

August 1, 2018

**Listing Department**  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot no. C/1,  
G Block, Bandra-Kurla Complex  
Bandra (E),  
Mumbai - 400 051  
Trading Symbol: ORIENTELEC

**Department of Corporate Services -Listing**  
**BSE Limited**  
Phiroze JeeJeebhoy Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 001  
Scrip Code: 541301

**Sub.: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir / Madam,

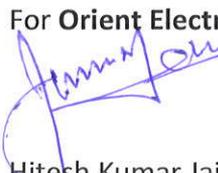
Pursuant to the provisions of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith soft copy of the Annual Report of the Company for the Financial Year 2017-18.

You are requested to take the enclosed document on your record.

Thanking you,

Yours Sincerely,

For **Orient Electric Limited**

  
Hitesh Kumar Jain  
Company Secretary

Encl.: as above



# switch to smart



# CONTENTS

## Corporate Overview

Corporate information	1
Anthem	3
The Company's ethical pedigree	4

## Management Review

Chairman's overview	6
Operational review	8
Board of Directors	10
Milestones	12
Switch to smart	14
How we have selected to do business	22

## Statutory Reports

Directors' Report	32
Management discussion and analysis	66
Corporate Governance Report	72

## Financial Statements

Financial section	86
Notice	132



### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Orient Electric Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Chandra Kant Birla (Chairman)  
Mr. Rakesh Khanna (*Managing Director & CEO*)  
Mr. Desh Deepak Khetrpal (*Non-Executive Director*)  
Mr. K Pradeep Chandra (*Independent Director*)  
Mr. TCA Ranganathan (*Independent Director*)  
Ms. Alka Marezban Bharucha (*Independent Director*)

## KEY MANAGERIAL PERSON

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

## STATUTORY AUDITORS

### **M/s S. R. Batliboi & Co. LLP**

*Chartered Accountants,*

22, Camac Street, Block C,  
3rd Floor, Kolkata -700016

## REGISTRAR AND SHARE TRANSFER AGENT

### **M/s MCS Share Transfer Agent Limited**

12/1/5, Manoharpukur Road, Ground floor,  
Kolkata-700 026 (WB)

## BANKERS

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

## 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

## MANUFACTURING PLANT

### **Kolkata**

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

### **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

### **Guwahati**

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

## CORPORATE IDENTIFICATION NUMBER

U31100OR2016PLC025892

## ISIN

INE142Z01019

## SCRIP CODE

BSE – 541301

NSE – ORIENTELEC

## WEBSITE

[www.orientelectric.com](http://www.orientelectric.com)



Orient Electric: One Team One Dream

## ORIENT ELECTRIC ANTHEM

*Falak se unchi nazar rakhi hai,  
Manzil se aage daud lagi hai,  
Dil ke junoon ko awaaz banake,  
Naye sapnon ki goonj hui hai,  
Iraade aise hain  
Har mushkil lage ab kum,  
**Mujse hum hain  
Hum se Orient.***

*Imaan ko apni mashaal banaya,  
Duniya mein desh ka parcham lehraya,  
Giri hain deewarein jab bhi badhe kadam,  
**Mujse hum hain  
Hum se Orient.***

*Bharose ki naav par khushiyon ko sajaya,  
Samjhauton ko raste se hataaya,  
Chahe aaye koi toofan saath challenge hum,  
**Mujse hum hain  
Hum se Orient,  
Switch to Smart.***

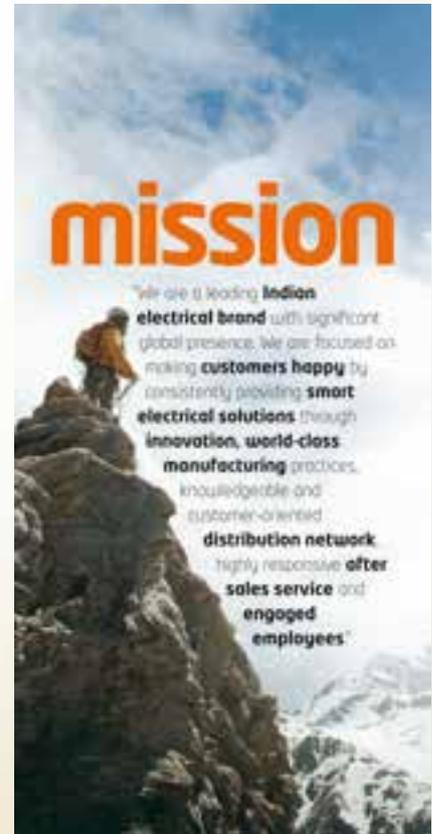
We set our sight beyond the horizon  
Sprinting out to breach the limits,  
Igniting passion in our hearts  
that resonates in our dreams,  
With a firm resolve such  
that belittles difficulties.  
**Here, "I" become "We" and we define "Orient".**

Integrity is the torch for our way  
Raising the flag high in the world for our country to say  
We overcome our hurdles at every step each day  
**Here, "I" become "We" and we define "Orient".**

We build our happiness on the bed of trust  
Leaving no room for compromise  
However big the challenge may stand  
We will face it, hand in hand  
**Here, "I" become "We" and we define "Orient".**

“  
**Mujse hum hain  
Hum se Orient**  
”





THE COMPANY'S  
ETHICAL PEDIGREE

### 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, 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 up openly without fear

### Collaboration

- We collaborate across functions and businesses to drive organization goals
- We build mutually rewarding long term relationship 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 organization which 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 in the value chain
- We care for the need of individual and professional development
- We partner in creating a caring environment



## CHAIRMAN'S OVERVIEW



I am happy to present the first Annual Report of Orient Electric Limited, demerged from Orient Paper & Industries Limited.

In such an opportunity-driven environment, I am optimistic that our innovation and consumer-centric approach provides a superior consumer proposition, aptly summarised as 'Switch to Smart'

This demerger will unlock the true potential of our consumer electric business and will enhance shareholder value. This is yet another significant milestone in the continuous growth journey of the business and has placed Orient Electric at the cusp of a high growth trajectory.

Orient Electric has come into existence at a moment when we are in the midst of exciting times in this business space. The markets for our products are likely to become larger, consumption patterns are expected to change and opportunities are slated to widen.

In such an opportunity-driven environment, I am optimistic that our innovation and consumer-centric approach provides a superior

consumer proposition, aptly summarised as 'Switch to Smart', in a market marked by brand clutter.

Our new corporate office in Okhla defines the new culture of 'smart working' with cabinless and paperless working. Connecting with open minds and stretching out for the impossible is the new way at Orient Electric.

The Company is driven by passion as much as it is driven by products; the Company is driven as much by the need to infuse the next level of growth by offering better solutions to customers.

We are confident that the commencement of our journey in an independent avatar will translate into sustainable growth for all our stakeholders.

**CK Birla,**  
*Chairman*



## MD & CEO'S OPERATIONAL REVIEW

By Mr Rakesh Khanna, MD & CEO



The Company performed well across all product categories and gained market shares in most of the product segments and geographic areas, giving us confidence that we are progressing in the right direction towards improved profitability.

### Drivers of profitable growth

Despite the initial primary sale slowdown during the GST transition phase, the year under review ended on a positive note. The country's macro-economics remained favourable, consumer aspirations increased and buyers spent more on consumer durables and electrical products.

Consumption patterns are changing and product replacement cycles are becoming shorter; even as Orient Electric is addressing first-time consumers, it is also stimulating replacement demand by offering new and substantially improved products. Besides, rural India is being exposed to increased incomes and a wider media, thus evolving lifestyle aspirations.

Coupled with the government's thrust on housing sector and rural electrification, the demand for electrical products in rural sector is likely to see substantial growth.

### Premiumization

Orient Electric steadily focussed on improving the design and quality of its products and service to address the new age Indian consumer who is more informed and demanding. The Company's distinctive R&D capability enabled the introduction of some disruptive products like Aero series in fans, Outdoor coolers, and Modular switches with 3AB technology, all of which were well received by consumers and the trade.

### Fans business reinforced and reinvented

The Fans business of Orient Electric outperformed the estimated industry growth as the Company graduated from 'selling higher quantity' to 'selling higher value'. To break the price barrier in a highly commoditised space, the Company looked at the value proposition and examined virtually everything that went into the making of a fan. With consumer insight, the Company decided to focus on a largely overlooked aspect by the industry: that of noise. The Company redefined product design, profile, material and aerodynamics. The result is that our Aero series emerged as perhaps the most exciting sectoral development in a long time, opening a completely new price point. With range enhancement coupled with augmented features and highest air delivery of 300 CMM (around 15% higher air delivery than competing models), the Aero Series range created a new category niche.

### Lighting business performs better

Ever evolving new technologies in LED design one constantly pushing the cost down, thus expanding the market. The Company's R&D investment empowered it to stay ahead in the change curve. Orient Electric emerged as the first brand in India to get 3-star rating from BEE for its LED bulb, reinforcing its recall as a technology leader and its position among the top three LED bulb players in the country.

The Company's business continued to be driven by competitive manufacturing, superior design, competent branding and distribution penetration. It launched the LED batten range, which received immediate trade and consumer acceptance. The Company developed the capability to manufacture of LED street lights, completing large government supply projects. This revenue stream is poised to grow.

### Growth in the switchgears business

At Orient Electric, we recognised that it was imperative to graduate beyond the competitive clutter in a largely commoditised space. We successfully established our LV switchgear at the top-end of the price spectrum in the retail market by leveraging its unique SDB technology. With newly introduced modular switches using unique 3AB technology, our offerings are now recalled distinctively for safety, enhancing consumer trust.

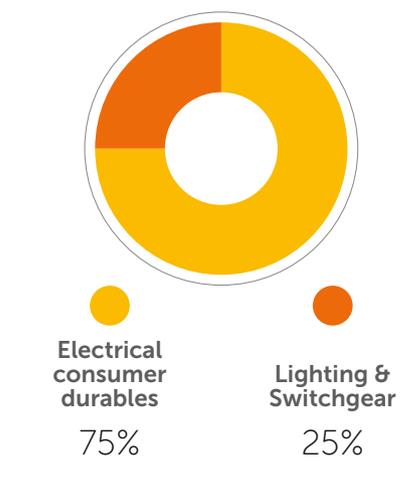
### Optimism in the consumer durables business

We gained share across all product categories and expanded our market reach in the consumer durables business. The introduction of the metal outdoor cooler, the first for an organised brand in India, received a good response from the market. With consumer durables offtake in India continuing to be driven by population and income growth, growing interiors pride and higher aspirations, this segment is expected to perform well.

### Strengthening business sustainability

To build a sustainable competitive advantage, the Company launched 'Sanchay', a structured cost reduction programme. Various cost management teams focused on waste identification, cost moderation and process optimisation. The teams questioned existing practices and explored alternatives resulting in a significant EBITDA improvement in the last financial year, enhancing prospects of stronger competitiveness.

PERCENTAGE OF REVENUES DERIVED FROM OUR BUSINESSES



### The road ahead

The Company will remain focused on building sustainable competitiveness through product innovation, consumer-centric approaches and deeper penetration. In doing so, we aspire to grow our revenues ahead of the industry growth curve, translating into profitable growth that enhances value for our stakeholders.

#### How Orient Electric addressed the GST transition

Orient Electric had a smooth transition to the new GST era. The Company had commissioned a manufacturing facility in Guwahati to benefit from the Government's geography-based incentive scheme. Following GST implementation, previously notified excise-related benefits were diluted. The Company had foreseen the possibility of such a scenario and deferred a sizable investment.

On the other hand, the Company capitalised on the one country-one tax GST and consolidated its fans warehouses to just two, reducing stocking area by nearly half, generating savings in logistics cum inventory carrying costs and improving its response time to market.

# BOARD OF DIRECTORS



## Mr. Chandra Kant Birla

*(Chairman)*

**Date of birth**  
January 9, 1955

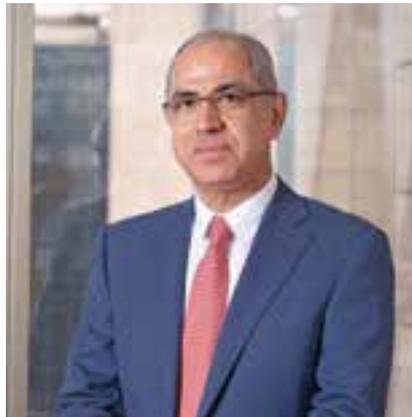
**Date of appointment**  
January 19, 2018

**DIN:** 00118473

**Qualification:** Bachelor of Art

**Occupation:** Industrialist

**Expertise in specific functional areas:**  
Industrialist having rich business experience in managing diversified industrial enterprises.



## Mr. Desh Deepak Khetrpal

*(Non-executive Director)*

**Date of birth**  
July 5, 1955

**Date of appointment**  
January 19, 2018

**DIN:** 02362633

**Qualification:** Honors degree in Business & Economics and Master's degree in Business Administration in Marketing and Finance.

**Occupation:** Service

**Expertise in specific functional areas:** Professional business leader with a track record of leading and transforming large and diversified organisations across various industries, including services, industrial, consumer and retail businesses.



## Ms. Alka Marezban Bharucha

*(Independent Director)*

**Date of birth**  
March 6, 1957

**Date of appointment**  
January 19, 2018

**DIN:** 00114067

**Qualification:** Bachelor of Arts with Honors, Law Graduate and Masters in Law.

**Occupation:** Corporate Advocate

**Expertise in specific functional areas:** Mergers and acquisitions, private equity investments, joint ventures, financings, initial public offerings in the telecom sector, representations for developers in the power sector, establishment of mutual funds, advisory services to foreign portfolio investors, foreign venture capital investors, brokers, merchant bankers, and other financial intermediaries and representing transnational corporations for investments in retail, real estate, defence, power and banking sectors.



### Mr. K Pradeep Chandra

*(Independent Director)*

**Date of birth**  
December 15, 1956

**Date of appointment**  
January 19, 2018

**DIN:** 05345536

**Qualification:** Bachelor's degree in Mechanical Engineering, Master's degree in Marketing, Master's degree in Finance and a Post Graduate degree in Public Administration, Ethics and Citizen Participation in Governance.

**Occupation:** IAS (Retired)

**Expertise in specific functional areas:**  
Education, finance and working with Industries and Commerce Department of Government of Andhra Pradesh.



### Mr. TCA Ranganathan

*(Independent Director)*

**Date of birth**  
November 19, 1953

**Date of appointment**  
January 19, 2018

**DIN:** 03091352

**Qualification:** Post Graduate degree in Economics.

**Occupation:** Former Chairman - Exim Bank

**Expertise in specific functional areas:**  
Having vast experience in corporate finance, international banking and investment banking.



### Mr. Rakesh Khanna

*(Managing Director & CEO)*

**Date of birth**  
September 5, 1962

**Date of appointment**  
January 23, 2018

**DIN:** 00266132

**Qualification:** B.E. (Mechanical) and Master's degree in Management Studies.

**Occupation:** Service

**Expertise in specific functional areas:**  
A business leader with vast experience in consumer durables and electronics sectors.

Financials for  
2017-18

Revenue

162,558

In ₹ Lac (Gross)

## MILESTONES



1939

**Orient Electric** Limited, formerly a division of Orient Paper and Industries Limited, was incorporated as Orient Paper Mills Ltd. in 1939 and started operations at a one-paper-machine facility in Brajrajnagar, Odisha.

1954

**Orient Fans**, the erstwhile Calcutta Electrical Manufacturing Company, became a part of the CK Birla Group in 1954.

1990

**Orient Electric** developed and patented the revolutionary PSPO (peak speed performance output) technology in the early-nineties.

**In order** to improve production levels, meet ever-changing needs of customers and establish itself as a global market leader, Orient Electric equipped its manufacturing plants in Faridabad and Kolkata with state-of-the-art machinery.

2008

**Orient Electric** forayed into a new range of electrical products by manufacturing CFLs and FTLs from a dedicated facility in Faridabad.

EBITDA

14,133

In ₹ Lac

EBITDA margin

8.8

In % (of net sales)

ROCE

27.2

In %

EPS

3.02

In ₹



2011

**Orient Electric** ventured into the home appliances market in 2011 with a wide range of products including air coolers, water heaters, juicer mixer grinders, mixer grinders, toasters, electric kettles, rice cookers and electric irons.

2014

**The Company** changed its identity from 'Orient Electricals' to 'Orient Electric'.

**The Company** also launched a new unified communications campaign 'Switch to Smart' and unveiled a vibrant new logo in orange.

**The year** also marked the launch of BLDC fans and Orient Electric's entry into LED lighting.

2015

**Orient Electric** forayed into the switchgear segment. Orient Electric's smart range of energy-efficient LV switchgear products includes MCBs, RCCBs, isolators and distribution boards manufactured at its state-of-the-art facility in Noida.

2016

**Orient Electric** became the first Indian lighting brand in 2016 to be awarded the three-star rating by BEE for its LED lamps.

**Orient Electric** opened its first exclusive smart shop to make shopping more experiential.

**Orient Electric** launched the Aeroquiet Fan

2017

**Consumer Electric** business demerged from Orient Paper & Industries Ltd. to merge with Orient Electric Limited with the approval of National Company Law Tribunal, Kolkata Bench on November 9, 2017 with effect from the appointed date of March 1, 2017.

**Orient Electric** Expanded the Aero Series range of Fans.

2018

**Orient Electric Limited** debuted on May 14, 2018 on the BSE & NSE with the listing of its equity shares.

# switch to smart

SWITCH TO SMART IS OUR QUEST FOR CONSTANT EVOLUTION TO DELIGHT ALL OUR STAKEHOLDERS THROUGH SMARTER PRODUCTS & SOLUTIONS, PROCESSES AND PEOPLE.



ENTHUSING  
EMPLOYEES



STRENGTHENING  
RESEARCH



INCREASING  
REVENUES



REINFORCING  
MARGINS



TRANSFORMING  
THE COMPANY

## Switch

- Quest to change
- Challenge the impossible
- Never being satisfied
- Questioning every convention with "Why"
- Be the trail blazer
- Be bold to embrace change
- Disruptive thinking
- Constantly raising the bar



## Smart

- Smart consumer insight
- Smart disruptive product development to address the stated and unstated consumer needs
- Smart products for high performance & quality
- Smart products for the smart new age customer
- Smart service for customer delight
- Smart thinking
- Smart culture of openness and innovation
- Smart financial planning
- Use of smart technology to push efficiency frontier
- Smart business processes for efficiency and effectiveness

## SMART PEOPLE



At Orient Electric, it would have been predictable making our biggest investment in physical assets. We selected to make this investment in our people instead.

We created a team comprising young professionals. We infused them with a lateral spirit. We drove them with a passion to achieve positive change.

Gradually, a new Orient Electric culture was born. A culture where the priority was to transform every status quo we came across. A culture where the obsession became 'Can we take India to the

next level?' instead of pegging for single-digit corporate growth. A culture where we would provide consumers with products they never felt they needed in the first place rather than selling more of the same. A culture of not only focusing on market share but in creating new markets instead.

This cultural shift is everywhere you look in our Company. In the absence of executive chambers and in the presence of open-plan offices. In the absence of cubicles with facing pin-boards but a refreshing see-through workplace

environment. In the absence of files and memos on desks but a completely virtual office.

The ferment of this culture is reflecting in the numbers: the Company reported a 9% jump in Engagement Score over a previous survey held 18 months ago. The average age of employees stood at 37 years in 2017-18.

The secret is in the open: even as Orient Electric is getting chronologically older, it is getting passionately younger.

## SMART SAVING: SANCHAY A GAME-CHANGER



**Project Sanchay generated savings that accounted for ~7% of our EBIDTA in 2017-18.**

- 1** Sanchay is a structured cost reduction programme
- 2** The programme identifies costs to be addressed across the Company's businesses and locations
- 3** The focus is on achieving cost-reduction by addressing core processes
- 4** The Company addressed Cost optimisation through product design and process innovation
- 5** Further value-addition was derived through increased automation and productivity
- 6** The programme was driven without targets, inspiring boundaryless thinking
- 7** The Sanchay monitoring architecture comprises a national level group along with a Sanchay unit in every manufacturing location
- 8** The Sanchay teams comprise a cross-functional mix of employees (technology, quality, R&D, supply chain, procurement etc.)
- 9** The programme has been positioned as the employees' direct contribution to the Company's profits
- 10** Sanchay has helped transform the operating culture: from silo to collaborative, from legacy to futuristic, helping improve margins and generate sustainable competitiveness

## SMART PROCESSES



### Technological innovation at fan plant

At Orient Electric, online Electrical performing portable instruments and automatic in-line noise chamber have been deployed, bringing in a paradigm shift from manual processing to automation and digitization.

Robotic machines have been installed for lining on fan covers and robotic bearing pressing.

The new liquid paint shop booth has enhanced capacity by 20% and an automated horizontal paint shop has been added.

Robotic screw driver for screw fitment in the top cover and a robotic trim fitting machine have added to efficiencies.

The Company also commissioned a solar power plant (100KW) for creating green energy.

### Enhancement in Lighting unit

The Company added a loading and unloading conveyor, doubling efficiencies, and installed an automatic packing machine to pack lamps into mono cartons. It commenced automated shrink wrapping, helping reduce costs.

### Adding automation in Switchgears

The Company started automatic multipole riveting for MCB and Isolators with a single pneumatic operation, improving productivity significantly. Auto ejection of riveted components also added to efficiencies.

## SMART THINKING



Orient Electric bagged the prestigious 'Amity HR Excellence Award for Best Employee Performance Management' for its quarterly Hi-Flyer program, which rewards and recognises the best performing employees. Our Employee Engagement score increased by 15% in 2017-18.

### Various programs and initiatives

**Facilitator certification program:** Internal capability building helped drive a culture of learning and development partnering

with Development Dimensions International (DDI).

**Internal trainings:** Company-level workshops were conducted through internal trainers/facilitators.

**Service technician skill enhancement techniques:** More than 200 technicians trained via factory visits and product trainings.

**Behavioural training:** Developing mindsets and skills to delight the customer and enhance a sense of ownership.

### Activities for employee engagement

**Celebrating festivals:** Festivals and days of national significance are celebrated at our offices and manufacturing units.

**Sports:** Cricket and tournaments for other sports are organised for employees.

**Health camps and awareness programs:** The Company organises dental and eye check-up camps and cardiology awareness programs apart from routine check-ups.

## SMART SOCIAL CONNECT



### Winter of hope

With an aim to spread warmth among the homeless in winter, Orient Electric's Appliances division partnered with Indo-Global Social Service Society's existing campaign 'Winter of Hope' as a part of its CSR initiative. In this campaign, the Company donated 100 units of advanced wall-mounted room heaters for use at night shelter homes across Delhi NCR. More than 4000 homeless people are expected to benefit through these installations.



### Skilling Electricians

Orient Electric is not only committed to build the highest standard of safety in its products, but is also sensitive to then end use. Orient Electric's Switchgear division embarked on an initiative in association with "Skill India" in 2017-18 to train electricians in the selection and installation of electrical products. The first three batches of 15 electricians each were trained in 2017-18. A programme that will scale this year.



### Rip the tape off

The Company decided to stand up and be counted by sharing an actionable social message – #riphetapeoff to raise a voice of protest against the rising instance of women being molested in the country.

The campaign made its way into the list of top 60 brand campaigns in the Social Samosa's Year Book of Social Media Campaigns. The campaign had been earlier covered by Campaign India for being one of the top 20 pieces of content on Twitter. The campaign generated 43.7 million impressions with 4,370 mentions on Twitter.



### Make Every Day Womens Day

On the occasion of International's Women's Day, we launched a #MakeEveryDayWomensDay campaign, featuring a short social film, urging everyone to extend the celebration of appreciation and respect towards women in our personal and professional lives, not just for a day but every day of the year. The film received an overwhelmingly positive response and was featured in some leading advertising and media websites. The campaign garnered a whopping 58 million impressions while reaching out to more than 3.2 million people.

## SMART CHANNEL

### Traditional

Pan-India distribution of Fans, Lighting, Home Appliances and Switchgear range of products

1,000+

Direct channel partners

1,00,000+

Retailers

1,000+

Service technicians

350+

Service centers

**CSD:** Long-standing partnership with CSD

### Contemporary



**Orient Electric Eshop:**  
[www.orientelectricshop.com](http://www.orientelectricshop.com)

**E-commerce partners:** Major market places

Orient Electric service app



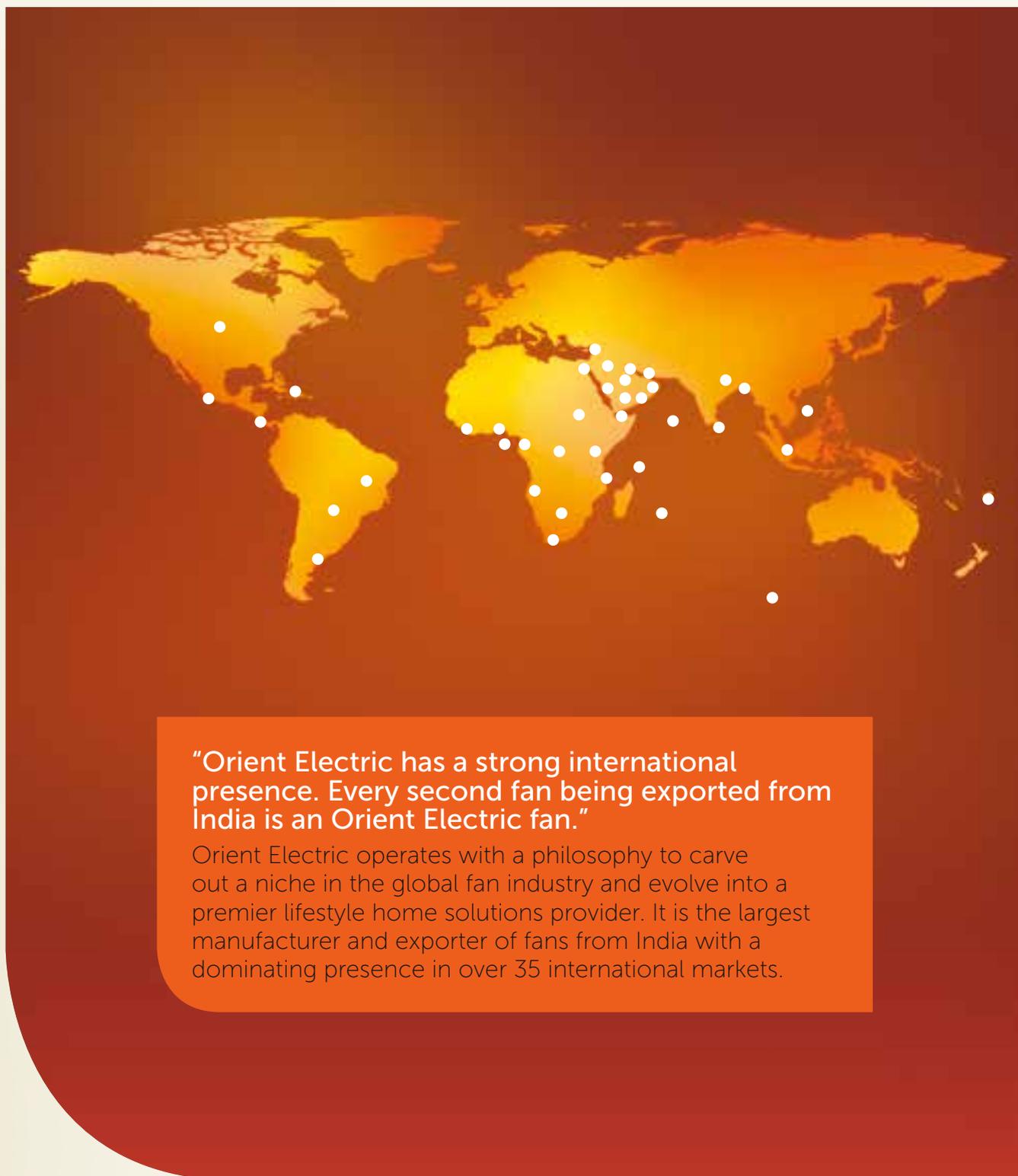
**Orient Electric Smart Shops:** Exclusive retail shops bringing us closer to our customers

**Orient Connect:**  
Bringing us closer to retailers

**EESL:**  
Partnering the government's ambitious projects



## SMART FOOTPRINT-WIDENING



**“Orient Electric has a strong international presence. Every second fan being exported from India is an Orient Electric fan.”**

Orient Electric operates with a philosophy to carve out a niche in the global fan industry and evolve into a premier lifestyle home solutions provider. It is the largest manufacturer and exporter of fans from India with a dominating presence in over 35 international markets.

# HOW WE HAVE SELECTED TO DO BUSINESS



## Empowered and responsive

**Culture:** We have selected to grow our Company around empowerment in decision-making translating into agile responsiveness to marketplace needs and developments.

**Employee engagement:** We have strengthened our employee focus, which indicated a 9% increase in the Employee Engagement Score following the previous survey.



## Products

**Family products:** We have largely addressed products needed by aspiring families in India, the majority of our products addressing the large middle-income segment.

**High demand product segments:** We have selected to enter large product segments marked by a low entry barrier, assuring us of category visibility and acceptance.

**Product differentiation:** We have addressed gaps within large category spaces; we have differentiated our products within these niches through technology-enabled innovation.

**Product pipeline:** We have accelerated the launch of

differentiated products within market gaps, virtually crowding competition out in those niches.

**Value-added:** We possess a distinctive bias towards the premium end, strengthening our recall as a Company that makes high-end technology-enabled products.

**New product revenues:** We have laid down a strategy that a growing proportion of our revenues need to be derived from premium products; the Company expects to derive sizeable revenues from the premium end over the foreseeable future.

**Market creation:** We believe that even as we continue to service existing markets, success will be derived from the ability to create new market categories and occupy disproportionate market shares.



## Finance

**Cheaper debt:** We leveraged our strong credentials to opt for alternative debt options and moderate our debt cost to an attractive single-digit percentage. Our continuous thrust on optimal working capital management has further enabled effective utilisation and timely servicing of debt.

How we strengthened our competitiveness



**Cash flows:** We focused on enhancing cash flows through a better generation of operating cashflows enabled by higher profit delivery, expressed unambiguously as cash inflows being higher than the cash outflows required to sustain the business.

**Declining debt:** As a result of higher operating cash generation we have been successful in the prompt servicing of debt and gradually reducing our debt exposure.

**Focus on receivables:** We initiated and established a strong credit & collection policy during the year, helping control our receivables exposure and moderating the receivables cycle for our fans business (our largest revenues earner).

**Declining cost structure:** We instituted Sanchay, a structured cost saving programme that generated savings that contributed to around 7% of our EBIDTA in 2017-18.



## Corporate Governance

**Controls and compliance:** All actions from decision to delivery pass through the processes and policies that are designed with built-in controls, accountability and high ethical

standards. All business transactions and actions are subjected to rigorous self-assessment for compliance and internal financial controls through online reporting tools.

