suspense Demat Account as on April 01, 2018.
- During the year 1 shareholder claimed 430 shares, which were transferred to him after due verification of the claim and relating documents provided by him.
- 25 shareholders holding 2,45,770 equity shares of the Company were lying to the credit of above Unclaimed Suspense Demat Account as on March 31, 2019.

Corporate Social Responsibility Committee

Constitution of Corporate Social Responsibility Committee and its functions

The Corporate Social Responsibility ("CSR") Committee was set up to formulate and monitor the CSR policy of the Company. The CSR Committee adopted a policy that outlines the Company's objective of catalyzing economic development that positively improves the quality of life for the society, and aims to be a responsible corporate citizen creating positive impact through its activities on the environment, communities and stakeholders. The role of CSR Committee includes identifying and recommending to the Board, activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company and reviewing the performance of the Company in the areas of CSR.

The CSR Committee's Composition and terms of reference fulfills the requirements of Section 135 of the Act. CSR Committee met twice, during the financial year 2018-19, on July 30, 2018, and November 02, 2018.

The composition of the CSR Committee is as follows:

Name of Member	Position	Category
Mr. K Pradeep Chandra	Chairman	Non-Executive Independent Director
Mr. Desh Deepak Khetrapal	Member	Non-Executive Director
Mr. TCA Ranganathan	Member	Non-Executive Independent Director

CSR Committee's role and functions

The role, function and terms of reference of the CSR Committee are as follows:

- Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company;
- To review and recommend the amount of expenditure to be incurred on the CSR related activities to be undertaken by the Company;
- To institute a transparent monitoring mechanism for the implementation of the CSR projects, programs and activities undertaken by the Company from time to time;
- Submit a report, to the Board on all CSR activities undertaken during the financial year;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The CSR Policy of the Company is available on the website of the Company and can be accessed at the following link: **https://www.orientelectric.com/images/investors/corporate-social-responsibility-policy.pdf**

Risk Management Committee

Constitution of Risk Management Committee and its functions

The purpose of Risk Management Committee is to assist the Board in fulfilling its responsibilities with regard to identification, evaluation and mitigation of operational, strategic and environmental risks. The Risk Management Committee has the overall responsibility of monitoring and approving risk policies and associated practices of the Company.

The Risk Management Committee was formed by the Board of Directors of the Company at its meeting held on January 28, 2019. The Risk Management Committee's Composition and terms of reference fulfills the requirements of Regulation 21 of the Listing Regulations. No meeting of Risk Management Committee was held during the financial year 2018-19 post its constitution.

The composition of the Risk Management Committee is as follows:

Name of Member	Position	Category
Mr. TCA Ranganathan	Chairman	Non-Executive Independent Director
Mr. Desh Deepak Khetrapal	Member	Non-Executive Director
Mr. K Pradeep Chandra	Member	Non-Executive Independent Director
Mrs. Alka Marezban Bharucha	Member	Non-Executive Independent Director

Risk Management Committee's role and functions

The role, function and terms of reference of the Risk Management Committee are as follows:

- Identification, evaluation and mitigation of Strategic & Operational Process, Financial, Governance & Compliance, Catastrophic Risks including risks associated with cyber security;
- Monitor approve and review the Risk Management Framework of the Company;
- Set forth policies, plans and targets in relation to implementation of risk management plans;
- Periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- Evaluation of significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner;
- Report to the Board of Directors on risk management and mitigation / minimization procedures;
- Invite employees of the Company for seeking such information, opinions, clarifications, documents and details as may be required;
- Such other roles, functions and powers as may be entrusted by the Board of Directors from time to time or as may be required to be performed as per any regulatory requirements, as amended from time to time.

Attendance of Members at Committee Meetings

The following table shows attendance of Directors at the Board and Committee Meeting(s) held during the financial year 2018-19. Attendance is presented as number of meeting(s) attended, out of the number of meeting(s) required to be attended.

Director's Name	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Stakeholders Relationship Committee
Mr. Chandra Kant Birla	NA	#	NA	NA
Mr. Rakesh Khanna	NA	NA	NA	2 of 2
Mr. Desh Deepak Khetrapal	5 of 5	3 of 3	2 of 2	NA
Mr. TCA Ranganathan	5 of 5	3 of 3	2 of 2	NA
Mr. K Pradeep Chandra	5 of 5	NA	2 of 2	2 of 2
Mrs. Alka Marezban Bharucha	5 of 5	3 of 3	NA	2 of 2

NA: Not Applicable

#Post his appointment w.e.f. March 27, 2019, no meeting took place during the financial year 2018-19.

General Body Meetings / Postal Ballots

Details of Annual and Extra – Ordinary General Meetings held during the financial year 2017-18 and 2018-19 are as follows:

Financial Year	Type of Meeting	Date, Day & Time	Venue	Special Resolutions Passed
2018-19	Annual General Meeting	July 16, 2018 Monday, 02:30 PM	Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneshwar-751012 (Odisha)	Appointment of Mr. Rakesh Khanna as the Managing Director and CEO of the Company
2017-18	Annual General Meeting	August 09, 2017 Wednesday 02:30 PM	Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneshwar-751012 (Odisha)	None
2017-18	Extra – Ordinary General Meeting	January 03, 2018 Wednesday 11:00 AM	Birla Building, 13th Floor, Kolkata – 700001	1. Increase in Authorized Share Capital. 2. Amendment in Articles and Memorandum of Associations. 3. Authorization to the Board to borrow and provide securities under Section 180(1)(a) and 180(1)(c) of the Act.

All resolutions placed before the shareholders of the Company were passed with the requisite majority.

Postal Ballot:

During the year, shareholders of the Company approved the resolutions, stated in the below table, by requisite majority, by means of Postal Ballot including Electronic Voting (e-voting). The Postal Ballot Notice dated January 28, 2019 along with the Postal Ballot Form was sent in electronic form to those shareholders of the Company whose e-mail addresses were registered with the Company / respective Depository Participants. To rest of the shareholders, Postal Ballot Notice along with the Postal Ballot Form was sent in physical form, through permitted mode, along with self-addressed postage pre-paid Business Reply Envelope.

The Company had published a notice on February 08, 2019, in Financial Express and Odisha Bhaskar newspapers in compliance with the provisions of the Act and Secretarial Standard - 2. The voting period commenced from Tuesday, February 12, 2019 at 9:00 a.m. (IST) and ended on Wednesday, March 13, 2019 at 5:00 p.m. (IST). The voting rights of shareholders were reckoned on the paid-up value of shares registered in the name of shareholder / beneficial owner (in case of electronic shareholding) as on Friday, February 1, 2019.

The Board of Directors appointed Mr. Neelesh Kumar Jain of M/s NKJ & Associates, Practicing Company Secretary, as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner and had engaged the services of National Securities and Depository Limited as the agency for the purpose of providing e-voting facility.

The Scrutinizer submitted his report on the Postal Ballot to the Company on Friday, March 15, 2019. The resolutions were passed with requisite majority effective from Wednesday, March 13, 2019.

Voting details of resolutions passed through Postal Ballot Process:

Resolutions passed through Postal Ballot	Votes in favour of the resolutions (%)	Votes against the resolutions (%)
Approval for Orient Electric Employee Stock Option Scheme-2019 for the employees of the Company	99.37	0.63
Extension of the Orient Electric Employee Stock Option Scheme – 2019 to the employees of the holding company and subsidiary company(ies), if any, of the Company.	99.37	0.63

There is no immediate proposal for passing any resolution through Postal Ballot.

Code of Conduct

Board of Directors of the Company has adopted a Code of Conduct ('Code') for the Board Members and Senior Management of the Company.

The Code is available on the website of the Company and can be accessed at the following link **https://www.orientelectric.com/images/investors/code-of-conduct-for-directors-and-senior-management.pdf**. During the financial year 2018-19, Directors and senior management of the Company have confirmed the compliance of this Code.

The Managing Director & CEO has provided the following declaration on the compliance of Code:

"As per the provisions of Regulation 34 of the Listing Regulations, it is hereby certified that all the Members of the Board and Senior Management have confirmed the compliance with the Code of Conduct during the financial year 2018-19 and there has been no instances of violation of this Code."

Rakesh Khanna
Managing Director & CEO
April 30, 2019

Means of Communication

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with Shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

Financial Results:
The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers of India which include one English daily newspaper (Financial Express) and one regional language newspaper (Odisha Bhaskar) within 48 hours of declaration thereof. The financial results are also submitted to the Stock Exchanges viz. NSE and BSE as well as uploaded on the Company's website, **www.orientelectric.com**.

News Release and presentation:
The press releases and official news, as applicable, are displayed on the Company's website.

Annual Report:
The Company will send Annual Reports, notices, and other communications to the shareholders electronically on their email IDs as registered in the depository system. Physical copies of such communications shall be sent to other shareholders, whose email IDs are not registered in depository system, through the prescribed modes of postage.

Website:
Company has a separate section for Investors on its website, **www.orientelectric.com**, wherein shareholders' related informations are updated periodically and are available in a user-friendly and downloadable form.

Meetings:
Senior Management members occasionally meets up the shareholders upon their request for such interactions to discuss any business updates and/ or any clarifications that may be sought for.

General Shareholders Information

Annual General Meeting for the financial year 2018-19:

Day & Date	Tuesday, July 16, 2019
Venue	Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneshwar-751012 (Odisha)
Time	11:00 AM
Book Closure Dates for Annual General Meeting & Dividend	Saturday, July 13, 2019 to Tuesday, July 16, 2019 (both days inclusive)
Last Date for receipt of Proxy Forms	Sunday, July 14, 2019 on or before 11:00 AM at the Registered Office of the Company

Calendar for the financial year 2019-20

Results for the Quarter ending	Date of Meeting / on or before
June 30, 3019	August 14, 2019
September 30, 3019	November 14, 2019
December 31, 2019	February 14, 2020
March 31, 2020	May 30, 2020
Annual General Meeting	September 30, 2020

Financial Year

April 01 to March 31

Dividend

The Board of Directors at their meeting held on January 28, 2019 declared an Interim Divided of ₹0.50 (50%) per share of face value of ₹1 each. The Board of Directors on April 30, 2019, also declared, subject to the approval of shareholders, Final Dividend of ₹0.50 (50%) per share of face value of ₹1 each. The total Dividend for the financial year 2018-19 works out to ₹1 (100%) per share of ₹1 each.

Unpaid / Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund ("IEPF") Authority.

The IEPF Rules mandate companies to transfer shares of those shareholders whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can claim their dividend / shares from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company through a notice in newspaper, informed to all those shareholders whose shares were due to be transferred to the IEPF Authority.

In terms of the provisions of IEPF rules and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company transferred 5,57,238 shares and correcponding dividend of ₹8,35,357 on above shares to IEPF.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at **https://www.orientelectric.com/investors/investors-contact**.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 16, 2018 (date of last AGM) on the Company's website at **https://www.orientelectric.com/investors/share-holders** and on the website of the Ministry of Corporate Affairs at **www.iepf.gov.in/**.

Listing on Stock Exchange

The Equity shares of the Company are listed on the following Stock Exchanges:

- **National Stock Exchange of India Limited (ORIENTELEC)**
  Exchange Plaza, Bandra-Kurla Complex,
  Bandra (East), Mumbai - 400 051
- **BSE Limited (541301)**
  Floor 25, PhirozeJeejeebhoy Towers,
  Dalal Street, Mumbai - 400 001
- **ISIN**
  INE142Z01019

The Company has paid the Listing Fees for the financial year 2018-19 to the above mentioned Stock Exchanges.

SHAREHOLDING PATTERN

Distribution of Shareholding as on March 31, 2019 is as follows:

Category of Shareholdings From – To	No. of Shareholders	% of Total Shareholders	Total Shares	Amount (₹)	% of Total Amount
1-5000	29,307	96.10	1,48,25,702	1,48,25,702	6.99
5001-10000	534	1.75	38,78,303	38,78,303	1.83
10001-20000	301	0.99	43,40,309	43,40,309	2.05
20001-30000	94	0.31	23,28,585	23,28,585	1.10
30001-40000	40	0.13	13,78,319	13,78,319	0.65
40001-50000	29	0.10	13,47,915	13,47,915	0.64
50001-100000	64	0.20	43,53,668	43,53,668	2.04
100001-and Above	128	0.42	17,97,32,701	17,97,32,701	84.70
Total	**30,497**	**100.00**	**21,21,85,502**	**21,21,85,502**	**100.00**

Category of Shareholding as on March 31, 2019:

S. No.	Category	No. of Shares	Percentage (%)
1	Indian Promoters / Person Acting in Concert	8,17,33,294	38.52
2	Indian Public (Individual / HUF / Director & their Relatives)	3,40,98,446	16.07
3	Foreign Holding (FIIs / FN / NRIs / FPI)	1,62,08,228	7.64
4	Institutions (FIs / Mutual Funds / Banks)	4,04,14,621	19.05
5	Bodies Corporate (Not included in above) Govt./ NBFC / Trust/ Co-operative Societies	3,97,30,913	18.72
	Total	**21,21,85,502**	**100.00**

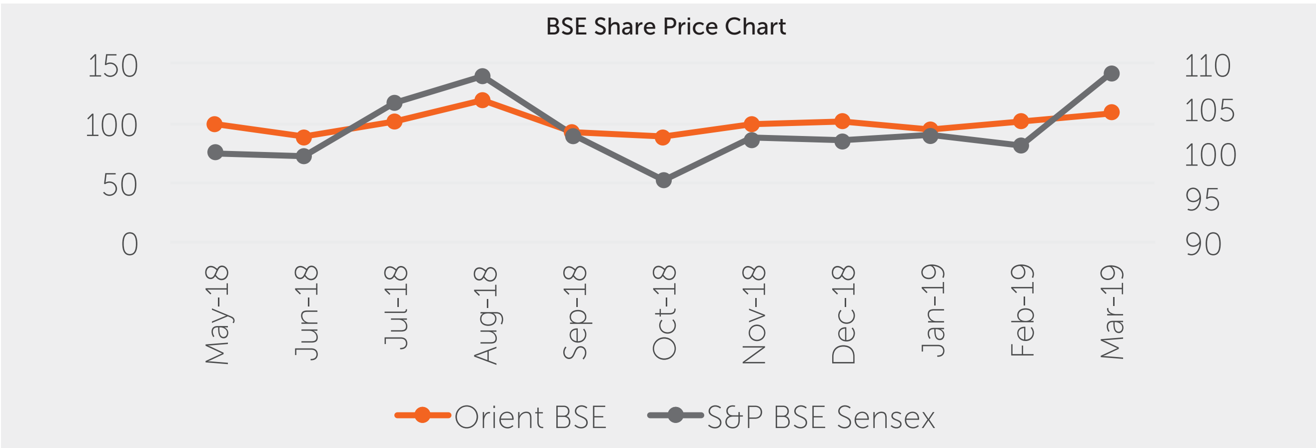
- During the financial year 2018-19 the Company has not issued any ADRs / GDRs.
- During the financial year 2018-19 the Company has not issued any convertible warrants.

Share Price Data

The monthly high and low prices and volumes of shares of the Company at BSE and NSE for the year ended March 31, 2019 are as under:

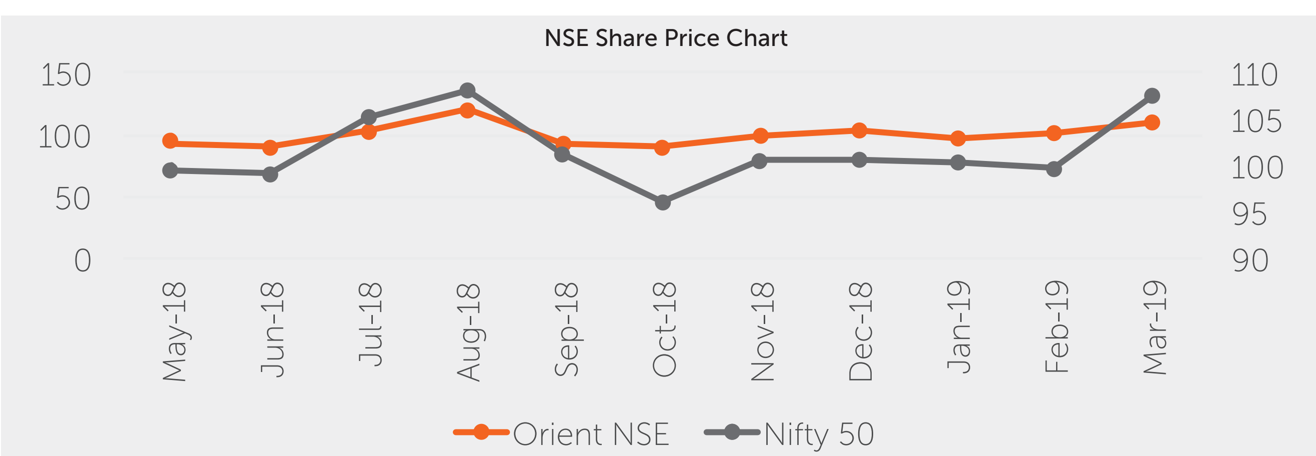
BSE

Month	High	Low	Volume
May 2018	147.00	117.50	34,11,956
June 2018	138.00	111.40	2,43,555
July 2018	154.05	108.00	7,53,949
August 2018	176.50	132.95	17,91,492
September 2018	177.00	127.15	13,38,220
October 2018	146.95	112.60	4,81,941
November 2018	143.75	124.80	6,00,531
December 2018	160.30	127.00	2,78,909
January 2019	153.25	133.30	2,64,402
February 2019	145.35	125.20	3,70,949
March 2019	154.70	134.50	2,81,959



NSE

Month	High	Low	Volume
May 2018	145.00	117.40	66,96,685
June 2018	136.95	111.75	28,86,230
July 2018	153.95	103.25	52,76,230
August 2018	177.00	132.55	75,12,682
September 2018	177.00	125.85	42,84,856
October 2018	147.00	112.40	34,12,144
November 2018	144.00	124.50	19,95,199
December 2018	161.95	131.65	29,68,079
January 2019	154.00	133.15	23,13,101
February 2019	145.55	124.00	17,81,733
March 2019	155.15	134.50	34,88,154



Dematerialization of Shares and Liquidity

The Company have established connectivity with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") through MCS Share Transfer Agent Limited, RTA of the Company. Shares of the Company are compulsorily traded in dematerialised form only on NSE and BSE. As on March 31, 2019, 99.42% of the Company's Equity Shares are in dematerialized form. Details of Demat and Physical shareholding of the Company are as under:

	No. of shares	Percentage (%)
At National Securities Depository Limited	20,07,99,238	94.63
At Central Depository Services (India) Limited	1,01,64,483	4.79
In Physical Form	12,21,781	0.58
Total Paid-up Share Capital	**21,21,85,502**	**100.00**

Share Transfer System

Transfer of Equity Shares in electronic form are done through the depositories with no involvement of the Company. Transfer of shares in physical form are processed by the RTA of the Company, MCS Share Transfer Agent Limited. The share transfers are generally processed within 15 days from the date of receipt of request, provided the documents are complete in all respects.