**Business process efficacy:** Robust internal audit mechanisms coupled with physical verification of all assets by external audit firms were put in place to test the efficacy of these business processes and transactions. The findings from all these internal self-assessment and independent internal audit processes were conducted in quarterly cycles, reviewed by Senior Management teams, CEO and CFO and finally presented to the Audit Committee and the Board.

**ERM:** The Company also implemented an Enterprise Risk Management framework to continuously identify, monitor and mitigate strategic and operational risks.

**Transparency:** The Company is subjected to quarterly limited review and annual audits by statutory auditors, cost auditor and secretarial auditor as per regulatory requirements. These high standards of governance measures were established within the Company during the financial year under review.



## Retail impact

**Brand investment:** We generated positive payback through an analysis of our marketing mix, channel and activity mix.

**Franchise power:** We leveraged the power of our retail franchise through product cross-sale and upsale, accounting for an attractive share of the customer's wallet; the franchise also made it possible for us to introduce products and achieve critical sales mass with low gestation.

**Real-time sales connect:** We leveraged technology to commence retail sales tracking, providing valuable insights on consumer preferences (of price, product and purchase timing).

**Service:** We strengthened our service with the objective to moderate down-time at the consumer's end.

Enhanced cash flows

Negotiated better with vendors

Reduced operating costs

Increased profits

Reinvested in the business

Strengthened product development

# FANS





## Overview

In a tropical country like India, the fan is a must-have product irrespective of incomes and aspirations. Orient Electric is a one-stop fans provider, offering a range of fan options to address diverse consumer needs: ceiling fans, stand fans, wall fans, exhaust fans and multi-utility fans.

The fans manufactured by Orient Electric are respected for their innovation, quality, durability and superior price-value proposition. In the last few years, the Company graduated fans from the functional to fashionable through superior styling and performance. These ergonomically-designed fans provide aspiring consumers with next-generation fans focused on noise reduction and superior draught, creating a new price category.

The Company's vast range (high-speed, energy-efficient, under-light fans, kid's and premium) comes in a variety of colours and sweep sizes. Orient Electric's stand fans and wall fans are suitable for personalised cooling; the exhaust fans ensure that kitchens and washrooms stay odour- and smoke-free, while multi-utility fans are ideal for personal and commercial applications.

## Strengths

**Technology:** The state-of-the-art ISO-certified manufacturing facilities at Faridabad, Kolkata and Guwahati leverage modern technologies (automatic stator winding plant and automatic liquid paint shop) to enhance productivity and styling.

**Quality:** The Company invested extensively in enhancing quality, benchmarking processes in line with the demanding Six Sigma benchmark in the pursuit of zero-defect.

**Knowledge:** The Company leveraged six decades of experience in the manufacturing and distribution of premium quality fans. The Company is one of the largest

manufacturers and exporters of fans with exports to over 35 countries.

**Range:** The Company provides choice within a range that makes it possible for consumers to graduate purchases within the same product category. For instance, the Company's Aero Series provided a range that comprised Aero Quiet BLDC, Aerolite and Aero Cool available in various colour finishes.

**Network:** The Company's fans business reaches consumers through a pan-India distribution and retail network comprising 4,000 dealers and 100,000 retailers. The result is that the Company's products are available extensively across large urban markets and emerging demand pockets (Tier-II and III centres).

## Highlights, FY2017-18

- Riding on the success of Aeroquiet, the Aroseries range was expanded with multiple variants
- Strengthened marketing presence in the Middle East and Africa
- Exported fans to the US and other European countries (total 35)

# LIGHTING



## Overview

Orient Electric manufactures a range of lighting products to address diverse customer needs. These include LED lamps, professional and consumer luminaires, LED street lights, among others. The Company's LED wall lights and panel lights are best suited for offices and commercial buildings as these generate a high output while consuming less power (low watt high lumen). This business addresses a bright future on account of the government's thrust on replacing conventional street lights across the country with the superior LED alternative.

## The Orient differentiator

Orient Electric was one of the first in its sector to receive the coveted BEE rating for LED bulbs. The Company's early-mover status in LED lighting helped increase market share and propel Orient Electric to the second spot in the country's LED bulb market.

## Strengths

**Scale:** The Company is the second-largest manufacturer of LED lamps in India in the non-OEM segment, with two manufacturing units in Noida.

**Technology:** The Company possesses a sizeable streetlight manufacturing capacity. Automated processes ensure low wastage and high savings.

**Presence:** The business' pan-India distribution network rides the Company's large marketing footprint with an extensive presence across metros as well as Tier-II and III centres.



### Highlights, FY2017-18

- Expanded the LED batten range by launching three products (colour-changing mood light battens, high-brightness sunlight battens and unique fixture-free pearl glass tube battens with low glare)
- Launched a television commercial for LED battens, complemented by print advertisements and a digital campaign, which was well-received by customers
- Strengthened capabilities at Company's Competence Center to meet customised requirements and continuously improve product quality and efficiency
- Acquired technical approvals for all major governmental projects aimed to replace conventional streetlights with LED variants
- Temporarily discontinued operations at the compact fluorescent lamp manufacturing plant to restructure production facilities and moderate costs
- Strengthened the professional luminaires sales team to address a rapidly-growing market

#### High-margin products

**Streetlights:** Orient Electric executed a project to instal 20,000 streetlights across four states.

**Consumer Luminaires:** The Company improved its share in the LED luminaires segment. Orient is today the second largest manufacturer of LED lamps in India.

**New LED products:** The Company is continuously automating and increasing capacity to address LED growth and portfolio expansion.



# APPLIANCES

## India's first modular cooler. Very cool. Very powerful.

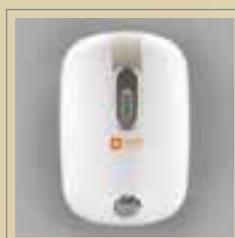
Presenting Orient Outdoor Coolers, powered by Orient AeroFan Technology. Its 18" blades cool every corner of the room.

Longest air throw

Easy to assemble

Easy to dismantle

Height Adjustable Modular Stand





## Overview

At Orient Electric, this business is driven by the prudent selection of appliances in product mix appliances that address family needs on the one hand and enhance convenience through innovative features (design, materials and finish) on the other. The Company offers a wide range of products to suit diverse needs: the range comprises air coolers (desert coolers, personal coolers, tower coolers and window coolers) and room heating and water heating solutions (storage water heaters, LPG water heaters, instant water heaters, conventional room heaters as well as oil-filled room heaters). The portfolio also includes quality kitchen appliances (hand blenders, juicers, mixers, grinders, rice cookers, electric kettles, pop-up toasters, dry and steam irons, among others).

### The Orient differentiator

The Company introduced new variants and designs in the year under review, expanding its cooler range. The Company addressed consumer needs through organised modern retail and e-tail distribution formats. The Company became the first branded player to launch India's first outdoor metal coolers in modular and assembled versions, addressing the evolving needs of Tier II & III markets. Strengthening its global marketability, the Company has eight models with CB and SASO rating.

### Strengths

**Innovation:** The Company's relentless innovation enhanced consumer traction.

**Quality:** The Company invested extensively in process certifications to enhance quality.

**R&D:** The Company's R&D delivered progressive higher performance standards (lower power consumption and higher product durability).

**Sales:** The Company's pin code-driven sales approach catalysed growth across geographies.

### Highlights, FY2017-18

- Added five SKUs of air coolers, one SKU of heaters, and three SKUs of kitchen appliances
- Launched 18 models of water heaters (with BEE five-star rating) including storage, instant and gas geysers
- Invested in moulds to enhance product quality

# SWITCHGEAR

**THE SUREST WAY TO BE SAFE**

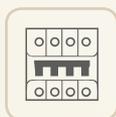
**INTRODUCING ORIENT SWITCHES WITH 3 LAYERS OF SAFETY.**

Superior build quality • Elegant design • Anti-weld contacts.

RoHS Compliant

3AB TECHNOLOGY

The advertisement features a dark background with a large, white, 3D exploded view of a switchgear component. The text 'THE SUREST WAY TO BE SAFE' is written in large, white, sans-serif font across the top. Below this, the text 'INTRODUCING ORIENT SWITCHES WITH 3 LAYERS OF SAFETY.' is displayed in a smaller, white, sans-serif font. At the bottom, there is a row of five different switchgear models in various colors (yellow, white, grey, black). To the right of these models is a logo for '3AB TECHNOLOGY' which includes a shield-like shape with the number '3AB' and the word 'TECHNOLOGY' below it. At the bottom left, there are two logos: 'RoHS Compliant' and a square logo with the letters 'LS' inside.



## Overview

This business represented a natural extension for the Company in its endeavour to position itself as one-stop electrical solutions provider. The Company introduced a smart range of energy-efficient low-voltage switchgear products (miniature circuit breakers, residual current circuit breakers, isolators and distribution boards), which were manufactured at a state-of-the-art manufacturing facility in Noida. Expanding its product portfolio further, the Company is launching a range of modular switches & electrical accessories.

## The Orient differentiator

Orient Electric manufactures 'intelligent', efficient and cost-effective switchgears that enhance consumer safety. The Company was the first domestic player to introduce MCBs equipped with the revolutionary snap disc bi-metal technology ensuring precise tripping, better repeatability and enhanced longevity. The Company is launching a new range of modular switches with 3AB technology.

## Strengths

**Presence:** The Company enjoys a strong presence across seven States through 200 distributors, 3,000 retailers and 25,000 electricians.

**Manufacturing:** The Company's manufacturing plant is equipped with state-of-the-art machinery imported from Europe.

**Quality:** The investment in cutting-edge manufacturing automation enhanced product reliability.

**Brand:** The products are being positioned as premium, strengthening realisations and offtake.

## Highlights, FY2017-18

- Launched a new range of modular switches and electrical accessories
- Extended its distribution in new territories



# Directors Report

*Dear Shareholder,*

Your Directors take pleasure in presenting the 1<sup>st</sup> Annual Report on the business and operations of the Company (post-demerger approval), along with the Audited Financial Statements for the Financial Year ended March 31, 2018.

## SUMMARY OF FINANCIAL PERFORMANCE

The financial performance of the Company for the Financial Year ended March 31, 2018 is summarized below:

Particulars	2017-18	2016-17*
Gross Sales	1,62,558	23,166
<b>Total Revenue (net of excise)</b>	<b>1,59,977</b>	<b>21,228</b>
<b>Earnings before Interest, Depreciation, Amortisation &amp; Taxation</b>	<b>14,204</b>	<b>2,467</b>
Interest/Finance costs	2,447	272
<b>Profit/(Loss) before Depreciation and Taxation</b>	<b>11,757</b>	<b>2,195</b>
Depreciation	1,975	175
<b>Net Profit/(Loss) before Taxation</b>	<b>9,782</b>	<b>2,020</b>
Taxation	3,380	837
<b>Net Profit/(Loss)</b>	<b>6,402</b>	<b>1,183</b>
<b>Other Comprehensive Income not to be reclassified to Profit &amp; Loss in subsequent Period (Net of Tax)</b>	(97)	4
<b>Total Comprehensive Income for the year</b>	<b>6,305</b>	<b>1,187</b>
Profit brought forward from last year	1,187	-
<b>Profit available for appropriations</b>	<b>7,492</b>	<b>1,187</b>
<b>Appropriations</b>		
Transfer to General Reserve	1,500	-
Interim Dividend on Equity shares	1,061	-
Corporate Dividend Tax	216	-
Balance carried to Balance Sheet	4,715	1,187
<b>EPS</b>	<b>3.02</b>	<b>0.56</b>

\*For 2016-17 the financial figures represent business operations for one-month since the Scheme of Arrangement became effective from the appointed date of March 01, 2017.

## DEMERGER OF CONSUMER ELECTRIC BUSINESS: SCHEME OF ARRANGEMENT

The Scheme of Arrangement ('Scheme') between Orient Paper & Industries Limited ('OPIL') and Orient Electric Limited ('the Company') and their respective shareholders

and creditors, was approved by the National Company Law Tribunal, Kolkata Bench ('NCLT') vide its orders dated November 09, 2017. The Scheme became effective from December 08, 2017 upon filing of the certified copy of the order of NCLT, approving the Scheme, with the Registrar

of Companies. Pursuant to the Scheme, the Consumer Electric Business of OPIL stood transferred and vested in the Company with effect from the appointed date i.e. March 01, 2017. OPIL was engaged in 2 (two) distinct lines of business namely:

- a. manufacture and distribution of paper and paper products such as writing paper, printing paper and tissue paper - (collectively referred to as the 'Paper Business'); and
- b. manufacture and distribution of consumer electric products such as fans, lighting products, home appliances and switchgears (collectively referred to as the 'Consumer Electric Business').

Nature of risk and competition involved in each of the Paper Business and Consumer Electric Business is distinct, necessitating different management approaches and focus. Moreover, the competitive dynamics of these businesses are also different. The Scheme had resulted in a dedicated management focus for accelerating growth of the Consumer Electric Business, which would ultimately result in unlocking significant value for the Shareholders of the Company. Consequent upon the Scheme becoming effective, the Company ceases to be a division of OPIL.

## OPERATIONAL AND FINANCIAL PERFORMANCE

The Company achieved a gross turnover of ₹ 1,62,558 lacs during the Financial Year ended March 31, 2018. Despite the challenging start of the year impacted by roll-out of GST, the business was able to achieve a double-digit growth, like-to-like. This was made possible due to the stronghold of the Company in the market and its ability to react to the changing market trends. EBITDA margins stood at 8.74% of Net Sales and Profit After Tax during the Financial Year amounted to ₹ 6,403 lacs. The growth achieved in bottom line, despite

rising input costs and market challenges, is a result of focused cost reduction across categories. The Company's consistent efforts to generate value for our shareholders are resulting in success. This year the Company generated EPS of ₹ 3.02. Financials of the Company for the year ended March 31, 2018 have been prepared after giving effect of the Scheme from the appointed date of March 01, 2017.

## INDIAN ACCOUNTING STANDARD

Ministry of Corporate Affairs ('MCA') had, vide notification dated February 16, 2015, notified the Indian Accounting Standards ('Ind AS') to be applicable to certain class of companies including listed companies, for the accounting periods beginning on or after April 1, 2017, with comparatives to be provided for the period ending on March 31, 2017. The Financials for the Financial Year ended March 31, 2018, forming part of this Annual Report, have been prepared in accordance with Ind AS. Explanations capturing areas of differences and reconciliations from Indian GAAP to Ind AS have been provided in the 'Notes to accounts' to the Financial Statements.

## SHARE CAPITAL

Upon the Scheme becoming effective from the appointed date of March 01, 2017, the Issued, Subscribed and Paid-Up Share Capital of the Company consisting of 5,00,000 Equity Shares of ₹ 1 each aggregating to ₹ 500,000 held by the holding company, OPIL was cancelled. The Authorised Share Capital of the Company increased to 25,00,00,000 Equity Shares of ₹ 1 each aggregating to ₹ 25,00,00,000. Pursuant to the Scheme, the Company, on January 19, 2018, allotted 21,21,85,502 Equity Shares to the shareholders of OPIL in the ratio of 1:1 i.e. one Equity Share of ₹ 1 each of the Company for each equity share of ₹ 1 each held in OPIL as on the record date of January 12, 2018.

## LISTING OF SHARES

The Company, on January 29, 2018, has applied to BSE Limited and National Stock Exchange of India Limited (together referred as 'Stock Exchanges') for the listing of 21,21,85,502 Equity Shares of the Company, issued and allotted in terms of the Scheme. BSE Limited vide its letter dated March 28, 2018 and National Stock Exchange of India Limited, vide its letter dated April 18, 2018 granted in-principle approvals for the listing of aforesaid Equity Shares subject to relaxation by the Securities and Exchange Board of India under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. Upon receipt of such relaxation, the Company has initiated necessary actions required for obtaining listing and trading approvals from the Stock Exchanges for its equity shares.

Though, all the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') are not applicable on the Company as on the date of Balance Sheet and on the date of this Report, however the Company has voluntarily complied with the provisions of the Listing Regulations, wherever applicable.

## DIVIDEND

The Board of Directors had, at their meeting held on February 12, 2018, declared 1<sup>st</sup> interim dividend, for the Financial Year 2017-18, of ₹ 0.50 per equity share. The 1<sup>st</sup> interim dividend was paid to the shareholders of the Company as on the Record Date of February 19, 2018. Further, the Board of Directors at their meeting held on April 27, 2018 recommended a final dividend of ₹ 0.50 per equity share for the Financial Year ended March 31, 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on July 16, 2018, thus bringing total dividend for the Financial Year 2017-18 to ₹ 1/- per share (i.e. 100%).

The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 12, 2018 to Monday, July 16, 2018, both days inclusive, for determining

the entitlement of the shareholders to the final dividend for the Financial Year ended March 31, 2018 and for annual book closure.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors

During the year under review the existing Directors of the Company, Mr. Manohar Lal Pachisia, Mr. Pradeep Kumar Sonthalia and Mr. Pramod Chandra Agarwala resigned as the Directors of the Company effective from January 23, 2018 and the Board of the Company was reconstituted as per the requirements of Listing Regulations and the Companies Act, 2013 ('Act'). The Board Members places on record their deep appreciation for the services rendered by Mr. Manohar Lal Pachisia, Mr. Pradeep Kumar Sonthalia and Mr. Pramod Chandra Agarwala. Details of the new Directors, appointed after the reconstitution of the Board of the Company are as follows:

1. Mr. Chandra Kant Birla was appointed as an Additional Director (Non-Executive) and Chairman of the Board of Directors of the Company w.e.f. January 19, 2018. As an Additional Director, Mr. Chandra Kant Birla would hold the office of Director upto the date of the ensuing 2<sup>nd</sup> AGM. The Company has received a notice in writing from a Member of the Company in accordance with the provisions of Section 160 of the Act, proposing the candidature of Mr. Chandra Kant Birla for the office of Director, liable to retire by rotation.

The Board of Directors recommends the appointment of Mr. Chandra Kant Birla as a Non-Executive Director, liable to retire by rotation, at the ensuing 2<sup>nd</sup> AGM of the Company.

2. Mr. Rakesh Khanna was appointed as an Additional Director (Executive) and Managing Director by the Board of Directors of the Company w.e.f. January 23, 2018. As an Additional Director, Mr. Rakesh Khanna would hold the office of Director upto the date of the ensuing 2<sup>nd</sup> AGM. The Company has received a notice in writing

from a Member of the Company in accordance with the provisions of Section 160 of the Act, proposing the candidature of Mr. Rakesh Khanna for the office of Director, not liable to retire by rotation.

The Board of Directors recommends the appointment of Mr. Rakesh Khanna as an Executive Director and Managing Director, not liable to retire by rotation, at the ensuing 2<sup>nd</sup> AGM of the Company.

3. Mr. Desh Deepak Khetrpal was appointed as an Additional Director (Non-Executive) by the Board of Directors of the Company w.e.f. January 19, 2018. As an Additional Director, Mr. Desh Deepak Khetrpal would hold the office of Director upto the date of the ensuing 2<sup>nd</sup> AGM. The Company has received a notice in writing from a Member of the Company in accordance with the provisions of Section 160 of the Act, proposing the candidature of Mr. Desh Deepak Khetrpal for the office of Director, liable to retire by rotation.

The Board of Directors recommends the appointment of Mr. Desh Deepak Khetrpal as a Non-Executive Director, liable to retire by rotation, at the ensuing 2<sup>nd</sup> AGM of the Company.

4. Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Ms. Alka Marezbhan Bharucha were appointed as Additional Directors, in the independent capacity, by the Board of Directors of the Company w.e.f. January 19, 2018, for a period of five years. As Additional Directors, Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Ms. Alka Marezbhan Bharucha, would hold the office of Directors upto the date of the ensuing 2<sup>nd</sup> AGM. The Company has received separate notices in writing from the Members of the Company in accordance with the provisions of Section 160 of the Act, proposing the candidature of Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Ms. Alka Marezbhan Bharucha for the office of Directors, not liable to retire by rotation.

The Board of Directors recommends the appointment

of Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Ms. Alka Marezbhan Bharucha as Independent Directors at the ensuing 2<sup>nd</sup> AGM of the Company.

The brief profiles along with other required details of the Directors being recommended for appointment, at the ensuing AGM, as per 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.

#### **Declaration by Independent Directors**

All Independent Directors of the Company have declared and confirmed that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(b) of the Listing Regulations.

#### **Key Managerial Personnel:**

1. The Board of Directors after considering the expertise and experience of Mr. Rakesh Khanna, appointed him as the Managing Director and CEO of the Company, w.e.f. January 23, 2018, for a period of four years. Appointment and remuneration of Mr. Rakesh Khanna, as Managing Director, is subject to the approval of the shareholders at the ensuing 2<sup>nd</sup> AGM of the Company.
2. The Board of Directors also appointed Mr. Manoj Kumar Dugar as the Chief Financial Officer of the Company w.e.f. January 23, 2018 and Mr. Hitesh Kumar Jain as the Company Secretary of the Company w.e.f. December 19, 2017. Mr. Manoj Kumar Dugar has resigned from the position of Chief Financial Officer as well as from the employment of the Company, effective from the close of business hours on April 24, 2018.
3. The Board of Directors has appointed Mr. Saibal Sengupta as the Chief Financial Officer of the Company w.e.f. April 27, 2018, who shall be a Key Managerial Personnel of the Company pursuant to Section 204 of the Act. Mr. Saibal Sengupta is a Member of the Institute of Chartered Accountants of India with rich work experience spread over 29 years.

## PERFORMANCE EVALUATION OF BOARD, COMMITTEES & INDIVIDUAL DIRECTORS

The Company, under the Director's Performance Evaluation Policy, has laid down the process and mechanism for evaluating the performance of the Board, Committees thereof, individual Directors and Chairman of the Board. As per the requirements of the Act and the Listing Regulations, annual performance evaluation of Board, Independent Directors, Non-Executive Director, Executive Director, Committees and Chairman of the Board is required to be carried out during a calendar year. Such evaluation will be carried out as per Director's Performance Evaluation Policy during the calendar year 2018.

## BOARD OF DIRECTORS AND ITS COMMITTEES

The Company has an optimum mix of Executive, Non-Executive and Independent Directors, including one Woman Independent Director. The Board has constituted four committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and CSR Committee. Details of the composition of the Board and its Committees, terms and roles of the Committees, and meetings held during the year are provided in Corporate Governance Report forming part of the Annual Report.

## RECOMMENDATIONS OF AUDIT COMMITTEE

Audit Committee of the Company was constituted on January 23, 2018. During the year, one meeting of Audit Committee was held. All the recommendations of Audit Committee were accepted by the Board.

## NOMINATION AND REMUNERATION POLICY

The Company endeavors to have an appropriate mix of Executive, Non-Executive and Independent Directors, so as to have independence on the Board and separate its function of governance from that of management. The Board has adopted a Nomination and Remuneration

Policy for Directors, Key Managerial Personnel and Senior Management which is annexed as **Annexure 1** to this Report. This policy outlines the framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent Directors on the Board, Key Management Personnel and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance.

## 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.

## STATUTORY AUDITOR AND AUDIT REPORT

At the 1<sup>st</sup> AGM held in the year 2017, shareholders appointed M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/ E300005) as the Statutory Auditors of the Company to hold office from the conclusion of the 1<sup>st</sup> AGM till the conclusion of 6<sup>th</sup> AGM of the Company to be held in the calendar year 2022, subject to ratification of their appointment at every AGM. The Company has received a letter from the auditors confirming that they are eligible for being appointed as statutory auditors of the Company under the provisions of Section 139 of the Act and meet the criteria for appointment specified in Section 141 of the Act.

Based on the recommendation of the Audit Committee and as per the provisions of Section 139(1) of the Act, the Board of Directors of your Company proposes to ratify the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/ E300005) as the Statutory Auditors of the Company to hold office from the conclusion of the 2<sup>nd</sup> AGM till the conclusion of the 3<sup>rd</sup> AGM.

Auditors' Report on the financials of the Company for the Financial Year 2017-18 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

Consequent upon the transfer of Consumer Electric Business to the new entity, Orient Electric Limited, as referred above, the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, relating to maintaining Cost Accounting Records and their audit by a Cost Auditor became applicable on the Company w.e.f. December 08, 2017. Accordingly, the Board of Directors has appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), as Cost Auditor of the Company for conducting audit of the cost records of the Company for the Financial Years 2017-18 and 2018-19 at a fee of ₹60,000/- (Rupees sixty thousand only) per Financial Year plus out of pocket expenses and taxes, subject to the ratification of the said fees by the shareholders at the ensuing AGM.

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

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s A. K. Labh & Co., Practising Company Secretaries, (C.P. No. 3238) carried out the Secretarial Audit of the Company during the Financial Year 2017-18. The Secretarial Audit Report for the Financial Year 2017-18, prepared by them, is annexed to this Report as **Annexure 2**.

The Secretarial Auditor has not expressed any qualification or reservation in its report and the report is self-explanatory.

Secretarial Auditor has also 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.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the Financial Year under review, your Company has not given any loan or guarantee, made investments and provided securities which are covered under the provisions of Section 186 of the Act.

### DEPOSITS

During the year under review, your Company has not accepted any deposits under Chapter V of the Act and hence no amount of principal and interest thereof was outstanding.

### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the Financial Year 2017-18 were on arm's length basis and in the ordinary course of business. The related party transactions are reviewed and approved by the Audit Committee, the Board and shareholders, 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. The Company has not, during the year, entered into any material related party transaction with promoters, directors and key managerial personnel, that may have a potential conflict with that of the Company at large.

For details on related party transactions, Members may refer to the notes to the Financial Statement. The Policy on related party transactions, as approved by the Board, is available on the Company's website and can be accessed through the web link: <https://www.orientelectric.com/investores/RelatedPartyPolicy.pdf>.

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 3**, to this Report.

## DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a "Whistle Blower Policy" ('Policy'), through which stakeholders are provided a platform to raise concerns, in line with the Companies commitments to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communications. Whistle Blower can report to the Chairman of the Audit Committee and Company Secretary, on a confidential basis, any practices or actions believed to be inappropriate or illegal. It is affirmed that no person has been denied access to the Audit Committee. The Policy provides complete confidentiality and safeguard of the Whistle Blower who raises the whistle against such improper conduct.

The Whistle Blower Policy is available on the website of the Company and on the intranet site of the Company and can be accessed through the web link: <https://www.orientelectric.com/investores/WhistleBlowerPolicy.pdf>.

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Company has a Policy for prevention of Sexual Harassment of Women in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaint Committees have been constituted at all the locations of the Company in India to redress the complaints, if any, received. The details of the complainant are kept confidential. During the year under review, no complaint was received from any employee of the Company involving sexual harassment and thus, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## RISK MANAGEMENT

The Company has implemented an elaborated Risk Management framework, which helps in identifying the risks and proper mitigation thereof. The Company has

adopted a Risk Management Policy, approved by the Board, which assists the Board in overseeing and approving the Company's enterprise wide risk management framework and ensuring that the proper mitigation plan is in place for mitigating the risks faced by the Company. There are no risks identified by the Board which may threaten the existence of the Company.

## INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board is responsible to ensure that a robust system of Internal Financial Controls has been laid down and those controls are adequate and working effectively. Your Company has implemented a framework of Internal Financials Controls commensurate with the nature, size and complexity of its business operations. These internal controls provide reasonable assurances that financial information recorded and provided, are reliable, within the parameters of applicable laws; assets of the Company are safeguarded against misappropriation or unauthorised use; financial transactions are executed with proper authorisations and as per Standard Operating Procedures and there is proper segregation of duties. These controls are reviewed and tested periodically. If any weakness is found in any of the controls, additional measures are put in place to make such controls fit and effective.

The Company has an Internal Audit department, which reports to the Audit Committee. An independent and external firm of Internal Auditors has also been appointed to review, test and report on the functionality, adequacy and effectiveness of Internal Control System established by the Company.

Based on information provided, nothing has come to the attention of Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Board of

Directors, to the best of their knowledge and ability, confirm the following:

- a. In the preparation of the Annual Accounts for the Financial Year ended March 31, 2018, 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.

### MATERIAL DEVELOPMENT AFTER THE END OF THE YEAR

After the end of the Financial Year under review and till the date of this report, no material development, affecting the financial positions of the Company, has happened.

### COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the respective Secretarial

Standards issued by the Institute of Company Secretaries of India on Board Meetings, General Meetings and Dividend.

### CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Act, your Board has constituted a Corporate Social Responsibility (CSR) Committee on January 23, 2018. Composition, role and terms of reference of the CSR Committee has been provided in the Corporate Governance Report annexed to the Annual Report. Prime responsibility of the CSR committee is to assist the Board in discharging its corporate social responsibility towards the society. The Company has adopted and implemented a CSR Policy which is available on the website of the Company and can be accessed at <https://www.orientelectric.com/investores/CorporateSocialResponsibilityPolicy.PDF>. The CSR Policy covers the activities prescribed in Schedule VII to the Act.

Pursuant to Section 134(3)(o) of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, a Corporate Social Responsibility Report is annexed to this report as **Annexure 4**.

### PARTICULARS OF DIRECTORS AND EMPLOYEES

Pursuant to Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details / informations related to the remuneration of Directors and Key Managerial Personnel are set out in **Annexure 5** to this Report.

### ANNUAL RETURN

As per the requirements of Section 134(3)(a) read with Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is annexed to this Report as **Annexure 6**.

### CORPORATE GOVERNANCE

Your Company believes in adopting best practices of

corporate governance and adheres to the standards set out by the Securities and Exchange Board of India. Corporate governance is about maximizing shareholder's value legally, ethically and sustainably. Your Board exercises its fiduciary responsibilities in the widest sense of the term. The Board endeavor to enhance long-term value of shareholders and respect minority rights in all business decisions.

A detailed report on Corporate Governance, pursuant to the requirements of Regulation 34 of the Listing Regulations, forms part of the Annual Report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

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

### a) Conservation of Energy

The Company understands the importance of conservation of energy and has taken several measures to reduce the energy consumption across all its plants and offices.

### b) Technology Absorption

Technology is ever changing. The Company is conscious of implementing new technology in its production units. The Company has an established Research & Development centre approved by the Department of Scientific & Industrial Research. This centre enables differentiated product developments based on consumer insights and innovates on new and improved technologies which results in superior quality, increased capacity utilisation and cost reduction.

### c) Foreign Exchange Earnings & Outgo

During the year under review, the Company earned foreign exchange of ₹ 11,299 lacs and foreign exchange outgo was ₹ 9,590 lacs.

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 7** to this Report.

## SUBSIDIARIES AND JOINT VENTURE COMPANIES

During the Financial Year 2017-18, the Company had no subsidiary or joint venture company.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY ANY REGULATORS OR COURT

During the year under review, no significant material order was passed by any Regulator or Court that would impact the going concern status or future business operations of the Company.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the customers, suppliers, business partners / associates, shareholders, bankers and Central & State Governments for their consistent support and encouragement to the Company. Your Directors place on record sincere appreciation for the contribution made by the employees at all levels. The Company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

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

New Delhi  
April 27, 2018

**Chandra Kant Birla**  
*Chairman*

## ANNEXURE 1 NOMINATION AND REMUNERATION POLICY

### 1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, rules made thereunder and the Securities and Exchange of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations") this policy on nomination and remuneration of Directors (including non-executive directors) of the Board of Directors, the Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

### 2. OBJECTIVE OF THE POLICY

(a) The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with industry practices and are sufficient to attract and retain competent directors on the Board, KMPs and the Senior Management Personnel of the quality required, while allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:

- (i) guiding the Board in relation to appointment and removal of Directors, KMP and Senior Management;
- (ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;

- (iii) recommending to the Board the remuneration payable to the Directors, Key Managerial Personnel and setting forth a policy for determining remuneration payable to Senior Management Personnel.
- (b) While determining the remuneration for the Directors (including non-executive directors) and KMPs and the Senior Management Personnel, regard should be made to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the level of remuneration remain appropriate.
- (c) While designing the remuneration package it should be ensured that:
  - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person, to ensure the quality required to run the Company successfully;
  - (ii) there is a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (e) The Committee may consult with the chairman of the Board as it deems appropriate.
- (f) The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including section 178 thereof), rules framed there under and the Listing Regulations including, *inter-alia*, principles pertaining to determining qualifications, positives attributes, integrity and independence.

(g) In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 23<sup>rd</sup> January 2018.

### 3. EFFECTIVE DATE

This policy shall be effective from the date of its adoption by the Board.

### 4. DEFINITIONS

- (a) In this Policy unless the context otherwise requires:
- (i) 'Act', means the Companies Act 2013, as amended from time to time.
  - (ii) 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
  - (iii) 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
  - (iv) 'Company' means "Orient Electric Limited".
  - (v) 'Independent Director' means a director referred to in section 149(6) of the Act, read with clause 16(1)(b) of the Listing Regulations.
  - (vi) 'Key Managerial Personnel' (KMP) shall have the meaning ascribed to it in the Act, and the Rules made thereunder.
  - (vii) 'Non-Executive Directors' includes Independent Directors.
  - (viii) 'Policy' means this Nomination and Remuneration policy.
  - (ix) 'Senior Management Personnel' for this purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.

(b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act and /or Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

### 5. APPLICABILITY

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors;
- (ii) Key Managerial Personnel;
- (iii) Senior Management Personnel.

### 6. RESPONSIBILITY OF THE COMMITTEE

The Committee is responsible for:

- (i) formulating criteria for determining qualifications, positive attributes and independence of a Director for the purpose of this Policy;
- (ii) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iii) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (iv) monitoring and evaluating the application of this Policy;
- (v) monitoring and evaluating current remuneration structures and levels in the Company; and
- (vi) any other responsibility as determined by the Board.

The Committee may delegate the powers of appointment, remuneration and removal of Senior Management Personnel to the Managing Director of the Company.

## 7. APPOINTMENT OF DIRECTORS, KMPs OR SENIOR MANAGEMENT PERSONNEL

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and at Senior Management level.
- (ii) A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment as a Director, Key Managerial Personal or Senior Management Personnel. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (iii) Appointment of Directors, KMPs and Senior Management Personnel are subject to compliance of provisions of the Act and the Listing Regulations.
- (iv) The appointment as recommended by the Committee further requires the approval of the Board in the cases as per requirements of the Act.

## 8. REMUNERATION TO EXECUTIVE DIRECTORS, DIRECTORS OTHER THAN EXECUTIVE DIRECTORS AND KMPs

- (i) The remuneration / compensation / commission etc. to Directors and KMP will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Act and the rules made there under for the time being in force.
- (iii) Increments to the existing remuneration/ compensation structure of Directors and KMP shall be recommended by the Committee to the Board

which should be within the slabs approved by the shareholders in the case of Directors.

- (iv) Where any insurance is taken by the Company on behalf of its Directors and KMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### a) Remuneration to Executive Directors and KMPs:

Remuneration structure of the Executive Directors and KMPs may include the following components:

#### Fixed Salary:

- Executive Directors and KMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Act, and the rules made thereunder for the time being in force. The monthly remuneration shall include basic salary, special pay, house rent allowance (as per statutory limits) and other components as may be considered appropriate.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, gratuity, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee within the statutory limits, wherever applicable and approved by the shareholders and Central Government, wherever required.

#### Variable components:

- The Executive Director and KMP participate in a performance linked variable pay scheme

which will be based on the individual and Company's performance for the year, pursuant to which the Executive Director and KMP are entitled to performance-based variable remuneration.

**Reimbursement of Expenses:**

- The Executive Directors and KMPs are also entitled for reimbursement of several work-related expenses, including car, telephones, broadband at home, and work-related newspapers and magazines as per statutory provisions. However, reimbursement of these expenses incurred for official purposes shall not be part of the remuneration.

**Subsequent Change / Increments:**

- Any subsequent change / increments in the remuneration of Executive Directors shall be approved by the Board in accordance with the recommendation of the Committee, subject to the statutory provisions and the approval of the shareholders and Central Government, wherever required.
- Any subsequent change / increments in the remuneration of KMPs (other than Executive Directors) shall be in accordance with HR policy of the Company.

**b) Remuneration to Non-Executive Directors:**

The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Non-Executive Directors (including Independent Directors) of the Company within the overall limits approved by the shareholders. Remuneration to the Non-Executive Directors (including independent Directors) on the Board may consist of the following components:

**Sitting Fees:**

- The Non- Executive / Independent Director

may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act for per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**Profit related commission:**

- The Non-Executive Directors are entitled to profit related commission at such percentage, not exceeding the limit prescribed in the Act, of the net profits of the Company, as shall be approved by the shareholders of the Company.

**Reimbursement of expenses:**

- The Non-Executive Directors shall be reimbursed with the expenses in connection with Board and committee meetings.

**c) Provisions for excess remuneration:**

- If any Director draws or receives, directly or indirectly by way of remuneration any such sum in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, wherever required, he / she shall refund such sum to the Company and until such sum is refunded, hold it in trust for the Company.

**d) Remuneration to Senior Management Personnel:**

- The Committee has authorised the Managing Director to determine from time to time the remuneration payable to Senior Management Personnel including their increments. The powers of the Committee in this regard have been delegated to the Managing Director.
- The Board of Directors shall from time to time

be intimated of the remuneration payable to the Senior Management Personnel.

- Where any insurance is taken by the Company on behalf of its Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## 9. POLICY ON BOARD DIVERSITY

- (a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, human resources etc. or as may be considered appropriate.
- (b) The Board shall have at least one Board member who has accounting or related financial management expertise.

## 10. REMOVAL

The Committee may recommend to the Board with

reasons recorded in writing, removal of a Director, KMP and Senior Management subject to the provisions and compliance of the applicable Act, rules and regulations, if any.

## 11. DISCLOSURE OF INFORMATION

This Policy shall be disclosed in the Board's report.

## 12. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

## 13. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit.

*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 2****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31.03.2018**

*[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, Bhubaneswar – 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 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

**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 Board 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 members of the Company and of other authorities as per the provisions of various statutes 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 31.03.2018 according to the provisions of:

- (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 Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment.

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 Acts / Standards:

1. Bureau of Indian Standards.
2. Bureau of Energy Efficiency.
3. Electricity Act, 2003 and Rules.
4. Electrical Wires, Cables, Appliances and Protection Devices and Accessories (Quality Control) Order, 2003.
5. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.
6. Explosives Act, 1884.

to the extent of their applicability to the Company during the financial year ended 31.03.2018 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.

The shares of the Company are not listed with any Stock Exchange as on March 31, 2018 and hence the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, inter alia, including the following regulations, were not applicable to the Company during the financial year under report

- (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 (Issue of Capital and Disclosure Requirements) Regulation, 2009;
- (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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) National Company Law Tribunal, Kolkata Bench, Kolkata (NCLT) vide its order passed on 9th November, 2017 has approved the scheme of arrangement involving demerger of the consumer electric undertaking of Orient Paper & Industries Limited ("Demerged Company") into Orient Electric Limited ("Resulting Entity"), the wholly owned subsidiary of the Demerged Company, implemented in terms of the scheme of arrangement between the Demerged Company, Resulting Entity and their respective shareholders and creditors under erstwhile Sections 391 - 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Act and the same has become effective from 9<sup>th</sup> December, 2017.
- b) The Authorized Share Capital of the Company has been increased from ₹ 5 lacs to ₹ 25 Crores subsequent to passing of the aforesaid order by NCLT.
- c) The Company has allotted 21,21,85,502 equity shares of ₹1 each to the shareholders of the Demerged Company,

Orient Paper & Industries Limited, in the ratio of 1:1 subsequent to passing of the aforesaid order by NCLT.

- d) The Company has altered its Articles of Association in terms of the requirement of Stock Exchange for listing of its shares with them.
- e) The Company has taken the approval from the shareholders of the Company pursuant to Section 180(1)(a) and 180(1)(c) of the Act for borrowings and to create security for an amount not exceeding ₹1500 Crores.
- f) The Company has applied for listing of its shares to the BSE Limited and National Stock Exchange of India Limited and the approval for the same is awaited.
- g) The Company has declared the First Interim Dividend for the Financial Year 2017-18 @ 50% i.e. ₹ 0.50 each per share at the Board Meeting held on 12.02.2018.

**For A. K. LABH & Co.**  
*Company Secretaries*

**(CS A. K. LABH)**

*Practicing Company Secretary*  
FCS – 4848 / CP No.- 3238

Place: Kolkata  
Dated: April 27, 2018

## ANNEXURE 3

## 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

- Name(s) of the related party and nature of relationship – Not Applicable
- Nature of contracts/arrangements/transactions – Not Applicable
- Duration of the contracts / arrangements/transactions – Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any – Not Applicable
- Justification for entering into such contracts or arrangements or transactions – Not Applicable
- Date(s) of approval by the Board – Not Applicable
- Amount paid as advances, if any – Not Applicable
- 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. (INR ₹ Lacs)	Date(s) of approval by the Board, if any
Orient Paper & Industries Limited	Director of the Company is also a Director of Orient Paper & Industries Limited.	Rent for Birla Building and Brajrajnagar Office, Interest Payment	Perpetual	506	Not required as the transactions were at arm's length basis and in the ordinary course of business
Orient Cement Limited	Two Directors of the Company are also Directors of Orient Cement Limited.	Sale of Appliances Product	Need Based	72	
Ms. Avani Birla	Relative of Director	Appointment as Senior Vice President, an office or place of profit pursuant to Shareholder's approval	On-going	37.06	August 2017 (OPII) and January 2018
<b>Total</b>				<b>615.06</b>	

Note: No advance was given to any of the above mentioned Related Party.

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

April 27, 2018  
New Delhi

Chandra Kant Birla  
Chairman

**ANNEXURE 4**

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18.

- 1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy and projects or programs.**

Consequent upon the transfer of Consumer Electric Business to the Company pursuant to the Scheme of Arrangement, effective on December 8, 2017, provisions of Section 135 (1) of the Act became applicable on the Company. Accordingly, the Company has constituted a CSR Committee and adopted a CSR Policy at its Board Meeting held on January 23, 2018.

Orient Electric Limited ('Company') through CSR portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, Company is committed to contributing towards social and economic development. We believe that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, consumers and societies in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholder's lives. CSR Policy of the Company includes all the activities specified in Schedule VII to the Act. During the Financial Year 2017-18, the Company was not statutorily required to spend on CSR activities.

- 2. Composition of the CSR Committee.**

Mr. K. Pradeep Chandra	Chairman
Mr. Desh Deepak Khetrpal	Member
Mr. T C A Ranganathan	Member

- 3. Average Net Profit of the Company for last three Financial Years:**

The Company was incorporated on October 10, 2016. After giving effect of the Scheme of Arrangement, which became effective on December 8, 2017, from the appointed date of March 1, 2017, the average Net Profit as per Section 198 of the Act, is calculated for the last two Financial Years only i.e. 2016-17 and 2017-18 as the provisions of Section 135 became applicable on the Company on December 8, 2017. Accordingly the Average Net profit for the Financial Years 2016-17 and 2017-18 is ₹ 6,401 lacs.

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

- 5. Details of CSR spent during the Financial Year 2017-18:**

(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 the 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:** Not Applicable

**Responsibility Statement**

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

**For Orient Electric Limited**

**K. Pradeep Chandra**  
Chairman – CSR Committee

**Rakesh Khanna**  
Managing Director and CEO

## ANNEXURE 5

## DETAILS OF REMUNERATION

[As per Section 197 of 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 2017-18, percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2017-18 is as follows:

S. No.	Name of Executive Director / KMP	Designation	Percentage increase / (Decrease) in Remuneration in the Financial Year 2017-18	Ratio of Remuneration of each Director to median remuneration of employees
1	Mr. Rakesh Khanna	Managing Director & CEO	14	33.7
2	Mr. Manoj Kumar Dugar <sup>#</sup>	Chief Financial Officer	9	NA
3	Mr. Hitesh Kumar Jain <sup>*</sup>	Company Secretary	NA	NA

<sup>#</sup> Resigned w.e.f. April 24, 2018

<sup>\*</sup>Appointed as Company Secretary w.e.f. December 19, 2017.

- (ii) Median Remuneration:  
During the Financial Year 2017-18, median Remuneration of the employees of the Company was ₹ 7.90 lacs per annum. Median annual remuneration of employees has been increased by 4.8% during the Financial Year 2017-18 over the previous Financial Year.
- (iii) Permanent Employees:  
The Company had 796 permanent employees on its rolls as on March 31, 2018.
- (iv) Average percentile increase made in the salaries of employees other than the managerial personnel during the Financial Year 2017-18 was 9%. 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 14%.
- (v) The Company affirms that the remuneration to Directors and employees during the Financial Year 2017-18 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 2017-18:

S. No.	Employee Name	Designation	Remuneration (INR Lacs)	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	254.14	B.E. (Mechanical) MBA (Marketing)	55	32	December 01, 2014	Jumbo Electronic-Head, Sony & IT Products, UAE	NIL
2	Mr. Puneet Dhawan	SBU Head - Lighting BU, Switchgear & Wiring Accessories BU	126.30	B.Tech. (Agriculture) MBA (Sales & Marketing)	50	27	September 09, 2013	Crompton Greaves Ltd.- GM Sales (Consumer Business Unit)	NIL
3	Mr. Atul Jain	SBU Head (Fans)	125.69	B.Tech (Mechanical), MBA	51	28	July 04, 2017	LeEco Technology – COO & Head of India Operations	Negligible
4	Mr. Pushp Saurabh Baishakhia	SBU Head (Appliances)	124.58	B.Sc. (Electronics) MBA (Sales & Marketing)	44	20	October 05, 2015	LG Electronics India Pvt. Ltd - Business Head	NIL
5	Mr. Arvind Kumar Singh	VP & Head - Manufacturing – Fans	122.58	B.E. (Mechanical)	52	29	May 02, 2016	Hero Cycles Ltd. - Executive Director – Operations	NIL
6	Mr. Ashok Kumar Singh	SBU Head (Switchgear & Wiring Accessories)	95.72	B.Tech. (Electricals) M.Tech. (Electricals)	54	28	June 24, 2015	Havells India P. Ltd.- VP -Industrial Product	NIL
7	Mr. Ravi Chopra	Vice President - Human Resources	87.39	B.Sc. Masters (HRM)	43	19	July 25, 2016	Samsung India Electronics Pvt. Ltd – Director- HR	NIL
8	Mr Manoj Kumar Dugar*	Chief Financial Officer	86.95	Chartered Accountant	47	23	May 01, 1994	None	Negligible
9	Mr. Rakesh Chawla	Head - Business Development & Exports	82.06	B.Com, PGDBM	49	25	April 01, 2016	Nokia India (a subsidiary of Microsoft OY) - Head - Sales Operations (North)	NIL
10	Mr. Sunil Kumar Singh	AVP - Sales & Marketing (Fans)	72.60	B.A.(Honours) MA (Economics)	49	25	September 19, 2011	Bajaj Electricals Ltd.- DGM & Regional Manager - Central Fans BU	NIL

\* Resigned w.e.f. April 24, 2018

**2. During the Financial Year 2017-18, following employees of the Company, other than Managing Director and CEO, received remuneration of one crore and two lac rupees or more per annum while working for the whole year:**

S. No.	Employee Name	Designation	Remuneration (INR Lacs)	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. Puneet Dhawan	SBU Head - Lighting BU, Switchgear & Wiring Accessories BU	126.30	B.Tech. (Agriculture) MBA (Sales & Marketing)	50	27	September 09, 2013	Crompton Greaves Ltd. - GM Sales (Consumer Business Unit)	NIL
2	Mr. Pushp Saurabh Baishakhia	SBU Head (Appliances)	124.58	B.Sc. (Electronics) MBA (Sales & Marketing)	44	20	October 05, 2015	LG Electronics India Pvt. Ltd - Business Head	NIL
3	Mr. Arvind Kumar Singh	VP & Head - Manufacturing - Fans	122.58	B.E. (Mechanical)	52	29	May 02, 2016	Hero Cycles Ltd. - Executive Director - Operations	NIL

**3. During the Financial Year 2017-18, following employees of the Company, other than Managing Directors & CEO, received remuneration of at the rate of not less than eight lacs and fifty thousand rupees per month while working for a part of the year:**

S. No.	Employee Name	Designation	Remuneration (INR Lacs)	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. Atul Jain	SBU Head (Fans)	125.69	B. Tech. (Mechanical), MBA	51	28	July 04, 2017	LeEco Technology - COO & Head of India Operations	Negligible
2	Mr. Srihari Madhava Rao	Chief Innovation Officer	5.37	B.Tech.- ECE	46	24	March 19, 2018	Philips Lighting India - VP & Global R&D Head - Professional Lighting System	Negligible

**Note:**

- 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 whole. Remuneration is calculated on actual receipt basis, including variable pay paid during the Financial Year 2017-18, belonging to the previous Financial Year and excludes any benefits accrued but not paid during the year under review.
  - Nature of employment is contractual in all the cases.
  - None of the above employee is a relative of any Director or Manager of the Company. Managing Director and CEO is not related to any other Director of the Company.
- 4.** No employees was in receipt of remuneration in the Financial Year which, in the aggregate, or as the case may be was at a rate which, in the aggregate, is in excess of that drawn by the Managing Director and hold by himself or along with his spouse and dependent children, two percent of the equity shares of the Company.

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

April 27, 2018  
New Delhi

**Chandra Kant Birla**  
Chairman

**ANNEXURE 6**
**FORM MGT-9**
**EXTRACT OF ANNUAL RETURN**
**As on the Financial Year ended March 31, 2018**
*[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	U31100OR2016PLC025892
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)	No (In the process of being Listed)
7	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Ground floor, Kolkata - 700 026

**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	25.06
Electrical Fans and appliances	2750	74.94

**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 31.03.2018	Applicable Section
	NA					

## IV. SHARE HOLDING 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 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)*				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual/HUF	-	-	-	-	78,84,945	-	78,84,945	3.72	3.72
(b)	Central Govt.	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	7,41,28,349	-	7,41,28,349	34.93	34.93
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	-	-	-	-	<b>8,20,13,294</b>	-	<b>8,20,13,294</b>	<b>38.65</b>	<b>38.65</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	-	-	-	<b>8,20,13,294</b>	-	<b>8,20,13,294</b>	<b>38.65</b>	<b>38.65</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	-	-	-	-	2,83,95,749	-	2,83,95,749	13.38	13.38
(b)	Banks / FI	-	-	-	-	1,06,606	93,460	2,00,066	0.09	0.09
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	4,000	4,000	0.00	0.00
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	81,70,029	-	81,70,029	3.85	3.85
(g)	FIs	-	-	-	-	59,07,823	-	59,07,823	2.79	2.79
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(j)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub- Total (B)(1)</b>	-	-	-	-	<b>4,25,80,207</b>	<b>97,460</b>	<b>4,26,77,667</b>	<b>20.11</b>	<b>20.11</b>

	Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2017)				No. of shares held at the end of the year (as on 31.03.2018)*				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2.</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	–	–	–	–	–	–	–	–	–
(i)	Indian	–	–	–	–	1,98,99,441	3,37,420	2,02,36,861	9.53	9.53
(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	13.75
II	Individual shareholders holding nominal share capital in excess of ₹.1 lac	–	–	–	–	90,92,984	7,82,440	98,75,424	4.65	4.65
(c)	Others (specify)									
	Trust	–	–	–	–	1,87,765	–	1,87,765	0.09	0.09
	NBFC	–	–	–	–	3,36,050	–	3,36,050	0.16	0.16
	IEPF	–	–	–	–	–	5,57,238	5,57,238	0.26	0.26
	Unclaimed Suspense Account	–	–	–	–	–	2,46,200	2,46,200	0.12	0.12
	Co-operative Societies	–	–	–	–	2,14,63,600	–	2,14,63,600	10.12	10.12
	OCB's	–	–	–	–	38,13,748	–	38,13,748	1.80	1.80
	Clearing Members	–	–	–	–	–	–	–	–	–
	Non-Resident Indians	–	–	–	–	15,97,374	12,450	16,09,824	0.76	0.76
	<b>Sub-total (B)(2)</b>	–	–	–	–	<b>8,45,39,113</b>	<b>29,55,428</b>	<b>8,74,94,541</b>	<b>41.24</b>	<b>41.24</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	–	–	–	–	<b>12,71,19,320</b>	<b>30,48,888</b>	<b>13,01,72,208</b>	<b>61.35</b>	<b>6.35</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs and ADRs</b>	–	–	–	–	–	–	–	–	–
	<b>GRAND TOTAL (A)+(B)+(C)</b>	–	–	–	–	<b>20,91,32,614</b>	<b>30,52,888</b>	<b>21,21,85,502</b>	<b>100</b>	<b>100</b>

## (ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% 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	Orient Paper & Industries Limited*	5,00,000	100	-	-	-	-	(100)
2	Nirmala Birla	-	-	-	36,06,410	1.70	-	1.70
3	Chandra Kant Birla	-	-	-	34,05,893	1.61	-	1.61
4	Amita Birla	-	-	-	3,28,000	0.15	-	0.15
5	Shyam Sundar Jajodia	-	-	-	2,80,000	0.13	-	0.13
6	Avanti Birla	-	-	-	1,34,642	0.06	-	0.06
7	Avani Birla	-	-	-	1,30,000	0.06	-	0.06
8	Central India Industries Ltd.	-	-	-	5,25,59,648	24.77	-	24.77
9	Shekhavati Investments and Traders Ltd.	-	-	-	1,27,60,895	6.02	-	6.02
10	Hindusthan Discounting Company Ltd.	-	-	-	23,10,678	1.09	-	1.09
11	Gwalior Finance Corporation Ltd.	-	-	-	16,49,375	0.78	-	0.78
12	Amer Investments (Delhi) Ltd.	-	-	-	14,22,000	0.67	-	0.67
13	Universal Trading Company Ltd.	-	-	-	9,12,280	0.43	-	0.43
14	Rajasthan Industries Ltd.	-	-	-	6,90,035	0.33	-	0.33
15	Ashok Investment Corporation Ltd.	-	-	-	6,83,038	0.32	-	0.32
16	National Engineering Industries Ltd.	-	-	-	5,37,400	0.25	-	0.25
17	Jaipur Finance and Dairy Products Pvt. Ltd.	-	-	-	2,08,000	0.10	-	0.10
18	India Silica Magnesite Works Ltd.	-	-	-	2,00,000	0.09	-	0.09
19	Bengal Rubber Company Ltd.	-	-	-	1,95,000	0.09	-	0.09

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING**

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2017)		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	5,00,000*	100	–	–
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	–	–	(5,00,000)	(100)
	At the end of the year (as on 31.03.2018)			8,20,13,294	38.65
				8,20,13,294	38.65

\*Note: Pursuant to Scheme of Arrangement (Scheme) between the Company, Orient Paper & Industries Limited ('OPIL') and their respective shareholders and creditors, as approved by NCLT vide its Order dated November 9, 2017, become effective on December 8, 2017, 5,00,000 shares of ₹1 each of the Company constituting 100% of its paid-up capital, held by OPIL were cancelled and 21,21,85,502 equity shares of ₹1 each were allotted by the Company on January 19, 2018 to the shareholders of OPIL in the ratio of 1:1 as provided in the Scheme. Pursuant to such allotment, OPIL ceased to be the promoter of the Company. Details of individual change in Promoter's shareholding is provided in Part IV(ii) above.

**(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 of the year (as on 01.04.2017)		Change in no. of shares during the year			Cumulative Shareholding during the year / at the end of the year (31.03.2018)	
		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	–	–	19.01.2018		1,04,35,295	1,04,35,295	4.92
2	Reliance Capital Trustee Co. Ltd. A/C Reliance Small Cap Fund	–	–	19.01.2018		79,59,050	79,59,050	3.75
3	Life Insurance Corporation of India	–	–	19.01.2018		55,56,793	55,56,793	2.62
4	Canara HSBC Oriental Bank of Commerce Life Insurance	–	–	19.01.2018		44,20,744	44,20,744	2.08
5	Birla Institute of Technology & Science	–	–	19.01.2018	Allotted pursuant to Scheme of Arrangement	35,19,850	35,19,850	1.66
6	Rukmani Birla Educational Society	–	–	19.01.2018		34,72,140	34,72,140	1.64
7	Shri Jagannath Educational Institute	–	–	19.01.2018		31,70,000	31,70,000	1.49
8	Sri Govinddeo Educational Inst.	–	–	19.01.2018		30,05,000	30,05,000	1.42
9	Param Capital Research Pvt. Ltd.	–	–	19.01.2018		29,14,496	29,14,496	1.37
10	Shri Venkateshwara Educational Institute	–	–	19.01.2018		28,51,860	28,51,860	1.34

**(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sl. No.	Name of Director/ KMP	Shareholding at the beginning of the year (as on 01.04.2017)		Change in no. of shares during the year			Cumulative Shareholding during the year / at the end of the year (as on 31.03.2018)	
		No. of Shares	% of total shares of the Company	Date	Purchase/ Sale	No. of shares	No. of Shares	% of total shares of the Company
<b>A</b>	<b>Directors</b>							
1	Mr. Chandra Kant Birla (Chairman and Non-Executive Director)	-	-	19.01.2018	Allotted pursuant to Scheme of Arrangement	34,05,893	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	Ms. Alka Marezban Bharucha (Independent Director)	-	-	-	-	-	-	-
7	Mr. Pradeep Kumar Sonthalia* (Non-Executive Director)	-	-	-	-	-	-	-
8	Mr. Pramod Chandra Agarwala* (Non-Executive Director)	-	-	-	-	-	-	-
9	Mr. Manohar Lal Pachisia* (Non-Executive Director)	-	-	-	-	-	-	-
<b>B.</b>	<b>Key Managerial Personnel</b>							
1	Manoj Kumar Dugar** (Chief Financial Officer)			19.01.2018	Allotted pursuant to Scheme of Arrangement	1,100	1,100	Negligible
2	Hitesh Kumar Jain# (Company Secretary)	-	-	-	-	-	-	-

\*Resigned w.e.f. January 23, 2018. \*\*Resigned w.e.f. April 24, 2018. #Appointed as Company Secretary w.e.f. December 19, 2017.

## V. INDEBTEDNESS

### Details of Indebtedness for the Financial Year 2017-18:

(₹ in lacs)

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i. Principal Amount	17,804.87	3,247.88	–	21,052.75
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	9.45	–	–	9.45
<b>Total (i+ii+iii)</b>	<b>17,814.32</b>	<b>3,247.88</b>	<b>–</b>	<b>21,062.20</b>
<b>Change in Indebtedness during the Financial Year</b>				
i. Addition	11,824.10	1,153.38	–	12,977.48
ii. Reduction	12,189.10	3,247.88	–	15,436.98
<b>Net Change</b>	<b>(365.00)</b>	<b>(2,094.50)</b>	<b>–</b>	<b>(2,459.50)</b>
<b>Indebtedness at the beginning of the Financial Year</b>				
i. Principal Amount	17,439.87	1,153.38	–	18,593.25
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	6.53	–	–	6.53
<b>Total (i+ii+iii)</b>	<b>17,446.40</b>	<b>1,153.38</b>	<b>–</b>	<b>18,599.78</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

(₹ in lacs)

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	235.99	235.99
	(b) Value of perquisites under Section 17(2) of Income-Tax Act, 1961	12.00	12.00
	(c) Profits in lieu of salary under Section 17(3) of Income-Tax Act, 1961	Nil	
2.	Stock Option	Nil	
3.	Sweat Equity	Nil	
4.	Commission		
	- as % of profit		NA
	- Others, specify	NA	
5.	Others, please specify (Employer's contribution to PF)	10.80	10.80
	<b>Total (A)</b>		<b>258.79</b>
	Ceiling as per the Act	₹ 522.05 lacs (being 5% of the net profits of the Company for the Financial Year ended March 31, 2018, 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 2017-18, belongs to the previous Financial Year 2016-17.

**B. REMUNERATION TO OTHER DIRECTORS (NON-EXECUTIVE DIRECTORS)**

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Chandra Kant Birla <sup>#</sup>	Mr. Desh Deepak Khetrpal <sup>#</sup>	Mr. TCA Ranganathan <sup>#</sup>	Mr. K Pradeep Chandra <sup>#</sup>	Ms. Alka Marezban Bharucha <sup>#</sup>	
1	Fee for attending Board and Committee Meetings	3.00	4.50	4.50	4.00	3.50	19.50
2	Commission	5.00	5.00	5.00	5.00	5.00	25.00
3	Others, please specify	-	-	-	-	-	-
	<b>Total (B)</b>	<b>8.00</b>	<b>9.50</b>	<b>9.50</b>	<b>9.00</b>	<b>8.50</b>	<b>44.50</b>
	Ceiling as per the Act	Ceiling for the commission is ₹ 104.41 lacs (being 1% of the net profits of the Company for the Financial Year ended March 31, 2018, as per Section 198 of the Act.)					
	<b>Total Managerial Remuneration (A+B)</b>	<b>₹ 303.29 lacs</b>					
	Overall Ceiling as per the Act	₹ 1,148.51 lacs (being 11% of the net profits of the Company for the year ended March 31, 2018, as per Section 198 of the Act.)					

Note: Mr. Manohar Lal Pachisia, Mr. Pradeep Kumar Sonthalia and Mr. Pramod Chandra Agarwala, who resigned from the Directorship of the Company w.e.f. January 23, 2018 did not received any remuneration from the Company during the Financial Year 2017-18.

<sup>#</sup>Appointed w.e.f. January 19, 2018.

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

(₹ in lacs)

S. No.	Particulars of Remuneration	Key Managerial Personnel (other than MD & CEO)		
		Chief Financial Officer	Company Secretary	Total Amount
		Manoj Kumar Dugar <sup>*</sup>	Hitesh Kumar Jain <sup>#</sup>	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	82.79	16.36	99.15
	(b) Value of perquisites under Section 17(2) of Income-Tax Act, 1961	3.28	Nil	3.28
	(c) Profits in lieu of salary under Section 17(3) of Income- Tax Act, 1961	NA	NA	NA
2.	Stock Option	NA	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission			
	- as % of profit	NA	NA	NA
	- Others, specify			
5.	Others, please specify (Employer's contribution to PF)	3.82	0.69	4.51
	<b>Total</b>	<b>89.89</b>	<b>17.05</b>	<b>106.94</b>

<sup>\*</sup>Resigned w.e.f. April 24, 2018. <sup>#</sup>Appointed as Company Secretary w.e.f. December 19, 2017.