The Company has complied with the requirements of Regulation 40 read with Schedule VII of the Listing Regulations with respect to all formalities of transfer or transmission of share.

The Company obtains a half- yearly compliance certificate from a Company Secretary in Practice as required under Regulation 40(9) of the Listing Regulations and files a copy of the said Certificate with the Stock Exchanges.

Pursuant to Regulation 7(3) of the Listing Regulations, Compliance Certificate duly signed by the Compliance Officer and the authorized representative of the Company's RTA viz. MCS Share Transfer Agent Limited, confirming that all activities in relation to both physical and electronic share transfer facility are being maintained by the RTA for the half year ended September 30, 2018 and March 31, 2019 have been duly submitted to the Stock Exchanges.

Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited
Registrar and Share Transfer Agent
383, Lake Gardens,
First floor, Kolkata - 700 045

The Board of Directors at their meeting held on January 28, 2019, approved the replacement of the existing RTA of the Company viz. M/s MCS Share Transfer Agent Limited to M/s Karvy Fintech Private Limited ("Karvy"). The Company has filed the necessary applications with NSDL and CDSL. Upon approval for the transfer of ISIN from MCS to Karvy by NSDL and CDSL, the Company will intimate the Stock Exchanges about the date from which appointment of Karvy as the RTA of the Company shall be effective and simultaneously upload the details on its website viz. **www.orientelectric.com**.

Disclosures and Affirmation

- **Commodity Price Risk / Foreign Exchange Risk and Hedging Activities**

  Details of foreign currency exposure are disclosed at Note no. 41 in the notes to the Financial Statements. The Company has not entered into any forward / hedging contract during the financial year 2018-19.

- **Disclosures on material financial and commercial transactions, where Senior Management have personal interest that may have a potential conflict with the interest of the Company**

  No transaction has been entered into during the financial year 2018-19 where Senior Management has personal interest that may have a potential conflict with the interest of the Company at large.

- **Related Party Transactions**

  All transactions of the Company with Related Parties were in the ordinary course of business and on an arm's length basis, in compliance with the provisions of Section 188 of the Act and Regulation 23 of the Listing Regulations. The Company had not entered into any materially significant Related Party Transaction which is considered to have potential conflict with the interest of the Company at large.

Details of Related Party Transactions are provided at Note No. 36 in the notes to the Financial Statements.

The Board of Directors has adopted a policy on Related Party Transactions which has been uploaded on the website of the Company and can be accessed at the following link: **https://www.orientelectric.com/images/investors/related-party-policy.pdf**

- **Vigil Mechanism**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal and unethical behaviour. The Company has a Vigil Mechanism / Whistle Blower Policy, as per the provisions of Section 177 of the Act and Regulation 22 of the Listing Regulations, under which employees are free to report violations of applicable laws, regulations and Code of Conduct. During the year under review, no employee was denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company and can be accessed at the following link: **https://www.orientelectric.com/images/investors/whistle-blower-policy.pdf**

- **Protection against Sexual Harassment of Women**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has taken on board an external independent professional who had worked in this area and have the requisite experience in handling such matters.

During the financial year, no complaint with allegations of sexual harassment was received by the Company and thus none was pending at the end of the financial year under review. To create awareness amongst the women employee, the Company has organized several training / awareness programs in the organisation on a continuous basis.

- **Adoption of Non-Mandatory Requirements of Listing Regulations**

The Board of Directors periodically reviews the compliances of all applicable laws and steps taken by the Company to ascertain / rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements under the Listing Regulations as on March 31, 2019 to the extent mentioned below:

a. **Separate posts of Chairman and Managing Director & CEO:**

As on date, the positions of Chairman and Managing Director & CEO are separate. Mr. Chandra Kant Birla, Non-Executive Chairman of the Company, does not maintain its office at the Company's expense. Mr. Rakesh Khanna has been appointed as the Managing Director & CEO of the Company.

b. **Audit Qualifications:**

The Financial Statement of the Company contains no audit qualifications and adverse comment.

c. **Reporting of Internal Auditor:**

Internal Auditors brief the Audit Committee through presentations about the observations, reviews, comments, recommendations etc.

- **Disclosure of Pending Cases / Instances of Non-Compliance**

During the year, Company has received one notice from both the Stock Exchanges viz. BSE and NSE, alleging non-compliance of Regulation 29 (2) and (3) of the Listing Regulations for not giving prior intimation of declaration of dividend as declared in the Board Meeting held on January 28, 2019, and each imposing fine of ₹10,000.

The Company submitted its response to NSE and BSE clarifying that the Company has not made any default in complying with Regulation 29 of the Listing Regulations and requested for waiver of the fine. In the absence of any revert from NSE and BSE, the Company paid the fine under protest.

- **Code of Conduct for prevention of Insider Trading**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, effective from April 01, 2019, the Company has adopted revised (a) Code of

Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons of the Company and (b) Code of Conduct of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in supersession of the existing codes.

Code of Conduct of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information is available on Company's website and can be accessed at the following link: **https://www.orientelectric.com/images/investors/code-of-conduct-for-fair-disclosure-of-upsi.pdf**

- **Credit Rating**

  During the year under review your Company has not obtained any Credit Rating.

- **Accounting Principles**

  Company follows the applicable guidelines of Indian Accounting Standards (Ind-AS) notified under the Act as laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.

- **Fees payable to Statutory Auditors**

  Total fees paid to the Statutory Auditors and entities in their network firm for all services received by the Company during the financial year 2018-19 is detailed hereunder:

S. No.	Particulars		Amount (INR crores)
1	Payment to M/s. S.R. Batliboi & Co. LLP	For Statutory Audit	0.36
		For Other Services	0.14
2	Payment to network firms / entity	Consultancy / Advisory Charges	0.21
	Total		**0.71**

Practicing Company Secretary Certification

As per the provisions of Schedule V (C) (10)(i) of the Listing Regulations, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or are continuing as Directors of companies debarred by the SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate from a Practicing Company Secretary in this regard is enclosed to this Report.

CEO & CFO Certification

As per the provisions of Regulation 17(8) of the Listing Regulations, Managing Director & CEO and Chief Financial Officer of the Company have certified to the Board on the accuracy of financial reporting and adequacy of internal controls for the financial year ended March 31, 2019. The said certificate is enclosed with this Report.

Locations of Offices and Plants

Plants (Manufacturing Units)

- 6, Ghore Bibi Lane, Kolkata – 700 054, West Bengal
- Plot No. 96, Brahmaputra Industrial Park, Amingaon, North, Guwahati – 781031, Assam
- 11, Industrial Estate, Sector 6, Faridabad – 121006, Haryana
- C-130, Sector 63, Noida 201301, Uttar Pradesh
- D-209, Sector 63, Noida 201301, Uttar Pradesh

Registered Office

Unit–VIII, Plot No.7, Bhoinagar,
Bhubaneswar–751012, Odisha.

Corporate Office

240, Okhla Industrial Estate, Phase – III,
Okhla, New Delhi – 110020

For and on behalf of Board of Directors
For Orient Electric Limited

Place: New Delhi
Date: April 30, 2019

Chandra Kant Birla
Chairman

CEO/ CFO Certification

(As per Regulation 17(8) of the Listing Regulations)

We, Managing Director & CEO and Chief Financial Officer, certify to the Board of Directors of Orient Electric Limited (the "Company") that:

a. We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2019 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. 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 we have evaluated the effectiveness of the 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 and operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

   i. that there are no significant changes in internal control during the year;

   ii. that there are no significant changes in accounting policies during the year which have been disclosed in the notes to the financial statements; and

   iii. that there are no instances of significant fraud of which we became aware or 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.

Managing Director & CEO *Chief Financial Officer*

Place: New Delhi
Date: April 30, 2019

Certificate on Disqualification of Directors

To the Members of Orient Electric Limited

We have examined the compliance of conditions of Corporate Governance by Orient Electric Limited ("the Company") as stipulated vide sub-clause (i) of Clause (10) at Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") for the year ended March 31, 2019.

In our opinion and to the best of our information and according to the explanations given to us and the declarations as received from the Directors of the Company in this regard, we certify that:

"none of the Directors on the Board of Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority"

This certificate has been issued in terms of sub-clause (i) of Clause (10) at Part C of Schedule V to the Listing Regulations.

For A. K. LABH & Co.
Company Secretaries

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No - 3238

Place : Kolkata
Dated: April 30, 2019

Independent Auditor's Report

on compliance with the conditions of Corporate Governance as per the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of Orient Electric Limited
240, Okhla Industrial Estate,
Phase – III, Okhla
New Delhi – 110020

1. The Corporate Governance Report prepared by Orient Electric Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This report is required by the Company for annual submission to the Stock Exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). 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 Institute of Chartered Accountants of India.

6. 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.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;

ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;

iii. Obtained and read the Directors Register as on March 31, 2019 and verified that atleast one women director was on the Board during the year;

iv. Obtained and read the minutes of the following committee meetings held during the period from April 01, 2018 to March 31, 2019:

   a. Board of Directors meeting;

   b. Audit Committee;

   c. Annual General meeting;

   d. Nomination and Remuneration Committee; and

   e. Stakeholders Relationship Committee;

v. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and

vi. Performed necessary inquiries with the management and obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting and the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

Other matters and restriction on use

9. This report 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.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma
Partner
Membership Number: 096776

Place: New Delhi
Date: April 30, 2019

Independent Auditor's Report

To
the Members of
Orient Electric Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
For the year ended March 31, 2019, the Company has recognized revenue from contracts with customers amounting to ₹1,864.40 crores.	Our audit response consisted of the following procedures: - We evaluated the appropriateness of the Company's revenue recognition accounting policies;

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
Revenue from the sale of goods is recognised upon transfer of control of ownership of the goods to the customer, usually on delivery of goods. The Company considers estimated time of delivery of goods and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognized in the incorrect period for sales transactions occurring on and around the year end.	- We obtained an understanding of management's internal controls over the revenue recognition process and placed attention on the timing of revenue recognition; - We performed sales transactions testing based on a representative sampling of the sales orders to ensure that the related revenues and trade receivables are recorded appropriately taking into consideration the terms and conditions of the sale orders, including the shipping terms; - We also tested sales transactions made near the year end by agreeing a sample of sales transactions occurring around the year end to supporting documentation including customer confirmation of receipt of goods to establish that sales and corresponding trade receivables are properly recorded in the correct period; - We performed monthly analytical reviews to identify any unusual sales trends.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Secretarial Audit Report, Management Discussion and Analysis (but does not include the standalone Ind AS financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the Ind AS 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.

Responsibilities of Management for the Ind AS Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

    (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35 to the Ind AS financial statements;

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

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

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma
Partner
Membership Number: 096766

Place: New Delhi
Date: April 30, 2019

Annexure 1 referred to in paragraph 1 of our report of even date under section 'Report on other legal and regulatory requirements'

Orient Electric Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, registration of title deeds is in progress in respect of immovable properties transferred as a result of demerger net block aggregating of ₹14.44 crores.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of electrical goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales tax, goods and service tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	₹in Crore*	Period to which the amount relates	Forum where the dispute is pending
Entry Tax Act	Demand for interest on entry tax	0.89	2013-14 to 2015-16	Commercial Tax Officer
Sales Tax Act	Disallowance of Sales Return, ITC, excess of unregistered purchase tax	0.42	2014-15	Joint commissioner of Commercial Taxes, LTU,Kolkata
Central Excise & Customs Act, 1944	Excess ISD Credit transfer to units	0.37	2013-14	CESTAT

Name of the statute	Nature of the dues	₹in Crore*	Period to which the amount relates	Forum where the dispute is pending
Central Excise & Customs Act, 1944	Disallowance of cenvat credit on inputs	0.22	1994-1995, 1995-96	Commissioner of Central Excise - Kolkata
Sales Tax Act	Additional Demand for Sales Tax	0.15	1996-97 & 2013-14	Deputy Commissioner Appeals - Patna
Sales Tax Act	Delay in depositing C Forms, F Forms	0.14	2012-13 & 2014-15	Commissioner Appeals
Central Excise & Customs Act, 1944	Levy of duty on short return of Cottage Parties	0.12	1975-76,76-77,81-84 to 84-85, 2000-01, 2002-03, 1993-94 to 1996-97	Additional Commissioner/ Commissioner Appeals/CESTAT
Sales Tax Act	Delay in depositing F Forms	0.05	2012-13	Joint commissioner of Commercial Taxes, LTU, Kolkata
Sales Tax Act	Treatment of transfer of Defective stock as sales	0.02	2003-04	Appellate Authority
Sales Tax Act	Additional demand for stock transfer	9.00	2006-07 to 2010-11	Assistant Commissioner-Chennai
Sales Tax Act	Additional demand for sales tax	0.08	2014-15	Deputy Commissioner appeals-Patna
Custom Act	Customs duty for imports of tools & dies	0.93	2012-15	CESTAT- Kolkata

*Net of amount paid under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding dues in respect of government or debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma
Partner
Membership Number: 096766

Place: New Delhi
Date: April 30, 2019

Annexure 2 to the Independent Auditor's Report of even date on the IND AS Financial Statements of Orient Electric Limted

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

We have audited the internal financial controls over financial reporting of Orient Electric 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.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements

A company's internal financial control over financial reporting with reference to these financial statements 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 over financial reporting with reference to these 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 Over Financial Reporting with reference to these financial statements

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

Opinion

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

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma
Partner
Membership Number: 096766

Place: New Delhi
Date: April 30, 2019

orient electric

Balance Sheet as at March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

Particulars		Note No	As at March 31, 2019	As at March 31, 2018
I) ASSETS				
A) NON-CURRENT ASSETS				
a) Property, plant and equipment		3	112.00	99.54
b) Capital work-in-progress		3	4.30	4.66
c) Intangible assets		4	4.57	6.15
d) Financial assets				
(i) Trade receivables		8	12.39	-
(ii) Other financial assets		5	6.85	9.41
e) Deferred tax asset (net)		15	19.65	24.48
f) Other non current assets		6	5.36	4.88
	(A)		**165.12**	**149.12**
B) CURRENT ASSETS				
a) Inventories		7	263.96	209.06
b) Financial assets				
(i) Trade receivables		8	392.35	386.36
(ii) Cash and cash equivalents		9	31.51	30.50
(iii) Bank balances other than (ii) above		10	0.10	-
(iv) Other financial assets		5	0.83	0.32
c) Other current assets		6	34.90	33.02
	(B)		**723.65**	**659.26**
TOTAL ASSETS	(A)+(B)		**888.77**	**808.38**
II) EQUITY AND LIABILITIES				
C) EQUITY				
a) Equity share capital		11	21.22	21.22
b) Other equity		12	285.36	242.03
	(C)		**306.58**	**263.25**
LIABILITIES				
D) NON-CURRENT LIABILITIES				
a) Financial liabilities				
(i) Borrowings		13	25.09	34.36
b) Long term provisions		14	12.94	5.98
	(D)		**38.03**	**40.34**
E) CURRENT LIABILITIES				
a) Financial liabilities				
(i) Borrowings		13	99.94	129.77
(ii) Trade payables		16		
- total outstanding dues of micro, small and medium enterprises			76.99	56.58
- total outstanding dues of creditors other than micro, small and medium enterprises			273.89	219.57
(iii) Other current financial liabilities		17	40.32	55.81
b) Short term provisions		14	26.55	24.62
c) Other current liabilities		18	24.45	16.81
d) Current tax liabilities		19	2.02	1.63
	(E)		**544.16**	**504.79**
F) TOTAL LIABILITIES	(D)+(E)		**582.19**	**545.13**
TOTAL EQUITY AND LIABILITIES	(C)+(F)		**888.77**	**808.38**
Significant accounting policies		2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **S.R. Batliboi & Co. LLP**
Firm registration number: 301003E / E300005
Chartered Accountants