**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 27, 2018  
New Delhi

**Chandra Kant Birla**  
*Chairman*

## ANNEXURE 7

# CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

### 1. Conservation of energy

#### Steps taken and impact on conservation of energy:

##### *Factory at Faridabad for Fans & Lighting*

Improvement in power factor to 99.5% has increased rebate on energy charges. Factory electrical load has got reduced after eliminating pre-treatment operation (Phosphating & Achrom). Street and office lights are replaced with LED, BLDC (32Watt) Fans. For saving air leakage, ring frame is used in complete air pipe line. Most of the plant's equipment has Variable Frequency Drive (VFD). The old air-conditioners have been replaced with 5 star rated air-conditioners. Complete switch over to LED bulb production from CFL Lamps, which was running with NG, Oxygen and Nitrogen gases for glass shaping and has reduced the electricity consumption by 25%.

*Appliances:* Switch over to LED lights.

##### *Factory at Noida for Switchgear:*

Electricity is saved by using less number of AC, by relaying outting giving partition in thermal testing room resulting in saving of ₹ 1.14 lacs per year. Energy is saved by use of 125 Kva DG in place of 500 Kva DG for Plant lighting. Electricity is saved by use of LED lights. Electricity tariff plan post 5 pm is costlier therefore shift timings have been changed to 8:00am - 4:30pm during Summer which helps in utilizing sunlight for production and dispatch work resulting in reduced electricity charges.

#### Steps taken by the Company for utilizing alternate sources of energy:

Solar plant of 100 KW has been commissioned at Faridabad factory Fans and Lighting.

#### Capital investment on energy conservation equipment:

₹ 72 lacs invested in installation of 5 star rated air-conditioners and other energy saving equipments. ₹ 4 lacs invested for conversion of Plant lighting into LED lighting, ₹ 52.25 lacs invested in commissioning of Solar plant of 100 KW.

### 2. Technology Absorption

#### Efforts made towards technology absorption:

##### *Factory at Faridabad for Fans:*

Online Electrical performance portable instrument and automatic online noise chamber, Robotic machine for lining, screw fitment in top cover, Robotic trim fitting machine and bearing pressing, new transporter and oven on PT line, new vertical height stacker for the painted component storage, horizontal paint shop which resulted in Man power saving of 40 number. For improvement in terms of efficiency in existing motors, Speed Motor Design Software from CD-ADAPCO has been installed. For complete PCB design, in-house ORCAD PCB design professional V 16 has been installed. Various instruments have been installed to improve testing and validation of laboratory set up.

##### *Factory at Noida for Lighting:*

Lighting plants are now compliant to Restriction of Hazardous Substances Technology (RoHS) for Electronic PCBs and LED lamps. Installation of automatic packing machine was further coupled with Shrink wrapping of lamps instead of manual packing at Mono and pack of ten levels.

##### *Appliances office:*

New design of coolers using compounding PP, collapsible louver technology. CAE is used to develop low noise and higher air delivery fan.

##### *Switchgear:*

Technology absorbed from ETI Slovenia in the Financial Year 2014-15 for MCBs & RCCBs manufacturing, most of the key components have been indigenized during the Financial Year 2017-18.

#### Benefits derived like product improvement, cost reduction, product development or import substitution:

##### *Factory at Faridabad for Fans:*

In the current Financial Year saving around ₹ 1000 lacs was recorded through a cost optimization program

titled "SANCHAY", which is considering cost reduction in all functions including Manufacturing, Procurement, Design, Quality and others. Enhancement in capacity & productivity has reduced energy consumption and cost of production.

**Factory at Noida for Lighting:**

RoHS compliance has helped to bid for export enquiries as RoHS is a mandatory requirement in foreign countries. Further, shrink wrap packing and resizing of master carton resulted in cost saving of approximately ₹ 65 lacs.

**Appliances:**

Development of metal coolers has opened up a completely new market segment. Compound PP gives low cost and robust Cooler body; collapsible louvers improve the product in terms of cleaning, mosquito breeding etc. Indigenization of most of the switchgear components helps in import substitution and cost reduction.

**In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):**

**Factory at Noida for Lighting:**

Automatic cartooning machine & shrink wrap machine has been imported.

**Details of technology imported:**

**Lighting:**

Technology is imported for box opening, sleeve insertion, Lamp filling automatically and shrink wrapping instead of filling in paper carton, which was earlier done manually.

**Year:**

Year of import is 2017.

**Whether the technology has been fully absorbed:**

Technology has been fully absorbed during the year.

### 3. Research & Development

Specific areas in which research and development was carried out by the Company:

**Fans:**

Aeroseries Fans has been launched based on Aerodynamic technology with highly efficient motor

design: Aerostorm, Aerocool, Aeroquiet BLDC, Aerolite in premium segment. In premium segment Electro-Plated 4-blade fan has been launched named Stallion. Three new fan models have been launched in decorative segment named Tango, Glare & Laurel. In terms of air delivery & power consumption, fan model Windpro is the best performing fan in the industry. HD exhaust series is developed with IS-2312 & IP-55. Industrial fan - Thunderstorm 24" has been developed. Development in BLDC motor design optimization and Aeroquiet painting process optimization (Primer removed) gives a saving of around ₹ 65 lacs and ₹ 130 lacs respectively.

**Lighting:**

R&D center has in-house designed and developed LED street light products from 18W to 190W of rating. It has built capability to design the mechanical housing of 35W well-glass in-house. This housing was designed, simulated & thermally tested in house on simulation tool and finally released in very small form factor which fulfils all the testing criteria of EESL. In house 2x2 LED Panel light along with 5W of down light has been designed and developed.

**Appliances:**

World's first modular Metal Cooler, which can be assembled and disassembled in less than 3 minutes.

**Switchgear:**

Localization of equivalent raw material, sub assembly, components for MCBs & RCCBs in India, Development of Isolator.

**The expenditure incurred on Research and Development:**

*For Department of Scientific & Industrial Research approved lab:*

**Fans Faridabad:**

For Department of Scientific & Industrial Research (DSIR) approved standards based Lab has been setup for Ceiling Fan. Precise equipment has been purchased for performance Evaluation & Reliability. Cooler kit, CFD analysis of Aeroseries fans, Mould flow analysis of Plastic & Casting components developed. Company incurred

₹ 345 lacs (₹ 287 lacs as Revenue Expenditure and ₹ 32 lacs as Capital Expenditure) in all these activities.

*Others:*

*Lighting:*

Approximately ₹ 65 lacs has been incurred for Capital and Operational Expenditure.

*Appliances:*

For appliances expenditure of approximately ₹ 100 lacs including tooling has been incurred.

*Switchgear:*

Approximately ₹ 100 lacs expenditure has been incurred.

**Benefits derived from the expenditure incurred on Research and Development:**

*Fans Faridabad*

Percentage in share of premium Fans has substantially increased. Profitability increased for the overall premium segment fans due to enhanced range of Aero series as well as increased sales of premium fans.

*Lighting:*

Orient Electric won EESL tender to supply 2,50,000 24W LED Street Light of qty 250K worth ₹ 4000 lacs with in-house photometry and EESL tender of 48,000 35W Well-glass of quantity 48,000 and further order of 10,000 worth ₹ 400 lacs with in-house testing and photometry because of design and capex.

*Appliances:*

Addressing the new market segment and brand value enhancement

*Switchgear:*

Addition of new products has increase in sales by 2 times.

**Future Plan of Actions:**

*Fans Faridabad:*

New Fans are under development for design / motor performance. Aeroseries will be extended in near future. The Company is focusing on Smart Fan development, TPW BLDC Motor Fan Series. Enhancement of BLDC Motor design for ceiling fans and TPW fans range will benefit the Company in the future.

*Lighting:*

Dimmable LED drivers which are required by EESL for street light dimming applications so that energy consumption can be reduced. Designing of high power street lights of up to 250W ratings. Optimization of existing designed products to cut down their costs. Smart LED lights will be developed in future.

*Appliances:*

Enhancement of product range.

*Switchgear:*

Adding new accessories & modular switches range in the future.

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

New Delhi  
April 27, 2018

**Chandra Kant Birla**  
Chairman

# Management discussion & analysis

## 1. Overview

2017-18 was the first complete year of Orient Electric Ltd after its incorporation as an independent legal entity following its demerger from Orient Paper and Industries Limited. The process of demerger of 'Consumer electric business' from Orient Paper and Industries Limited into Orient Electric Limited was completed during this Financial Year. The appointed date of demerger was March 1, 2017 with the order effective date of December 8, 2017. All demerger activities were completed seamlessly and the application for listing of the Company on NSE and BSE has been submitted to SEBI.

The demerger of your Company will enable the unlocking of the true potential of Orient Electric Limited, thus creating enhanced value for its shareholder. Your Company's focus to generate superior profitable growth across all segments will be sharpened with the dedicated attention of the management team post the emergence of your Company as a pureplay consumer electric business.

The challenges of transition to GST regime in the early part of the year were successfully negotiated by your Company in terms of its impact on business continuity. However, the sales of almost every business were slow in the first quarter of the year due to destocking by the channels ahead of GST implementation. Necessary support was extended to the business partners (vendors and channel partners) in their transition to the new regime.

Despite the transition challenges, the proposition of 'One India, One Tax' presents a number of opportunities. With its proactive and agile responses, your Company has managed to redefine the supply chain, reduce its inventories and improve customer service. The implementation of e-Way Bill will further improve operating efficiencies.

The markets revived and the channel started restocking by the second half of the year. Through its quick adaptation to the new reality, your Company made up

for the slow start and ended the year on a high note. During the year, your Company continued to focus on innovation, quality and customer delight through after sales service across all business verticals, thus reinforcing "Orient Electric" as one of the most reliable premium brands in Indian consumer electrical space.

Going forward, your Company will continue its journey towards 'Switch to Smart' across the following focus areas:

- Innovative and trendsetting products, smarter in design and performance.
- Smart team that is constantly learning and stretching beyond the ordinary.
- Deployment of smart technologies resulting in cost efficiency and reliability.
- Smart use of IT in connecting with channel partners and consumers thus enhancing customer delight.

## 2. Segment-wise business analysis

### a) Overall Economy

**Global:** In 2017, a decade after the global economy spiralled into a meltdown, a revival became visible. Every major economy expanded and a growth wave created jobs. This reality was marked by ongoing Euro-zone growth, modest growth in Japan, late revival in China and improving realities in Russia and Brazil leading to an estimated 3.7% global economic growth in 2017, some 60 bps higher than the previous year. Crude oil prices increased in 2017, closing the year at \$61.02 per barrel, the highest since 2013. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting improved momentum due to the impact of tax policy changes in the US.

**Indian:** After registering GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for slower growth, estimated at 6.6%, in 2017-18. Even with this lower growth

for 2017-18, GDP growth averaged 7.3% for the period 2014-15 to 2017-18, achieved through lower inflation, improved current account balance and reduction in fiscal deficit to GDP.

The year under review was marked by various structural reforms by the Government. In addition to GST introduction, the year witnessed significant resolution of problems associated with bank non-performing assets, FDI liberalization, bank recapitalization and privatization of coal mines. After remaining in negative territory for a couple of years, export growth rebounded during 2016-17 and strengthened in 2017-18; foreign exchange reserves rose to USD 414 billion as on January 2018. World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and services are expected to continue to support economic activity. Private investment is expected to revive as soon as the corporate sector adjusts to the GST. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector Balance Sheets, enhance credit availability and spur investment. (Source: CSO, economic survey 2017-18 IMF, World Bank)

#### **b) Industry overview**

India is one of the fastest growing consumer electronics markets in the world. Consumer durables/light electricals market in India reached ₹ 1 trillion (USD 15.45 billion) in 2017. Urban India accounted for the major share (65%) of total revenues in the Indian consumer durables sector. There is considerable growth scope from rural markets with consumption expected to grow in these areas as brand penetration increases. Consumer electronics exports from India reached USD 385.15 million in 2017-18 (up to February 2018). The rural demand for durables like refrigerators as well as consumer electronic goods is likely to witness growing demand

as the government plans to invest significantly in rural electrification.

The year 2017-18 started with anxious GST anticipation. There were initial challenges during GST implementation, which got addressed with every subsequent month. Channel destocking due to GST transition resulted in low primary sales in the early part of the year. The sluggish growth in the construction and real estate sectors limited volume growth to a low single-digit percentage number. Erratic weather conditions had a negative impact on seasonal products like coolers, water heaters and fans. However, subdued consumer inflation, coupled with an increase in consumer incomes, increased the demand for aspirational products in the consumer electricals industry.

The high growth of the LED lighting category coupled with a slow-down in conventional lighting continued into the Financial Year under review. An increased government focus on energy-efficient lighting and other segments led to robust growth in institutional demand.

The market demand for LED consumer luminaires continued to increase. Automation and consumer centric lighting could emerge as key focus areas. There could be an increase in sectoral focus on energy-efficient products in the lighting, fan and home appliance categories.

#### **c) Segment wise review and analysis**

##### **i) Electrical Consumer Durables**

For the Financial Year ended March 31, 2018, sales revenue for Electric Consumer Durables was ₹ 1,21,814 lacs and EBIT was ₹ 14,748 lacs. The home appliances segment was the fastest growing product segment for the Company, followed by Fans.

Orient Electric continues to be one of the largest players in the electrical fans segment in India. The

Company continued to be the largest exporter and largest manufacturer of fans from India. The Company's focus on building strengths in the premium fans category gained momentum in the Financial Year. The Company introduced the aerodynamically designed Aero series range of fans, proving to be far superior in air delivery and noise levels. The Company added variants to its range, leveraging strengths around silence, aesthetics, innovation and technology superiority. The Company also launched a series of innovative products in the mid-range of ceiling fans category, adding variants across table, pedestal and exhaust fan categories.

The Company consolidated its position in the air cooler and water heater product categories following the launch of a new range of premium products. It strengthened its reach, improving width & depth of distribution and strengthening its footprint through better market coverage and service. Since the cooler and water heater segments represent attractive potential, the Company will continue investing in them.

To strengthen its edge in a highly competitive arena, the Company plans to further build on the R&D and innovation capability, manufacturing capacity, quality and service level enhancement.

## ii) Lighting & Switchgear

For the year ended March 31, 2018, sales revenue for Lighting & Switchgear was ₹ 40,744 lacs and EBIT was ₹ 3,447 lacs.

The Company's Lighting business grew at a rate significantly higher than the industry's growth during the Financial Year under review. The Company consolidated its position as the second largest LED lamp player in the country. It launched a series of new LED products. The growth story was led by Consumer luminaire business and LED Batten advertising campaign, which helped in establishing Orient Electric as a strong brand in the segment. The Company made substantial inroads into the street lighting

segment, bagging sizeable orders from EESL.

The Switchgear business reported rapid retail expansion, expanding its distribution reach to seven states and growing at > 200%.

The strength in this segment lies in product development and indigenizing component manufacture. Reliance on imported components reduced significantly and cost optimisation translated into a competitive advantage.

## d) Major opportunities

- **Rural electrification:** The 'Power for All' programme is a major step in this direction. Of 180 million rural households, 146 million have been electrified by 2017-18. The demand of consumer durables and light electrical products is expected to benefit from Electricity availability. (Source: Ministry of Power)
- **Focus on developing infrastructure:** Government's focus on infrastructure development, specially roads, and "Street Lighting National Program" will open street-lighting opportunities.
- **Emerging focus on energy efficiency:** Increasing focus by the government through programs like UJALA, NEEP, SEEP and increasing consumer awareness on energy-efficient products will increase the speed of transition to more energy efficient products like LED lights and BLDC fans.
- **Growing middle-class:** A rising middle-class with higher disposable incomes, aided by favourable demographics, strengthens the consumer goods industry's prospects. India's middle-class could more than double from 2015-16 to 113.8mn households or 547mn individuals by 2026, entailing growth for its consumer goods sector. (Source: Edelweiss)
- **Increasing incomes:** Per capita incomes during 2017-18 was estimated at ₹ 1,11,782, rising 8.3% compared to 2016-17. Moreover,

rising literacy contributed to the evolution of new retail structures and emergence of better standards of living. (Source: Economic Survey)

- **Housing for all:** The government is targeting the addition of 26 million households, apart from the normal growth in the number of households, to 350 million households by 2025 and complete >90% electrification by 2019. This could drive demand for consumer durables/light electrical items. With incremental focus on housing and sustained impetus on village electrification, it is estimated the above-mentioned segments to clock reasonable 14.5% growth over 2017-22. (Source: Edelweiss)

e) **Major threats**

- **Erratic weather:** Fan, air cooler and water heater categories are dependent on weather conditions. Unseasonal rains during summer and mild winter can adversely impact sales in these product categories.
- **Rising input costs:** A number of our products are dependent on commodity prices. Metal and oil prices are rising, which can put pressure on margins.
- **Low entry and trade barriers:** Low entry barriers in some product segments pose a challenge marked by the import and entry of low-priced sub-standard products. Increasing global uncertainties could trigger trade barriers.

c) **Strategic focus areas**

a) **Innovation: Our key differentiator**

The Company is respected for its undisputed legacy across more than 60 years, characterized by breakthrough innovation in production processes and industry-first technologies (the recent Aero series being the worthy successor to the legendary PSPO fans). Emboldened by the success of Aeroquiet in 2016, the first silent fan of India, the Company launched a series

of aerodynamic fans in the last quarter of the Financial Year, showcasing your Company's in-house R&D capability and manufacturing excellence.

The Company's Lighting Design and Innovation Centre at Noida responded with speed to fast changing technology upgrades in the Lighting industry, helping customize solutions, retain market leadership and optimize costs. The Company was the first to be awarded 3-Star rating by Bureau of Energy Efficiency for its 5w, 7w and 9w LED lamps. It also enhanced its capability to manufacture smart street-lighting, thus becoming a preferred supplier of EESL.

Orient Switchgear leveraged its unique SDB technology to retain its position as the safest low-voltage switchgear in the Indian retail market. It received overwhelming acceptance based on this superior technology, performance and almost zero-defect performance. The premium switchgear range was augmented by the launch of wiring accessories.

Quality and innovation lie at the core of Orient Electric, driven by the objective of providing the best in class products, smarter in every way for the new smart generation of consumers.

The Company is swiftly progressing in its digital journey to make Orient Electric a highly efficient organisation, capturing and using information in most efficient manner for smart business decisions. During the year under review, Orient Electric invested in IT initiatives that helped in improving process capabilities seamlessly across the vendors and customers.

b) **Bolstering the brand**

Orient Electric has transformed into a contemporary brand offering smart solutions to its customers in the consumer electric space. The Company's global reach and a rich and innovative portfolio (fans, lighting, home appliances and switchgears) have helped it stay ahead of competition. Its continuous

rejuvenation around product innovation has been a key differentiator.

Orient Electric is one of the most trusted and respected consumer electrical brands, having received numerous awards including Economic Times Most Promising Brand Award and the Superbrand status consecutively over the last few years.

During the year under review, the Company built brand recall through two mega advertising campaigns for Fans and Lighting. The Company's sustained efforts in enhancing brand sheen and customer proximity boosted recall to 100%. While the Aeroquiet fans campaign helped increase share in the premium fans segment, the LED Batten campaign helped the consumer luminaire business increase market share in a competitive space.

**c) Building reach and reinforcing partnerships**

Our long-standing and trusted channel partnership with distributors, wholesalers and retailers provides us a competitive edge. To augment channel strength, we embarked on the following initiatives:

- **'Orient Connect' program for retailers:** To strengthen relationships with more than 100,000 retailers, the Company launched the Orient Connect program in 2017-18. The program is helping us to understand retailer; needs, its motivation, and real time information on consumer response to Orient Products.
- **E-commerce tie-ups:** Orient Electric is the largest Indian online seller of fans. The Company's exclusive launch of Aerostorm (an Aero series fan) with Amazon was one of numerous steps in this direction.
- **Orient Smart Shop and modern retail:** Our Smart Shops provide exclusive consumer experience touch points for the brand, helping us derive direct consumer feedback.

The Company is strengthening its reach in large format retail chains, providing potent sales opportunity for premium products.

**d) Fortifying customer relationships**

A network of more than 300 service centers and over 1000 field technicians provides 24x7 home service to customers right up to the remotest corners of the country. The CRM-monitored call management with mobile app provides real-time service visibility. A 'Happy Code' is provided to the customer on call registration thus empowering the customer to decide and convey to the Company if call was closed to the satisfaction of the customer, while outbound calling is done to continuously measure the Customer Satisfaction Index.

**e) Our employees: Our core strength**

'One Orient: One team, One dream' is the thread that binds all employees around a common vision. We continuously invest in employee's learning and development to make them future-ready while rewarding and recognizing their efforts. The Company was conferred Best Employer Brand Award at Delhi Leadership Awards 2017. The quarterly Hi-Flyer program, which rewards and recognises best-performing employees won Amity HR Excellence Award for Best Employee Performance Management.

**d) Risk mitigation**

The Company has a robust Enterprise Risk Management system and framework, which outlines the processes and structures used to assess, monitor and mitigate risks. The system was institutionalized with a demarcation of responsibilities and time-bound assessments.

Technology obsolescence is one of the major risks faced by the industry. Focus on innovation and product development is a major step to mitigate this risk. Your Company's ability to remain agile and innovate faster than the market helps it remain ahead on the change curve.

An excessive dependence on the retail housing sector and stagnant growth in this segment are potential risks. To reduce this dependence, we are increasing our product portfolio to increase replacement demand and also enhancing our export focus.

Increasing input costs and a dependence on commodities are other risks faced by the Company. The Company has strengthened cost management and component innovation to mitigate this risk.

Business environment changes like GST pose a risk to business continuity. Strong planning processes have helped the Company to ensure that risks posed as a result of the changing business environment do not impact business continuity.

**e) Internal control systems**

The robust internal control systems provide efficiency, reliability, and completeness of accounting records thus helping the Company in timely and accurate dispersion of financial and management information. These controls help the Company to ensure compliance of all applicable laws and regulations. These internal controls also facilitate optimum utilization of resources, protect Company's assets and investors' interests. The clearly defined organization structure, delegation of authority, code of conduct, and standard operating procedures enable all of the Company's employees to conduct business in an orderly and efficient manner.

The Company has Whistleblower Policy and Fraud Risk Framework Policy to address fraud risk. The Audit Committee of the Board regularly reviews significant audit findings of the Internal Audit Function, covering operational, financial and other areas and providing guidance on strengthening internal controls.

**f) Outlook**

The economy was able to overcome the short-term challenge of GST resulting in a rebound in the last quarter. The outlook is optimistic as all major economic indicators appear to be in good health. Inflation is range-bound and the consumer sentiment is positive.

The outlook for Orient Electric's business is positive, riding on emerging growth in segments like Consumer LED luminaires and LED street lighting, premium fans and coolers. Deeper distribution will give a further boost to the Company's growth.

The challenges that we foresee comprise a stagnant real estate sector and erratic weather.

**g) 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.*

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Presently 'Corporate Governance' has evolved to mean a framework of policies, processes and practices that ensure accountability, transparency, internal controls, compliance of laws and fairness in all the dealings between management and various stakeholders of the Company. It is about commitment to the values and ethical business conduct. Corporate Governance includes the processes through which corporate objectives are set and pursued. The Board of Directors along with the management of Orient Electric Limited strive to practice best in class policies and processes demonstrated through discipline and rigour by which the affairs of the Company are directed and controlled. Transparency, complete disclosure, accountability, integrity, professionalism, responsiveness, fairness and trusteeship are key principles which the Company follows in its day-to-day functioning. We always strive to set best in class standards of corporate governance by:

- Providing complete, transparent, accurate and relevant disclosure of informations to our shareholders, customers, vendors, employees and other stakeholders, including regulators. It helps build trust amongst all stakeholders;
- Fixing accountability of the process in-charge. This ensures the protection of interest of the minority shareholders;
- Conducting operations of the Company with integrity and ethically.
- Ensuring that appropriately qualified and experienced professionals are entrusted with the responsibility of taking critical business decisions and monitoring the implementation thereof;
- Providing timely and appropriate responses to the issues of the customers and shareholders.
- Protecting and enhancing the long-term wealth of the shareholders. This evolves from the basic principle that

the Board of Directors and management are the trustees of the shareholders.

As on the date of this report, equity shares of the Company are in the process of being listed at BSE Limited and National Stock Exchange of India Limited. As part of good corporate governance practice, the Company has voluntarily adopted to prepare and provide the Corporate Governance Report within the parameters specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

## BOARD OF DIRECTORS

The Board of Directors ('Board') of the Company is the apex decision making body, entrusted with the responsibility of monitoring corporate strategic decisions and ensuring that they are consistent with stakeholders interest. The Board oversees the management and governance of the Company and monitor senior management's performance. The Board has been vested with the requisite powers, authorities and duties to manage the general affairs of the Company.

### Composition

The Composition of the Board of the Company is in accordance with the relevant provisions of the Companies Act, 2013 ('Act') and rules made thereunder. During the Financial Year 2017-18, the Company reconstituted the composition of its Board in terms of the provisions of the Listing Regulations. The Board of the Company, as on March 31, 2018, comprises six Directors consisting of five Non – Executive Directors and one Executive Director. Amongst the Non-Executive Directors, three are Independent including one woman Director. All Independent Directors are eminent professionals bringing wide range of experience in strategy, finance and law. None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 (five) Committees across all companies in which he/she is a Director. During the Financial Year 2017-18, the time gap between any two Board Meetings did not exceed one hundred and twenty days.

None of the Directors of the Company is inter-se related to each other. The Board composition, directorships and board committee positions, including that of the Company, as on March 31, 2018 are given below:

Name of the Director	Category of Director	No. of Directorships <sup>1</sup>	Committee Membership in Listed and Unlisted Companies <sup>2</sup>	Committee Chairmanship in Listed and Unlisted Companies <sup>2</sup>
Mr. Chandra Kant Birla	Chairman, Non- Executive	8	Nil	Nil
Mr. Rakesh Khanna	Managing Director & CEO, Executive	1	1	Nil
Mr. Desh Deepak Khetrpal	Non- Executive	4	4	Nil
Mr. TCA Ranganathan	Non- Executive – Independent	4	1	2
Mr. K Pradeep Chandra	Non- Executive – Independent	1	2	0
Ms. Alka Marezban Bharucha	Non- Executive – Independent	6	3	2

<sup>1</sup>Excludes directorships in foreign companies, companies registered under Section 8 of the Act, private limited companies and alternate directorships.

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

## Disclosure regarding Appointment, Re-appointment and Resignation of Directors

### Appointment / Re-appointment:

- Mr. Chandra Kant Birla was appointed as an Additional Director (Non- Executive) and Chairman of the Board w.e.f. January 19, 2018. As an Additional Director Mr. Chandra Kant Birla would hold office of Director upto the date of the ensuing 2<sup>nd</sup> Annual General Meeting. The Board recommends the appointment of Mr. Chandra Kant Birla as a Non-Executive Director, liable to retire by rotation.
- Mr. Rakesh Khanna was appointed as an Additional Director and Managing Director for a period of four years, subject to the approval of the shareholders of the Company w.e.f. January 23, 2018. Mr. Rakesh Khanna was also designated as the CEO of the Company w.e.f. January 23, 2018. As an Additional Director Mr. Rakesh Khanna would hold office of Director upto the date of the ensuing 2<sup>nd</sup> Annual General Meeting. The Board recommends the appointment of Mr. Rakesh Khanna as an Executive Director, not liable to retire by rotation and Managing Director.

- Mr. Desh Deepak Khetrpal was appointed as an Additional Director (Non- Executive) of the Company w.e.f. January 19, 2018. As an Additional Director Mr. Desh Deepak Khetrpal would hold office of Director upto the date of the ensuing 2<sup>nd</sup> Annual General Meeting. The Board recommends the appointment of Mr. Desh Deepak Khetrpal as a Non-Executive Director, liable to retire by rotation.
- Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Ms. Alka Marezban Bharucha were appointed as Additional Directors, (Non- Executive Independent) of the Company w.e.f. January 19, 2018, for a period of five years. As Additional Directors, they would hold office of Directors upto the date of the ensuing 2<sup>nd</sup> Annual General Meeting. The Board recommends the appointments of aforesaid Independent Directors at the ensuing 2<sup>nd</sup> Annual General Meeting of the Company.

Profiles of all the above mentioned Directors are provided in the Notice to the Annual General Meeting annexed to the Annual Report.

### Resignation:

Mr. Manohar Lal Pachisia, Mr. Pradeep Kumar Sonthalia and Mr. Pramod Chandra Agarwala, who were appointed as

Directors of the Company w.e.f. October 10, 2016, have resigned from the Directorship of the Company w.e.f. January 23, 2018.

### Independent Directors

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. All the Independent Directors have confirmed that they are in compliance with the provisions specified under Regulation 16(b) and 25 of the Listing Regulations and Section 149 of the Act. None of the Independent Directors is related to the promoter or other Directors of the Company.

Terms and conditions of the appointment of Independent Directors have been disseminated on the website of the Company and can be accessed at: <https://www.orientelectric.com/investores/TermsConditionsofAppointmentofIndependentDirectors.pdf>.

### Familiarization of Board Members

Non-Executive Independent Directors of the Company were introduced to the group structure, Company's profile, products, business performance, market presence, constitution, board procedures, major risks and risk management strategy, regulatory compliance status, values and commitments of the Company, through presentations at Board and Committee Meetings.

Details of such familiarization programmes are posted on the website of the Company.

### Board Meeting Procedures

The Board Meeting dates are decided well in advance in discussion with the Board Members. Agenda Papers are sent

to Board Members at least seven days in advance along with all the relevant information and documents. Suggestions from the Board Members are considered and included in the Board agenda. Unpublished Price Sensitive Information alongwith relevant documents are provided before the meeting to the Board Members. Minimum four Board Meetings take place during the year. Additional meetings are convened as and when required to address the specific requirements of the Company and its business. Audio-video conferencing facilities are provided to attend the meeting, in case it is not feasible for any of the Director to attend the Board Meeting physically. Post Board Meeting, decisions taken at the meetings are communicated to the concerned teams and thereafter a proper follow up system is followed to review and report on actions taken by the management on the decisions of the Board.

As per the requirements of Secretarial Standards, minutes of the proceedings of the meetings are recorded and circulated to all the Directors within 15 days for their review and comments. Minutes are thereafter recorded in the Minutes Book within 30 days from the date of conclusion of the meeting. Certified copies of the signed minutes are also provided to the Board Members.

### Attendance of Directors at the Board Meetings and at the General Meetings:

During the Financial Year 2017-18, the Board met nine times on May 12, 2017, June 27, 2017, July 28, 2017, November 24, 2017, December 19, 2017, January 19, 2018, January 23, 2018, February 12, 2018 and March 30, 2018. Attendance of the Directors at the Board Meetings and General Meetings are as follows:

### Attendance of Directors before re-constitution of Board:

Name of the Director	No. of Meetings held <sup>#</sup>	No. of Meetings Attended	AGM held on August 09, 2017	EGM held on January 03, 2018
Mr. Manohar Lal Pachisia*	6	6	0	1
Mr. Pradeep Kumar Sonthalia*	6	6	1	1
Mr. Pramod Chandra Agarwala*	6	4	0	0

\*Resigned w.e.f. January 23, 2018.