Per Vishal Sharma
Partner
Membership No.: 096766

Place: New Delhi
Date: April 30, 2019

For and on behalf of the Board of Directors

C.K. Birla
Chairman and Director
(DIN 00118473)

Rakesh Khanna
Managing Director and Chief Executive Officer
(DIN 00266132)

Saibal Sengupta
Chief Financial Officer

Hitesh Kumar Jain
Company Secretary

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

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Note No	For the year ended March 31, 2019	For the year ended March 31, 2018
A) INCOME			
Revenue from operations	20	1,864.40	1,625.58
Other income	21	9.53	5.51
Total income (A)		**1,873.93**	**1,631.09**
B) EXPENSES			
Cost of raw materials and components consumed	22	702.27	633.99
Purchase of traded goods		558.98	436.52
Changes in inventory of finished goods, work-in-progress and traded goods	23	(38.07)	(27.09)
Excise duty on sale of goods		-	25.81
Employee benefits expense	24	172.68	142.78
Finance costs	25	22.86	24.47
Depreciation and amortisation expense	26	23.05	19.75
Other expenses	27	327.26	277.03
Total expenses (B)		**1,769.03**	**1,533.26**
C) Profit before tax (A)-(B)		**104.90**	**97.83**
D) Tax Expense	28		
Current Tax		44.11	22.87
Adjustment of tax relating to earlier periods		0.48	-
MAT credit entitlement		-	(9.45)
Deferred tax [charge/(credit)]		(9.00)	20.38
		35.59	**33.80**
E) Profit for the year (C)-(D)		**69.31**	**64.03**
F) Other Comprehensive Income/(Loss)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-Measurement gains/(losses) on defined benefit plans		(0.67)	(1.48)
Income tax effect [(charge)/credit]		0.23	0.51
Other Comprehensive Income, net of tax		**(0.44)**	**(0.97)**
G) Total Comprehensive Income for the year (E)+(F)		**68.87**	**63.06**
Basic & Diluted Earnings per equity share	31	3.27	3.02
(Nominal value of share ₹1 (Previous year: ₹1))			
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **S.R. Batliboi & Co. LLP**
Firm registration number: 301003E / E300005
Chartered Accountants

Per Vishal Sharma
Partner
Membership No.: 096766

Place: New Delhi
Date: April 30, 2019

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Saibal Sengupta
Chief Financial Officer

Hitesh Kumar Jain
Company Secretary

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

a) Equity Share Capital (All amounts in Rupees Crores, unless otherwise stated)

	No. in Crores	Amount
Equity Shares of ₹1 each issued, subscribed and fully paid		
As at March 31, 2019	21.22	21.22
As at March 31, 2018	21.22	21.22

b) Other Equity (All amounts in Rupees Crores, unless otherwise stated)

	Reserves and Surplus				Total
	Capital Reserve	General Reserve	Retained Earnings	Share based payment reserves	
As at March 31, 2017	0.05	179.83	11.86	-	191.74
Profit for the year	-	-	64.03	-	64.03
Transfer to general reserve	-	15.00	(15.00)	-	-
Other comprehensive income	-	-	(0.97)	-	(0.97)
Interim equity dividend (Refer Note 43)	-	-	(10.61)	-	(10.61)
Dividend distribution tax (Refer Note 43)	-	-	(2.16)	-	(2.16)
As at March 31, 2018	**0.05**	**194.83**	**47.15**	**-**	**242.03**
Profit for the year	-	-	69.31	-	69.31
Transfer to general reserve	-	15.00	(15.00)	-	-
Other comprehensive income	-	-	(0.44)	-	(0.44)
Addition to employee stock option	-	-	-	0.04	0.04
Final equity dividend (Refer Note 43)	-	-	(10.61)	-	(10.61)
Interim equity dividend (Refer Note 43)	-	-	(10.61)	-	(10.61)
Dividend distribution tax (Refer Note 43)	-	-	(4.36)	-	(4.36)
As at March 31, 2019	**0.05**	**209.83**	**75.44**	**0.04**	**285.36**

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **S.R. Batliboi & Co. LLP**
Firm registration number: 301003E / E300005
Chartered Accountants

Per Vishal Sharma
Partner
Membership No.: 096766

Place: New Delhi
Date: April 30, 2019

For and on behalf of the Board of Directors

C.K. Birla
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Chief Financial Officer

Hitesh Kumar Jain
Company Secretary

Cash Flow Statement for the year ended March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) OPERATING ACTIVITIES :		
Profit before tax	104.90	97.83
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation and amortisation expense	23.05	19.75
Finance costs	22.86	24.47
Loss on sale of property, plant & equipment (net)	1.92	2.59
Bad debts / advances written off (net of reversals)	1.35	1.16
Provision for warranty claims (net)	32.83	24.72
Provision for doubtful debts & advances	11.02	0.30
Unspent liabilities and unclaimed balances written back	(5.30)	(1.37)
Employee stock option expenses	0.04	-
Fair valuation impact of security deposit (net)	0.11	-
Interest income	(2.97)	(3.37)
Unrealised exchange (gain)/loss	(0.07)	-
Working capital adjustments :		
Increase/(Decrease) in trade payables	80.31	92.57
Increase/(Decrease) in financial liabilities	(3.59)	(24.66)
Increase/(Decrease) in non financial liabilities	7.64	(21.27)
Increase/(Decrease) in provisions	(24.61)	(18.10)
(Increase)/Decrease in inventories	(54.90)	(32.54)
(Increase)/Decrease in trade receivables	(30.96)	(34.11)
(Increase)/Decrease in financial assets	2.31	(1.02)
(Increase)/Decrease in non financial assets	(3.84)	(9.80)
Cash generated from operations	**162.10**	**117.15**
Income tax paid	(30.14)	(25.85)
Net cash flow from operating activities	**131.96**	**91.30**
(B) INVESTING ACTIVITIES :		
Purchase of property, plant and equipment and intangibles (including work in progress and capital advances)	(34.83)	(25.75)
Proceeds from sale of property, plant and equipment	0.38	0.37
Proceeds/(Payments) for/to term deposits with banks	0.30	(0.31)
Proceeds from maturity of deposits with banks	-	0.05
Interest received	2.97	3.37
NET CASH FLOWS FROM/ (USED) IN INVESTING ACTIVITIES	**(31.18)**	**(22.27)**

Cash Flow Statement for the year ended March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(C) FINANCING ACTIVITIES :		
Repayment of long term borrowings	(21.46)	(19.21)
Repayment of short term borrowings (net)	(29.83)	(5.38)
Finance cost paid	(22.90)	(24.50)
Dividends paid (including dividend distribution tax)	(25.58)	(12.77)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**(99.77)**	**(61.86)**
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	**1.01**	**7.17**
Cash & Cash Equivalents at the beginning of the year	30.50	23.33
Cash & Cash Equivalents at the end of the year (Refer note 9)	**31.51**	**30.50**

Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **S.R. Batliboi & Co. LLP**
Firm registration number: 301003E / E300005
Chartered Accountants

Per Vishal Sharma
Partner
Membership No.: 096766

Place: New Delhi
Date: April 30, 2019

For and on behalf of the Board of Directors

C.K. Birla
Chairman and Director
(DIN 00118473)

Rakesh Khanna
Managing Director and Chief Executive Officer
(DIN 00266132)

Saibal Sengupta
Chief Financial Officer

Hitesh Kumar Jain
Company Secretary

Notes to the financial statements for the year ended March 31, 2019

1. Corporate information

The Company was incorporated on October 10, 2016 and was a subsidiary of Orient Paper & Industries Ltd. (OPIL). A scheme of arrangement had been filed with the National Company Law Tribunal to demerge the consumer electric business of the holding Company (OPIL) by transferring the same on a going concern basis to the Company w.e.f March 1, 2017, which has subsequently been approved by the National Company Law Tribunal vide its order as stated in Note No. 29 below.

Pursuant to Scheme of Arrangement shares held by the demerged Company stand cancelled and post demerger, the Company is no more a subsidiary of OPIL.

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Unit VIII, Plot 7, Bhoinagar, Bhubneswar, Odisha.

The Company is primarily engaged in manufacture/purchase and sale of Electrical Consumer Durables, Lighting & Switchgear products. The Company presently has manufacturing facilities at Faridabad, Noida, Kolkata and Guwahati.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on April 30, 2019.

2. Significant accounting policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

i) Certain financial assets and liabilities that is measured at fair value

ii) Defined benefit plans-plan assets measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest crore (INR 0,000,000) upto two decimal places, except when otherwise indicated.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non- current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. **Property, plant and equipment**

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Similarly, when significant parts of plant and equipment are required to be replaced at intervals or when a major inspection/ overhauling is required to be performed, such cost of replacement or inspection is capitalised (if the recognition criteria is satisfied) in the carrying amount of plant and equipment as a replacement cost or cost of major inspection/ overhauling, as the case may be and depreciated separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognised in the statement of profit and loss.

Depreciation on property, plant and equipment is provided on pro-rata basis with reference to the date of addition/ disposal on straight-line method using the useful lives of the assets estimated by management based on technical evaluation; these rates are in certain cases differ from the lives prescribed under Schedule II of the Act. The Company has used the following rates to provide depreciation:

Class of Asset	Useful Lives estimated by the management (years)
Factory Buildings	30
Non-Factory Buildings	5 to 60
Plant and equipment	3 to 25
Furniture & Fixtures	8 to 10
Computers (included in office equipment)	3
Office Equipment	5
Vehicles	10

Leasehold improvements are depreciated over the lease period.

Notes to the financial statements for the year ended March 31, 2019

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

Intangible assets being specialised Software and Technical Knowhow are amortised on a straight line basis over their useful life (estimated by the management) of 3 years and 10 years respectively.

e. Leases

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

A lease is classified at the inception date as a finance lease or an operating lease.

Where the Company is lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to operating leases are included in Property, plant & equipment. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the

Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

f. **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the borrowings and exchange differences to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year they occur.

g. **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. **Government grants**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured

Notes to the financial statements for the year ended March 31, 2019

at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

i. Inventories

- Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares is determined on moving weighted average method.
- Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods is determined on weighted average basis.
- Traded goods are valued at lower of cost and net realizable value. Cost of purchase and other costs in bringing the inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.
- Saleable scrap, whose cost is not identifiable, is valued at net realisable value.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, Sales points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates. The volume rebates give rise to variable consideration.

- Volume rebates

  The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

- Significant financing component

  The Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that goods will be one year or less.

- Warranty obligations

  The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions.

- Sales points programme

  The Company has a sales point programme, which allows customers to accumulate points that can be redeemed for free products. The sales points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the sales points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

  When estimating the stand-alone selling price of the sales points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets – 'financial instruments – initial recognition and subsequent measurement'.

Contract liabilities

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

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

k. Other revenue streams

- Interest Income

  For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and

Notes to the financial statements for the year ended March 31, 2019

similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

- **Export Benefits**

  Export benefits arising from Duty Drawback scheme, Merchandise Export Incentive Scheme, Focus Market Scheme are recognised on shipment of direct exports. Revenue from exports benefits measured at the fair value of consideration received or receivable.

l. Foreign currency transactions and balances

The financial statements are presented in INR, which is the Company's functional currency.

Foreign currency transactions are initially recorded at functional currency's spot rates at the date the transaction first qualifies for recognition.

Foreign currency monetary items are translated using the functional currency spot rates prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

m. Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other long-term employee benefit obligations

- **Gratuity**

  Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year. The Company's gratuity fund scheme is managed by trust maintained with Insurance companies to cover the gratuity liability of the employees and premium paid to such insurance companies is charged to the statement of profit and loss.

  Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

  Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

  - Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
  - Net interest expense or income

- **Provident fund and Superannuation fund**

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

- Compensated Absences

  Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

  The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

n. Share based payments

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

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as employee benefits expense in the statement of profit and loss together with a corresponding increase in other equity as 'Share based payments reserve' in lines with requirement as per Ind AS 102 (Share based payments), over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

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

Notes to the financial statements for the year ended March 31, 2019

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

o. Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilised during the specified period, i.e., the period for which such credit is allowed to be utilised.

p. Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q. Earnings Per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Provisions and contingent liabilities

- General Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

- Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on technical estimates by the management based on past trends. The estimate of such warranty-related costs is revised annually.

- Contingent liabilities

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

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

s. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in 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.

t. Financial instruments

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

i. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

Notes to the financial statements for the year ended March 31, 2019

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at fair value through profit and loss (FVTPL)

- Debt instruments at fair value through other comprehensive income (FVTOCI)

- Debt instruments at amortized cost

- Equity instruments

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

- **Business Model Test:** The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

- **Cash flow characteristics test:** The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognised in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity Investment

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

- the Company has transferred the rights to receive cash flows from the financial assets or

- the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

Notes to the financial statements for the year ended March 31, 2019

- Financial assets that are debt instruments and are measured as at FVTOCI.

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;

- All lease receivables resulting from the transactions within the scope of IND AS 17.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ii. Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payables, trade deposits, retention money, and liabilities towards services, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortized cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

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

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Offsetting of financial instruments:

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

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's

Notes to the financial statements for the year ended March 31, 2019

senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges (if any), which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

u. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

v. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.1 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Notes to the financial statements for the year ended March 31, 2019

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The Company adopted Ind AS 115 using the modified retrospective method of adoption w.e.f April 01, 2018. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 01, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statement.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments do not have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

2.2 Significant accounting judgements, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, there are no significant judgements established by the management.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determining whether the loyalty points provide material rights to customers

The Company's operates a sales point programme, which allows customers to accumulate points when they purchase products. The points can be redeemed for free products, subject to a minimum number of points obtained. The Company assessed whether the sales points provide a material right to the customer that needs to be accounted for as a separate performance obligation.

The Company determined that the sales points provide a material right that the customer would not receive without entering into the contract. The free products the customer would receive by exercising the sales points do not reflect the stand-alone selling price that a customer without an existing relationship with the Company would pay for those products. The customers' right also accumulates as they purchase additional products.

Estimates and assumptions

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

- **Useful life of property, plant and equipment**

  The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

- **Defined benefit plans**

  The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 32.

- **Provisions and Contingencies**

  The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS. A provision is recognized 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. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements.

Notes to the financial statements for the year ended March 31, 2019

Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

- **Taxes**

  Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Notes to the financial statements for the year ended March 31, 2019

3. Property, plant and equipment

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Freehold Land	Factory Building (b)	Non Factory Building (a) & (b)	Plant & Machinery	Office Equipments	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
Cost									
As at April 01, 2017	0.10	22.99	0.65	144.48	9.70	1.43	11.06	190.41	0.46
Additions	-	0.30	-	16.10	2.61	-	0.44	19.45	6.84
Disposals	-	(0.02)	-	(12.13)	(0.41)	(0.12)	(0.56)	(13.24)	-
Adjustments	-	-	-	-	-	-	-	-	(2.64)
As at March 31, 2018	**0.10**	**23.27**	**0.65**	**148.45**	**11.90**	**1.31**	**10.94**	**196.62**	**4.66**
Depreciation									
As at April 01, 2017	-	6.00	0.27	69.78	6.43	0.87	6.00	89.35	
Charge during the year	-	1.05	0.01	14.23	1.59	0.13	0.98	17.99	
Disposals	-	(0.00)	-	(9.51)	(0.39)	(0.06)	(0.30)	(10.26)	
As at March 31, 2018	**-**	**7.05**	**0.28**	**74.50**	**7.63**	**0.94**	**6.68**	**97.08**	**-**
Net book value	**0.10**	**16.22**	**0.37**	**73.95**	**4.27**	**0.37**	**4.26**	**99.54**	**4.66**
Cost									
As at April 01, 2018	0.10	23.27	0.65	148.45	11.90	1.31	10.94	196.62	4.66
Additions	-	0.42	3.04	20.96	3.19	-	8.61	36.22	4.19
Disposals	-	(0.67)	-	(5.77)	(0.77)	-	(1.70)	(8.91)	-
Adjustments	-	-	-	-	(0.12)	-	-	(0.12)	(4.55)
As at March 31, 2019	**0.10**	**23.02**	**3.69**	**163.64**	**14.20**	**1.31**	**17.85**	**223.81**	**4.30**
Depreciation									
As at April 01, 2018	-	7.05	0.28	74.50	7.63	0.94	6.68	97.08	-
Charge during the year	-	0.99	0.33	16.12	2.18	0.10	1.63	21.35	
Disposals	-	(0.46)	-	(4.16)	(0.72)	-	(1.27)	(6.61)	
Other adjustment	-	-	-	-	(0.01)	-	-	(0.01)	
As at March 31, 2019	**-**	**7.58**	**0.61**	**86.46**	**9.08**	**1.04**	**7.04**	**111.81**	**-**
Net book value	**0.10**	**15.44**	**3.08**	**77.18**	**5.12**	**0.27**	**10.81**	**112.00**	**4.30**

a. Cost includes gross block of ₹0.47 crores (March 31, 2018: ₹0.40 crores) (Accumulated depreciation ₹0.08 crores (March 31, 2018: ₹0.08 crores), Net block ₹0.39 crores (March 31, 2018: ₹0.32 crores)) in respect of flat whose registration in the Company's name is pending. The possession of flat was handed over to Company in the year 2006 pursuant to Delhi High Court order dated 20th July 2006 which was challenged by the builder and currently under litigation for transfer of title in the name of Company. The matter is currently sub judice.

b. Factory buildings include gross block of ₹3.15 crores (March 31, 2018: ₹3.10 crores) (Accumulated depreciation ₹1.64 crores (March 31, 2018: ₹1.25 crores), Net block ₹1.51 crores (March 31, 2018: ₹1.85 crores)) in respect of leasehold improvements and non factory building includes gross block of ₹2.97 crores (March 31, 2018: Nil) (Accumulated depreciation ₹0.30 crores (March 31, 2018: Nil), Net block ₹2.67 crores (March 31, 2018: Nil)) in respect of leasehold improvements.

c. For charge created on Property, plant and equipment of the Company towards borrowings, refer Note 13(5).

d. The Company is in the process of getting the above properties registered / transferred in its name pursuant to the Scheme of Arrangement (Refer Note 29).

Notes to the financial statements for the year ended March 31, 2019

4. Intangible assets

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Software	Technical know how	Total
Cost			
As at April 01, 2017	7.39	7.51	14.90
Additions	-	-	-
As at March 31, 2018	**7.39**	**7.51**	**14.90**
Amortisation			
As at April 01, 2017	5.41	1.58	6.99
Charge during the year	1.00	0.76	1.76
As at March 31, 2018	**6.41**	**2.34**	**8.75**
Net book value	**0.98**	**5.17**	**6.15**
Cost			
As at April 01, 2018	7.39	7.51	14.90
Additions	0.01	-	0.01
Disposals	-	-	-
Other adjustment	0.12	-	0.12
As at March 31, 2019	**7.52**	**7.51**	**15.03**
Amortisation			
As at April 01, 2018	6.41	2.34	8.75
Charge during the year	0.95	0.75	1.70
Disposals	-	-	-
Other adjustment	0.01	-	0.01
As at March 31, 2019	**7.37**	**3.09**	**10.46**
Net book value	**0.15**	**4.42**	**4.57**

5. Other financial assets

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good, except otherwise stated		
Non-current		
Security deposits at amortised cost	6.85	9.41
	6.85	**9.41**
Current		
Deposit with original maturity for more than 12 months	-	0.30
Interest accrued on loans and deposits	0.02	0.02
Insurance claim receivables	0.81	-
	0.83	**0.32**
Total other financial assets	**7.68**	**9.73**

Notes to the financial statements for the year ended March 31, 2019

6. Other assets

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured, considered good, except otherwise stated		
Capital advances	3.24	4.35
Advances recoverable		
Considered doubtful	-	0.26
Less : Provision for doubtful advances	-	0.26
	-	-
Deposits against demand under dispute	1.31	0.53
Prepaid expenses	0.81	0.00
(A)	**5.36**	**4.88**
Current		
Unsecured, considered good, except where otherwise stated		
Advances recoverable	8.44	9.53
Prepaid expenses	1.25	0.69
Balances with government authorities	23.11	21.22
Export benefit receivables	1.49	1.58
Balance in gratuity fund (net) (Refer note 32)	0.61	-
(B)	**34.90**	**33.02**
Total other assets (A+B)	**40.26**	**37.90**

7. Inventories

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Valued at lower of cost and net realisable value		
Raw materials & components	77.13	61.75
Work-in-progress	4.82	3.88
Finished goods	104.10	82.40
Traded goods	71.70	56.46
Stores and spares	5.85	4.40
At net realisable value		
Scrap	0.36	0.17
	263.96	**209.06**
The above inventory includes stock in transit:		
Raw materials	1.75	1.31
Traded goods	-	0.16
Finished goods	0.70	0.94
	2.45	**2.41**

a) During the year ended March 31, 2019, ₹0.49 crores (March 31, 2018: ₹1.02 crores) was recognised as an expense for inventories carried at net realisable value.

Notes to the financial statements for the year ended March 31, 2019

8. Trade receivables

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non Current		
Unsecured, considered good	12.39	-
	12.39	**-**
Current		
Secured, considered good	21.69	25.95
Unsecured, considered good	370.66	360.41
Doubtful	20.08	9.13
	412.43	**395.49**
Less : Provision for doubtful debts	20.08	9.13
	392.35	**386.36**

a) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

b) Trade receivables are generally non-interest bearing and normally settled on 45 to 90 days term.

c) Trade Receivables include due from related parties ₹0.11 crores (March 31, 2018 : ₹0.17 crores) (Refer note 36)

9. Cash and cash equivalents

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
- On current accounts	19.90	30.47
Cash on hand	0.01	0.02
Deposits with original maturity for less than 3 months	11.60	0.01
	31.51	**30.50**

Note: There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

Changes in liabilities arising from financing activities

Particulars	Long Term Borrowings	Short Term Borrowings	Total liabilities from financing activities
Balance as at March 31, 2018	56.16	129.77	185.93
Cash Flow	(21.46)	(29.83)	(51.29)
Non Cash			
Fair value adjustments	0.30	-	0.30
Balance as at March 31, 2019	**35.00**	**99.94**	**134.94**

Notes to the financial statements for the year ended March 31, 2019

10. Other bank balances

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Unclaimed dividend *	0.10	-
	0.10	**-**

* Company can utilise the balance only towards settlement of unclaimed dividend.

11. Equity Share Capital

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019		As at March 31, 2018	
	No. in Crores	Amount	No. in Crores	Amount
Authorized share capital	25.00	25.00	25.00	25.00
Issued, subscribed and fully paid-up	21.22	21.22	21.22	21.22
21,21,85,502 equity shares of ₹1/- each (March 31, 2018: 21,21,85,502 equity shares of ₹1/- each)				
	21.22	**21.22**	**21.22**	**21.22**

a) Rights, preferences and restrictions attached to shares

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

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	No. in Crores	% holding in the class	No. in Crores	% holding in the class
Equity shares of ₹1 each fully paid				
Central India Industries Limited	5.26	24.77%	5.26	24.77%
Reliance Capital Trustee Co. Ltd.	1.73	8.17%	1.86	8.79%
Shekhavati Investments and Traders Limited	1.28	6.01%	1.28	6.01%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(c) Aggregate number of shares bought back, or issued as fully paid up pursuant to contract without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the date of Balance sheet:

(No. in Crores)

	As at March 31, 2019	As at March 31, 2018
Equity shares issued pursuant to the Scheme of Arrangement (Refer Note 29)	-	21.22
	-	**21.22**

Notes to the financial statements for the year ended March 31, 2019

12. Other Equity

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Capital Reserve (arisen pursuant to scheme of arrangement refer note 29 c)	0.05	0.05
General reserve		
Opening balance*	194.83	179.83
Additions during the year	15.00	15.00
Closing balance	**209.83**	**194.83**
Share based payment reserves (Refer note 38)		
Opening balance	-	-
Additions during the year	0.04	-
Closing balance	**0.04**	**-**
Retained Earnings		
Opening Balance	47.15	11.86
Add: Profit for the year	69.31	64.03
Less: Transferred to General Reserve	15.00	15.00
Less : Interim Equity Dividend for the year ended March 31,2019 (Amount per share ₹0.50 (March 31, 2018: ₹0.50 per share)) (Refer note 43)	10.61	10.61
Less : Final Equity Dividend (Amount per share ₹0.50 for the year ended March 31, 2018 (March 31, 2017: ₹Nil)) (Refer note 43)	10.61	-
Less : Tax on equity dividend	4.36	2.16
Add: Other comprehensive income for the year, net of tax	(0.44)	(0.97)
Closing Balance	**75.44**	**47.15**
Total	**285.36**	**242.03**

* Opening balance for the year ended March 31, 2018 represent amount arisen pursuant to scheme of arrangement (refer note 29).

Notes to the financial statements for the year ended March 31, 2019

13. Borrowings

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non-current borrowings		
Term loans (Secured)		
From banks	21.27	25.44
From others	3.82	8.92
	25.09	**34.36**
Current maturity of long term borrowings		
From banks	4.82	11.63
From others	5.09	10.17
	9.91	**21.80**
Total non-current borrowings *	**35.00**	**56.16**
Less : Amount disclosed under the head "other current financial liabilities"	9.91	21.80
Net non-current borrowings - (A)	**25.09**	**34.36**
Current borrowings		
Loan repayable on demand		
Cash credit from banks (Secured)	59.94	118.24
Other Loans from bank (unsecured)		
Working Capital Demand Loan	40.00	10.00
Buyers Credit	-	1.53
Total current borrowings - (B)	**99.94**	**129.77**
Total borrowings (A+B)	**125.03**	**164.13**

*Net of unamortised borrowing cost of ₹0.33 crores (March 31, 2018: ₹0.63 Crores)

Note:

1. Term loans from banks are secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the plants of the Company at Kolkata and Faridabad locations. Term loan amounting to ₹2.29 crores, carries interest @ 9.90% p.a (March 31, 2018: 9.10% p.a.) and is repayable in single instalment due in the month of May' 2019. Another term loan amounting to ₹23.98 crores carries interest @ 10.10% p.a. (March 31, 2018: @ 9.90% p.a.), this loan is repayable in 7 equal instalments ending on February 07, 2023.

2. Term loan from others are secured by pari-passu first charge on the fixed assets (both present and future) pertaining to the plants of the Company at Kolkata and Faridabad locations. Term loan of ₹9.07 crores carries interest @11.00 % p.a. (March 31, 2018: @10.50% p.a) and is repayable in 7 equal instalments ending on December 21, 2020.

3. Cash credit and working capital demand loans from banks are secured against hypothecation of stock in trade, stock in progress, raw materials, stores and consumables, book debts and other current assets of the Company and second charge on moveable fixed assets pertaining to the plants of the Company at Kolkata and Faridabad locations. Cash credit and working capital demand loans are repayable on demand. The above loans carry interest @ 8.65% p.a. to 10.15% p.a. (March 31, 2018: @ 7.50% p.a. to 10.35% p.a.).

4. Buyers credit from a bank carries interest @ LIBOR plus spread of 0.50% (March 31, 2018: 0.50 % p.a) and was repayable in 120 days.

5. Completion of mutation on title of above mentioned properties is pending in the name of Orient Electric Limited, therefore, creation of charge is in abeyance on Term Loan in favour of Lenders (Refer note 29 for scheme of demerger).

Notes to the financial statements for the year ended March 31, 2019

14. Provisions

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for gratuity (Refer note 32)	-	0.61
Provision for warranties	12.94	5.37
	12.94	**5.98**
Current		
Provision for leave benefits	6.35	5.25
Provision for warranties	20.20	19.37
	26.55	**24.62**

Provision for warranties

A provision is recognised for expected warranty claims on product sold under warranty as per the technical estimates made by the management based on historical trends. It is expected that most of this cost will be incurred over the warranty terms. The table below gives information about movement in warranty provisions.

	As at March 31, 2019	As at March 31, 2018
Opening balance	24.74	17.06
Arisen during the year (net)	32.83	14.81
Utilized during the year	24.43	7.13
Closing balance	**33.14**	**24.74**

15. Deferred Tax Asset/(Liability)

(All amounts in Rupees Crores, unless otherwise stated)

The tax of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	As at March 31, 2019	As at March 31, 2018
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4.06	5.60
Gross deferred tax liability	**4.06**	**5.60**
Deferred tax asset		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis in future years	5.11	4.21
Provision for doubtful debts and advances	7.02	3.25
Provision for warranties	11.58	8.56
MAT credit entitlement	-	14.06
Gross deferred tax asset	**23.71**	**30.08**
Net deferred tax asset	**19.65**	**24.48**

Reconciliation of deferred tax asset/(liability)

	As at March 31, 2019	As at March 31, 2018
Opening balance	24.48	34.90
Deferred tax (charged)/credited during the year		
- to the statement of profit and loss	9.00	(20.38)
- to other comprehensive income	0.23	0.51
	33.71	**15.03**
MAT credit utilisation/(entitlement)	(14.06)	9.45
Closing balance	**19.65**	**24.48**

Notes to the financial statements for the year ended March 31, 2019

16. Trade payables

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Trade payables		
total outstanding dues of micro, small and medium enterprises (refer note 40 for details of dues to micro, small and medium enterprises)	76.99	56.58
total outstanding dues of creditors other than micro, small and medium enterprises	273.89	219.57
	350.88	**276.15**

a) Trade payables are non-interest bearing and normally settled on 0 to 45 day terms.

b) Trade Payables include due to related parties ₹2.13 crores (March 31, 2018 : ₹1.27 crores) (Refer note 36)

c) Trade payables includes acceptances of ₹83.76 Crores (March 31, 2018: Nil)

17. Other financial liabilities (at amortised cost)

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Current		
Payables against purchase of property, plant and equipment	1.49	1.57
Payable to demerged company (Refer note 29)	-	4.56
Current maturities of long term borrowings (Refer note 13)	9.91	21.80
Interest accrued but not due on borrowings	0.03	0.07
Trade and other deposits received	28.79	27.81
Unpaid dividend *	0.10	-
	40.32	**55.81**

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

18. Other current liabilities

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Advances from customers	8.78	4.75
Statutory dues payable	15.67	12.06
	24.45	**16.81**

19. Current Tax Liabilities

(All amounts in Rupees Crores, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Provision for income tax net of advance tax and tax deducted at source	2.02	1.63
	2.02	**1.63**

Notes to the financial statements for the year ended March 31, 2019

20. Revenue from operations

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (refer notes below)		
Finished goods	1,140.27	1,056.81
Traded goods	754.99	573.91
	1,895.26	**1,630.72**
Less: Cash discount, rebates, incentives etc.	62.53	34.60
	1,832.73	**1,596.12**
Other operating revenue		
Scrap sales	28.57	24.79
Export incentive	3.10	4.67
Revenue from operations (gross)	**1,864.40**	**1,625.58**

Notes:

1. Refer note 39 for disclosure of revenue from contract with customers under Ind AS 115.

2. Post applicability of Goods and Service Tax (GST) w.e.f. July 1, 2017, revenue from operations is disclosed net of GST. However, revenue for the financial year ended March 31, 2018 is inclusive of excise duty for three months i.e. April 01, 2017 to June 30, 2017.

21. Other income

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income from financial assets at amortised cost from:		
Bank deposits	0.40	0.46
Unwinding of interest on security deposits	0.56	-
Customers and others	2.57	2.91
Insurance and other claims	0.13	0.20
Unspent liabilities and unclaimed balances written back	5.30	1.37
Exchange fluctuation (net)	0.16	-
Miscellaneous income	0.41	0.57
	9.53	**5.51**

22. Cost of raw materials and components consumed

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the year	61.75	45.94
Add: Purchases and job work charges	722.74	654.48
	784.49	**700.42**
Less: Sales	5.09	4.68
Less: Inventory at the end of the year	77.13	61.75
Cost of raw material and components consumed	**702.27**	**633.99**

Notes to the financial statements for the year ended March 31, 2019

23. Changes in inventory of finished goods, work in progress and traded goods

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the year		
Work-in-progress	4.82	3.88
Finished goods	104.10	82.40
Traded goods	71.70	56.46
Scrap	0.36	0.17
	180.98	**142.91**
Inventories at the beginning of the year		
Work-in-progress	3.88	4.93
Finished goods	82.40	85.40
Traded goods	56.46	37.41
Scrap	0.17	0.21
	142.91	**127.95**
	(38.07)	**(14.96)**
(Increase)/decrease of excise duty on inventory	-	(12.13)
(Increase)/ decrease in stocks	**(38.07)**	**(27.09)**

24. Employee benefits expense

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salary, wages and bonus	157.86	129.02
Employee stock option expenses (Refer note 38)	0.04	-
Contribution to provident and other funds	5.67	4.73
Gratuity expenses (Refer note 32)	1.48	1.54
Staff welfare expenses	7.63	7.49
	172.68	**142.78**

25. Finance costs

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on borrowings and others	18.25	23.07
Other finance charges	4.61	1.40
	22.86	**24.47**

26. Depreciation and amortization expense

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant & equipment (Refer note 3)	21.35	17.99
Amortization of intangible assets (Refer note 4)	1.70	1.76
	23.05	**19.75**

Notes to the financial statements for the year ended March 31, 2019

27. Other expenses

(All amounts in Rupees Crores, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spares	9.06	7.86
Power and fuel	11.52	10.35
Packing and freight & forwarding charges	91.97	81.19
Rent and hire charges	19.25	17.81
Rates and taxes	0.37	0.76
Insurance	0.67	0.66
Repairs and maintenance		
Plant and machinery	2.76	1.87
Buildings	1.02	1.35
Others	0.56	0.48
Advertising and sales promotion	73.84	70.85
Commission on sales	4.81	4.40
Payment to auditors		
Audit fee (including limited review)	0.37	0.25
Tax audit fee	0.08	0.03
Other services	0.07	0.09
Reimbursement of expenses	0.07	0.02
Warranty and claims (net)	32.83	24.72
Travelling and conveyance	15.59	13.15
Professional and consultancy charges	11.96	8.37
Bad debts / advances written off (net of reversals)	1.35	1.16
Exchange fluctuation (net)	-	0.16
Director's sitting fees	0.56	0.20
Director's commission	0.85	0.25
Provision for doubtful debts	11.02	0.30
Loss on sale of property, plant & equipment (net)	1.92	2.59
Miscellaneous expenses	34.76	28.16
	327.26	**277.03**

28. Income tax

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Income tax expense in the Statement of Profit and Loss comprises:		
Current tax	44.11	22.87
Adjustment of tax relating to earlier periods	0.48	-
MAT Credit	-	(9.45)
Deferred tax charge/(credit)	(9.00)	20.38
Income tax expense reported in the Statement of Profit and Loss	**35.59**	**33.80**
b) Other comprehensive income		
Re-Measurement gains/(losses) on defined benefit plans	0.23	0.51
Income tax related to items recognised in OCI during the year:	**0.23**	**0.51**

Entire deferred income tax for the year ended March 31, 2019 relates to origination and reversal of temporary differences.