<sup>#</sup>Number of meetings held before re-constitution of Board.

**Attendance of Directors post re-constitution of Board:**

Name of the Director	No. of Meetings held <sup>#</sup>	No. of Meetings Attended
Mr. Chandra Kant Birla*	3	3
Mr. Rakesh Khanna**	3	3
Mr. Desh Deepak Khetrapal*	3	3
Mr. TCA Ranganathan*	3	3
Mr. K Pradeep Chandra*	3	3
Ms. Alka Marezban Bharucha*	3	2

\*Appointed w.e.f. January 19, 2018

\*\*Appointed w.e.f. January 23, 2018

<sup>#</sup>Number of meetings held post re-constitution of the Board.

**Information provided to the Board**

The management of the Company provides complete details about the Company to the Board. Information provided to the Board, includes the following:

- Disclosures of Directors' interest;
- Minutes of the meetings of the Audit Committee and other Committees of the Board;
- Appointment and resignations of Directors and their remunerations;
- Appointment and resignation of senior officers including Chief Financial Officer and Company Secretary;
- Annual operating plans and budgets;
- Capital budgets alongwith quarterly updates;
- Business performance;
- Update on any key business and other operating developments;
- Quarterly Unaudited and Annual Audited Financial Results;
- Declaration of dividend both interim and final;
- Sale / disposal of property, plant, equipment and investments;
- Compliance report on the applicable laws and regulations;

- Audit observations and testing results of internal financial controls;
- Related party transactions of material nature;
- Details of material litigations, including any show cause and penalty notices of material nature;
- Details of investors' complaints and their redressal.

Company Secretary provides assistance to the Chairman in conducting Board Meetings and also advises the Board on compliance and governance matters. Managing Director & CEO along with Chief Financial Officer assist the Board on financial results, budgets and related matters.

**BOARD COMMITTEES**

The Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each Committee. Every Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. As on March 31, 2018, the Board has constituted four Committees. Decisions and recommendations of the Committees are placed before the Board for its reference / approval. During the year, all recommendations of the committees were considered and approved by the Board. All the process and governance guidelines applicable and followed by the Board are also applicable and followed by the Committees. Minutes of all these Committee Meetings are noted in the next Board Meeting. The Company Secretary acts as the Secretary to these Committees.

**1. AUDIT COMMITTEE****Composition, Meetings and Attendance**

Audit Committee was constituted by the Board at its meeting held on January 23, 2018. The Composition and terms of reference of the Audit Committee are in compliance with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. All the Members of the Audit Committee are financially literate and the Chairman has accounting and related financial management expertise.

During the Financial Year 2017-18, the Audit Committee met once on February 12, 2018.

The composition and attendance of Members at the Audit Committee meeting held during the Financial Year 2017-18, are given below:

Members	Position and Category	No. of Meetings held and attended
Mr. T C A Ranganathan	Chairman–Non-Executive Independent Director	1
Mr. Desh Deepak Khetrpal	Member- Non-Executive Director	1
Mr. K Pradeep Chandra	Member-Non-Executive Independent Director	1
Ms. Alka Marezban Bharucha	Member- Non-Executive Independent Director	1

Audit Committee meeting is also attended by the Chief Financial Officer, the representatives of Statutory and Internal Auditors, Group Internal Audit Head and Internal Audit Head of the Company. The Managing Director & CEO also remain present in the Audit Committee meeting.

#### Role of Audit Committee

The terms of reference, role and powers of the Audit Committee are as per the applicable provisions of the Act and Listing Regulations, and includes the following:

- Examination and overseeing of Company's financial reporting process and the disclosure of its financial information;
- Recommending to the Board, the appointment, re-appointment, remuneration/audit fees, terms of appointment and removal, as and when required, of the statutory and internal auditors of the Company;
- Approving or any subsequent modification of transactions of the Company with related parties;
- Reviewing the annual Financial Statements with the Management, before submission to the Board for approval, with particular reference to:
  - a. changes, if any, in accounting policies and practices

- b. major accounting entries involving estimates based on the exercise of judgment by management;
  - c. significant adjustments made in the financial statements arising out of audit findings;
  - d. compliance with listing and other legal requirements relating to Financial Statements;
  - e. disclosure of any related party transactions.
- Reviewing the matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134 of the Act;
  - 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 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;
  - Reviewing and evaluating internal financial controls, adequacy of the internal control and risk management systems;
  - Reviewing the functioning of the Whistle Blower Mechanism;
  - Assess the causes for substantial defaults in payment to the depositors, creditors and shareholders (for unpaid dividend, if any);
  - Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc.;
  - Any other matters as may be mentioned in the terms of reference of the Audit Committee.

The Audit Committee provides assurance related to the adequacy of internal control system, financial performance and disclosures to the Board.

## 2. NOMINATION AND REMUNERATION COMMITTEE

### Composition, Meetings and Attendance

Nomination and Remuneration Committee was constituted by the Board at its meeting held on January 19, 2018. The Composition and terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Section 177 of the Act and Regulation 19 of the Listing Regulations. During the Financial Year 2017-18, the Nomination and Remuneration Committee met once on January 23, 2018.

The composition and attendance of the Members at the Nomination and Remuneration Committee meeting held during the Financial Year 2017-18 are given below:

Members	Position and Category	No. of Meetings held and attended
Ms. Alka Marezban Bharucha	Chairperson - Non-Executive Independent Director	1
Mr. Desh Deepak Khetrpal	Member - Non-Executive Director	1
Mr. T C A Ranganathan	Member – Non-Executive Independent Director	1

### Role of Nomination and Remuneration Committee

The terms of reference, role and powers of the Nomination and Remuneration Committee are as per the applicable provisions of the Act and Listing Regulations and includes the following:

- Formation of criteria for determining qualification, positive attributes and independence of Directors;
- Recommendation of the remuneration policy for the Directors, Key Managerial Personnel, and other senior management personnel to the Board;
- Formulation of criteria for evaluation of Directors, the Board and the Committees thereof;
- Recommendation of remuneration of the Managing Director(s) and Whole-time Director(s) based on their

performance and defined assessment criteria and commissions to Non-Executive Directors;

- Identifying persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel in accordance with the criteria laid down and recommending to the Board their appointment, removal, and other terms as may be referred by the Board from time to time.

### Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company is annexed to the Directors' Report, forming part of the Annual Report and has also been disseminated on the website of the Company at the following address: <https://www.orientelectric.com/investores/NominationandremunerationPolicy.pdf>.

Remuneration to the Executive, Non-Executive and Independent Directors is paid in accordance with the provisions of the Act, within the limits set out thereunder, Articles of Association of the Company and as per the Nomination and Remuneration Policy of the Company. Nomination and Remuneration Policy of the Company is aimed at:

- Identifying persons who are qualified to become Directors and persons who may be appointed at senior management and Key Managerial positions;
- Attracting talented managerial persons taking into account the talent market, the remuneration trend and the competitive requirement of the business;
- Retaining high-caliber talent; and
- Determining remuneration of Directors and Key Managerial Personnel.

### DIRECTORS' REMUNERATION DURING THE FINANCIAL YEAR 2017-18

The Company pays remuneration to its Managing Director and CEO, as per the terms approved by the Board, by way of salary and other benefits. The Board has recommended to the shareholders, the appointment of Mr. Rakesh Khanna, as the Managing Director of the Company.

Remuneration paid/accrued to the Managing Director and CEO during the Financial Year 2017-18 is as follows: (INR lacs)

Name	Salary & Allowances	Annual Performance Linked Pay & Performance Criteria	Retiral Benefit	Total	Notice Period / Severance Pay
Mr. Rakesh Khanna	183.47	60.06 Managing Director & CEO's Performance and Company's Performance	28.64	272.17	3 months

Non- Executive Directors including Independent Directors are paid by way of sitting fees for attending meetings of the Board & Committees thereof and commission not exceeding 1% of the net profit of the Company computed in accordance with Section 198 of the Act. The Company does not have any stock option scheme.

**Details of Sitting fees and commission paid to the Non-Executive and Independent Directors and their shareholding in the Company as on March 31, 2018:** (INR lacs)

Name of Director	Sitting Fees	Commission	No. of shares held
Mr. Chandra Kant Birla <sup>#</sup>	3	5	34,05,893
Mr. Desh Deepak Khetrapal <sup>#</sup>	4.5	5	Nil
Mr. TCA Ranganathan <sup>#</sup>	4.5	5	Nil
Mr. K Pradeep Chandra <sup>#</sup>	4	5	Nil
Ms. Alka Marezban Bharucha <sup>#</sup>	3.5	5	Nil
Mr. Pradeep Kumar Sonthalia <sup>*</sup>	Nil	Nil	Nil
Mr. Pramod Chandra Agarwala <sup>*</sup>	Nil	Nil	Nil
Mr. Manohar Lal Pachisia <sup>*</sup>	Nil	Nil	Nil

<sup>#</sup>Appointed w.e.f 19.01.2018.

<sup>\*</sup>Resigned w.e.f 23.01.2018.

Apart from the above there was no other pecuniary relationship or transaction between the Non-Executive Directors and the Company.

### Directors' Performance Evaluation

The Company has laid down the process and mechanism for evaluating the performance of the Board, Committees, individual Directors and Chairman of the Board. As per the requirements of the Act and the Listing Regulations annual performance evaluation of Board, Independent Directors, Non-Executive Director, Executive Director, Committees and Chairman of the Board is required to be carried out during a calendar year. Such evaluation will be carried out as per Director's Performance Evaluation Policy during the calendar year 2018.

### 3. STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### Composition

Stakeholders' Relationship Committee was constituted by the Board at its meeting held on January 23, 2018. The Composition and terms of reference of the Stakeholders' Relationship Committee are in compliance with the provisions of Section 177 of the Act and Regulation 20 of the Listing Regulations.

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

Members	Position and Category
Ms. Alka Marezban Bharucha	Chairperson - Non-Executive Independent Director
Mr. K Pradeep Chandra	Member - Non-Executive Independent Director
Mr. Rakesh Khanna	Member - Executive Director

#### Role of Stakeholders' Relationship Committee

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

- Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;
- Collecting and analyzing reports received periodically from the Registrar and the Share Transfer Agent;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;

- Non-receipt of declared dividends, balance sheets, annual report or any other documents or information sent by the Company to its shareholders.

#### Contact details of the Company Secretary

Mr. Hitesh Kumar Jain  
Company Secretary  
E-mail: [investor@orientelectric.com](mailto:investor@orientelectric.com)

#### Stakeholders' Grievance Redressal

Secretarial Department and the Registrar & Share Transfer Agent attend all grievances received from the shareholders. Efforts are made to ensure that all the grievances of the shareholders are redressed expeditiously and satisfactorily.

A separate e-mail id, [investor@orientelectric.com](mailto:investor@orientelectric.com), has been designated by the Company for the shareholders to lodge their complaints / queries.

#### Communication by Shareholders

Shareholder's holding shares in demat mode should address their correspondences relating to updates in their details, viz. address, bank accounts, contact number, etc. to their respective Depository Participants. Shareholder's holding shares in physical mode, may address such correspondences either to the Company Secretary of the Company or MCS Share Transfer Agent Limited, the Registrar and Share Transfer Agent of the Company. However, queries relating to non-receipt of dividend or non-receipt of annual reports of the Company should also be addressed to the Company.

Members are requested to indicate their DP ID & Client ID / Ledger Folio number in their correspondence with the Company and also to provide their email addresses and telephone numbers to facilitate prompt response from the Company.

**SEBI Complaints Redressal System (SCORES):** The Company has registered with SCORES. In SCORES, the investor complaints are processed in a centralized web-based complaints redressal system. The salient features of this system are: 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.

As per the provisions of Regulation 39(4) of Listing

Regulations, the Company has following unclaimed shares:

Particulars	No. of Shareholders	No. of Equity shares of ₹ 1 each
Aggregate No. of shareholders and the outstanding shares in unclaimed suspense account as on 31.03.2018	26	2,46,200

#### 4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

##### Composition

Corporate Social Responsibility Committee was constituted by the Board at its meeting held on January 23, 2018. The Composition and terms of reference of the Corporate Social Responsibility (CSR) Committee are in compliance with the provisions of Section 135 of the Act.

Composition of CSR Committee is as follows:

Members	Position and 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

##### Role of Corporate Social Responsibility Committee

The Role and Terms of Reference of the CSR Committee, includes the following:

- Formulate and update the CSR Policy;
- Decide the CSR activities to be taken up by the Company in accordance with this Policy;
- Decide the amount to be allocated for each project or activity;
- Oversee and monitor the progress of the initiatives rolled out under this Policy;
- Submit a report, to the Board on all CSR activities undertaken during the Financial Year.

The CSR Policy of the Company is available on the website of the Company at the following address: <https://www.orientelectric.com/investores/CorporateSocialResponsibilityPolicy.PDF>

## GENERAL BODY MEETINGS

Details of General Meetings held during the Financial Year 2017-18 are as follows:

Financial Year	Type of Meeting	Date, Day & Time	Venue	Special Resolutions Passed
2017-18	Annual General Meeting	August 09, 2017 Wednesday 02:30 PM	Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012 (Odisha)	None
2017-18	Extra – Ordinary General Meeting	January 03, 2018 Wednesday 11:00 AM	Birla Building, 13 <sup>th</sup> Floor, Kolkata – 700001	1. Increase in Authorized Share Capital 2. Amendment in Articles of Associations 3. Authorisation 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.

During the year, no postal ballot process was conducted. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require to be transacted through postal ballot.

## GENERAL SHAREHOLDERS INFORMATION

Financial Year covers the period starting from April 1 to March 31 of the next year.

### a. Financial Calendar

Board Meeting for consideration of unaudited quarterly Financial Results during the Financial Year ended March 31, 2019.	Within forty-five days from the end of the quarter as per Listing Regulations.
Board Meeting for consideration of Audited Annual Financial Results for the Financial Year ended March 31, 2019.	Within sixty days from the end of the Financial Year as per Listing Regulations.
Book closure date.	Thursday, July 12, 2018 to Monday, July 16, 2018 (both days inclusive)
Day, Date, Time and Venue of Annual General Meeting.	Monday, July 16, 2018, 2.30 p.m., Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012 (Odisha)

As per Section 108 of the Act read with rules made thereunder and Regulation 44 of the Listing Regulations, e-voting facility will be provided to the Shareholders of the Company for voting electronically on the resolutions at the ensuing Annual General Meeting.

### b. Dividend

During the Financial Year 2017-18, Board paid 1<sup>st</sup> Interim Dividend of ₹0.50 per share on February 12, 2018. The Board, on April 27, 2018, also declared, subject to the approval of shareholders, Final Dividend of ₹0.50 (50%) per shares, thereby bringing the total Dividend for the Financial Year 2017-18 to ₹1 (100%) per share.

## MEANS OF COMMUNICATION

- 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.

- **Financial Results:** The results of the Company shall be published in one english daily newspaper and one regional language newspaper within 48 hours of approval thereof and shall also be posted on Company's website, [www.orientelectric.com](http://www.orientelectric.com).
- **Website:** The Company's website [www.orientelectric.com](http://www.orientelectric.com) contains a separate section for Investors wherein shareholders' related informations are updated periodically and are available in a user-friendly and downloadable form.
- **News Release and presentation:** The press releases and official news, as applicable, are displayed on the Company's website.

## SHAREHOLDING PATTERN

Distribution of Shareholding as on March 31, 2018 is as follows:

Category of Shareholdings From – To	No. of Shareholders	% of Total Shareholders	Total Shares	Amount (₹.)	% of Total Amount
1-5000	29,205	95.70	15,448,117	15,448,117	7.28
5001-10000	624	2.05	45,69,511	45,69,511	2.15
10001-20000	317	1.04	45,47,510	45,47,510	2.14
20001-30000	95	0.31	24,00,475	24,00,475	1.13
30001-40000	62	0.20	21,54,557	21,54,557	1.02
40001-50000	31	0.10	14,35,714	14,35,714	0.68
50001-100000	71	0.23	48,89,649	48,89,649	2.30
100001-and Above	114	0.37	17,67,39,969	17,67,39,969	83.30
<b>Total</b>	<b>30,519</b>	<b>100</b>	<b>21,21,85,502</b>	<b>21,21,85,502</b>	<b>100</b>

Category of Shareholding as on March 31, 2018:

S. No.	Category	No. of Shares	%
1	Indian Promoters / Person Acting in Concert	8,20,13,294	38.65
2	Indian Public (Individual / HUF / Director & their Relatives)	6,15,01,608	28.98
3	FIs / FN / NRIs / FPI	1,13,32,045	5.34
4	FIs / Mutual Funds / Banks	3,67,65,844	17.33
5	Bodies Corporate (Not included in above)	2,05,72,711	9.70
	<b>Total</b>	<b>21,21,85,502</b>	<b>100</b>



- During the Financial Year 2017-18 the Company has not issued any ADRs / GDRs.
- During the Financial Year 2017-18 the Company has not issued any convertible warrants.

### Dematerialization of Shares and Liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on March 31, 2018, 98.56% of the Company's Equity Shares are in dematerialized form. All request for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories, i.e., NSDL & CDSL within the statutory period. Details of the Demat and Physical shareholding of the Company are as under:

	No. of shares	Percentage (%)
At National Securities Depository Limited	19,41,90,211	91.52
At Central Depository Services (India) Limited	1,49,42,403	7.04
In Physical Form	30,52,888	1.44
<b>Total Paid-up Share Capital</b>	<b>21,21,85,502</b>	<b>100.00</b>

### Share Transfer System

Share Transfer requests, in physical form, are lodged with the Registrar and Share Transfer Agent 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.

### Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited is acting as the Registrar and Share Transfer Agent (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares is being handled by them. Shareholders are, therefore, advised to send all their correspondence's directly to the RTA. The address for communication is:

### MCS Share Transfer Agent Limited

Registrar and Share Transfer Agent  
12/1/5, Manoharpukur Road,  
Ground floor, Kolkata - 700 026

### CODE OF CONDUCT

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

The Code is available on Company's website and can be accessed at the following address: <https://www.orientelectric.com/investores/CodeofConductforDirectorsandSeniorManagement.pdf>. The Directors and senior management have confirmed the compliance of this Code during the Financial Year 2017-18.

The Managing Director & CEO has provided the following declaration on the compliance of the 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 2017-18 and there has been no instances of violation of this Code."

### Rakesh Khanna

Managing Director & CEO  
April 27, 2018

### DISCLOSURES AND AFFIRMATION

#### (i) Compliances

The Company is complying with the applicable provisions of the Act. As on the date of this report, the shares of the Company are in the process of being listed at BSE Limited and National Stock Exchange of India Limited. The Company has voluntarily adopted to comply with the requirements of Listing Regulations, wherever applicable.

#### (ii) Related Party Transactions

During the Financial Year 2017-18 all transactions entered into with Related Parties, as per the provisions of Section 188 of the Act and Regulation 23 of the Listing Regulations, were in the ordinary course of business and on an arm's length basis. 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.

The required statements / disclosures with respect to the Related Party Transactions are placed before the Audit Committee on regular basis. Suitable disclosures as required by the Accounting Standards have been made in the notes to the Financial Statements.

The Company has formulated a policy relating to the dealing with Related Party Transactions. The same is also uploaded on the website of the Company and can be accessed at the following address: <https://www.orientelectric.com/investores/RelatedPartyPolicy.pdf>.

**(iii) 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 where Senior Management has personal interest that may have a potential conflict with the interest of the Company at large.

**(iv) Vigil Mechanism**

The Company believes in highest standards of ethical, moral and fair conduct of business operations. To fulfill these objectives, the Company has adopted a Whistle Blower Policy as per the provisions of Section 177 of the Act and Regulation 22 of the Listing Regulations. This policy encourages the whistle blower to come forward and report genuine concerns about unethical behavior, actual or suspected frauds to Audit Committee. No employee is denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company at the following address: <https://www.orientelectric.com/investores/WhistleBlowerPolicy.pdf>.

**(v) Protection against Sexual Harassment of Women**

The Company provides a safe and healthy work environment to all its employees. To ensure the safety of its employees, the Company has adopted a Policy on Prevention of Sexual Harassment of Women at workplace. The Company has established the necessary mechanism for employees to report their concerns about unethical and unwelcome behavior.

The Prevention of Sexual Harassment of women Policy is communicated to the employees through the intranet site of the Company.

**(vi) Adoption of Non-Mandatory Requirements of Listing Regulations**

- a. The Chairman of the Company is a Non-Executive Director and does not maintain the Chairman's office at the Company's expense.
- b. The Company has separate posts of Chairman and Managing Director & CEO.
- c. The Company is under 'No Audit Qualifications' regime.
- d. The Audit Committee is briefed by the Internal Auditors through discussions and presentations about the observations, reviews, comments, recommendations etc.

**(vii) Accounting Principles**

In preparation of its financial statements, the Company has followed the guidelines of Indian Accounting Standards (Ind-AS) notified under the Act as laid down by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied, have been set out in the Notes to the Financial Statements.

**POLICY AND CODE AS PER SEBI INSIDER TRADING REGULATIONS**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated (i) 'Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders' to regulate dealing in the securities of the Company by designated persons in compliance with the regulations; and (ii) Policy for Fair Disclosure of Unpublished Price Sensitive Information.

Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information is available on Company's website at the following address: <https://www.orientelectric.com/investores/CodeofFairDisclosureofUPSI.pdf>.

## CEO & CFO CERTIFICATION

As per the provisions of Regulation 17(8) of 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, 2018. The said certificate is enclosed with this Report.

## BUSINESS LOCATIONS

### Plants (Manufacturing Units)

- 6, Ghore Bibi Lane, Kolkata – 700 054, West Bengal
- 11, Industrial Estate, Sector 6, Faridabad – 121006, Haryana
- C-130, Sector 63, Noida 201301, Uttar Pradesh

- D-209, Sector 63, Noida 201301, Uttar Pradesh
- Plot No. 96, Brahmaputra Industrial Park, Amingaon, North, Guwahati – 781031, Assam

### Registered Office

Unit-VIII, Plot No.7, Bhoingar, Bhubaneswar-751012, Odisha.

For and on behalf of Board of Directors

**For Orient Electric Limited**

Place: New Delhi

Date: April 27, 2018

**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, 2018 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.

**Rakesh Khanna**  
*Managing Director & CEO*

**Saibal Sengupta**  
*Chief Financial Officer*

Place: New Delhi  
Date: April 27, 2018

## Independent Auditor's Report

To  
the Members of  
**Orient Electric Limited**

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Orient Electric Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be

included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 28 to the accompanying financial statements regarding effect of Scheme of Arrangement of

transfer of Consumer Electric Business of Orient Paper & Industries Limited (demerged Company) on the Company, given in this financial statements from the appointed date being March 1, 2017 as approved by the National Company Law Tribunal, though the Scheme has become effective on December 8, 2017 as more fully described in the above mentioned note.

Our opinion is not qualified in respect of this matter.

#### 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 purpose of our audit;
    - b) In our opinion, proper books of accounts 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, 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 accounts;
    - 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations 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 were no amounts which were 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 **Sanjay Kumar Agarwal**

*Partner*

Place of Signature: New Delhi

Date: April 27, 2018

Membership Number: 060352

## Annexure 1 to the Auditors' Report

Referred to our report of even date to the members of Orient Electric Limited as at and for the year ended March 31, 2018

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification of all fixed assets 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 aggregating Rs. 49.51 Lacs.
- 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, 2018 and no material discrepancies were noticed in respect of such confirmations.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the 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 generally 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 service 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	Amount (Rs. in Lacs)*	Period to which the amount relates	Forum where the dispute is pending
Central Excise & Customs Act, 1944	Disallowance of Modvat/ cenvat credit on inputs	22.49	1994-1995, 1995-96	Deputy Commissioner/ Commissioner/Assistant Commissioner
Central Excise & Customs Act, 1944	Levy of duty on short return of Cottage Parties	11.51	1975-76,76-77,81-84 to 84-85, 2000-01, 2002-03, 1993-94 to 1996-97	Additional Commissioner/ Commissioner Appeals/ CESTAT
Central Excise & Customs Act, 1944	Excess ISD Credit transfer to units	40.09	2013-14	CESTAT
Sales Tax Act	Delay in depositing C Forms, F Forms	13.57	2012-13 & 2014-15	Commissioner Appeals

Name of the statute	Nature of the dues	Amount (Rs. in Lacs)*	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Delay in depositing F Forms	5.50	2012-13	Joint commissioner of Commercial Taxes, LTU, Kolkata
Sales Tax Act	Additional Demand for Sales Tax	16.92	1996-97 & 2013-14	Appeal with Appellate Deputy Commissioner
Sales Tax Act	Disallowance of Sales Return, ITC, excess of unregistered purchase tax	42.08	2014-15	Joint commissioner of Commercial Taxes, LTU, Kolkata
Sales Tax Act	Treatment of transfer of Defective stock as sales	1.98	2003-04	Appellate Authority
Sales Tax Act	Treatment of transfer of stock as sales & disallowance	8.05	1993-94	Honourable High Court
Entry Tax Act	Additional Demand for Entry tax	1.73	2003-04, 2006-07 to 2010-11	Assistant Commissioner/ Appellate Authority
Entry Tax Act	Demand for interest on entry tax	89.35	2013-14 to 2015-16	Commercial Tax Officer

\*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 **Sanjay Kumar Agarwal**

Place of Signature: New Delhi

Partner

Date: April 27, 2018

Membership Number: 060352

## Annexure 2 to the Independent Auditors' Report of even date on the Ind AS Financial Statements of Orient Electric Limited

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

We have audited the internal financial controls over financial reporting of Orient Electric Limited ("the Company") as of March 31, 2018 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 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend 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 system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial 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**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 **Sanjay Kumar Agarwal**

*Partner*

Place of Signature: New Delhi

Date: April 27, 2018

Membership Number: 060352

## Balance Sheet as at 31<sup>st</sup> March, 2018

(Rs. in Lacs)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>I) ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
a) Property, plant and equipment	3	9,953.71	10,104.72
b) Capital work-in-progress		466.09	45.95
c) Intangible assets	4	615.72	791.62
d) Financial assets			
(i) Other financial assets	5	940.65	838.53
e) Deferred tax assets (net)	15	2,448.22	3,490.18
f) Other Non current assets	6	487.91	257.77
	<b>(A)</b>	<b>14,912.30</b>	<b>15,528.77</b>
<b>2) CURRENT ASSETS</b>			
a) Inventories	7	20,906.09	17,652.35
b) Financial assets			
(i) Trade receivables	8	39,390.20	36,126.11
(ii) Cash and cash equivalents	9	3,050.24	2,332.65
(iii) Bank balances other than (ii) above	10	-	4.50
(iv) Other financial assets	5	32.34	1.97
c) Other current assets	6	3,301.60	2,331.73
	<b>(B)</b>	<b>66,680.47</b>	<b>58,449.31</b>
<b>TOTAL ASSETS (A)+(B)</b>		<b>81,592.77</b>	<b>73,978.08</b>
<b>II) EQUITY AND LIABILITIES</b>			
<b>1) EQUITY</b>			
a) Equity Share Capital	11	2,121.86	-
b) Share Capital Suspense	28d	-	2,121.86
c) Other Equity	12	24,202.95	19,174.37
<b>TOTAL EQUITY</b>	<b>(C)</b>	<b>26,324.81</b>	<b>21,296.23</b>
<b>LIABILITIES</b>			
<b>2) NON-CURRENT LIABILITIES</b>			
a) Financial Liabilities			
(i) Borrowings	13	3,436.26	5,615.85
b) Long term provisions	14	598.29	339.99
	<b>(D)</b>	<b>4,034.55</b>	<b>5,955.84</b>
<b>3) CURRENT LIABILITIES</b>			
a) Financial Liabilities			
(i) Borrowings	13	12,977.48	13,515.88
(ii) Trade Payables	16	28,368.82	19,249.16
(iii) Other current financial liabilities	17	5,580.88	7,782.36
b) Other current liabilities	18	1,680.95	3,807.99
c) Provisions	14	2,461.89	1,909.12
d) Current tax liabilities	19	163.39	461.50
	<b>(E)</b>	<b>51,233.41</b>	<b>46,726.01</b>
<b>TOTAL LIABILITIES</b>	<b>(F) : (D)+(E)</b>	<b>55,267.96</b>	<b>52,681.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(C)+(F)</b>	<b>81,592.77</b>	<b>73,978.08</b>

See accompanying note nos. 1 to 44 forming part of the financial statements

As per our report of the even date

**For S.R. Batliboi & Co. LLP**

Firm Registration Number: 301003E / E300005

Chartered Accountants

**For and on behalf of the Board of Directors****per Sanjay Kumar Agarwal**

Partner

Membership No.: 060352

**C K. Birla**

Chairman

(DIN 00118473)

**Rakesh Khanna**

Managing Director &amp; CEO

(DIN 00266132)

Place: New Delhi

Date: 27<sup>th</sup> April, 2018**Saibal Sengupta**

Chief Financial Officer

**Hitesh Kumar Jain**

Company Secretary

**Statement of Profit & Loss** for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lacs)

Particulars	Note No.	1 <sup>st</sup> April 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016 -31 <sup>st</sup> March 2017
<b>I) INCOME</b>			
Revenue from operations	20	162,558.30	23,165.91
Other income	21	550.88	83.72
<b>Total income (I)</b>		<b>163,109.18</b>	<b>23,249.63</b>
<b>II) EXPENSES</b>			
Cost of raw materials consumed	22	63,398.49	7,200.19
Purchase of traded goods		43,652.15	5,280.58
(Increase)/ decrease in inventories of finished goods, traded goods and work in progress	23	(2,708.86)	2,222.74
Excise duty on sale of goods		2,581.11	1,938.01
Employee benefits expense	24	14,278.10	1,151.10
Finance costs	25	2,446.92	271.56
Depreciation and amortisation expenses	26	1,975.25	175.28
Other expenses	27	27,703.23	2,990.40
<b>Total expenses (II)</b>		<b>153,326.39</b>	<b>21,229.86</b>
<b>III) Profit before tax (I)-(II)</b>		<b>9,782.79</b>	<b>2,019.77</b>
<b>IV) Tax Expense</b>	15		
(1) Current Tax		2,286.99	461.50
(2) MAT Credit Entitlement		(944.96)	(461.50)
(3) Deferred Tax Charge		2,038.26	837.45
<b>Income tax expense (IV)</b>		<b>3,380.29</b>	<b>837.45</b>
<b>V) Profit for the year/period (III)-(IV)</b>		<b>6,402.50</b>	<b>1,182.32</b>
<b>VI) Other Comprehensive Income/(Loss)</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-Measurement gains/(losses) on defined benefit plans		(148.35)	6.80
Income tax effect		51.34	(2.35)
<b>Other Comprehensive Income, net of tax</b>		<b>(97.01)</b>	<b>4.45</b>
<b>VII) Total Comprehensive Income for the year/period (V)+(VI)</b>		<b>6,305.49</b>	<b>1,186.77</b>
Basic & Diluted Earnings per equity share [nominal value of share Re.1]	30	3.02	0.56
<b>Significant accounting policies</b>	<b>2.1</b>		

See accompanying note nos. 1 to 44 forming part of the financial statements

As per our report of the even date

**For S.R. Batliboi & Co. LLP**

Firm Registration Number: 301003E / E300005

Chartered Accountants

**For and on behalf of the Board of Directors****per Sanjay Kumar Agarwal**

Partner

Membership No.: 060352

**C K. Birla**

Chairman

(DIN 00118473)

**Rakesh Khanna**

Managing Director &amp; CEO

(DIN 00266132)

Place: New Delhi

Date: 27<sup>th</sup> April, 2018**Saibal Sengupta**

Chief Financial Officer

**Hitesh Kumar Jain**

Company Secretary

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2018

### A. Equity Share Capital

	No. in Lacs	Rs. in Lacs
Equity Shares of Re. 1 each issued, subscribed and fully paid		
At 31 <sup>st</sup> March, 2018	2,121.86	2,121.86
At 31 <sup>st</sup> March, 2017*	-	-

\*Equity Share Capital of Rs. 5 lacs has been cancelled pursuant to scheme of arrangement (Refer Note 28c)

### B. Share Capital Suspense

	No. in Lacs	Rs. in Lacs
At 31 <sup>st</sup> March, 2018	-	-
At 31 <sup>st</sup> March, 2017	2,121.86	2,121.86

The above Share Capital Suspense represents shares to be issued to the shareholders of the demerged company pursuant to scheme of arrangement (Refer Note 28d)

### C. Other Equity

(Rs. in Lacs)

Particulars	Reserves and Surplus			Total
	Capital Reserve	General Reserve	Retained Earnings	
<b>As at 10<sup>th</sup> October, 2016</b>	-	-	-	-
Arisen pursuant to scheme of arrangement [Refer Note 28 (c) and (e)]	5.00	16,960.71	-	16,965.71
Profit for the period	-	-	1,182.32	1,182.32
Other comprehensive income	-	-	4.45	4.45
Add: Further Deferred Tax assets on 43B items to be claimed by the Company [Refer Note 28(b)]	-	1,021.89	-	1,021.89
<b>As at 31<sup>st</sup> March, 2017</b>	<b>5.00</b>	<b>17,982.60</b>	<b>1,186.77</b>	<b>19,174.37</b>
Profit for the year	-	-	6,402.50	6,402.50
Transfer to General Reserve	-	1,500.00	(1,500.00)	-
Other comprehensive income	-	-	(97.01)	(97.01)
Interim Equity Dividend (Refer Note 12)	-	-	(1,060.93)	(1,060.93)
Dividend Distribution Tax (Refer Note 12)	-	-	(215.98)	(215.98)
<b>As at 31<sup>st</sup> March, 2018</b>	<b>5.00</b>	<b>19,482.60*</b>	<b>4,715.35</b>	<b>24,202.95</b>

\*Includes Rs. 17,982.60 lacs (Rs. 17,982.60 lacs) arising pursuant to the Scheme of arrangement.