Notes to the financial statements for the year ended March 31, 2019

28. Income tax (Contd.)

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before income tax	104.90	97.83
Enacted income-tax rate in India	34.94%	34.61%
Computed expected tax expense	36.66	33.86
Interest on income tax	-	0.43
Others	(1.07)	(0.49)
Income tax expense at effective tax rate	**35.59**	**33.80**

29. Scheme of Arrangement

a) During the previous year, pursuant to the Scheme of Arrangement (""the scheme"") approved by the National Company Law Tribunal, all the assets and liabilities of the Consumer Electric Business of Orient Paper & Industries Limited (""Demerged Company"") had been transferred to and vested in the Company at their respective book values on a going concern basis from March 01, 2017 being the appointed date.

As per the scheme, appointed date as approved by National Company Law Tribunal was March 01,2017 and effective date was December 08, 2017 being the date on which certified copy of the order sanctioning the said scheme was filed with Registrar of Companies, Odisha in accordance with Companies Act, 1956 & applicable provisions of the Companies Act, 2013. The scheme was operative from the appointed date i.e. March 01, 2017.

b) The details of assets and liabilities transferred from Demerged Company was as under:

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Amount
ASSETS	
Non- Current Assets	
Tangible assets (net of accumulated Depreciation)	96.43
Intangible assets (net of accumulated Depreciation)	7.98
Deferred tax assets (net)	28.47
Other financial assets	7.79
Other non current assets	3.69
	144.36
Current assets	
Inventories	207.13
Trade receivables	311.50
Cash and cash equivalents	10.23
Other financial assets	0.02
Other current assets	17.64
	546.52
Total Assets (A)	**690.88**

Notes to the financial statements for the year ended March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Amount
LIABILITIES	
Non-current liabilities	
Long-term borrowings	59.38
Long-term provisions	5.18
	64.56
Current liabilities	
Short-term borrowings	169.71
Trade payables	
- total outstanding dues of micro, small and medium enterprises	31.44
- total outstanding dues of creditors other than micro, small and medium enterprises	135.04
Other current financial liabilities	47.43
Other current liabilities	33.25
Short-term provisions	18.62
	435.49
Total Liabilities (B) **	**500.05**
Net Assets transferred from Demerged Company	**190.83**
Less: Shares to be issued to shareholder of demerged company	21.22
Net Amount transferred to General Reserve	**169.61**
Add: Deferred tax assets on 43B items to be claimed by the Company as decided by the management of the Company and the Demerged Company *	10.22
Total Reserves arising pursuant to Demerger	**179.83**
Contingent liability	**Amount**
a) Outstanding bank guarantees	41.46
b) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company	
Excise Duty	2.17
Sales Tax	0.90
Others	0.34
Entry tax	Amount unascertainable
	3.41

Against the above contingent liability, payments have been made under protest and/ or debts have been withheld by respective parties.

*Includes deferred tax assets on brought forward losses and unabsorbed depreciation apportioned amongst the demerged Company and the resulting Company in the ratio of assets retained by the demerged Company and transferred to the resulting Company as per the Scheme and on 43B items.

**The above liabilities includes ₹141.57 crores being general or multipurpose borrowings of the Company transferred from the Demerged Company in the ratio of the value of assets transferred bears to the total value of the assets of the Demerged Company immediately before the appointed date in terms of the said scheme.

c) Pursuant to the Scheme, 5,00,000 equity shares of ₹1 each of the Company held by Demerged Company (OPIL) stands cancelled and the said amount had been credited to Capital Reserve.

d) Pursuant to the Scheme, the Company had issued 21,21,85,502 equity shares of ₹1 each to the shareholders of the demerged Company aggregating to ₹21.22 crores, in the ratio of 1 equity share of face value of ₹1 each of the Company for every 1 equity share of face value of ₹1 each held in the demerged Company .

Notes to the financial statements for the year ended March 31, 2019

e) Pursuant to the Scheme, the difference between the net book value of assets and liabilities of the Consumer Electric undertaking and shares to be issued to the shareholders of the demerged Company were credited to General Reserve amounting to ₹179.83 crores.

f) After the transfer of above balances from the Demerged Company as on the appointed date, the account heads were reclassified in accordance with the Ind AS.

30. In terms of Ind AS 103 "Business Combination", the above demerger was a business combination under Common Control, accordingly, the financial information in these financial statements in respect of Balance Sheet as at March 31, 2017 has been restated on account of transfer of Consumer Electric Business of Orient Paper & Industries Limited w.e.f March 01, 2017 to the Company as per the Scheme of Arrangement approved by National Company Law Tribunal as stated in Note 29 above.

31. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Profit attributable to the equity shareholders of the Company used for calculation of basic and diluted EPS	69.31	64.03
	69.31	**64.03**
Basic earning per share		
Weighted average number of equity shares used in calculating basic EPS	21.22	21.22
Basic Earnings per equity share (Nominal value of share ₹1)	**3.27**	**3.02**
Diluted earning per share		
Weighted average number of equity shares used in calculating basic EPS	21.22	21.22
Effect of Dilution		
Share options (No. of options in crores)	0.00	-
Weighted average number of equity shares outstanding (Nos.) during the year adjusted for the effect of dilution	21.22	21.22
Diluted Earnings per equity share (Nominal value of share ₹1)	**3.27**	**3.02**

32. Employee benefits

A. Defined Benefit Schemes

Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The following tables summarises the components of net benefit expense recognized in the Statement of Profit & Loss and the funded status and amounts recognised in the balance sheet for the plan :

i. Present Value of Defined Benefit Obligation

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Obligations at beginning of the year	11.23	11.73
Current service cost	1.56	1.44
Interest expense	0.77	0.75
Past service cost- plan amendments	-	0.06
Amount recognised in profit or loss	**2.33**	**2.25**

Notes to the financial statements for the year ended March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Remeasurements		
Actuarial (gain) / loss from change in financial assumption	0.28	(0.40)
Experience (gains)/losses	0.22	(0.25)
Amount recognised in other comprehensive income	**0.50**	**(0.65)**
Benefits paid	(2.00)	(2.10)
Obligations at year end	**12.06**	**11.23**

ii. Fair Value of Plan Assets

	March 31, 2019	March 31, 2018
Plan assets at beginning of the year, at fair value	10.62	11.25
Interest income	0.85	0.71
Amount recognised in profit or loss	**0.85**	**0.71**
Remeasurements		
Return on plan assets, excluding amount recognised in interest income	(0.17)	(2.13)
Amount recognised in other comprehensive income	**(0.17)**	**(2.13)**
Employers contribution	3.37	2.89
Benefits paid	(2.00)	(2.10)
Plan assets at year end, at fair value	**12.67**	**10.62**

iii. Assets and Liabilities recognized in the Balance Sheet

	March 31, 2019	March 31, 2018
Present value of defined benefit obligation	12.06	11.23
Fair value of plan assets	12.67	10.62
Net asset / (liability)	**0.61**	**(0.61)**

iv. Defined benefit obligations cost for the year

	March 31, 2019	March 31, 2018
Amount recognised in profit and loss account		
Service cost	1.56	1.50
Interest cost (Net)	(0.08)	0.04
Amount recognised in other comprehensive income		
Actuarial (gain)/loss	0.67	1.48
Net benefit expense	**2.15**	**3.02**

v. Investment details of Plan Assets

The details of investments of plan assets are as follows:

	March 31, 2019	March 31, 2018
Investments with insurer	100%	100%

vi. Actuarial assumptions:

	March 31, 2019	March 31, 2018
Discount rate	7.20%	7.50%
Expected rate of return on assets	7.20%	7.50%
Future salary increases	7.00%	7.00%
Withdrawal rate		
Upto 45 years	5%	5%
Above 45 years	1%	1%
Retirement Age (Years)	58	58

Note: The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to the financial statements for the year ended March 31, 2019

vii. Expected Contribution to the Fund in the next year

	March 31, 2019	March 31, 2018
Gratuity	3.65	2.90
	3.65	**2.90**

viii. Maturity profile of the defined benefit obligation (undiscounted amount)

	0-1 year	1-2 years	2-3 year	3-4 year	Above 5 years	Total
Expected benefit payments for the period ending						
March 31, 2019	0.50	1.58	1.27	1.37	12.78	17.50
March 31, 2018	0.59	0.86	1.51	1.17	11.44	15.57

The weighted average duration of the defined benefit obligation as at March 31, 2019 is 9 years (March 31, 2018: 8 years).

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

ix. A quantitative sensitivity analysis for significant assumptions is as below:

Assumptions	March 31, 2019		March 31, 2018	
	Discount rate		Discount rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	(0.89)	1.02	(0.84)	0.96
Assumptions	Future salary increase		Future salary increase	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	1.01	(0.90)	0.95	(0.85)

Above sensitivity analysis is based on a change in assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in balance sheet.

x. Risk exposure

The gratuity scheme is a final salary Defined Benefit Plan that provides for lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow :

a) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds, if bond yield fall, the defined benefit obligation will tend to increase.

b) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

c) Investment risk: If Plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

d) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

Notes to the financial statements for the year ended March 31, 2019

B. Defined Contribution Plan :

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Superannuation Fund for the benefit of the employees.

Amount recognised in the statement of profit or loss is as follows:

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Contribution to provident / pension funds	5.24	4.23
Contribution to superannuation fund	0.43	0.50
	5.67	**4.73**

33. Operating lease: Company as lessee

Certain office premises, equipments, depots etc are obtained by the Company on operating lease. The lease term is for 1- 9 years and renewable for further period either mutually or at the option of the Company. Lease agreements have price escalation clauses. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements.

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Lease expenses recognised in the statement of profit and loss for the year	19.25	17.81
	19.25	**17.81**

Future minimum rental payables under non-cancellable operating lease are as follows:

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Not later than one year	12.38	11.39
Later than one year but not later than five years	37.44	41.82
Later than five years	19.08	27.08
Total minimum lease payments	**68.90**	**80.29**

34. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹2.69 crores (March 31, 2018: ₹4.35 crores).

35. Contingent liabilities

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Demands/claims by various Government authorities and others not acknowledged as debts and contested/to be contested by the Company:		
Excise Duty	2.17	2.17
Sales Tax	11.02	2.10
Others	0.34	0.34
Entry tax (Haryana and Punjab)	Amount Unascertainable	Amount Unascertainable
	13.53	**4.61**

The Company is contesting the demands and the management including its legal advisors believes that its position will likely be upheld in the appellate process. No tax expenses has been accrued in the financial statements for the tax demand raised. Management believes that the ultimate outcome of this proceeding will not have a material adverse impact on the Company's financial position and results of operation.

There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating and seeking legal inputs regarding various interpretative issues and its impact.

Notes to the financial statements for the year ended March 31, 2019

36. Related party transactions

I. List of Related parties

A) Enterprise having significant influence on the Company

i) Central India Industries Limited

B) Enterprises over which Members of the Board of Directors/KMP has significant influence

i. Orient Paper and Industries Limited
ii. Orient Cement Limited
iii. National Engineering Industries Limited
iv. GMMCO Limited
v. AVTEC Limited
vi. HIL Limited
vii. CK Birla Corporate Services Limited
viii. Neosym Industry Limited

C) Members of the Board of Directors/Key management personnel (KMP)

i. Chairman and Non-Executive Director

a) Mr C.K. Birla (from January 19, 2018)

ii. Managing Director & CEO

a) Mr. Rakesh Khanna (Managing Director from January 23, 2018)

iii. Other Non-Executive Directors

a) Mr. Desh Deepak Khetrapal (from January 19, 2018)
b) Mr. TCA Ranganathan, Independent director (from January 19, 2018)
c) Mr. K. Pradeep Chandra, Independent director (from January 19, 2018)
d) Ms. Alka Marezban Bharucha, Independent director (from January 19, 2018)
e) Mr. P.K. Sonthalia (upto January 23, 2018)
f) Mr. P.C.Agarwala (upto January 23, 2018)
g) Mr. M.L. Pachisia (upto January 23, 2018)

iv) Chief Financial Officer

a) Mr. Manoj Kumar Dugar (upto April 24, 2018)
b) Mr. Saibal Sengupta (from April 27, 2018)

v) Company Secretary

a) Mr. Hitesh Kumar Jain (from December 19, 2017)

D) Relative of Member of Board of Directors/KMP

i. Ms. Nirmala Birla
ii. Ms. Amita Birla
iii. Ms. Avani Birla
iv. Ms. Avanti Birla

Notes to the financial statements for the year ended March 31, 2019

36. Related party transactions (Contd.)

II. Related party transactions and balances

(All amounts in Rupees Crores, unless otherwise stated)

The details of related parties transactions entered into by the Company for the year ended March 31, 2019 and March 31, 2018, and the details of amounts due to or due from related parties as at March 31, 2019 and March 31, 2018 are as follows:

Particulars	Enterprise having significant influence on the Company		Enterprises over which Members of the Board of Directors/KMP has significant influence		Key management personnel (KMP)		Relative of Member of a Board of Director/ KMP		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Transactions during the year										
Sale of goods										
Orient Paper & Industries Limited*			0.10	0.10					0.10	0.10
Orient Cement Limited			0.20	0.72					0.20	0.72
National Engineering Industries Limited			0.21	0.44					0.21	0.44
GMMCO Limited			0.03	0.01					0.03	0.01
AVTEC Limited			0.05	0.00					0.05	0.00
HIL Limited			0.24	0.23					0.24	0.23
CK Birla Corporate Services Limited			0.00	-					0.00	-
Neosym Industry Limited			-	0.01					-	0.01
Purchase of goods										
HIL Limited			0.02	-					0.02	-
Freight & forwarding expenses										
GMMCO Limited			0.01	-					0.01	-
Interest expenses										
Orient Paper & Industries Limited*			0.18	5.03					0.18	5.03
Rent										
Orient Paper & Industries Limited*			0.14	0.03					0.14	0.03
Professional and Consultancy Services										
Orient Paper & Industries Limited*			0.08	-					0.08	-
CK Birla Corporate Services Limited			6.15	4.03					6.15	4.03
Miscellaneous expenses										
CK Birla Corporate Services Limited			0.54	0.63					0.54	0.63
Employee benefit expenses (Refer note 1 below)										
Mr. Rakesh Khanna					3.02	2.72			3.02	2.72
Mr. Saibal Sengupta					2.04	-			2.04	-
Mr. Manoj Kumar Dugar					0.06	0.90			0.06	0.90
Mr. Hitesh Kumar Jain					0.45	0.17			0.45	0.17
Ms. Avani Birla							0.77	0.37	0.77	0.37

Notes to the financial statements for the year ended March 31, 2019

Particulars	Enterprise having significant influence on the Company		Enterprises over which Members of the Board of Directors/KMP has significant influence		Key management personnel (KMP)		Relative of Member of a Board of Director/ KMP		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Director's sitting fees & commission										
Mr. C.K. Birla					0.40	0.08			0.40	0.08
Mr. TCA Ranganathan					0.26	0.10			0.26	0.10
Mr. K Pradeep Chandra					0.25	0.09			0.25	0.09
Ms. Alka Marezban Bharucha					0.26	0.09			0.26	0.09
Mr. Desh Deepak Khetrapal					0.24	0.10			0.24	0.10
Dividend Paid										
Central India Industries Limited	5.26	2.63							5.26	2.63
Mr. C.K. Birla					0.34	0.17			0.34	0.17
Mr. Manoj Kumar Dugar					-	0.00			-	0.00
Ms. Nirmala Birla							0.36	0.18	0.36	0.18
Ms. Amita Birla							0.03	0.02	0.03	0.02
Ms. Avani Birla							0.01	0.01	0.01	0.01
Ms. Avanti Birla							0.01	0.01	0.01	0.01
Balances outstanding										
Trade receivables										
Orient Paper & Industries Limited*			0.01	0.00					0.01	0.00
Orient Cement Limited			0.02	0.01					0.02	0.01
National Engineering Industries Limited			0.01	0.16					0.01	0.16
AVTEC Limited			0.00	-					0.00	-
GMMCO Limited			-	0.00					-	0.00
HIL Limited			0.07	0.00					0.07	0.00
Other assets										
HIL Limited			0.08	-					0.08	-
Trade payables										
CK Birla Corporate Services Limited			1.26	1.02					1.26	1.02
Mr. C.K. Birla					0.35	0.05			0.35	0.05
Mr. TCA Ranganathan					0.13	0.05			0.13	0.05
Mr. K Pradeep Chandra					0.13	0.05			0.13	0.05
Ms. Alka Marezban Bharucha					0.13	0.05			0.13	0.05
Mr. Desh Deepak Khetrapal					0.13	0.05			0.13	0.05
Other financial liability										
Orient Paper & Industries Limited*			-	4.56					-	4.56

Note 1: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Note 2: The amount disclosed above are inclusive of GST.

* The appointed date of Scheme is March 01, 2017 as approved by the National Company Law Tribunal, though it has become effective on December 08, 2017, therefore all other current account transactions from March 01, 2017 to December 08, 2017 between the Demerged Company and the Resulting Company has not been shown as related party transaction as these were done considering the Resulting Company as a unit of the Demerged Company (Refer note 29).

Notes to the financial statements for the year ended March 31, 2019

37. Segment information

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act.

Operating segments are defined as components of an enterprise for which discrete financial information so available is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance. Accordingly, the Company has identified two reportable business segments based on its product and services as follows:

i. **Electrical Consumer Durables–** Consists of manufacture / purchase and sale of electric Fans – ceiling, portable and airflow, along with components and accessories thereof, and Appliances- coolers, geysers and home appliances etc .

ii. **Lighting & Switchgear–** Consists of manufacture / purchase and sale of Lights & Luminaries- LED, street lights etc. & Switchgears- switches & MCB etc.

The CODM primarily uses a measure of revenue from operation and profit or loss to assess the performance of the operating segments on monthly basis.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Within India and Outside India Operations.

Unallocated

Revenue, expenses, assets and liabilities have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue, expenses, assets and liabilities which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed under unallocated.

Summary of segment information (All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
A Business Segment		
i Revenue from operations		
Electrical Consumer Durables	1,329.61	1,218.14
Lighting & Switchgear	534.79	407.44
	1,864.40	**1,625.58**
Less: Inter segment	-	-
Total revenue from operations	**1,864.40**	**1,625.58**
ii Results		
Segment results		
Electrical Consumer Durables	150.79	147.48
Lighting & Switchgear	58.76	34.48
Segment operating profit	**209.55**	**181.96**
Unallocated Income / (Expenses) (net of unallocable expenses/income)	(81.79)	(59.66)
Operating profit	**127.76**	**122.30**
Finance costs	22.86	24.47
Profit before tax	**104.90**	**97.83**
Income tax expense	35.59	33.80
Profit after tax	**69.31**	**64.03**
iii Segment Assets		
Electrical Consumer Durables	565.69	563.93
Lighting & Switchgear	269.95	203.86
Segment operating assets	**835.64**	**767.79**

Notes to the financial statements for the year ended March 31, 2019

37. Segment information (Contd.)

Summary of segment information (All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Unallocated assets:		
Property, plant and equipment	13.48	7.54
Cash & Bank Balances	5.84	1.26
Other Current Assets	33.81	31.79
Total Assets	**888.77**	**808.38**
iv Segment Liabilities		
Electrical Consumer Durables	305.31	250.98
Lighting & Switchgear	116.12	84.86
Segment operating liabilities	**421.43**	**335.84**
Unallocated liabilities:		
Borrowings	135.01	182.45
Provisions	6.35	10.99
Current Liabilities	19.40	15.85
Total Liabilities	**582.19**	**545.13**
v Capital Expenditure including capital advances		
Electrical Consumer Durables	20.02	15.93
Lighting & Switchgear	5.43	3.92
	25.45	**19.85**
Other unallocated	9.31	5.98
	34.76	**25.83**
vi Depreciation and amortisation expenses		
Electrical Consumer Durables	14.79	12.34
Lighting & Switchgear	5.21	5.98
	20.00	**18.32**
Other unallocated	3.05	1.43
	23.05	**19.75**

B Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Within India and Outside India Operations.

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Revenue from external customers		
Within India	1,763.01	1,489.35
Outside India	101.39	136.23
	1,864.40	**1,625.58**
Other segment information		
Segment assets		
Within India	868.55	787.23
Outside India[#]	20.22	21.15
	888.77	**808.38**

[#] represents trade receivable

Note: The Company has common property, plant & equipment for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

Notes to the financial statements for the year ended March 31, 2019

38. Share based payments

The Company has, vide special resolutions passed by postal ballot, effective from March 13, 2019, introduced and implemented 'Orient Electric Employee Stock Option Scheme 2019' ("ESOP Scheme"). The terms and broad framework of the ESOP Scheme has been approved by the Board of Directors of the Company at their meeting held on January 28, 2019. Pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Share Capital and Debenture) Rules, 2014 read along with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Nomination and Remuneration Committee ("Remuneration Committee") of the Board of Directors of the Company is authorised to implement and administer the ESOP Scheme – 2019. The ESOP Scheme has been formulated in accordance with the SEBI ESOP Regulations.

Under the ESOP Scheme, the eligible employees shall be granted employee Stock Options in the form of Options ("Stock Options") which will be exercisable into equal number of equity shares of ₹1/- each of the Company.

Details of the ESOP Scheme:

a) **Exercise Price:** Market Price of equity share as on the previous close rate on the Stock Exchange immediately preceding the date of the grant.

b) **Exercise Period:** 4 years post vesting.

c) **Method of settlement:** Equity.

d) **Vesting conditions:** Employee remaining in the employment of the Company during the vesting period.

e) **Details of Grant during the year:** In exercise of the powers, Remuneration Committee has, at its meeting held March 27, 2019, approved and recommended to the Board of Directiors, the grant of 19,98,309 Stock Options to the selected 18 eligible employees of the Company as per ESOP Scheme- 2019, at ₹144.10 per option on the date of grant which the Board of Directors has approved. Accordingly, as per the Scheme, exercise price was also set as ₹144.10 per option.

f) **Vesting Period of Grant:** 40% of above options shall vest after 3 years and 60% of options shall vest after 4 years, from grant date.

Particulars of Options outstanding as on March 31, 2019 is as follows:

Particulars	March 31, 2019	March 31, 2018
Outstanding Stock Options (number)	19,98,309	Nil
Grant Date	March 27, 2019	Nil
Tranche -1		
No. of Options	7,99,324	Nil
Vesting Date	April 01, 2022	Nil
Tranche -2		
No. of Options	11,98,985	Nil
Vesting Date	April 01, 2023	Nil

Notes to the financial statements for the year ended March 31, 2019

Fair value of Options granted during the financial year 2018-19, has been determined using Black-Scholes model with following inputs:

Particulars	March 31, 2019		March 31, 2018
	Tranche -1	Tranche -2	
	(Amount/₹)	(Amount/₹)	(Amount/₹)
Stock price on the grant date (basis previous trading day closing rate at the stock exchange with higher trading volume)	144.10	144.10	Nil
Exercise price	144.10	144.10	Nil
Expected term (years)	5	6	Nil
Weighted average fair value as on grant date	63.37	68.67	Nil
Expected price volatility	40.60%	39.80%	Nil
Risk free interest rate	7.03%	7.13%	Nil
Expected dividend yield	0.69%	0.69%	Nil

Summary of the options granted during the year:

Particulars	2018-19		2017-18	
	No. of Options	Weighted Average Price (₹)	No. of Options	Weighted Average Price (₹)
Options outstanding at the beginning of the year	-	-	Nil	Nil
Options granted during the year	19,98,309	144.10	Nil	Nil
Options vested during the year	-	-	Nil	Nil
Options exercised during the year	-	-	Nil	Nil
Options outstanding at the end of the year	19,98,309	-	Nil	Nil

Summary of the expenses recognised in the statement of profit and loss:

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Expenses arising from equity settled share based payment plan	0.04	Nil

39. Revenue from Contracts with Customers- Ind AS 115

39.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(All amounts in Rupees Crores, unless otherwise stated)

Segment	March 31, 2019		
	Electrical Consumer Durables	Lighting & Switchgear	Total
Type of goods			
Sale of fans and appliances	1,329.61	-	1,329.61
Sale of lights, circuit breakers and switches	-	534.79	534.79
Total revenue from contracts with customers	**1,329.61**	**534.79**	**1,864.40**
India	1,233.72	529.29	1,763.01
Outside India	95.89	5.50	101.39
Total revenue from contracts with customers	**1,329.61**	**534.79**	**1,864.40**
Timing of revenue recognition			
Goods transferred at a point in time	1,329.61	534.79	1,864.40
Total revenue from contracts with customers	**1,329.61**	**534.79**	**1,864.40**

Notes to the financial statements for the year ended March 31, 2019

39.1 Disaggregated revenue information (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

Segment	March 31, 2018		
	Electrical Consumer Durables	Lighting & Switchgear	Total
Type of goods			
Sale of fans and appliances	1,218.14	-	1,218.14
Sale of lights, circuit breakers and switches	-	407.44	407.44
Total revenue from contracts with customers	**1,218.14**	**407.44**	**1,625.58**
India	1,087.75	401.60	1,489.35
Outside India	130.39	5.84	136.23
Total revenue from contracts with customers	**1,218.14**	**407.44**	**1,625.58**
Timing of revenue recognition			
Goods transferred at a point in time	1,218.14	407.44	1,625.58
Total revenue from contracts with customers	**1,218.14**	**407.44**	**1,625.58**

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 37):

Particulars	March 31, 2019		March 31, 2018	
	Electrical Consumer Durables	Lighting & Switchgear	Electrical Consumer Durables	Lighting & Switchgear
Revenue	1,329.61	534.79	1,218.14	407.44
Total revenue from contracts with customers	**1,329.61**	**534.79**	**1,218.14**	**407.44**

39.2 Contract balances

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Trade receivables (net)	404.74	386.36
Contract assets	-	-
Contract liabilities (advance from customers)	8.78	4.75

Trade receivables are non-interest bearing and are generally on terms of 45 to 90 days.

Contract liabilities include short-term advances received from customer to deliver goods.

39.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Revenue as per contracted price	1,997.85	1,708.10
Adjustments		
Cash discount, rebates, incentives etc.	62.53	34.60
Sales return	70.92	47.92
Revenue from contract with customers	**1,864.40**	**1,625.58**

39.4 The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at March 31, 2019 are, as follows:

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Advances from customers	8.78	4.75

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

Notes to the financial statements for the year ended March 31, 2019

40. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro, small and medium enterprises	76.99	56.58
Interest due on above	-	-
	76.99	**56.58**
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

41. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents and security deposits that derives directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, borrowings, etc.

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of electronic items and therefore require a continuous supply of copper and aluminium being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and aluminium, the Company has entered into various purchase contracts for these material for which there is an active market. The Company maintain the level of these stocks as per the requirement of businesses and market which are discussed by the management on regular basis. Company operates in the way that saving/impact due to change in commodity price are pass on to the customers and therefore impact on profit due to change in price of commodity is unascertainable.

Notes to the financial statements for the year ended March 31, 2019

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate risk exposure

The exposure of the Company's borrowings to interest rate changes at the end of reporting period are as follows:

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Variable rate borrowings	134.94	185.93
Fixed rate borrowings	-	-
	134.94	**185.93**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows.

The exposure of the Company's borrowings to interest rate changes at the end of reporting period are as follows:

(All amounts in Rupees Crores, unless otherwise stated)

	Increase/ decrease in basis points*	Effect on profit before tax
March 31, 2019	50 basis points	0.67
March 31, 2018	50 basis points	0.93

* loss in case of increase and gain in case of decrease.

Foreign currency risk

The Company’s exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with Indian rupees (INR). Set out below is the impact of a 5% change in the INR on profit and equity arising as a result of the revaluation of the Company’s foreign currency financial instruments. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates as increase in profit or equity where the INR strengthens by 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable negative/positive impact on the profit or equity, as applicable.

(All amounts in Rupees Crores, unless otherwise stated)

March 31, 2019	Change in rate	Unhedged Foreign Currency (Net)		Effect on Profit before Tax
INR vs USD	5%	13.62	Trade receivable (gain)	0.68
INR vs AED	5%	3.64	Trade receivable (gain)	0.18
INR vs USD	5%	7.53	Trade payable (loss)	0.38
INR vs EURO	5%	0.21	Trade payable (loss)	0.01
INR vs USD	5%	0.32	Payables against purchase of property, plant and equipment (loss)	0.02

Notes to the financial statements for the year ended March 31, 2019

March 31, 2018	Change in rate	Unhedged Foreign Currency (Net)		Effect on Profit before Tax
INR vs USD	5%	16.48	Trade receivable (gain)	0.82
INR vs AED	5%	4.68	Trade receivable (gain)	0.23
INR vs USD	5%	12.53	Trade payable (loss)	0.63
INR vs EURO	5%	0.08	Trade payable (loss)	0.00
INR vs USD	5%	1.53	Buyer's Credit (loss)	0.08

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

(All amounts in Rupees Crores, unless otherwise stated)

	< 30 days	31 - 90 Days	91 to 180 days	> 180 days	Total
Trade Receivable (Gross)					
March 31, 2019	237.05	150.34	13.35	24.08	424.82
March 31, 2018	199.30	159.42	16.87	19.90	395.49

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in the risk free bank deposits. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 is the carrying amounts . Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company. The Company's maximum exposure relating to financial assets is noted in liquidity table below.

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and other bank balances	31.61	30.50
Other non current financial assets	6.85	9.41
Other current financial assets	0.83	0.32
	39.29	**40.23**
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade receivables (net)	404.74	386.36
	404.74	**386.36**

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

Notes to the financial statements for the year ended March 31, 2019

The following table summarizes the change in loss allowance measured using the life time expected credit loss model:

	March 31, 2019	March 31, 2018
At the beginning of year	9.13	8.83
Impairment allowance created during the year	11.02	0.30
Bad debts written off during the year	0.07	-
At the end of year	**20.08**	**9.13**

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

Maturity profile of Financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(All amounts in Rupees Crores, unless otherwise stated)

Financial Liabilities	0-1 year	2-5 year	Above 5 years	Total
March 31, 2019				
Borrowings	99.94	25.27	-	125.21
Interest on long term borrowings	3.24	5.83	-	9.07
Trade Payables	350.88	-	-	350.88
Other current financial liabilities	40.47	-	-	40.47
Total	**494.53**	**31.10**	**-**	**525.63**
March 31, 2018				
Borrowings	129.77	34.69	-	164.46
Interest on long term borrowings	4.84	6.79	-	11.63
Trade Payables	276.15	-	-	276.15
Other current financial liabilities	56.11	-	-	56.11
Total	**466.87**	**41.48**	**-**	**508.35**

42. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value and keep the debt equity ratio within acceptable range.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares.

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
Cash and cash equivalents (Refer note 9)	31.51	30.50
Other Bank Balances (Refer note 10)	0.10	-
Total (a)	**31.61**	**30.50**
Non-current Borrowings (Refer note 13)	25.09	34.36
Current Borrowings (Refer note 13)	99.94	129.77
Current maturities of non-current borrowings (Refer note 17)	9.91	21.80
Total Borrowings (b)	**134.94**	**185.93**
Net Debt (c = b-a)	**103.33**	**155.43**
Total Equity (d)	**306.58**	**263.25**
Gearing Ratio (c/d)	**0.34**	**0.59**

Notes to the financial statements for the year ended March 31, 2019

43. Dividend paid and proposed

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Dividend paid and declared during the year		
Final dividend paid for the year ended March 31, 2018 ₹ 0.50 per share (March 31, 2017: Nil)	10.61	-
Dividend distribution tax on final dividend	2.18	
Interim dividend paid for the year ended March 31, 2019 ₹0.50 per share (March 31, 2018: ₹ 0.50 per share)	10.61	10.61
Dividend distribution tax on interim dividend	2.18	2.16
	25.58	**12.77**
Proposed dividend on equity shares *		
Final dividend for the year ended March 31, 2019 ₹0.50 per share (March 31, 2018: ₹0.50 per share)	10.61	10.61
Dividend distribution tax on proposed dividend	2.18	2.18
	12.79	**12.79**

* Proposed dividends on equity shares are subject to approval of the shareholders of the Comapny at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2019.

44. The following expenses incurred on Research and Development is included under respective account heads:

(All amounts in Rupees Crores, unless otherwise stated)

	March 31, 2019	March 31, 2018
Employee benefit expenses *	3.61	2.00
Travelling and conveyance	0.27	0.12
Miscellaneous expenses	0.99	0.75
Capital expenditure	0.59	0.32
	5.46	**3.19**

* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, therefore, the amount of gratuity and leave encashment pertaining to the employees of Research and Development department is not included above.