See accompanying note nos. 1 to 44 forming part of the financial statements

As per our report of the even date

**For S.R. Batliboi & Co. LLP**

Firm Registration Number: 301003E / E300005

Chartered Accountants

**For and on behalf of the Board of Directors**

**per Sanjay Kumar Agarwal**

Partner

Membership No.: 060352

**C K. Birla**

Chairman

(DIN 00118473)

**Rakesh Khanna**

Managing Director & CEO

(DIN 00266132)

Place: New Delhi

Date: 27<sup>th</sup> April, 2018

**Saibal Sengupta**

Chief Financial Officer

**Hitesh Kumar Jain**

Company Secretary

**Cash Flow Statement** for the year ended 31<sup>st</sup> March, 2018

(Rs. in Lacs)

	1 <sup>st</sup> April 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016 -31 <sup>st</sup> March 2017
<b>(A) OPERATING ACTIVITIES :</b>		
Profit before tax	9,782.79	2,019.77
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and Amortisation expenses	1,975.25	175.28
Finance costs	2,446.92	271.56
Loss on sale/discard of fixed assets (net)	259.22	-
Bad debts / advances written off (net of reversals)	116.31	-
Provision for Warranty claims (net)	2,472.47	156.66
Provision for doubtful debts & advances	30.48	20.83
Unspent Liabilities and Unclaimed Balances adjusted	(137.33)	-
Interest Income	(336.91)	(31.17)
<b>Working Capital Adjustments :</b>		
Increase in trade payable and other liabilities	4,664.25	6,195.04
Increase/(decrease) in provisions	(1,809.75)	(283.88)
(Decrease)/Increase in inventories	(3,253.74)	3,060.41
(Decrease) in trade receivables and other assets	(4,494.28)	(5,714.62)
<b>CASH GENERATED FROM OPERATIONS:</b>	<b>11,715.68</b>	<b>5,869.88</b>
Income tax paid	(2,585.10)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>9,130.58</b>	<b>5,869.88</b>
<b>(B) INVESTING ACTIVITIES :</b>		
Purchase of Property, plant and equipment and Intangibles (including work in progress and capital advances)	(1,981.87)	(614.33)
Proceeds from sale of Property, plant and equipment	(555.90)	-
Payments for term deposits with banks	(30.55)	(4.50)
Proceeds from maturity of term deposits with banks	4.50	-
Interest Received	337.09	31.27
<b>NET CASH FLOWS FROM/ (USED) IN INVESTING ACTIVITIES</b>	<b>(2,226.75)</b>	<b>(587.56)</b>
<b>(C) FINANCING ACTIVITIES :</b>		
Issue of Equity Shares	-	5.00
Repayment of long term borrowings	(1,921.09)	(259.14)
Movement in short term borrowings (net)	(538.40)	(3,454.65)
Finance Cost	(2,449.84)	(263.66)
Dividends Paid (including dividend distribution tax)	(1,276.91)	-
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(6,186.24)</b>	<b>(3,972.45)</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>717.59</b>	<b>1,309.87</b>
Cash & Cash Equivalents transferred from Demerged Company pursuant to Scheme of Arrangement (Refer Note 28)	-	1,022.78
Cash & Cash Equivalents at the beginning of the year/ period	2,332.65	-
<b>Cash &amp; Cash Equivalents at the end of the year/ period</b>	<b>3,050.24</b>	<b>2,332.65</b>

See accompanying note nos. 1 to 44 forming part of the financial statements

As per our report of the even date

**For S.R. Batliboi & Co. LLP**

Firm Registration Number: 301003E / E300005

Chartered Accountants

**For and on behalf of the Board of Directors****per Sanjay Kumar Agarwal**

Partner

Membership No.: 060352

**C K. Birla**

Chairman

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**Rakesh Khanna**

Managing Director &amp; CEO

(DIN 00266132)

Place: New Delhi

Date: 27<sup>th</sup> April, 2018**Saibal Sengupta**

Chief Financial Officer

**Hitesh Kumar Jain**

Company Secretary

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 1. Corporate Information

The Company was incorporated on 10<sup>th</sup> October 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 1<sup>st</sup> March 2017, which has subsequently been approved by the National Company Law Tribunal vide its order as stated in Note 28.

Pursuant to Scheme of Arrangement shares held by the demerged Company stands cancelled and post demerger, the Company is no more a subsidiary of OPIL.

The Company is primarily engaged in manufacture/purchase and sale of Electrical Consumer Durables and 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 27<sup>th</sup> April, 2018.

### 2. Basis of Preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time). For the period from October 10, 2016 (being the date of incorporation) to 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and Companies (Accounting Standards) Amendment Rules 2016. These financial statements for the year ended 31<sup>st</sup> March, 2018 are the first financial statements that the Company has prepared in accordance with Ind AS.

The Company has not availed any exemption under IND AS-101.

#### 2.1 Summary of significant Accounting Policies

##### (a) Property, Plant and Equipment

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is 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 the 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.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairment losses, if any.

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. Gains or losses arising from derecognition of the 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 when the asset is derecognized.

Depreciation is provided under straight line basis using the estimated useful lives of the assets as follows -

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

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

Depreciation on Property, plant & equipment added / disposed-off during the year is provided on pro-rata basis with reference to the date of addition/disposal. The management has estimated, supported by technical assessment by experts, the useful lives of certain plant and equipment as 3 years. These lives are lower than those indicated in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

The Company has applied IND AS-16 retrospectively to its property, plant & equipment and there was no impact thereof on the financial statements.

### (b) 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.

### (c) 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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 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.

### (d) 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.

### (e) 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.

### (f) 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

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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 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.

### (g) 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, finished goods and traded 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.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

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.

### (h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the "principal" in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company considers that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, Sales tax/ value added tax (VAT)/ Goods and Service Tax is not received by the Company on its own account. It is collected on behalf of the government and accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

#### Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### (i) 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 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

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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.

### (j) Retirement and other Employee Benefits

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

Gratuity liability is funded defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company treats accumulated leaves 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 end of each financial year. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

### (k) 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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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.

### (l) 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.

### (m) 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.

### (n) Provisions

A provision is recognized when the Company has a present obligation 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. 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

#### (n)(a) Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

### (o) 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### (p) 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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### (q) Financial Instruments

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

#### Financial Assets

##### Initial Recognition and Measurement

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.

##### Subsequent Measurement

Subsequent measurement of financial assets is described below -

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

#### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading 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 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 the Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### 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 balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Impairment of Non-Financial Assets

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

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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 CGUs 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 or 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.

### 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, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent Measurement

##### Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

Amortised 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 amortisation 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 modification 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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 3. Property, Plant and Equipment

(Rs. in Lacs)

Cost	Freehold Land	Factory Buildings	Non-Factory Buildings (a)	Plant and equipment	Furniture and fixtures	Office Equipments	Vehicles	Total
<b>Transferred pursuant to the scheme of arrangement (Note 28)</b>								
Additions*	9.70	2,298.66	64.52	13,865.59	1,096.70	944.05	142.96	18,422.18
<b>At 31<sup>st</sup> March 2017</b>	<b>9.70</b>	<b>2,298.66</b>	<b>64.52</b>	<b>14,448.03</b>	<b>1,106.39</b>	<b>969.90</b>	<b>142.96</b>	<b>19,040.16</b>
Additions	-	30.18	-	1,609.92	43.43	261.49	-	1,945.02
Disposals	-	(1.80)	-	(1,212.78)	(56.19)	(41.14)	(11.76)	(1,323.67)
<b>At 31<sup>st</sup> March 2018</b>	<b>9.70</b>	<b>2,327.04</b>	<b>64.52</b>	<b>14,845.17</b>	<b>1,093.63</b>	<b>1,190.25</b>	<b>131.20</b>	<b>19,661.51</b>
<b>Depreciation</b>								
<b>Transferred pursuant to the scheme of arrangement (note 28)</b>								
Charge for the period	-	589.16	26.81	6,855.73	593.02	628.87	85.51	8,779.10
Charge for the year	-	10.39	0.12	122.15	8.72	13.69	1.27	156.34
<b>At 31<sup>st</sup> March 2017</b>	<b>-</b>	<b>599.55</b>	<b>26.93</b>	<b>6,977.88</b>	<b>601.74</b>	<b>642.56</b>	<b>86.78</b>	<b>8,935.44</b>
Charge for the year	-	104.67	1.39	1,423.15	97.72	159.38	13.04	1,799.35
Disposals	-	(0.11)	-	(951.43)	(30.75)	(39.08)	(5.61)	(1,026.98)
<b>At 31<sup>st</sup> March 2018</b>	<b>-</b>	<b>704.11</b>	<b>28.32</b>	<b>7,449.60</b>	<b>668.71</b>	<b>762.86</b>	<b>94.21</b>	<b>9,707.81</b>
Net book value								
<b>At 31<sup>st</sup> March 2018</b>	<b>9.70</b>	<b>1,622.94</b>	<b>36.20</b>	<b>7,395.57</b>	<b>424.92</b>	<b>427.39</b>	<b>36.99</b>	<b>9,953.71</b>
<b>At 31<sup>st</sup> March 2017</b>	<b>9.70</b>	<b>1,699.11</b>	<b>37.59</b>	<b>7,470.15</b>	<b>504.65</b>	<b>327.34</b>	<b>56.18</b>	<b>10,104.72</b>

- Cost includes Rs. 39.81 lacs in respect of flats whose registration in the Company's name is pending.
- For charge created on Property, plant and equipment of the Company towards borrowings, refer Note 13.
- The Company is in the process of getting all the above properties registered / transferred in its name pursuant to the Scheme of Arrangement (Refer Note 28).

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 4. Intangible Assets

(Rs. in Lacs)

	Computers	Technical Know How	Total
<b>Cost</b>			
<b>Transferred pursuant to the scheme of arrangement (Note 28)</b>	<b>726.23</b>	<b>750.97</b>	<b>1,477.20</b>
Additions for the period*	12.93	-	12.93
<b>At 31<sup>st</sup> March 2017</b>	<b>739.16</b>	<b>750.97</b>	<b>1,490.13</b>
Additions for the year	-	-	-
<b>At 31<sup>st</sup> March 2018</b>	<b>739.16</b>	<b>750.97</b>	<b>1,490.13</b>
<b>Amortization</b>			
<b>Transferred pursuant to the scheme of arrangement (Note 28)</b>	<b>527.28</b>	<b>152.29</b>	<b>679.57</b>
Charge for the period	13.22	5.72	18.94
<b>At 31<sup>st</sup> March 2017</b>	<b>540.50</b>	<b>158.01</b>	<b>698.51</b>
Charge for the year	100.27	75.63	175.90
<b>At 31<sup>st</sup> March 2018</b>	<b>640.77</b>	<b>233.64</b>	<b>874.41</b>
Net book value			
<b>At 31<sup>st</sup> March 2018</b>	<b>98.39</b>	<b>517.33</b>	<b>615.72</b>
<b>At 31<sup>st</sup> March 2017</b>	<b>198.66</b>	<b>592.96</b>	<b>791.62</b>

\*during the period from 10<sup>th</sup> October 2016 to 31<sup>st</sup> March, 2017

### 5. Other Financial Assets

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Unsecured, considered good, except where otherwise stated</b>		
<b>Non-current</b>		
Security deposits	940.65	838.53
	<b>940.65</b>	<b>838.53</b>
<b>Current</b>		
Deposit with original maturity for more than 12 months*	30.55	-
Interest accrued on loans, deposits etc.	1.79	1.97
	<b>32.34</b>	<b>1.97</b>
<b>Total</b>	<b>972.99</b>	<b>840.50</b>

\*The deposits maintained by the Company with banks comprise of the time deposits which may be withdrawn by the Company at any point of time without prior notice and are made of varying periods between one day to twenty-four months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

### 6. Other Assets

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Non-current</b>		
<b>Unsecured, considered good, except where otherwise stated</b>		
Capital advances		
Considered good	434.69	215.96
	<b>(A) 434.69</b>	<b>215.96</b>
Advance recoverable in cash or kind		
Considered doubtful	25.76	25.76
Less : Provision for doubtful advances	25.76	25.76
	<b>(B) -</b>	<b>-</b>
Deposits against demand under dispute	53.08	41.42
Prepaid expenses	0.14	0.39
	<b>(C) 53.22</b>	<b>41.81</b>
<b>Total (A+B+C)</b>	<b>487.91</b>	<b>257.77</b>

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 6. Other Assets (Contd.)

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Current</b>		
<b>Unsecured, considered good, except where otherwise stated</b>		
Advance recoverable in cash or kind		
Considered good	953.13	1,475.07
	953.13	1,475.07
Prepaid expenses	68.55	106.76
Balances with government authorities	2,122.09	526.99
Export Benefit Receivable	157.83	222.91
	<b>(D) 3,301.60</b>	<b>2,331.73</b>
<b>Total other assets</b>	<b>3,789.51</b>	<b>2,589.50</b>

### 7. Inventories

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Valued at Lower of Cost and Net Realisable Value</b>		
Raw materials & Components	6,175.04	4,593.82
Work-in-progress	388.35	492.71
Finished goods	8,239.78	8,540.27
Traded goods	5,646.47	3,741.35
Stores and spares	439.46	262.80
<b>At net realisable value</b>		
Scrap	16.99	21.40
	<b>20,906.09</b>	<b>17,652.35</b>
<b>The above includes stock in transit:</b>		
Raw Materials	130.69	-
Traded Goods	16.49	9.98
Finished Goods	93.63	774.88
	<b>240.81</b>	<b>784.86</b>

- During the year ended 31 March 2018, Rs. 101.62 lacs (31 March 2017: INR 78.81 lacs) was recognised as an expense for inventories carried at net realisable value.
- Inventories are hypothecated against the borrowings obtained by the Company as referred in Note 13.

### 8. Trade Receivables

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Secured, considered good	2,595.32	2,465.95
Unsecured, considered good	36,794.88	33,660.16
Doubtful	912.82	882.33
	<b>40,303.02</b>	<b>37,008.44</b>
Less : Provision for doubtful debts	912.82	882.33
	<b>39,390.20</b>	<b>36,126.11</b>

- Trade receivables are partly interest bearing and are generally on terms of 0 to 45 days.
- For ageing analysis of trade receivables, refer Note 39.
- Trade Receivable are hypothecated against the borrowings obtained by the Company as referred in Note 13.
- No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 9. Cash and Cash Equivalents

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Balances with banks:		
- On current accounts	3,047.11	2,328.93
Cash on hand	1.83	2.42
Unpaid matured deposits	1.30	1.30
	<b>3,050.24</b>	<b>2,332.65</b>

### 10. Other Bank Balances

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Deposits with original maturity for more than 3 months but less than 12 months	-	4.50
	-	<b>4.50</b>

### 11. Equity Share Capital

	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	No. in lacs	Rs. in lacs	No. in lacs	Rs. in lacs
<b>Authorized share capital</b>				
Equity Share of Re 1 each	2,500.00	2,500.00	5.00	5.00
<b>Issued, subscribed and fully paid-up</b>				
Equity Share of Re 1 each	2,121.86	2,121.86	5.00	5.00
Less: cancelled pursuant to scheme of arrangement (Refer Note 28c)	-	-	5.00	5.00
	<b>2,121.86</b>	<b>2,121.86</b>	-	-

**Note:** During the year ended 31 March 2018, the authorised share capital was increased to Rs.2500 lacs i.e. 2500 lacs Equity shares of Re.1 each.

#### a) Terms/ rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Re.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 Board of Directors at its meeting held on 12<sup>th</sup> February, 2018 and 27<sup>th</sup> April, 2018, have declared an interim dividend of Re.0.50 per equity share (31<sup>st</sup> March, 2017: Nil) and proposed a final dividend of Re. 0.50 per equity share respectively for the financial year ended 31<sup>st</sup> March, 2018. The proposed final dividend of Rs. 1,276.91 Lacs (including DDT thereon) are subject to the approval of the Shareholders at the forthcoming Annual General Meeting and are not recognised as a liability as on 31<sup>st</sup> March, 2018.

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	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
Equity shares of Rs.1 each fully paid				
Central India Industries Limited	525.60	24.77%	-	-
Reliance Capital Trustee Co. Ltd.	183.94	8.67%	-	-
Shekhavati Investments and Traders Limited	127.61	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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

(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

	31 <sup>st</sup> March 2018 No. in Lacs	31 <sup>st</sup> March 2017 No. in Lacs
Equity shares issued pursuant to the Scheme of Arrangement (Refer Note 28)	2,121.86	-

### 12. Other Equity

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Capital Reserve (arisen pursuant to scheme of arrangement refer Note 28 c)</b>	<b>5.00</b>	<b>5.00</b>
<b>General reserve (arisen pursuant to scheme of arrangement refer Note 28 e)</b>	<b>17,982.60</b>	<b>16,960.71</b>
Add: Further Deferred Tax assets on 43B items to be claimed by the Company	-	1,021.89
Add: Transferred from retained earnings during the year	1,500.00	-
	<b>19,482.60</b>	<b>17,982.60</b>
<b>Retained Earnings</b>		
Opening Balance	1,186.77	-
Add : Profit for the year/period	6,402.50	1,182.32
Less : Transferred to General Reserve	1,500.00	-
Less : Interim Equity Dividend [amount per share Re 0.50 ( 31 <sup>st</sup> March, 2017: Nil)]	1,060.93	-
Less : Tax on Equity Dividend	215.98	-
Add : Other Comprehensive Income for the year/ period	(97.01)	4.45
<b>Closing Balance</b>	<b>4,715.35</b>	<b>1,186.77</b>
<b>Total</b>	<b>24,202.95</b>	<b>19,174.37</b>

### 13. Borrowings

(Rs. in Lacs)

	Effective Interest rate %	Maturity	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Non-current borrowings</b>				
<b>Term loans (Secured)</b>				
From Banks	9.10 - 9.90	2015-2023	2,544.68	3,694.01
From Others	10.50 - 11.20	2014-2020	891.58	1,921.84
			<b>3,436.26</b>	<b>5,615.85</b>
<b>Current maturity of long term loans</b>				
From Banks			1,162.32	900.52
From Others			1,017.19	1,020.50
			<b>2,179.51</b>	<b>1,921.02</b>
<b>Total non-current borrowings*</b>			<b>5,615.77</b>	<b>7,536.87</b>
Less : Amount disclosed under the head other current financial liabilities			2,179.51	1,921.02
<b>Net non-current borrowings</b>			<b>3,436.26</b>	<b>5,615.85</b>
<b>Current borrowings</b>				
<b>Loan repayable on demand</b>				
Cash credit (including Working Capital Demand Loan) from banks (Secured)			11,824.10	10,268.00
<b>Other Loans (unsecured)</b>				
Export Packing Credit from a bank			1,000.00	2,500.00
Buyers Credit from a Bank			153.38	747.88
<b>Total current borrowings</b>			<b>12,977.48</b>	<b>13,515.88</b>

\*Net of unamortised borrowing cost of Rs 62.78 Lacs (Rs. 92.99 Lacs)

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

- Term loan from Banks are secured by first pari-passu charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar of the demerged Company. Term loan of Rs. 1133.72 lacs carries interest @ 9.10% p.a. (31 March 2017: 9.10% p.a.) and Rs. 2573.28 lacs carries interest @ 9.90% p.a. (31 March 2017: @ 10.45% p.a.). The above loans are repayable in 17 equal quarterly instalments starting from 28 May, 2015 and 20 unequal quarterly instalments starting from 08 May, 2018 respectively (upto 28 May, 2019 and 8 February, 2023 respectively).
- Term loan from others are secured by pari-passu first charge on the fixed assets (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar of the demerged Company. Term Loan of Rs. 506.90 lacs carries interest @ 11.20% p.a. (31 March 2017: 10.95 % p.a.) and is repayable in 20 equal quarterly instalments starting from 28 June, 2014 (upto 28 March, 2019). Term loan of Rs. 1401.87 carries interest @10.50% p.a. (31 March 2017: @11.00% p.a) and is repayable in 16 equal quarterly instalments starting from 21 March, 2017 (upto 21 December, 2020).
- Cash credit (including Working Capital Demand Loans) from banks are secured against hypothecation of stock in trade, stock in progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on fixed assets pertaining to the Paper plants at Amlai & Brajrajnagar of the Demerged Company and are repayable on demand. The above loans carry interest @ 7.50% p.a. to 10.35% p.a. (31 March 2017 :@ 8.25% p.a. to 10.35% p.a.).
- Export Packing Credit from a Bank carry interest @4.15% to 4.25% p.a.(31 March 2017 : 8.50%) and are repayable in 180 days.
- Buyers Credit from a Bank carries interest @ LIBOR plus spread of 0.50% p.a (31 March 2017: 0.45 % to 0.65%) and is repayable in 120 days.
- The Company is in the process of getting the securities of above loans transferred on assets of the Company against the above borrowings which are presently secured by assets pertaining to the demerged Company of which details are given above.

### 14. Provisions

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Non-current</b>		
Provision for gratuity (Note 32)	61.06	14.77
Provision for warranties	537.23	325.22
	<b>598.29</b>	<b>339.99</b>
<b>Current</b>		
Provision for gratuity (Note 32)	-	33.75
Provision for leave benefits	524.96	495.02
Provision for warranties	1,936.93	1,380.35
	<b>2,461.89</b>	<b>1,909.12</b>

#### Provision for Warranties

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty period, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within two years from the Balance Sheet date, since the warranty period generally extends to two years. The table below gives information about movement in warranties provisions.

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	10 <sup>th</sup> Oct 2016 -31 <sup>st</sup> March 2017
Opening balance	1,705.57	-
Transferred pursuant to the scheme of Arrangement (Refer Note 28)	-	1,589.95
Arisen during the year/period (net)	1,481.27	115.62
Utilized	712.68	-
Closing balance	<b>2,474.16</b>	<b>1,705.57</b>
Current	1,936.93	1,380.35
Non-current	537.23	325.22

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 15. Income Tax

Income tax expense in the Statement of Profit and Loss comprises:

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Current tax (includes Income tax for earlier years Rs.0.35 lacs (31 <sup>st</sup> March 2017 : Nil))	2,286.99	461.50
MAT Credit Entitlement	(944.96)	(461.50)
Deferred tax Charge	2,038.26	837.45
<b>Income tax expense / (Credit)</b>	<b>3,380.29</b>	<b>837.45</b>

Entire deferred income tax for the period ended 31<sup>st</sup> March 2018 relates to origination and reversal of temporary differences.

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:

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit before income tax	9,782.79	2,019.77
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	3,385.63	699.00
Interest to income tax department	43.34	-
Corporate Social Responsibility	0.59	-
Weighted Deduction on R&D	(55.19)	-
Others	5.92	138.45
<b>Income tax expense</b>	<b>3,380.29</b>	<b>837.45</b>

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%.

The tax of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	559.81	703.51
<b>Gross deferred tax liability</b>	<b>559.81</b>	<b>703.51</b>
<b>Deferred tax asset</b>		
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 (including arising out of Demerger)	420.49	417.32
Impact on brought forward losses and unabsorbed depreciation on 43B items to be claimed by the Resulting Company (Refer Note 28b)	-	1,021.89
Impact of business loss and unabsorbed depreciation	-	1,388.45
Provision for doubtful debts and advances	324.82	314.27
Provision for warranties	856.26	590.26
MAT Credit entitlement	1,406.46	461.50
<b>Gross deferred tax asset</b>	<b>3,008.03</b>	<b>4,193.69</b>
<b>Net deferred tax Asset</b>	<b>2,448.22</b>	<b>3,490.18</b>

### 16. Trade Payables

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Trade payables</b>		
• total outstanding dues of micro enterprises and small enterprises (refer Note 38 for details of dues to micro and small enterprises)	5,657.89	4,030.58
• total outstanding dues of creditors other than micro enterprises and small enterprises	22,710.93	15,218.58
	<b>28,368.82</b>	<b>19,249.16</b>

Trade payables are non-interest bearing and normally settled on 0 to 45 day terms.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 17. Other Financial Liabilities

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
<b>Current</b>		
Current maturities of Long term Borrowings (Refer Note 13)	2,179.51	1,921.02
Payables against purchase of Property, plant and equipment	157.05	148.40
Payable to Demerged Company (Refer Note 28)	456.34	3,105.20
Interest accrued but not due on borrowings	6.53	9.45
Trade & other deposits	2,781.45	2,598.29
	<b>5,580.88</b>	<b>7,782.36</b>

### 18. Other Current Liabilities

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Advances from customers	474.54	592.40
Statutory dues payable	1,206.41	3,215.59
	<b>1,680.95</b>	<b>3,807.99</b>

### 19. Current Tax Liabilities

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Provision for Income Tax after adjusting advance tax and tax deducted at source	163.39	461.50
	<b>163.39</b>	<b>461.50</b>

### 20. Revenue from Operations

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
<b>Revenue from operations</b>		
Sale of products*		
Finished goods	105,681.07	16,497.88
Traded goods	57,391.24	6,766.21
	<b>163,072.31</b>	<b>23,264.09</b>
Less: Cash discount, rebates, incentives etc.	3,459.71	416.00
	<b>159,612.60</b>	<b>22,848.09</b>
Other operating revenue		
Scrap sales	2,478.97	281.49
Export Incentive	466.73	36.33
<b>Revenue from operations (gross)</b>	<b>162,558.30</b>	<b>23,165.91</b>

\*Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards, the excise duty and most indirect taxes have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations.

### 21. Other Income

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
<b>Interest income on</b>		
Debts, deposits, advances etc.	336.91	31.17
<b>Other non-operating income</b>		
Insurance & other claims	19.80	12.11
Unspent liabilities and unclaimed balances adjusted	137.33	-
Gain on exchange rate fluctuations (net)	-	39.95

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 21. Other Income (Contd.)

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Other miscellaneous income	56.84	0.49
	<b>550.88</b>	<b>83.72</b>

### 22. Cost of raw materials consumed

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Inventory at the beginning of the year/period	4,593.82	-
Add: Inventories transferred pursuant to a scheme of arrangement (Refer Note 28)	-	4,989.85
Add: Purchases & procurement expenses	61,330.13	6,283.19
	<b>65,923.95</b>	<b>11,273.04</b>
Add: Job work charges	4,118.05	556.54
Less: Sale of raw materials	468.47	35.57
Less: Inventory at the end of the year	6,175.04	4,593.82
Cost of Raw Material consumed	<b>63,398.49</b>	<b>7,200.19</b>

### 23. (Increase)/ decrease in inventories of finished goods, traded goods and work in progress

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Work-in-progress	388.35	492.71
Finished goods	8,239.78	8,540.27
Traded goods	5,646.47	3,741.35
Scrap	16.99	21.40
	<b>14,291.59</b>	<b>12,795.73</b>
Inventories at the beginning of the year		
Work-in-progress	492.71	-
Finished goods	8,540.27	-
Traded goods	3,741.35	-
Scrap	21.40	-
	<b>12,795.73</b>	<b>-</b>
Inventories transferred pursuant to scheme of arrangement (Refer Note-28)		
Work-in-progress	-	3,631.35
Finished goods	-	567.89
Traded goods	-	11,278.76
Scrap	-	8.72
	<b>-</b>	<b>15,486.72</b>
	<b>(1,495.86)</b>	<b>2,690.99</b>
(Increase)/decrease of excise duty on inventory	(1,213.00)	(468.25)
	<b>(2,708.86)</b>	<b>2,222.74</b>

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 24. Employee Benefits Expense

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Salaries, wages and bonus	12,902.22	1,042.80
Contribution to provident and other funds	473.26	36.10
Gratuity expense (Note 32)	153.92	13.71
Staff welfare expenses	748.70	58.49
	<b>14,278.10</b>	<b>1,151.10</b>

### 25. Finance Costs

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Interest on debts and borrowings	2,307.06	252.47
Other borrowing cost	139.86	19.09
<b>Total finance cost</b>	<b>2,446.92</b>	<b>271.56</b>

### 26. Depreciation and Amortization Expense

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Depreciation of tangible assets (Note 3)	1,799.35	156.34
Amortization of intangible assets (Note 4)	175.90	18.94
	<b>1,975.25</b>	<b>175.28</b>

### 27. Other Expenses

(Rs. in Lacs)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
Consumption of stores and spares	785.74	61.56
Power and fuel	1,034.96	83.45
Packing, Freight and forwarding charges	8,118.61	912.03
Rent & hire charges (Refer Note 33)	1,780.73	132.10
Rates and taxes	20.22	9.18
Insurance	66.16	7.82
Repairs and maintenance		
Plant and machinery	187.16	21.66
Buildings	135.30	3.15
Advertising and sales promotion	7,085.12	826.34
Commission on sales	440.07	98.63
Payment to auditor		
As Auditor:		
Audit fee	21.00	0.50
Limited Review	4.00	-
Tax Audit fees	2.50	-

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 27. Other Expenses (Contd.)