45. Disclosure pursuant to IND AS 08 "Accounting Policies, change in accounting estimates and errors" (specified under sec 133 of the Companies Act 2013, read with rule 7 of Companies (Accounting) Rules 2015), are given below:

Following are the reclassification made in current year's financial statements pertaining to previous year :

(All amounts in Rupees Crores, unless otherwise stated)

	Nature	March 31, 2018 (Reclassified)	March 31, 2018
Assets			
Trade receivables	Reclassification item	386.36	393.90
Liabilities			
Trade payables	Reclassification item	276.15	283.69

The above reclassification in the previous year's published numbers have been made for better presentation in the financials statements and to confirm to the current year's classification/disclosure. This does not have any impact on the profit and hence no change in the basic and diluted earning per share of previous year.

Notes to the financial statements for the year ended March 31, 2019

46. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets (at amortised cost)				
Trade Receivables (non-current)	12.39	-	12.39	-
Other Financial assets (non-current)	6.85	9.41	6.85	9.41
Trade Receivables (current)	392.35	386.36	392.35	386.36
Cash and other bank balances (current)	31.61	30.50	31.61	30.50
Other Financial assets (current)	0.83	0.32	0.83	0.32
	444.03	**426.59**	**444.03**	**426.59**
Financial Liabilities (at amortised cost)				
Borrowings (non-current)	25.09	34.36	25.09	34.36
Borrowings (current)	99.94	129.77	99.94	129.77
Trade Payables (current)	350.88	276.15	350.88	276.15
Other financial liabilities (current)	40.32	55.81	40.32	55.81
	516.23	**496.09**	**516.23**	**496.09**

The management assessed that bank balances, trade receivables, trade payables, short term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The fair values of the interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2019 was assessed to be insignificant.

2. Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2019, are as shown below

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the financial statements for the year ended March 31, 2019

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2019

(All amounts in Rupees Crores, unless otherwise stated)

	Carrying Value	Fair Value		
	March 31, 2019	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Trade Receivables (non-current)	12.39	-	-	12.39
Other Financial assets (non-current)	6.85	-	-	6.85
Trade Receivables (current)	392.35	-	-	392.35
Cash and other bank balances (current)	31.61	-	-	31.61
Other Financial assets (current)	0.83	-	-	0.83
Liabilities carried at amortised cost for which fair value are disclosed				
Borrowings (non-current)	25.09	-	-	25.09
Borrowings (current)	99.94	-	-	99.94
Trade Payables	350.88	-	-	350.88
Other financial liabilities (current)	40.32	-	-	40.32

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2018

	Carrying Value	Fair Value		
	March 31, 2018	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Trade Receivables (non-current)	-	-	-	-
Other Financial assets (non-current)	9.41	-	-	9.41
Trade Receivables (current)	386.36	-	-	386.36
Cash and other bank balances (current)	30.50	-	-	30.50
Other Financial assets (current)	0.32	-	-	0.32
Liabilities carried at amortised cost for which fair value are disclosed				
Borrowings (non-current)	34.36	-	-	34.36
Borrowings (current)	129.77	-	-	129.77
Trade Payables	276.15	-	-	276.15
Other financial liabilities (current)	55.81	-	-	55.81

47. Standards issued but not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116 Lease

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions

Notes to the financial statements for the year ended March 31, 2019

for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated. The Company plans to adopt the new standard on the required effective date using the modified retrospective approach.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately

• The assumptions an entity makes about the examination of tax treatments by taxation authorities

• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

• How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 01, 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company intends to adopt these standards from 1 April2019. The adoption of this standard is not likely to have a material impact in its financial statements.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

• Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

• Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

Notes to the financial statements for the year ended March 31, 2019

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

48. The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹50,000/-.

49. The comparative figures have been regrouped/ rearranged wherever considered necessary to make them comparable with current year numbers.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **S.R. Batliboi & Co. LLP**
Firm registration number: 301003E / E300005
Chartered Accountants

Per Vishal Sharma
Partner
Membership No.: 096766

Place: New Delhi
Date: April 30, 2019

For and on behalf of the Board of Directors

C.K. Birla
Chairman and Director
(DIN 00118473)

Rakesh Khanna
Managing Director and Chief Executive Officer
(DIN 00266132)

Saibal Sengupta
Chief Financial Officer

Hitesh Kumar Jain
Company Secretary

ORIENT ELECTRIC LIMITED

CIN: L31100OR2016PLC025892
Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012
Tel: 0674-2396930, **Fax:** 0674 – 2396364
Corporate Office: 240, Okhla Industrial Estate, Phase – III, Okhla, New Delhi -110020
E-mail: investor@orientelectric.com, **Website:** www.orientelectric.com

NOTICE

NOTICE is hereby given that the third Annual General Meeting (AGM) of the shareholders of Orient Electric Limited (**"Orient"** or the **"Company"**) will be held on **Tuesday, 16th Day** of **July 2019** at **11:00 AM**, at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha - 751 012**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019 along with Reports of the Board of Directors and Auditors' thereon.

2. To declare final dividend of ₹0.50/- (50%) per equity share of face value of ₹1 each for the financial year ended March 31, 2019 and to confirm the interim dividend of ₹0.50 (50%) per equity share, paid during the financial year 2018-19.

3. To appoint a Director in place of Mr. Desh Deepak Khetrapal (DIN: 02362633), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and approve the Long Term Incentives Program for Mr. Rakesh Khanna, Managing Director & CEO of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 of the Companies Act, 2013 ("Act") read with Schedule V to the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 62(1)(b), other applicable provisions, if any, of the Act, the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and as recommended by the Nomination and Remuneration Committee and Board of Directors of the Company, consent of the shareholders of the Company be and is hereby accorded for the following Long Term Performance Incentives Program for Mr. Rakesh Khanna, Managing Director & CEO of the Company, apart from the annual remuneration already approved by the shareholders of the Company at the Annual General Meeting held on July 16, 2018:

   a) Employee Stock Options ('Stock Options'): Grant of 5,13,138 Stock Options under Orient Electric Employee Stock Option Scheme-2019 ("ESOP Scheme"), which on exercise are convertible into equivalent number of equity shares of face value of ₹1 each of the Company at an exercise price of ₹144.10 (closing Market Price of March 26, 2019), which shall vest in 2 tranches, with 40% of the Stock Options to vest on April 01, 2022 and 60% of the Stock Options to vest on April 01, 2023. Any fraction in computation of the percentage, as above, will be rounded to the nearest integer such that the total number of options granted to Mr. Rakesh Khanna, remains same after such round-off; and

   b) Long Term Cash Incentive: Long Term Cash Incentive of ₹1,46,35,504/-, (Rupees one crore, forty six lacs, thirty five thousand and five hundred four) effective from April 01, 2019, to be accumulated every year and considered for payment in cash of upto 40% of the accumulated value at the end of 3 years, i.e. at March 31, 2022, and upto 60% of the accumulated value at the end of 4 years i.e. at March 31, 2023, subject to achievement of incremental value targets at the end of 3rd year and 4th year respectively, over the base line of actual financial results for the financial year 2018-19.

   RESOLVED FURTHER THAT the terms and conditions of appointment and / or remuneration of Mr. Rakesh Khanna, Managing Director & CEO, shall be amended to include the above Long Term Incentive Performance, as above, and that the Board of Directors of the Company (which terms shall be deemed to include any Committee of the Board of Directors) be and is hereby authorized to do any and all such acts, deeds, things, including making any alteration or variation in the terms and conditions of his appointment and / or remuneration, and take all such steps, as may be necessary, proper, expedient or desirable to give effect to this resolution."

5. To consider and approve the Long Term Incentive Program for Ms. Avani Birla, Senior Vice President of the Company, and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee, Audit Committee and Board of Directors, consent of the shareholders of the Company be and is hereby accorded for Long Terms Cash Incentive of ₹97,69,939/- (Rupees ninety seven lacs, sixty nine thousand and nine hundred thirty nine) for Ms. Avani Birla, Senior Vice President of the Company, effective from April 01, 2019, to be accumulated every year and considered for payment in cash of upto 40% of the accumulated value at the end of 3 years, i.e. at March 31, 2022, and upto 60% of the accumulated value at the end of 4 years i.e. at March 31, 2023, subject to achievement of incremental value targets at the end of 3rd year and 4th year respectively, over the base line of actual financial results for the financial year 2018-19, apart from her annual remuneration already approved by the shareholders of the Company at the Annual General Meeting held on July 16, 2018.

   RESOLVED FURTHER THAT the Board of Directors of the Company (which terms shall be deemed to include any Committee of the Board of Directors) be and is hereby authorized to do any and all such acts, deeds, things and take all such steps, as may be necessary, proper, expedient or desirable to give effect to this resolution."

6. To ratify the remuneration of Cost Auditor of the Company for the financial year 2019-20 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Audit fees of ₹65,000/- (Rupees sixty five thousand) plus out of pocket expenses and taxes, for the financial year 2019-20 to be paid to Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.- F5343), appointed by the Board of Directors to conduct the audit of the cost records of the Company for the financial year 2019-20, required to be audited under the Act and the Rules made thereunder, be and is hereby ratified and approved."

By Order of the Board of Directors

Hitesh Kumar Jain
Company Secretary
Registered Office: Unit VIII,
Plot No. 7, Bhoinagar,
Bhubaneswar – 751012, Odisha

Place: New Delhi
Date: April 30, 2019

NOTES

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), setting out the material facts concerning the Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.

2. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a shareholder holding more than ten percent 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 shareholder.

   A blank proxy form is enclosed herewith. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM.

   Proxies submitted on behalf of corporates (limited companies, societies etc.), must be supported by appropriate resolutions / authority, as applicable.

3. Corporate shareholders intending to send their duly authorised representatives to attend the AGM are requested to send a certified copy of the Board resolution together with their specimen signatures to the Company, authorising their representative to attend and vote on their behalf at the AGM.

4. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a shareholder would be entitled to inspect the Proxies lodged, at any time during the business hours (between 10:00 a.m. and 5:00 p.m.) of the Company, provided that not less than three days of notice in writing, of such intention, is given to the Company.

5. Shareholders / Proxies / Authorised Representatives should bring the duly signed attendance slips, enclosed herewith to attend the AGM and record their attendance.

6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

7. All relevant documents referred to in the accompanying Notice and Statement under Section 102 of the Act, shall be available for inspection at the Registered Office of the Company on all working days during business hours (10:00 a.m. to 5:00 p.m.), up to the date of the AGM, at the AGM venue during the meeting. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act, shall be available for inspection by the shareholders at the AGM.

8. Shareholders desiring any information regarding the Financial Statements are requested to write to the Company at least 7 days before the AGM, so as to enable the management to keep the information ready.

9. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, July 13, 2019 to Tuesday, July 16, 2019 (both days inclusive) for annual closing and for determining the entitlement of the shareholders to the final dividend for the financial year 2018-19.

10. The dividend on Equity Shares, if declared at the AGM, will be paid on or before Wednesday, July 31, 2019 to those shareholders:

    a. in respect of shares held in physical form, after giving effect of the valid transmission or transposition requests lodged with the Company, whose names shall appear on the Company's Register of Members as on Saturday, July 13, 2019;

    b. in respect of the shares held in dematerialized form, whose names are furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as beneficial owners as on the close of business hours on Saturday, July 13, 2019.

11. Shareholders are advised to avail the Electronic Clearing Service ("ECS") facility for receiving dividends. To avail this facility, shareholders holding shares in demat mode are requested to provide the details to NSDL and CDSL, as the case may be, through their respective Depository Participant ("DP"). Shareholders holding shares in physical form, are requested to contact the Company's Registrar and Share Transfer Agent ("RTA"), at the address given in the Annual Report of the Company.

i. Shareholders holding shares in the demat mode, are requested to notify any change in their address / bank account details / ECS particulars to their respective DP and ensure that such changes are recorded by them correctly.

ii. Shareholders, holding shares in physical form are requested to notify immediately any change in their address / bank account details / ECS particulars to the Company's RTA.

12. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Shareholders holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Shareholders holding shares in physical form can submit their PAN to RTA.

13. Shareholders, desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, in respect of shares held in physical mode, may send their nomination request in Form SH13, available on Company' website, to the Company's RTA and in case of shares held in dematerialized mode are requested to contact their DP.

14. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI"), in respect of the Director being appointed at the AGM, are disclosed in the Annexure to the Notice. The Director has furnished the requisite declarations for his appointment.

15. Electronic copy of the Notice of the 3rd AGM of the Company *inter alia* indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and the Annual Report of the Company for the financial year 2018-19 is being sent to all the shareholders whose e-mail Id's are registered with the Company / Depository Participant(s) for communication purposes unless any shareholder has requested for a physical copy of the same. For shareholders who have not registered their e-mail address, physical copies of the Notice of the 3rd AGM of the Company *inter alia* indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and the Annual Report of the Company for the financial year 2018-19 is being sent through permitted mode of dispatch.

16. Shareholders, who have not registered / updated their e-mail address so far, are requested to register their e-mail address, in case of shares held in physical form, with the Company' RTA and in case of shares held in dematerialized mode, with their DP for receiving all communications including Annual Reports, Notices, etc. from the Company, electronically.

17. Shareholders may also note that the Notice of the 3rd AGM and the Annual Report for the financial year 2018-19 is also available on the Company's website **www.orientelectric.com** for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bhubaneswar, Odisha for inspection during normal business hours on working days. Even after registering for e-communication, shareholders are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For receiving any such communication in physical form, the shareholders may send request to the Company / RTA.

18. Shareholders who have not so far encashed their dividend, paid by the Company upto and during the financial year ended March 31, 2019, may immediately approach the Company / RTA for claiming dividend amount. Information in respect of the unclaimed dividend as on the date of this AGM will be uploaded on the website of Investor Education and Protection Fund ("IEPF") of the Government **(www.iepf.gov.in)** and on the website of the Company **(www.orientelectric.com)**. Dividends, if not encashed for a consecutive period of 7 years, from the date of transfer to Unpaid/Unclaimed Dividend Account of the Company, are liable to be transferred to the IEPF. Further, the shares of a shareholder who does not encash his dividend for a continuous period of 7 years, are also liable to be transferred to the direct account of IEPF Authority.

In view of this, shareholders, who have not yet claimed their dividend, are requested to claim their dividends from the Company / RTA, within the stipulated timeline. The shareholders, whose shares have been transferred to IEPF, may claim the same as well as the corresponding dividend by making an application to the IEPF Authority, in Form No. IEPF-5 available on **www.iepf.gov.in**. The shareholder can file only one consolidated claim in a financial year as per the IEPF Rules.

19. The route map to the venue of the AGM is provided separately for the convenience of the shareholders.

20. Voting through electronic means:

i. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014,(as amended), Secretarial Standard - 2 on General Meetings issued by ICSI and Regulation 44 of Listing Regulations, the Company is pleased to provide to the shareholders, the facility to exercise their right to vote on the resolutions proposed to be considered at the 3rd AGM by electronic means and the business mentioned in the Notice may be transacted through remote e-voting. The facility of casting the votes by the shareholders using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by Karvy Fintech Private Limited ("Karvy"). Mr. Atul Kumar Labh, of M/s. A.K. Labh, Practicing Company Secretary (Membership No. FCS 4848), has been appointed as the Scrutinizer to scrutinize the voting process, (remote e-voting and physical voting) in a fair and transparent manner.

ii. The facility for voting through ballot paper shall be made available at the AGM and the shareholders attending the AGM and have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

iii. The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The e-voting period begins on **Saturday, July 13, 2019 (9:00 AM) (IST)** and ends on **Monday, July 15, 2019, (5:00 PM) (IST)**. During this period, shareholders of the Company, holding shares, either in physical form or in dematerialized form, as on the cut-off date of **Tuesday, July 09, 2019**, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, she shall not be allowed to change it subsequently.

v. Shareholders, whose names appear in the Register of Members / list of Beneficial Owners as on **Tuesday, July 09, 2019**, i.e. cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Eligible shareholders who have acquired shares after the dispatch of this Notice and holding shares as on the cut-off date may approach the Company / RTA for issuance of User ID and Password for exercising their right to vote by electronic means.

21. **(I) Instructions for shareholders for voting electronically are as under:**

A. In case a shareholder receives an e-mail from Karvy (for shareholders whose e-mail ID's are registered with the Company / Depository Participant(s)):

i. Launch internet browser by typing the URL: **https://evoting.karvy.com**.

ii. Enter the login credentials (i.e. User ID and Password which are mentioned in the email). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your vote.

iii. After entering these details appropriately, Click on "LOGIN".

iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., Orient Electric Limited.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folios / demat accounts.

ix. You may then cast your vote by selecting an appropriate option and click on "Submit".

x. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution(s).

xi. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution / Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at **aklabhcs@gmail.com**, with a copy marked to **evoting@karvy.com**.

xii. In case of any queries, please visit Help and Frequently Asked Questions (FAQs) section available at Karvy's website **www.evoting.karvy.com.**

B. In case a shareholder receives physical copy of the Notice of AGM (for shareholders whose email address/es are not registered with the Company / Depository Participant(s) or requesting physical copy)

i. User ID and initial password are provided at the bottom of the Attendance Slip in the following format:

User ID	Password
-	-

ii. Please follow all steps from S. No. i to S. No. xii above in A, to cast your vote.