	1 <sup>st</sup> April- 2017- 31 <sup>st</sup> March 2018	(Rs. in Lacs) For the period 10 <sup>th</sup> October 2016- 31 <sup>st</sup> March 2017
In other capacity:		
Other Services	8.50	-
Reimbursement of expenses	2.51	0.21
Warranty & Claims (net)	2,472.47	156.66
Professional & consultancy charges	889.61	195.89
Bad debts / advances written off (net of reversals)	116.31	-
Loss on exchange rate fluctuations (net)	16.12	-
Sales Tax, Surcharge & Turnover Tax etc.	55.55	36.94
Director's Sitting Fees	19.50	-
Director's Commission	25.00	-
Provision for doubtful debts & advances	30.48	20.83
Loss on sale/discard of fixed assets (net)	259.22	-
Preliminary expenses written off	-	0.61
Miscellaneous expenses	4,126.39	422.84
	<b>27,703.23</b>	<b>2,990.40</b>

The Company has incurred certain research and development expenses amounting to Rs 287.11 lacs (31<sup>st</sup> March, 2017: Nil), and they are recognised in employee benefit & other expenses.

### 28. Scheme of Arrangement

- a) 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") has been transferred to and vested in the Company at their respective book values on a going concern basis from 1<sup>st</sup> March, 2017 being the appointed date.

As per the scheme, appointed date as approved by National Company Law Tribunal is 1<sup>st</sup> March, 2017 and effective date is 8<sup>th</sup> December, 2017 being the date on which certified copy of the order sanctioning the said scheme is filed with Registrar of Companies, Odisha in accordance with Companies Act, 1956 & applicable provisions of the Companies Act, 2013. Though the scheme has become effective after the balance sheet date, it is operative from the appointed date i.e. 1<sup>st</sup> March, 2017.

- b) The details of assets and liabilities transferred from Demerged Company are as under:

	(Rs. in Lacs)
<b>ASSETS</b>	
<b>Non- Current Assets</b>	
Tangible assets (net of accumulated Depreciation)	9,643.08
Intangible assets (net of accumulated Depreciation)	797.63
Deferred Tax Assets (Net)	2,846.59
Other financial assets	778.63
Other non current assets	369.62
	<b>14,435.55</b>
<b>Current assets</b>	
Inventories	20,712.76
Trade receivables	31,149.68
Cash and cash equivalents	1,022.78
Other financial assets	2.07

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 28. Scheme of Arrangement (Contd.)

	(Rs. in Lacs)
Other current assets	1,764.48
	<b>54,651.77</b>
<b>Total Assets (A)</b>	<b>69,087.32</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Long-term borrowings	5,937.74
Long-term provisions	518.32
	<b>6,456.06</b>
<b>Financial Liability</b>	
Short-term borrowings	16,970.53
Trade payables	
- total outstanding dues of micro enterprises and small enterprises	3,143.54
- total outstanding dues of creditors other than micro enterprises and small enterprises	13,504.36
Other current financial liabilities	4,742.92
Other current liabilities	3,324.98
Short-term provisions	1,862.36
	<b>43,548.69</b>
<b>Total Liabilities (B)**</b>	<b>50,004.75</b>
<b>Net Assets transferred from Demerged Company</b>	<b>19,082.57</b>
Less: Shares to be issued to shareholder of Demerged Company	2,121.86
<b>Net Amount transferred to General Reserve</b>	<b>16,960.71</b>
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 at the time of filing revised income tax return for the FY 2016-17*	1,021.89
<b>Total Reserves arising pursuant to Demerger</b>	<b>17,982.60</b>
a) Outstanding bank guarantees	4,146.43
b) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company	
Excise Duty	217.19
Sales Tax	89.97
Others	33.85
	Amount Unascertainable
	<b>4,487.44</b>

Against the above, 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 Rs.14,157 lacs 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 lacs equity shares of Re. 1 each of the Company held by Demerged Company (OPIL) stands cancelled and the said amount has been credited to Capital Reserve.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

- d) Pursuant to the Scheme, the Company has issued 21,21,85,502 equity shares of Re 1 each to the shareholders of the demerged Company aggregating to Rs. 2121.86 lacs, in the ratio of 1 equity share of face value of Re. 1 each of the Company for every 1 equity share of face value of Re. 1 each held in the demerged Company .
- 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 has been credited to General Reserve.
- f) After the transfer of above balances from the Demerged Company as on the appointed date, the account heads have been reclassified in accordance with the Ind AS.

**29.** In terms of Ind AS 103 "Business Combination", the above demerger is a business combination under Common Control, accordingly, the financial information in these financial statements in respect of Balance Sheet as at 31<sup>st</sup> March, 2017 has been restated on account of transfer of Consumer Electric Business of Orient Paper & Industries Limited w.e.f 1<sup>st</sup> March, 2017 to the Company as per the Scheme of Arrangement approved by National Company Law Tribunal as stated in Note 28 above.

### 30. Earnings Per Share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	(Rs. in Lacs)	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Profit after tax	6,402.50	1,182.32
<b>Net Profit for calculation of basic and diluted EPS</b>	<b>6,402.50</b>	<b>1,182.32</b>
Weighted average number of equity shares to be issued pursuant to the Scheme of Arrangement in calculating basic and diluted EPS	-	2,121.86
Weighted average number of equity shares used in calculating basic EPS	2,121.86	-
<b>Basic &amp; Diluted Earnings per equity share [nominal value of share Re. 1</b>	<b>3.02</b>	<b>0.56*</b>

\*Although the Company was incorporated on 10<sup>th</sup> October, 2016, but in order to present the true picture of EPS, shares outstanding have been considered for full year of 2016-17.

### 31. Significant Accounting Judgements, Estimates and Assumption

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.

There are no significant areas involving a high degree of judgement or complexity.

#### 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.

#### Defined Benefit Plans

The cost of defined benefit gratuity plan and its present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, an employee benefit obligation is highly sensitive to changes in these assumptions particularly the discount rate and estimate of future salary increase. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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

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. 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

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax assets on unabsorbed depreciation/business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

### 32. Gratuity and other Post-Employment Benefit Plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by The Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the plan.

#### Statement of Profit and Loss

##### Net Employee Benefit Expense Recognized in the Employee Cost

(Rs. in Lacs)

	Gratuity	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Service cost	150.00	11.98
Net Interest cost / (income) on the net defined benefit liability / (asset)	3.92	1.73
<b>Net benefit expense</b>	<b>153.92</b>	<b>13.71</b>
Actual return on plan assets	70.87	5.03

#### Other Comprehensive Income

(Rs. in Lacs)

	Gratuity	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Actuarial (gains) / losses		
- change in DBO assumption changes	(40.07)	-
- experience variance (i.e. Actual experience vs assumptions)	(24.95)	(5.76)
- Return on plan assets (greater)/less than discount rate	213.37	(1.04)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>148.35</b>	<b>(6.80)</b>

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 32. Gratuity and other Post-Employment Benefit Plans (Contd.)

#### Balance Sheet

#### Benefit Asset/Liability

(Rs. in Lacs)

	Gratuity	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Present value of defined benefit obligation	(1,122.99)	(1,173.45)
Fair value of plan assets	1,061.93	1,124.93
<b>Net asset / (liability)</b>	<b>(61.06)</b>	<b>(48.52)</b>

#### Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Lacs)

	Gratuity	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Opening defined benefit obligation	1,173.45	1,160.47
Current service cost	143.78	11.97
Interest cost	74.78	6.77
Past service cost- plan amendments	6.22	-
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	(24.95)	-
- change in financial assumptions	(40.07)	-
- experience variance (i.e. Actual experience vs assumptions)	-	(5.76)
Benefits paid	(210.22)	-
<b>Closing defined benefit obligation</b>	<b>1,122.99</b>	<b>1,173.45</b>

#### Changes in the fair value of plan assets are as follows:

(Rs. in Lacs)

	Gratuity	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Opening fair value of plan assets	1,124.93	862.26
Expected return / Investment Income	70.86	5.03
Employers contribution	289.73	256.60
Benefits paid	(210.22)	-
Return on plan assets, excluding amount recognised in net interest expense	(213.37)	1.04
<b>Closing fair value of plan assets</b>	<b>1,061.93</b>	<b>1,124.93</b>

The Company expects to contribute Rs. 290 lacs to gratuity in the next year.

#### The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	100%	100%
--------------------------	------	------

#### The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Discount rate	7.50%	7.00%
Expected rate of return on assets	7.50%	7.00%
Future salary increases:	7.00%	7.00%
Mortality Rate (% of IALM 06-08)	100%	100%

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

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. (Rs. in Lacs)

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
<b>Expected benefit payments for the period ending</b>						
Mar-18	59.32	85.56	151.29	117.13	1,144.44	1,557.74
Mar-17	129.24	99.75	82.47	165.35	949.14	1,425.95

The weighted average duration of the defined benefit obligation as at 31<sup>st</sup> March, 2018 is 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.

### Defined Contribution Plan :

(Rs. in Lacs)

	1 <sup>st</sup> April 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016 -31 <sup>st</sup> March 2017
Contribution to Provident / Pension Funds	422.79	31.48
Contribution to Superannuation Fund	50.47	4.62
	<b>473.26</b>	<b>36.10</b>

A quantitative sensitivity analysis for significant assumptions is as below:

(Rs. in Lacs)

Assumptions	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	Discount rate		Discount rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	(83.81)	95.89	(83.62)	95.82
Assumptions	Future salary increase		Future salary increase	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	95.45	(84.96)	93.89	(84.33)

### 33. Leases

#### 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- 3 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. The leases are cancellable.

(Rs. in Lacs)

	1 <sup>st</sup> April 2017- 31 <sup>st</sup> March 2018	For the period 10 <sup>th</sup> October 2016 -31 <sup>st</sup> March 2017
Lease expenses for the year/period	1,780.73	132.10

### 34. Capital and other Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 434.68 lacs (31<sup>st</sup> March 2017: Rs. 162.90 lacs).

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 35. Contingent Liabilities

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(a) Outstanding Bank Guarantees	3,147.84	3,733.35
(b) Demands/claims by various Government authorities and others not acknowledged as debts and contested/to be contested by the Company:		
Excise Duty	217.20	217.19
Sales Tax	210.47	91.50
Others	33.85	33.85
Entry tax (Haryana and Punjab)	Amount Unascertainable	Amount Unascertainable
	<b>461.52</b>	<b>342.54</b>

Based on discussions with the solicitors/ favorable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary. The timing of outflow of resources is not ascertainable.

### 36. Related Party Disclosures

#### Related Parties

a. Members of the Board of Directors/Key management personnel (KMP)	
Chairman and Non-Executive Director	Mr C K Birla (from 19 <sup>th</sup> Jan, 2018)
Managing Director & CEO	Mr. Rakesh Khanna (MD from 23 <sup>rd</sup> January, 2018)
Other Non-Executive Directors	Mr. Desh Deepak Khetrupal (from 19 <sup>th</sup> January, 2018)
	Mr. TCA Ranganathan (from 19 <sup>th</sup> January, 2018)
	Mr. K. Pradeep Chandra (from 19 <sup>th</sup> January, 2018)
	Ms. Alka Marezban Bharucha (from 19 <sup>th</sup> January, 2018)
	Mr. P.K. Sonthalia (upto 23 <sup>rd</sup> Jan, 2018)
	Mr. P.C. Agarwala (upto 23 <sup>rd</sup> Jan, 2018)
	Mr. M.L. Pachisia (upto 23 <sup>rd</sup> Jan, 2018)
Chief Financial Officer	Mr. Manoj Kumar Dugar (from 23 <sup>rd</sup> January, 2018)
Company Secretary	Mr. Hitesh Kumar Jain (from 19 <sup>th</sup> December, 2017)
b. Enterprise having significant influence on the Company	Central India Industries Ltd
c. Enterprises over which Members of the Board of Directors/KMP has significant influence	Orient Paper and Industries Limited Orient Cement Limited
d. Relative of Member of Board of Directors/KMP	Avani Birla

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 36. Related Party Disclosures (Contd.)

#### Related Party Transactions

The details of related parties transactions entered into by the Company for the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017, and the details of amounts due to or due from related parties as at 31<sup>st</sup> March 2018 & 31<sup>st</sup> March 2017 are as follows:

(Rs. in Lacs)

	Year Ended	Transaction during the period	Amount owed to related parties
<b>Enterprises over which Members of the Board of Directors/KMP has significant influence</b>			
Orient Paper & Industries Limited*			
Other Financial Liabilities	31-Mar-18	-	456.34
	31-Mar-17	-	3,105.20
Interest	31-Mar-18	503.01	-
	31-Mar-17	-	-
Rent	31-Mar-18	3.00	-
	31-Mar-17	-	-
Orient Cement Limited			
Sale of Goods	31-Mar-18	72.13	-
	31-Mar-17	-	-
<b>Remuneration to Members of the Board of Directors/Key Managerial Personnel</b>			
Mr. Rakesh Khanna			
Salary, bonus and contribution to PF	31-Mar-18	272.17	-
Salary, bonus and contribution to PF	31-Mar-17	27.95	-
Mr. TCA Ranganathan			
Sitting fees & Commission	31-Mar-18	9.50	4.50
Sitting fees & Commission	31-Mar-17	-	-
Mr. K Pradeep Chandra			
Sitting fees & Commission	31-Mar-18	9.00	4.50
Sitting fees & Commission	31-Mar-17	-	-
Ms. Alka Marezban Bharucha			
Sitting fees & Commission	31-Mar-18	8.50	4.50
Sitting fees & Commission	31-Mar-17	-	-
Mr. Desh Deepak Khetrpal			
Sitting fees & Commission	31-Mar-18	9.50	4.50
Sitting fees & Commission	31-Mar-17	-	-
Mr. C.K. Birla			
Dividend	31-Mar-18	17.03	-
Sitting fees & Commission	31-Mar-18	8.00	4.50
Dividend	31-Mar-17	-	-
Sitting fees & Commission	31-Mar-17	-	-
Chief Financial Officer			
Salary, bonus and contribution to PF	31-Mar-18	89.89	-
Dividend	31-Mar-18	0.01	-
Salary, bonus and contribution to PF	31-Mar-17	-	-
Dividend	31-Mar-17	-	-

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 36. Related Party Disclosures (Contd.)

(Rs. in Lacs)

	Year Ended	Transaction during the period	Amount owed to related parties
Company Secretary			
Salary, bonus and contribution to PF	31-Mar-18	17.06	-
Salary, bonus and contribution to PF	31-Mar-17	-	-
<b>Enterprise having significant influence on the Company</b>			
Central India Industries Limited			
Dividend	31-Mar-18	262.80	-
Dividend	31-Mar-17	-	-
<b>Relative of Member of a Board of Director/KMP</b>			
Avani Birla	31-Mar-18	37.06	-
	31-Mar-17	-	-

**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.

\*The appointed date of Scheme is March 1, 2017 as approved by the National Company Law Tribunal, though it has become effective on December 8, 2017, therefore all other current account transactions from March 1, 2017 to December 8, 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.

### 37. Segment Information

Operating segments are defined as components of an enterprise for which discrete financial information so available that is evaluated regularly by chief operating decision maker, in deciding how to allocate resources and assessing performance. Accordingly, the Company has identified "Electrical Consumer Durables" & "Lighting & Switchgear" as the business segments.

Electrical Consumer Durables – Consists of manufacture / purchase and sale of Electric Fans – ceiling, portable and airflow, along with Components and Accessories thereof, and Appliances .

Lighting & Switchgear– Consists of manufacture / purchase and sale of Lights & Luminaries & Switchgears.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Revenues. Assets are segregated based on their geographical location.

#### Business segments

As at and for the year ended 31<sup>st</sup> March 2018

(Rs. in Lacs)

Particulars	Electrical Consumer Durables	Lighting & Switchgear	Total
<b>Revenue</b>			
External	121,814.18	40,744.12	162,558.30
Inter segment	-	-	-
<b>Total</b>	<b>121,814.18</b>	<b>40,744.12</b>	<b>162,558.30</b>
<b>Results</b>			
Segment results	14,748.12	3,447.39	18,195.51
Unallocated Income / (Expenses) (net of unallocable expenses/income)			(5,965.80)
<b>Operating profit</b>			<b>12,229.71</b>
Finance costs			2,446.92
<b>Profit / (Loss) before tax</b>			<b>9,782.79</b>
Income tax expense			3,380.29

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 37. Segment Information (Contd.)

#### As at and for the year ended 31<sup>st</sup> March 2018

(Rs. in Lacs)

Particulars	Electrical Consumer Durables	Lighting & Switchgear	Total
<b>Net profit / (Loss)</b>			<b>6,402.50</b>
<b>As at 31 March 2018</b>			
Segment assets	56,444.40	21,089.21	<b>77,533.61</b>
Unallocated assets:			
Property, plant and equipment			753.96
Cash & Bank Balances			125.53
Other Current Assets			3,179.67
<b>Total assets</b>			<b>81,592.77</b>
Segment liabilities	25,149.15	9,188.62	<b>34,337.77</b>
Unallocated liabilities :			
Borrowings			18,245.10
Provisions			1,098.59
Current Liabilities			1,586.50
<b>Total liabilities</b>			<b>55,267.96</b>
<b>Other segment information</b>			
Capital expenditure**			
Tangible assets	1,593.03	392.43	<b>1,985.46</b>
Intangible assets	-	-	-
Depreciation***	1,224.37	519.04	<b>1,743.41</b>
Amortization***	9.75	78.63	<b>88.38</b>

#### As at and for the year ended 31<sup>st</sup> March 2017

(Rs. in Lacs)

Particulars	Electrical Consumer Durables	Lighting & Switchgear	Total
<b>Revenue</b>			
External	19,621.72	3,544.19	23,165.91
Inter segment	-	-	-
<b>Total</b>	<b>19,621.72</b>	<b>3,544.19</b>	<b>23,165.91</b>
<b>Results</b>			
Segment results	2,483.33	451.17	2,934.50
Unallocated Income / (Expenses) (net of unallocable expenses/income)			(643.17)
<b>Operating profit</b>			<b>2,291.33</b>
Finance costs			271.56
<b>Profit / (Loss) before tax</b>			<b>2,019.77</b>
Income tax expense / (credit)			837.45
<b>Net profit / (Loss)</b>			<b>1,182.32</b>
<b>As at 31 March 2017</b>			
Segment assets	54,358.55	15,280.83	69,639.38

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 37. Segment Information (Contd.)

As at and for the year ended 31<sup>st</sup> March 2017

(Rs. in Lacs)

Particulars	Electrical Consumer Durables	Lighting & Switchgear	Total
Unallocated assets:			
Property, plant and equipment			307.52
Cash & Bank Balances			38.52
Other Current Assets			3,992.66
<b>Total assets</b>			<b>73,978.08</b>
Segment liabilities	19,171.58	5,066.17	24,237.75
Unallocated liabilities:			
Borrowings			21,052.75
Provisions			543.53
Current Liabilities			6,847.82
<b>Total liabilities</b>			<b>52,681.85</b>
<b>Other segment information</b>			
Capital expenditure**			
Tangible assets	542.00	7.04	549.04
Intangible assets	12.93	-	12.93
Depreciation***	106.15	47.34	153.49
Amortization***	3.54	7.99	11.53

### Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Year ended 31 March 2018

(Rs. in Lacs)

Particulars	India	Overseas	Total
<b>Revenue</b>			
Sales to external customers	148,934.85	13,623.45	162,558.30
<b>Other segment information</b>			
Segment assets	79,476.90	2,115.87 <sup>#</sup>	81,592.77

Year ended 31 March 2017

(Rs. in Lacs)

Particulars	India	Overseas	Total
<b>Revenue</b>			
Sales to external customers	21,245.97	1,919.94	23,165.91
<b>Other segment information</b>			
Segment assets	67,565.94	2,073.44 <sup>#</sup>	73,978.08

<sup>#</sup>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.

\*\*Excluding Rs. 598.43 lacs (31 March 2017, Rs. 37.13 lacs) being unallocated corporate/other assets.

\*\*\*Excluding depreciation and amortisation on unallocated corporate/other assets of Rs. 55.94 lacs (31 March 2017, Rs. 2.84 lacs) Rs 87.52 Lacs (31 March 2017: Rs 7.42 Lacs) respectively.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 38. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

(Rs. in Lacs)

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
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 and small enterprises	5,657.89	4,030.58
Interest due on above	-	-
	5,657.89	4,030.58
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	-	-

### 39. Financial Risk Management Objectives and Policies

The Company's 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.

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.

#### 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 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.

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 39. Financial Risk Management Objectives and Policies (Contd.)

	Increase/ decrease in basis points*	Effect on profit before tax Rs. in lacs
<b>31<sup>st</sup> March, 2018</b>	<b>50 basis points</b>	<b>92.97</b>
31 <sup>st</sup> March, 2017	50 basis points	105.26

\*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 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 Rs. strengthens by 5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable negative/positive impact on the profit or equity, as applicable.

(Rs. in Lacs)

31 <sup>st</sup> March, 2018	Change in rate	Unhedged Foreign Currency (Net)		Effect on Profit before Tax
INR vs USD	5%	1,647.99	Receivable (gain)	82.40
INR vs AED	5%	467.88	Receivable (gain)	23.39
INR vs USD	5%	1,253.28	Trade Payable (loss)	62.66
INR vs EURO	5%	7.77	Trade Payable (loss)	0.39
INR vs USD	5%	153.38	Buyer's Credit (loss)	7.67

(Rs. in Lacs)

31 <sup>st</sup> March, 2017	Change in rate	Unhedged Foreign Currency (Net)		Effect on Profit before Tax
INR vs USD	5%	1,348.37	Trade Receivable (gain)	67.42
INR vs EURO	5%	2.26	Trade Receivable (gain)	0.11
INR vs HKD	5%	722.81	Trade Receivable (gain)	36.14
INR vs USD	5%	1,004.19	Trade Payable (loss)	50.22
INR vs EURO	5%	9.66	Trade Payable (loss)	0.53
INR vs USD	5%	7.36	Capital Payable (loss)	0.36
INR vs USD	5%	747.88	Buyer's Credit (loss)	37.41

#### 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 respective department subject to 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 as 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.

## Notes to Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2018

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

(Rs. in Lacs)

Trade Receivable	< 30 days	31 - 90 Days	91 to 180 days	> 180 days	Total
Mar-18	20,683.95	15,941.73	1,687.10	1,990.24	40,303.02
Mar-17	18,828.44	16,003.96	814.02	1,362.02	37,008.44

### 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.

(Rs. in Lacs)

Financial Liabilities	0-1 year	2-5 year	Above 5 years	Total
<b>Mar-18</b>				
Borrowings	12,977.19	3,436.55	-	<b>16,413.74</b>
Interest on long term borrowings	484.14	679.10	-	<b>1,163.24</b>
Trade Payables	28,368.82	-	-	<b>28,368.82</b>
Other current financial liabilities	5,580.88	-	-	<b>5,580.88</b>
<b>Total</b>	<b>47,411.03</b>	<b>4,115.65</b>	<b>-</b>	<b>51,526.68</b>
<b>Mar-17</b>				
Borrowings	13,515.88	4,900.75	715.10	<b>19,131.73</b>
Interest on long term borrowings	685.03	1,115.26	47.98	<b>1,848.27</b>
Trade Payables	19,249.17	-	-	<b>19,249.17</b>
Other current financial liabilities	7,782.36	-	-	<b>7,782.36</b>
<b>Total</b>	<b>41,232.44</b>	<b>6,016.01</b>	<b>763.08</b>	<b>48,011.53</b>

### 40. 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.

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Cash and cash equivalents [refer Note 9 (ii)]	3,050.24	2,332.65
Other Bank Balances [refer Note 10 (iii)]	-	4.50
<b>Total (a)</b>	<b>3,050.24</b>	<b>2,337.15</b>
Non-current Borrowings [refer Note 13]	3,436.26	5,615.85
Current Borrowings [refer Note 13]	12,977.48	13,515.88
Current maturities of non-current borrowings [refer Note 17]	2,179.51	1,921.02
<b>Total Borrowings (b)</b>	<b>18,593.25</b>	<b>21,052.75</b>
<b>Net Debt (c = b-a)</b>	<b>15,543.01</b>	<b>18,715.60</b>

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### 40. Capital Management (Contd.)

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Total Equity (d)	26,324.81	21,296.23
Gearing Ratio (c/d)	0.59	0.88

### 41. 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 115 Revenue from Contracts with Customers

The Company is currently evaluating the impact of implementation of Ind AS 115 "Revenue from Contracts with Customers" which is applicable to it w.e.f April 01, 2018. However, based on the evaluation done so far and based on the arrangement that the Company has with its customers for sale of its products, the implementation of Ind AS 115 will not have any significant recognition and measurement impact. However, there will be additional presentation and disclosure requirement which will be provided in the next year'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.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

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 transaction date for each payment or receipt of advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

These financial statements, for the year ended 31 March 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For period upto and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31<sup>st</sup> March 2018, together with the comparative periods data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies.

## Notes to Financial Statements

as at and for the year ended 31<sup>st</sup> March, 2018

### Reconciliation of Equity as at 31<sup>st</sup> March 2017

#### Note 42.

(Rs. in Lacs)

Particulars	31 <sup>st</sup> March 2017		
	Previous GAAP	Adjustments	Ind AS
<b>I. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Property, plant and equipment	10,104.72	-	10,104.72
b. Capital work-in-progress	45.95	-	45.95
c. Intangible assets	791.62	-	791.62
d. Financial assets			
(i) Other financial assets	838.53	-	838.53
e. Deferred Tax Asset	2,468.29	1,021.89*	3,490.18
f. Other assets	257.77	-	257.77
<b>(A)</b>	<b>14,506.88</b>	<b>1,021.89</b>	<b>15,528.77</b>
<b>2. CURRENT ASSETS</b>			
a. Inventories	17,652.35	-	17,652.35
b. Financial assets			
(i) Trade receivables	36,126.11	-	36,126.11
(ii) Cash and cash equivalents	2,332.65	-	2,332.65
(iii) Bank balances other than (ii) above	4.50	-	4.50
(iv) Other financial assets	1.97	-	1.97
c. Other current non financial assets	2,331.73	-	2,331.73
<b>(B)</b>	<b>58,449.31</b>	<b>-</b>	<b>58,449.31</b>
<b>TOTAL</b>	<b>(A)+(B)</b>	<b>1,021.89</b>	<b>73,978.08</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. EQUITY</b>			
a. Equity Share Capital	-	-	-
b. Share Capital Suspense	2,121.86	-	2,121.86
c. Other Equity	18,152.48	1,021.89*	19,174.37
<b>(C)</b>	<b>20,274.34</b>	<b>1,021.89</b>	<b>21,296.23</b>
<b>LIABILITIES</b>			
<b>2. NON-CURRENT LIABILITIES</b>			
a. Financial Liabilities			
(i) Borrowings	5,615.85	-	5,615.85
b. Long term provisions	339.99	-	339.99
<b>(D)</b>	<b>5,955.84</b>	<b>-</b>	<b>5,955.84</b>
<b>3. CURRENT LIABILITIES</b>			
a. Financial Liabilities			
(i) Borrowings	13,515.88	-	13,515.88
(ii) Trade Payables	19,249.16	-	19,249.16
(iii) Other current financial liabilities	7,782.36	-	7,782.36
b. Other current liabilities	3,807.99	-	3,807.99
c. Provisions	1,909.12	-	1,909.12
d. Current tax liabilities (net)	461.50	-	461.50
<b>(E)</b>	<b>46,726.01</b>	<b>-</b>	<b>46,726.01</b>
<b>TOTAL LIABILITIES</b>	<b>(F):(D)+(E)</b>	<b>-</b>	<b>52,681.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(C)+(F)</b>	<b>1,021.89*</b>	<b>73,978.08</b>

\*Refer Note 28 (b).

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### Reconciliation of Profit or Loss for the year ended 31<sup>st</sup> March 2017

Note 42. (Contd.)

(Rs. in Lacs)

Particulars	Footnote Ref No	31 <sup>st</sup> March 2017		
		Previous GAAP	Adjustments	Ind AS
<b>I. INCOME</b>				
Revenue from operations	b	21,227.90	1,938.01	23,165.91
Other income		83.72	-	83.72
<b>Total income (I)</b>		<b>21,311.62</b>	<b>1,938.01</b>	<b>23,249.63</b>
<b>II. EXPENSES</b>				
Cost of raw materials consumed		7,200.19	-	7,200.19
Purchase of traded goods		5,280.58	-	5,280.58
Decrease in inventories of finished goods, work-in-progress and traded goods		2,222.74	-	2,222.74
Excise duty on sale of goods	b	-	1,938.01	1,938.01
Employee benefits expense	a	1,144.30	6.80	1,151.10
Finance costs		271.56	-	271.56
Depreciation and amortisation expenses		175.28	-	175.28
Other expenses		2,990.40	-	2,990.40
<b>Total expenses (II)</b>		<b>19,285.05</b>	<b>1,944.81</b>	<b>21,229.86</b>
<b>III. Profit/(loss) before tax (I)-(II)</b>		<b>2,026.57</b>	<b>(6.80)</b>	<b>2,019.77</b>
<b>IV. Tax Expense</b>				
(1) Current Tax		461.50	-	461.50
(2) MAT Credit		(461.50)	-	(461.50)
(3) Deferred Tax	a	839.80	2.35	837.45
		<b>839.80</b>	<b>2.35</b>	<b>837.45</b>
<b>V. Profit for the year (III)-(IV)</b>		<b>1,186.77</b>	<b>4.45</b>	<b>1,182.32</b>
<b>VI. Other Comprehensive Income</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>				
Re-Measurement gains/(losses) on defined benefit plans	a	-	6.80	6.80
Income tax effect	a	-	(2.35)	(2.35)
<b>Other Comprehensive Income, net of tax</b>		<b>-</b>	<b>4.45</b>	<b>4.45</b>
<b>VII. Total Comprehensive Income for the year (V)+(VI)</b>		<b>1,186.77</b>	<b>-</b>	<b>1,186.77</b>

## Notes to Financial Statements as at and for the year ended 31<sup>st</sup> March, 2018

### A. Footnotes to the reconciliation of Equity as at 31<sup>st</sup> March 2017 and Profit or Loss for the period ended 31<sup>st</sup> March 2017.