(II) i. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. **Tuesday, July 09, 2019**.

ii. However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote. Members who forgot the User Details/Password can use "Forgot User Details/ Password" or "Physical User Reset Password" option available on **https://evoting.karvy.com.** In case Members are holding shares in demat mode, USER-ID is the combination of (DPID + Client ID). In case Members are holding shares in physical mode, USER-ID is the combination of (EVEN No.+ Folio No.).The Chairman shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer by use of ballot paper for all those shareholders who are present at the AGM but have not previously cast their votes by availing the remote e-voting facility.

22. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any officer of the Company so authorized by the Board, who shall countersign the same and declare the Result of the voting forthwith.

23. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website, **www.orientelectric.com** and on the website of Karvy, **www.evoting.karvy.com.** The Company shall simultaneously forward the results to NSE and BSE, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

24. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM, i.e. **Tuesday, July 16, 2019**.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4

With the intention to attract, motivate and retain high quality talent at the senior management level and to reward their high individual performance directly linked to the achievement of accelerated financial growth objectives of the Company, thus driving shareholder's value creation, the Company introduced Long Term Incentive (LTI) program for the senior leadership team. LTI Program is introduced as a dual benefit scheme in the form of Stock Options and Long Term Performance Cash Incentives. The Company obtained the approval of the shareholders for Orient Electric – Employee Stock Option Scheme 2019 ("ESOP Scheme") through Postal Ballot process. As part of LTI Program, Long Term Performance Cash Incentive is introduced to reward the high individual performance directly linked to the achievement of accelerated financial growth objectives of the Company. Long Term Performance Cash Incentive is effective from April 01, 2019.

The Board of Directors at their meeting held on March 27, 2019, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the shareholders of the Company, granted following Stock Options and Long Term Cash Incentive to Mr. Rakesh Khanna (DIN: 00266132):

(a) As per the terms and conditions of the ESOP Scheme, 5,13,138 Stock Options at an exercise price of ₹144.10 (closing market price as of March 26, 2019) which shall vest in 2 tranches, 40% of the Stock Options to vest on April 01, 2022 and 60% of the Stock Options to vest on April 01, 2023. Any fraction in computation of the percentage, as above, will be rounded to the nearest integer such that the total number of Stock Options granted to Mr. Rakesh Khanna, remains same after such round-off; and

(b) Long Terms Cash Incentive of ₹1,46,35,504/-, (Rupees one crore forty six lacs, thirty five thousand and five hundred four) effective from April 01, 2019, to be accumulated every year and considered for payment in cash of upto 40% of the accumulated value at the end of 3 years, i.e. at March 31, 2022, and upto 60% of the accumulated value at the end of 4 years i.e. at March 31, 2023, subject to achievement of incremental value targets at the end of 3rd year and 4th year respectively, over the base line of actual financial results for the financial year 2018-19.

Pursuant to the provisions of Sections 196, 197 and 198 of the Companies Act, 2013 ("Act") read with Schedule V to the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 62(1)(b) of the Act, the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) approval of the shareholders is being sought for above Stock Options and Long Term Cash Incentive for Mr. Rakesh Khanna. Shareholders, at the last Annual General Meeting held on July 16, 2018, approved the appointment and remuneration of Mr. Rakesh Khanna. The above Stock Options and Long Terms Cash Incentive is apart from his approved remuneration and his remuneration to the extent of above Stock Options and Long Term Cash Incentives shall be deemed to have been amended. In case of loss or inadequate profit, the payment of Long Term Cash Incentive on the achievement of targets, will be considered as minimum remuneration along with his annual remuneration already approved by the shareholders.

Mr. Rakesh Khanna holds a B.E.(Mechanical) degree in engineering from Thapar Institute of Engineering and Technology, a master's degree in marketing from University of Mumbai. He has more than 33 years of experience of working with companies of national and international repute in consumer durables, consumer electronics, electrical and lighting sectors.

The details set out in the resolutions read alongwith explanatory statement may be treated as written memorandum setting out the amendment to the terms of appointment and remuneration of Mr. Rakesh Khanna under Section 190 of the Act.

Mr. Rakesh Khanna is interested in the above resolution as it relates to his remuneration and benefits. Save and except as above, none of the other Directors, Key Managerial Personnel and any of their relatives are, in any way, financially or otherwise, concerned or interested in the passing of this resolution.

The Board of Directors of the Company recommends the resolutions set forth at Item no. 4 of the accompanying Notice, for the approval of the shareholders as **Special Resolution**.

Item no. 5:

With the intention to attract, motivate and retain high quality talent at the senior management level and to reward their high individual performance directly linked to the achievement of accelerated financial growth objectives of the Company, thus driving shareholder's value creation, the

Company introduced Long Term Incentive (LTI) program for the senior leadership team. LTI Program is introduced as a dual benefit scheme in the form of Stock Options and Long Term Performance Cash Incentive. As part of LTI programme, Long Term Performance Cash Incentive is introduced to reward the high individual performance directly linked to the achievement of accelerated financial growth objectives of the Company. Long Term Performance Cash Incentive is effective from April 01, 2019.

The Board of Directors at their meeting held on March 27, 2019, on the recommendation of the Nomination and Remuneration Committee & Audit Committee and subject to the approval of the shareholders of the Company, granted Long Term Cash Incentive of ₹97,69,939/- (Rupees ninety seven lacs, sixty nine thousand and nine hundred thirty nine) to Ms. Avani Birla, Senior Vice President, effective from April 01, 2019, to be accumulated every year and considered for payment in cash of upto 40% of the accumulated value at the end of 3 years, i.e. at March 31, 2022, and upto 60% of the accumulated value at the end of 4 years i.e. at March 31, 2023, subject to achievement of incremental value targets at the end of 3rd year and 4th year respectively, over the base line of actual financial results for the financial year 2018-19. The above Long Term Cash Incentive is apart from her annual remuneration already approved by the shareholders of the Company at the last Annual General Meeting held on July 16, 2018.

Ms. Avani Birla, Senior Vice President, is related to Mr. Chandra Kant Birla, Chairman and Non-Executive Director of the Company and is, therefore, a related party within the definition of Section 2(76) of the Act, occupying the office or place of profit in the Company. As per the provisions of Section 188(1)(f) of the Companies Act, 2013 ("Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended, approval of the shareholders of the Company is required for the above Long Term Cash Incentive to Ms. Avani Birla.

Ms. Avani Birla also holds 1,30,000 shares of the Company.

The information as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 is as follows:

i. Name of Related Party : Ms. Avani Birla

ii. Name of Director or Key Managerial Personnel who is related: Mr. Chandra Kant Birla, Director and Chairman of the Company;

iii. Nature of Relationship: Ms. Avani Birla is daughter of Mr. Chandra Kant Birla;

iv. Nature, material terms, monetary value and particulars of contracts and arrangement: As detailed above.

Mr. Chandra Kant Birla, being relative of Ms. Avani Birla, is interested in this resolution. Save and except as above, none of the other Directors, Key Managerial Personnel and any of their relatives are, in any way, financially or otherwise, concerned or interested in the passing of this resolution.

The Board of Directors of the Company recommends the resolution set forth at Item no. 5 of the accompanying Notice, for the approval of the shareholders as an **Ordinary Resolution**.

Item no. 6:

The Board of Directors on the recommendation of Audit Committee, appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), as Cost Auditor of the Company for conducting the audit of the cost records of the Company for the financial year 2019-20, at a remuneration of ₹65,000/- (Rupees sixty five thousand) plus reimbursement of out of pocket expenses and taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the shareholders of the Company.

Accordingly, the shareholders are requested to approve the remuneration of the Cost Auditor for the financial year 2019-20 as set out in the resolution for the aforesaid services to be rendered by him.

None of the Directors and Key Managerial Personnel and their relatives, are in any way, financially or otherwise, concerned or interested in the passing of this resolution.

The Board of Directors of the Company recommends the resolution set forth at Item no. 6 of the accompanying Notice, for the approval of the shareholders as an **Ordinary Resolution**.

By Order of the Board of Directors

Hitesh Kumar Jain
Company Secretary
Registered Office: Unit VIII,
Plot No. 7, Bhoinagar,
Bhubaneswar – 751012, Odisha

Place: New Delhi
Date: April 30, 2019

Annexure

DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARD ON GENERAL MEETINGS:

Name	Mr. Desh Deepak Khetrapal	Mr. Rakesh Khanna
Date of Appointment	January 19, 2018	January 23, 2018
Age	63	56
Last gross remuneration (paid during the financial year 2018-19)	₹ 0.09 crores (Sitting fees and commission)	₹ 3.08 crores
Qualifications & expertise in specific functional area	He holds an honors degree in Business and Economics, a master's degree in Marketing and Finance from Delhi University and is an alumni of Faculty of Management Studies, University of Delhi. He has rich experience in industrial, consumer and retail businesses.	Refer Item No. 4 of the explanatory statement
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Nil
Number of Meetings of the Board attended during the year	5	5
Directorships held in other Public Limited Companies in India	a. Orient Cement Limited b. HIL Limited c. Oriental Bank of Commerce	Nil
Chairmanships / Membership of Committees in other Public Limited Companies in India.*	a. HIL Limited - Audit Committee – Member b. Orient Cement Limited - Audit Committee – Member and Stakeholder Relationship Committee - Member c. Oriental Bank of Commerce - Audit Committee-Member.	Nil
Shareholding in the Company (No. of shares)	Nil	Nil

*Committees considered for this purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.

ORIENT ELECTRIC LIMITED

CIN: L31100OR2016PLC025892
Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012
Tel: 0674-2396930, **Fax:** 0674 – 2396364
Corporate Office: 240, Okhla Industrial Estate, Phase – III, Okhla, New Delhi -110020
E-mail: investor@orientelectric.com, **Website:** www.orientelectric.com

ATTENDANCE SLIP

Registered Folio no. / DP ID & Client ID:

Number of shares held:

I/We hereby record my presence at the 3rd Annual General Meeting of the Company held on **Tuesday, July 16, 2019** at **11:00 AM**, at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012**, or at any adjournment thereof in respect of such resolutions as mentioned in the Notice.

Name of the Registered Holder/Proxy /
Authorized Representative
(IN BLOCK LETTERS)

Signature of the Registered Holder/Proxy /
Authorized Representative

NOTE: Please fill up this attendance slip and hand it over at the entrance of the Annual General Meeting (AGM) hall. Shareholders are requested to bring their copies of the Annual Report at the AGM, as no copy of Annual Report shall be distributed at AGM.

ORIENT ELECTRIC LIMITED

CIN: L31100OR2016PLC025892
Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012
Tel: 0674-2396930, **Fax:** 0674 – 2396364
Corporate Office: 240, Okhla Industrial Estate, Phase – III, Okhla, New Delhi -110020
E-mail: investor@orientelectric.com, **Website:** www.orientelectric.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 shareholder(s): ....

Registered Address of the shareholder(s): ....

E-mail ID: ....

FOLIO NO. / DP ID. / CLIENT ID.: ....

I/We, being shareholder(s), of Orient Electric Limited, (the "Company") holding .... equity shares of the above named Company, 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: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **3rd Annual General Meeting** of the Company to be held on **Tuesday, July 16, 2019** at **11:00 AM**, at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012** and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

S. No.	Resolutions	Vote (Optional see Note 3) (Please mention no. of shares)		
		For	Against	Abstain
	Ordinary business			
1.	Receive, consider and adopt the Audited Financial Statements for the financial year 2018-19 along with Reports of the Board of Directors and Auditors thereon.			
2.	Declaration of Final Dividend and confirm the Interim Dividend for the financial year 2018-19.			
3.	Appointment of Mr. Desh Deepak Khetrapal, who retires by rotation and being eligible, offers himself for re-appointment.			
	Special business			
4.	Grant of Stock Options and Long Term Cash Incentive to Mr. Rakesh Khanna, Managing Director & CEO of the Company.			
5.	Grant of Long Term Cash Incentive to Ms. Avani Birla, Senior Vice President of the Company.			
6.	Ratification of remuneration of Mr. Somnath Mukherjee, Cost Auditor of the Company, for the financial year 2019-20.			

Signed this.................... day of.................................. 2019

Affix ₹1
Revenue Stamp

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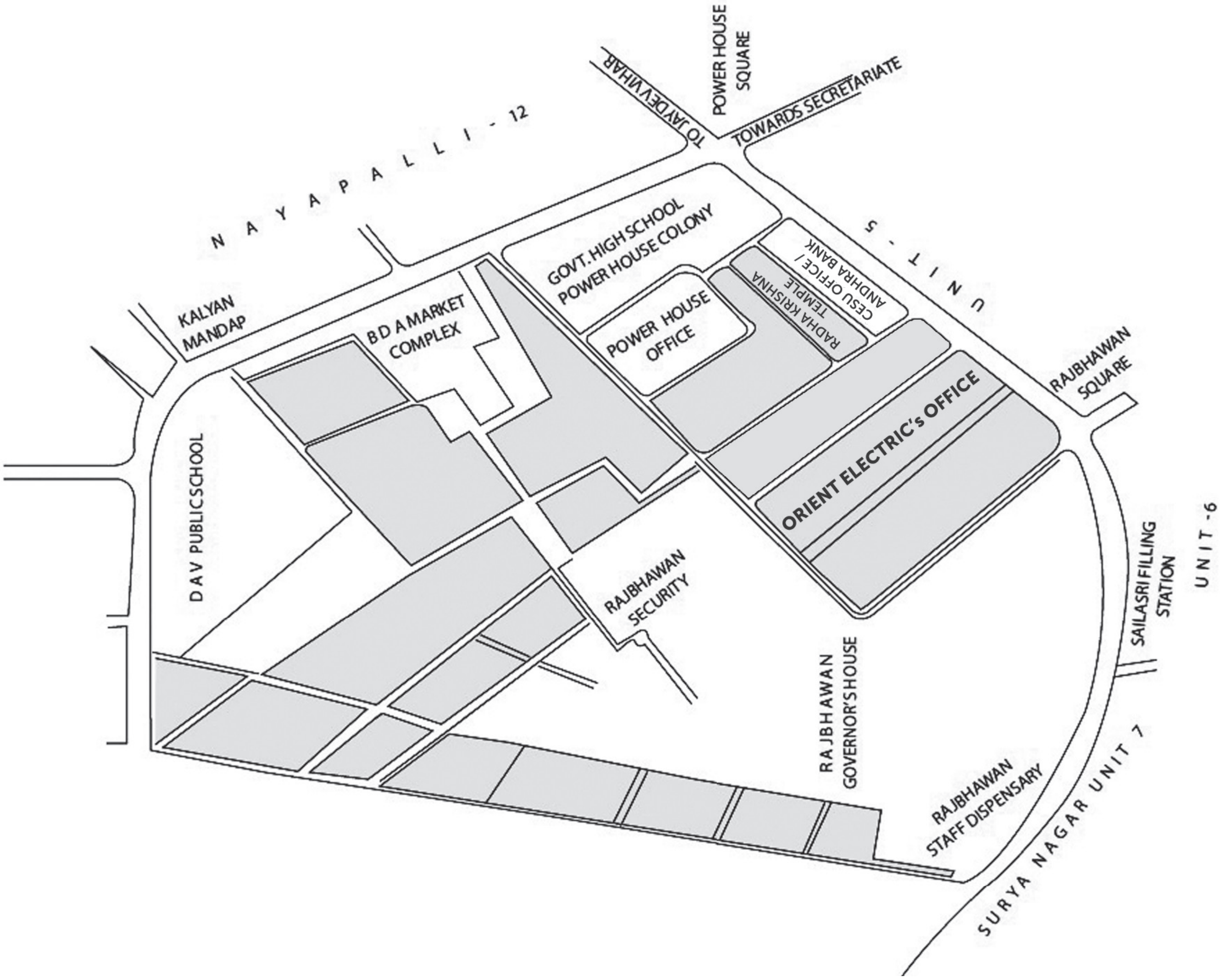
Signature of shareholder Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the AGM.
2. The holder may vote either 'For' or 'Against' each resolution.
3. It is optional to indicate your preference. If you leave the 'For' or 'Against' or 'Abstain' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.

ROUTE MAP FOR THE VENUE OF THE ANNUAL GENERAL MEETING OF ORIENT ELECTRIC LIMITED



CHANGE OF REGISTRAR AND SHARE TRANSFER AGENT

The Registrar and Share Transfer Agent of the Company has been changed from M/s. MCS Share Transfer Agent Limited to M/s. Karvy Fintech Private Limited, effective from May 10, 2019.

Contact details of new Registrar and Share Transfer Agent is as follows:

Karvy Fintech Private Limited
(Unit: Orient Electric Limited)
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda,
Gachibowli, Hyderabad – 500032
(Contact Person: Mr. S. V. Raju)
Phone: 040-67162222
Fax: 040-23001153
Toll Free No: 1800-345-4001
Email ID: einward.ris@karvy.com

orient electric

ORIENT ELECTRIC LIMITED

240, Okhla Industrial Estate, Phase - III
New Delhi - 110 020

Email: investor@orientelectric.com

Registered Office Address

Unit- VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, Odisha
CIN: L31100OR2016PLC025892

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