#### a. Re-Classifications

The Company has made following reclassification as per the requirements of Ind-AS:

- i) Re-Measurement gains/(losses) on defined benefit plans on long term employee benefit plans are re-classified from profit and loss to OCI.

#### b. Sale of Goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as an expense.

### 43. Fair Value

The fair value of the financial assets and liabilities approximates their carrying amounts.

44. The Company has been incorporated on 10<sup>th</sup> October, 2016 and the business transfer pursuant to demerger has been accounted w.e.f. March 01, 2017 being the appointed date as per the Scheme. Hence, the figures for the previous year in the Statement of Profit & Loss are not comparable. Following the Scheme, no restatement of comparatives has been done for the period prior to the appointed date.

As per our report of the even date

#### For S.R. Batliboi & Co. LLP

Firm Registration Number: 301003E / E300005

Chartered Accountants

#### per Sanjay Kumar Agarwal

Partner

Membership No.: 060352

Place: New Delhi

Date: 27<sup>th</sup> April, 2018

#### For and on behalf of the Board of Directors

#### C K. Birla

Chairman

(DIN 00118473)

#### Saibal Sengupta

Chief Financial Officer

#### Rakesh Khanna

Managing Director & CEO

(DIN 00266132)

#### Hitesh Kumar Jain

Company Secretary

**ORIENT ELECTRIC LIMITED**

CIN: U31100OR2016PLC025892

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012

Tel: 0674-2396930, Fax: 0674 – 2396364

E-mail: investor@orientelectric.com, Website: www.orientelectric.com

**NOTICE**

NOTICE is hereby given that the 2<sup>nd</sup> Annual General Meeting ('AGM') of the Members of Orient Electric Limited ('Orient' or the 'Company') will be held on **Monday, 16<sup>th</sup> Day of July, 2018 at 2:30 PM**, at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012**, to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018, the Statement of Profit & Loss and Cash Flow Statement for the Financial Year ended on that date, along with Reports of the Board of Directors and Auditors' thereon.
2. To declare final dividend of Re. 0.50 (50%) per equity share and to confirm the interim dividend of Re. 0.50 (50%) per equity share, paid during the Financial Year 2017-18.
3. To appoint statutory auditors of the Company and fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, pursuant to the recommendation of the Audit Committee of the Board of Directors, and resolution passed by the Members at the first Annual General Meeting ('AGM'), the Company hereby ratifies the appointment of M/s S. R. Batliboi & Co. LLP (Firm Registration No.: 301003E/E3000005), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the third AGM of the Company to be held in the calendar year 2019 and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

**SPECIAL BUSINESS**

4. To appoint Mr. Chandra Kant Birla (DIN: 00118473) as a Non-Executive Director 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 152 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Chandra Kant Birla, who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director of the Company by the Board of Directors, with effect from January 19, 2018, holding office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Mr. Chandra Kant Birla (DIN: 00118473) for the office of Director of the Company, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

5. To appoint Mr. Desh Deepak Khetrpal (DIN: 02362633) as a Non-Executive Director 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 152 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Desh Deepak Khetrpal, who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director of the Company by the Board of Directors with effect from January 19, 2018, holding

office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Mr. Desh Deepak Khetrupal (DIN: 02362633) for the office of Director of the Company, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation.”

6. To appoint Mr. Rakesh Khanna (DIN: 00266132) as an Executive Director 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 152 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Rakesh Khanna who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director of the Company by the Board of Directors with effect from January 23, 2018, holding office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Mr. Rakesh Khanna (DIN: 00266132) for the office of Director of the Company, be and is hereby appointed as an Executive Director of the Company, not liable to retire by rotation.”

7. To appoint Mr. Rakesh Khanna (DIN: 00266132) as Managing Director 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, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’), read with Schedule V to the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the relevant provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to the appointment of Mr. Rakesh Khanna (DIN: 00266132) as a Whole Time Director designated as the Managing Director of the Company, for a period of four years with effect from January 23, 2018 with liberty to either party to terminate the appointment on three months’ notice in writing to the other, upon the following terms and conditions with further liberty to the Board of Directors of the Company (hereinafter referred

to as ‘Board’, which term shall, unless repugnant to the context or meaning thereof, be deemed to include any committee thereof) to alter, from time to time, the said terms and conditions of appointment including remuneration of Mr. Rakesh Khanna as may be deemed appropriate in the best interests of the Company and as may be permissible by law:

- a. Basic Salary per month:  
Rs. 7,50,220/- subject to such increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs. 11,50,000/-.
- b. Other Allowances per month:  
Rs. 5,23,612/- subject to such increments as the Board may approve from time to time provided that the said allowances shall not exceed Rs. 8,00,000/-.
- c. House Rent Allowance per month:  
Rs. 2,41,346/- subject to such increments as the Board may approve from time to time provided that the said allowance shall not exceed Rs. 4,00,000/-.
- d. Other Reimbursement/ Perquisites:
  - i. Medical Reimbursement / Allowance -  
Rs. 15,000/- per annum.
  - ii. Leave - In accordance with the rules framed by the Company.
  - iii. Leave Travel Allowance - Rs. 1,50,000/- per annum.
  - iv. Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company.
  - v. Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
  - vi. Encashment of unavailed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
  - vii. Provision of chauffer driven car for use on Company’s business.
- e. The Board may, at its discretion, pay to the Managing Director annual performance linked compensation not exceeding Rs. 80,00,000/- per Financial Year commencing from the Financial Year 2017-18, subject to achievement of agreed targets and performance parameters as may be assigned by the Board.

**RESOLVED FURTHER THAT** the remuneration as specified at sl. no. (a) to (e) above shall continue to be

paid to Mr. Rakesh Khanna as and by way of minimum remuneration notwithstanding the loss or inadequacy of profit during the tenure of his office.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to revise the remuneration of Mr. Rakesh Khanna from time to time during the term of his tenure as Managing Director, subject to overall ceiling specified above and Schedule V to the Act, as may be agreed to by the Board and Mr. Rakesh Khanna.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. To appoint Mr. TCA Ranganathan (DIN: 03091352) as an Independent Director 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. TCA Ranganathan, who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from January 19, 2018, holding office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Mr. TCA Ranganathan (DIN: 03091352) for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office up to January 18, 2023, not liable to retire by rotation".

9. To appoint Mr. K Pradeep Chandra (DIN: 05345536) as an Independent Director 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and applicable provisions of the Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. K Pradeep Chandra, who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from January 19, 2018, holding office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Mr. K Pradeep Chandra (DIN: 05345536) for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office up to January 18, 2023, not liable to retire by rotation".

10. To appoint Ms. Alka Marezban Bharucha (DIN: 00114067) as an Independent Director 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Companies (Appointment and Qualification of Directors) Rules, 2014, and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Alka Marezban Bharucha, who, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, was appointed as an Additional Director (Independent) of the Company by the Board of Directors with effect from January 19, 2018, holding office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing candidature of Ms. Alka Marezban Bharucha (DIN: 00114067) for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office up to January 18, 2023, not liable to retire by rotation".

11. To pay commission to Directors 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 197 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015, a sum by way of remuneration, not exceeding 1% of the net profits of the Company for the respective Financial Year, calculated in accordance with the provisions of Section 198 of the Act, may be paid and distributed amongst the Directors of the Company or some or any of them [other than the Managing Director or Whole Time Director(s)] for a period of 5 years commencing from the Financial Year 2017-18 to be distributed amongst them in such amounts or proportions and in such manner and at such time and / or for period as may be decided by the Board of Directors.

**RESOLVED FURTHER THAT** not withstanding anything to the contrary herein contained, in the event of loss or inadequacy of profits in any Financial Year, subject to approval of Central Government, if any, and other approvals, as may be required, the Company may pay and distribute the remuneration amongst the Directors of the Company or some or any of them [other than the Managing Director or Whole Time Director(s)] in such amounts or proportions and in such manner as may be decided by the Board of Directors of the Company."

12. To increase remuneration of 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) of the Companies Act, 2013 ('Act') read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, 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 Audit Committee and Board of Directors, consent of the shareholders of the Company be and is hereby accorded for increasing the annual remuneration payable to Ms. Avani Birla, Senior Vice President, and a relative of Mr. Chandra Kant Birla, Chairman and Non-Executive Director of the Company, for the Financial Year 2018-19, to Rs. 79,61,064/- which shall consist of basic salary, HR allowance, special allowance, annual bonus / variable pay, leave travel allowance, medical reimbursement, fuel and vehicle maintenance, contribution to provident fund, contribution to superannuation fund and gratuity apart from other benefits, amenities and facilities, commensurate with her qualification and experience as applicable to other employees occupying similar position in the Company provided that annual remuneration shall not exceed Rs. 1,50,00,000/- inclusive of all the benefits, perquisites, allowances, amenities and facilities.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, (hereinafter referred to as "Board", which term shall, unless repugnant to the context or meaning thereof, be deemed to include any Committee thereof), be and is also hereby authorised to increase the annual remuneration of Ms. Avani Birla, Senior Vice President, from time to time, not exceeding Rs. 1,50,00,000/- inclusive of all the benefits, perquisites, allowances, amenities and facilities as per rules and policies of the Company as applicable to other employees occupying similar position in the Company and to do all such acts, deeds and things, including but not limiting to authorizing any of the Directors and / or Officers of the Company to take such steps and to do all such acts and deeds as may be required, with the end intent that the approval of the shareholders shall be deemed to have been granted for any such increase in her annual remuneration and that any, and all such acts, deeds and things already done by the Board, be and are hereby ratified and confirmed."

13. To ratify the remuneration of Cost Auditor of the Company for the Financial Years 2017-18 and 2018-19 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 Rs. 60,000/- (Rupees Sixty Thousand only) per Financial Year plus out of pocket expenses and taxes, for each of the Financial Years 2017-18 and 2018-19 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 Years 2017-18 and 2018-19, required to be audited under the Act, and the Rules be and is hereby ratified and approved."

By Order of the Board of Directors

Place: New Delhi  
Date: April 27, 2018

**Hitesh Kumar Jain**  
Company Secretary  
**Registered Office**  
Unit VIII, Plot No. 7  
Bhoinagar, Bhubaneswar  
Odisha - 751012

**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 member 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 Members 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 Member 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 person or 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 Members 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 Member 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 is given to the Company.

5. Members/Proxies/Authorised Representatives should bring and handover the duly signed attendance slips at the entrance of the AGM venue to 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 and at the AGM venue during the meeting.

8. Members 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 Thursday, July 12, 2018 to Monday, July 16, 2018 (both days inclusive) for annual closing and for determining the entitlement of the shareholders to the final dividend for the Financial Year 2017-18.

10. The dividend on Equity Shares, if declared at the AGM, will be credited/dispatched on or before August 14, 2018 to those Members whose names shall appear on the Company's Register of Members as on book closure date and in respect of the shares held in dematerialized form, the dividend will be paid to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on the close of business hours on July 16, 2018.

11. Members are advised to avail the Electronic Clearing Service (ECS) facility for receiving dividends. To avail this facility, Members holding shares in demat mode are requested to provide the details to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as the case may be, through their respective Depository Participant (DP). Members holding shares in physical form, are requested to contact the Company's Register and Share Transfer Agent ('RTA'), M/s. MCS Share Transfer Agents Ltd., 12/1/5, Manoharpukur Road, Kolkata - 700026.

i. Members 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. Members 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. Members holding shares in electronic form are, therefore, requested to submit the PAN to their

Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA.

13. Members 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 on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors being appointed at the AGM, are disclosed in the Annexure to the Notice. The Directors have furnished the requisite declarations for their appointment.
15. Electronic copy of the Notice of the 2<sup>nd</sup> 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 2017-18 is being sent to all the Members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of the Notice of the 2<sup>nd</sup> 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 2017-18 is being sent through permitted mode of dispatch.
16. **Members, 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 mode 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. Members may also note that the Notice of the 2<sup>nd</sup> AGM and the Annual Report for the Financial Year 2017-18 is also available on the Company's website [www.orientelectric.com](http://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, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's RTA.
18. Shareholders who have not so far encashed their demand drafts for the dividend paid by the Company during the Financial Year ended March 31, 2018, 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 Ministry of Corporate Affairs ([www.iepf.gov.in](http://www.iepf.gov.in)) and on the website of the Company ([www.orientelectric.com](http://www.orientelectric.com)).
19. The route map to the venue of the meeting is provided separately for the convenience of the Members.
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 substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of Listing Regulations, the Company is pleased to provide to the Members, facility to exercise their right to vote on the resolutions proposed to be considered at the 2<sup>nd</sup> 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 Members using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by NSDL.
  - ii. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - iii. The Members 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 Friday, July 13, 2018 (9:00 AM) (IST) and ends on Sunday, July 15, 2018, (5:00 PM) (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, July 09, 2018, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

**21.(I) Instructions for Members for voting electronically are as under:**

**A. In case of Members receiving e-mail from NSDL (for Members whose e-mail ID's are registered with the Company/ Depository Participant(s)):**

- i. Open the e-mail and also open PDF file attached with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/ PIN for remote e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: **https://www.evoting.nsdl.com/**.
- iii. Click on **Shareholder-Login**.
- iv. Put user ID and password as an initial password/ PIN noted in step (i) above. Click Login.
- v. **Password Change Menu** appears, change the password/ PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v. Home page of remote e-voting opens. Click on remote e-voting: **Active Voting Cycles**.
- vi. Select the **EVEN (E-Voting Event Number)** of Orient Electric Limited.
- vii. Now you are ready for remote e-voting as Cast Vote page opens.
- viii. Cast your vote by selecting appropriate option and click on **"Submit"** and also **"Confirm"** when prompted.
- ix. Upon confirmation, the message **"Vote cast successfully"** will be displayed.
- x. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xi. Institutional shareholders (i.e other than individuals, HUF, NRIs, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant board resolution / authority letter, etc., together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer via email at: **aklabhcs@gmail.com**, with a copy marked to **evoting@nsdl.co.in**

**B. In case a Member receives physical copy of the Notice of AGM (for Members whose email address/es are not registered with the Company/ Depository Participant(s) or requesting physical copy)**

- i. Initial password is provided with the copy of this notice in separate sheet.
- ii. Please follow all steps from S. No. ii to S. No. xi above, to cast vote.

**(II) i. In case of any query, you may refer the Frequently Asked Questions (FAQ's) for Members and remote e-voting user manual for Members available at the downloads section of **www.evoting.nsdl.com** or call on toll free no.: 1800-222-990.**

- ii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- iii. You can also update your mobile number and email id in the user profile details of the folio which may be used for sending future communication(s).
- iv. 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. Monday, July 09, 2018.
- v. Any person who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Monday, July 09, 2018, may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or Issuer/RTA.
- vi. However, if you are already registered with NSDL 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 **www.evoting.nsdl.com**. In case Members are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID). In case Members are holding shares in physical mode, USER-ID is the combination of (EVEN No.+Folio No.).

**22. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.**

- 23.** Mr. Atul Kumar 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.
- 24.** 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 Members who are present at the AGM but have not previously cast their votes by availing the remote e-voting facility.
- 25.** 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 a person authorized by him, who shall countersign the same and declare the Result of the voting forthwith.
- 26.** 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 NSDL.
- 27.** Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of AGM, i.e. July 16, 2018.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 4:

The Board of Directors, pursuant to the provisions of Section 161 of the Companies Act, 2013 ('Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Mr. Chandra Kant Birla (DIN: 00118473) as an Additional Director (Non-Executive) of the Company, w.e.f. January 19, 2018. Mr. Chandra Kant Birla was also appointed as Chairman of the Board. As an Additional Director, Mr. Chandra Kant Birla would hold office of Director upto the date of 2<sup>nd</sup> Annual General Meeting (AGM) of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Mr. Chandra Kant Birla for the Office of Director. Based on the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment of Mr. Chandra Kant Birla as a Non-Executive Director of the Company, liable to retire by rotation.

Mr. Chandra Kant Birla holds a bachelor degree of Arts. He heads the C. K. Birla group, a diversified business conglomerate, involved in various business verticals such as cement, paper, chemicals, consumer durables, auto components, precision bearings, building materials, construction, earth moving equipment, information technology, health care and education.

Mr. Chandra Kant Birla is not disqualified for being appointed as a Non-Executive Director of the Company in terms of Section 164 of the Act.

Additional details of Mr. Chandra Kant Birla, required under Regulation 26 of the Securities and Exchange Board of

India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India, are given in **Annexure** to this Notice.

Mr. Chandra Kant Birla is interested in the above resolution as it relates to his appointment. Relatives of Mr. Chandra Kant Birla may be deemed to be interested in the resolution set out at Item No. 4 to the extent of their shareholding in the Company.

Save and except as stated 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. 4 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

### Item no. 5:

The Board of Directors, pursuant to the provisions of Section 161 of the Companies Act, 2013 (the 'Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Mr. Desh Deepak Khetrpal (DIN: 02362633) as an Additional Director (Non-Executive) of the Company, w.e.f. January 19, 2018. As an Additional Director, Mr. Desh Deepak Khetrpal would hold office of Director upto the date of 2<sup>nd</sup> Annual General Meeting (AGM) of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Mr. Desh Deepak Khetrpal for the Office of Director.

Based on the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment of Mr. Desh Deepak Khetrpal as a Non-Executive Director of the Company, liable to retire by rotation.

Mr. Desh Deepak Khetrpal 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.

Mr. Desh Deepak Khetrpal is not disqualified for being appointed as a Non-Executive Director of the Company in terms of Section 164 of the Act.

Additional details of Mr. Desh Deepak Khetrpal required under Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India, are given in **Annexure** to this Notice.

Mr. Desh Deepak Khetrpal is interested in the above resolution as it relates to his appointment. 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 Members as an **Ordinary Resolution**.

#### **Item no. 6 & 7**

The Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 ('Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Mr. Rakesh Khanna (DIN: 00266132) as an Additional Director (Executive) of the Company, w.e.f. January 23, 2018. As an Additional Director, Mr. Rakesh Khanna would hold office of Director upto the date of 2<sup>nd</sup> AGM of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Mr. Rakesh Khanna for the Office of Director. Further, on the recommendation of the Nomination and Remuneration Committee and in accordance with the provisions of Section 197, 198 and 203 read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Mr. Rakesh Khanna as the Managing Director of

the Company for a period of 4 (four) years with effect from January 23, 2018, subject to the approval of the Members. Mr. Rakesh Khanna was also designated as Chief Executive Officer of the Company.

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 and has more than 30 years of experience in consumer durables and electronics sectors.

Mr. Rakesh Khanna is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Further, for being eligible to be appointed as a Managerial Personnel, Mr. Rakesh Khanna satisfies the applicable conditions set out in sub-section (3) of Section 196 of the Act and Part-I of Schedule V thereto.

Additional details of Mr. Rakesh Khanna required under Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India, are given in **Annexure** to this Notice.

In compliance with the provisions of Sections 152, 161, 196, 197 and other applicable provisions of the Act, if any, read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and based upon the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment of Mr. Rakesh Khanna as an Executive Director and also for Managing Director, not liable to retire by rotation, who shall be a Key Managerial Personnel of the Company for a period of 4 (four) years with effect from January 23, 2018, on the terms and conditions as detailed in the resolutions at item nos. 6 and 7 respectively.

The details set out in the resolutions read along with explanatory statement may be treated as written memorandum setting out the terms of appointment of Mr. Rakesh Khanna under Section 190 of the Act.

Mr. Rakesh Khanna is interested in the above resolutions as these relate to his appointment. 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 these resolutions.

The Board of Directors of the Company recommends the resolutions set forth at Item nos. 6 and 7 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution** and **Special Resolution** respectively.

**Item no. 8:**

The Board of Directors pursuant to the provisions of Section 161 and 149 of the Companies Act, 2013 ('Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Mr. TCA Ranganathan (DIN: 03091352) as an Additional Director (Non-Executive) in the category of Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018. Pursuant to the provisions of Section 161 of the Act, as Additional Director, Mr. TCA Ranganathan holds office of Director up to the date of 2<sup>nd</sup> Annual General Meeting of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Mr. TCA Ranganathan for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Act. Based on the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment of Mr. TCA Ranganathan as an Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018, not liable to retire by rotation.

Mr. TCA Ranganathan is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Pursuant to the provisions of Section 149 of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), Mr. TCA Ranganathan has confirmed that he meets the criteria of independence and has also provided his consent to act as a Director of the Company. In the opinion of the Board, Mr. TCA Ranganathan fulfils the conditions specified in the Act and the Listing Regulations.

The Board considers that Mr. TCA Ranganathan's continued association would be of an immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Mr. TCA Ranganathan holds a graduate degree from St Stephen's College, Delhi and Post Graduate degree in Economics from Delhi School of Economics. He has more than 38 years of experience in Corporate Finance, International Banking, Investment banking.

Mr. TCA Ranganathan along with his relatives does not hold any shares in the Company and has no relationship with any of the other Directors of the Company.

Mr. TCA Ranganathan is interested in the above resolution as it relates to his appointment. 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 resolution seeks the approval of Members for the appointment of Mr. TCA Ranganathan as an Independent Director of the Company, not liable to retire by rotation, pursuant to provisions of Sections 160, 149 and other applicable provisions, if any, of the Act, Rules made thereunder and the Listing Regulations.

The Board of Directors of the Company recommends the resolution set forth at Item no. 8 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

**Item no. 9:**

The Board of Directors pursuant to the provisions of Section 161 and 149 of the Companies Act, 2013 ('Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Mr. K Pradeep Chandra (DIN: 05345536) as an Additional Director (Non-Executive) in the category of Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018. Pursuant to the provisions of Section 161 of the Act, as Additional Director, Mr. K Pradeep Chandra holds office of Director up to the date of 2<sup>nd</sup> Annual General Meeting of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Mr. K Pradeep Chandra for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Act. Based on the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment of Mr. K Pradeep Chandra as an Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018, not liable to retire by rotation.

Mr. K Pradeep Chandra is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Pursuant to the provisions of Section 149 of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), Mr. K Pradeep Chandra has confirmed that he meets the criteria of independence and has also provided his consent to act as a Director of the Company. In the opinion of the Board, Mr. K Pradeep Chandra fulfils the conditions specified in the Act and the Listing Regulations.

The Board considers that Mr. K Pradeep Chandra's continued association would be of an immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Mr. K Pradeep Chandra holds a bachelor's degree in Mechanical Engineering from Indian Institute of Technology, Madras; Master's degree in Marketing from Indian Institute

of Management, Calcutta; Master's degree in Finance from Atkinson Graduate School of Management, Willamette University, United States of America and a Post Graduate degree in Public Administration, Ethics and Citizen Participation in Governance from University of South California, United States of America. He has more than 34 years of experience in Education, Finance and working with Industries and Commerce Department of Government of Andhra Pradesh.

Mr. K Pradeep Chandra along with his relatives does not hold any shares in the Company and has no relationship with any of the other Directors of the Company.

Mr. K Pradeep Chandra is interested in the above resolution as it relates to his appointment. 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 resolution seeks the approval of Members for the appointment of Mr. K Pradeep Chandra as an Independent Director of the Company, not liable to retire by rotation, pursuant to provisions of Sections 160, 149 and other applicable provisions, if any, of the Act, Rules made thereunder and the Listing Regulations.

The Board of Directors of the Company recommends the resolution set forth at Item no. 9 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

**Item no. 10:**

The Board of Directors pursuant to the provisions of Section 161 and 149 of the Companies Act, 2013 ('Act'), Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee, has appointed Ms. Alka Marezban Bharucha (DIN: 00114067) as an Additional Director (Non-Executive) in the category of Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018. Pursuant to the provisions of Section 161 of the Act, as Additional Director, Ms. Alka Marezban Bharucha holds office of Director up to the date of 2<sup>nd</sup> Annual General Meeting of the Company. The Company has received a notice under Section 160 of the Act from a Member proposing the candidature of Ms. Alka Marezban Bharucha for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Act. Based on the recommendation of the Nomination and Remuneration Committee, approval of the Members of the Company is being sought for appointment

of Ms. Alka Marezban Bharucha as an Independent Director of the Company for a period of 5 (five) years w.e.f. January 19, 2018, not liable to retire by rotation.

Ms. Alka Marezban Bharucha is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Pursuant to the provisions of Section 149 of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), Ms. Alka Marezban Bharucha has confirmed that she meets the criteria of independence and has also provided her consent to act as a Director of the Company. In the opinion of the Board, Ms. Alka Marezban Bharucha fulfils the conditions specified in the Act and the Listing Regulations.

The Board considers that Ms. Alka Marezban Bharucha's continued association would be of an immense benefit to the Company and it is desirable to continue to avail her services as an Independent Director.

Ms. Alka Marezban Bharucha holds a bachelor's degree of Arts with Honors from University of Mumbai; a law graduate from the University of Mumbai and master's in law from University of London. She has more than 30 years of experience in mergers and acquisitions, private equity investments, joint ventures, financings, initial public offerings in telecom sector, representations for developers in power sector, establishment of mutual funds, advisory services to foreign portfolio investors, foreign venture capital investors, brokers, merchant bankers, and other financial intermediaries and is engaged in representing transnational corporations for investments in retail, real estate, defense, power and banking sectors.

Ms. Alka Marezban Bharucha along with her relatives does not hold any shares in the Company and has no relationship with any of the other Directors of the Company.

Ms. Alka Marezban Bharucha is interested in the above resolution as it relates to her appointment. 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 resolution seeks the approval of Members for the appointment of Ms. Alka Marezban Bharucha as an Independent Director of the Company, not liable to retire by rotation, pursuant to provisions of Sections 160, 149 and other applicable provisions, if any, of the Act, Rules made thereunder and the Listing Regulations.

The Board of Directors of the Company recommends the resolution set forth at Item no. 10 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

**Item no. 11:**

Pursuant to the provisions of Section 197 of the Companies Act 2013, ('Act') read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), the Non-executive Directors may be paid remuneration by way of commission. Considering the rich experience and expertise brought to the Board by the Non-Executive Directors and also the enhanced role of the Non-Executive Directors introduced by the Act and the Listing Regulations, it is proposed that, remuneration as Commission not exceeding 1% (one percent) of the net profits of the Company, calculated in accordance with Section 198 of the Act, be paid and distributed to the Non-Executive Directors (other than Managing Director / Whole Time Director(s)) of the Company. Such commission may be paid and distributed by the Company amongst all or some of the Non-Executive Directors in each Financial Year for a period of five years commencing from the Financial Year 2017-18 in such manner and proportions and at such times and intervals and for such period as may be decided by the Board of Directors of the Company. In addition, the Non-Executive Directors are being paid sitting fees for attending meetings of the Board of Directors and Committees thereof.

Except all of the Non-Executive Directors of the Company to whom the resolution relates, none of the Directors, Key managerial Personnel, or their respective relatives are concerned or interested in this Resolution.

The Board of Directors of the Company recommends the resolution set forth at Item no. 11 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

**Item no. 12:**

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, Ms. Avani Birla, a relative of Mr. Chandra Kant Birla, Director and Chairman of the Company, was appointed w.e.f. August 1, 2017 to the office of profit being the office of the Senior Executive of Orient Electric, a division of Orient Paper & Industries Ltd. ('OPIL') with the approval of Members obtained through Postal Ballot dated August 2, 2017 by OPIL. Pursuant to para 6.1 of the Scheme

of Arrangement between OPIL and Orient Electric Limited as approved by Hon'ble National Company Law Tribunal, Kolkata Bench vide its order dated November 9, 2017, all the employees, including Ms. Avani Birla, related to consumer electric business of OPIL were transferred to Orient Electric Limited. Ms. Avani Birla was thereafter designated as Senior Vice President of the Company. Members vide postal ballot, as referred above, approved an annual remuneration of Rs. 75,11,020/- to Ms. Avani Birla, Senior Vice President, for the Financial Year 2017-18, consisting of basic salary, special allowance, medical reimbursement, annual bonus, provident fund contribution, contribution to superannuation fund and gratuity apart from other benefits, amenities and facilities commensurate with her qualification and experience provided that the annual remuneration shall not exceed Rs. 1,50,00,000/- inclusive of all other benefits, perquisites, allowances, amenities and facilities.

As part of annual appraisal process, as applicable to other employees of the Company, it is now proposed to increase the annual remuneration of Ms. Avani Birla for the Financial Year 2018-19 to Rs. 79,61,064/- which shall consist of basic salary, HR allowance, special allowance, annual bonus/ variable pay, leave travel allowance, medical reimbursement, fuel and vehicle maintenance, contribution to provident fund, contribution to superannuation fund and gratuity apart from other benefits, amenities and facilities provided that annual remuneration shall not exceed Rs. 1,50,00,000/-. The Board of Directors, including any committee thereof, may increase the annual remuneration of Ms. Avani Birla from time to time, by such amount as may be considered appropriate, as per rules and policies of the Company as applicable to other employees occupying similar position in the Company, provided that her total annual remuneration shall not exceed Rs. 1,50,00,000/- including all benefits, amenities and facilities.

The informations as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a. Name of Related Party : Ms. Avani Birla
- b. Name of Director or Key managerial Personnel who is related: Mr. Chandra Kant Birla, Director and Chairman of the Company;
- c. Nature of Relationship: Ms. Avani Birla is daughter of Mr. Chandra Kant Birla;
- d. Nature, material terms, monetary value and particulars of contracts and arrangement: As detailed above.

Audit Committee of the Board of Directors has also approved the above increased remuneration for Ms. Avani Birla. Approval of the Members of the Company is now being sought for increasing the remuneration payable to Ms. Avani Birla, Senior Vice President of the Company.

Ms. Avani Birla holds 1,30,000 shares of the Company.

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. 12 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

**Item no. 13:**

Pursuant to Scheme of Demerger between Orient Paper & Industries Limited ('OPIL') and Orient Electric Limited approved by National Company Law Tribunal ('NCLT') vide order dated November 09, 2017, effective from December 08, 2017, the consumer electric business of OPIL demerged from OPIL and merged into Orient Electric Limited. Consequent to transfer of consumer electric business to Orient Electric Limited, as above, the provisions of Section 148 of the Act read with Cost (Records and Audit) Rules, 2014, relating to appointment of Cost Auditor become applicable on Orient Electric Limited w.e.f. December 08, 2017. Accordingly, the Board of Directors appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the Financial Year 2017-18, at a remuneration of Rs. 60,000/- (Rupees sixty thousand only) plus out of pocket expenses and taxes.

The Board of Directors on the recommendation of Audit Committee, appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the Financial Year 2018-19, at a remuneration of Rs. 60,000/- (Rupees sixty thousand only) plus out of pocket expenses and taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the Members of the Company.

Accordingly, the Members are requested to approve the remuneration of the Cost Auditors for Financial Years 2017-18 and 2018-19 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. 13 of the accompanying Notice, for the approval of the Members as an **Ordinary Resolution**.

By Order of the Board of Directors

Place: New Delhi  
Date: April 27, 2018

**Hitesh Kumar Jain**  
Company Secretary  
**Registered Office**  
Unit VIII, Plot No. 7  
Bhoinagar, Bhubaneswar  
Odisha - 751012

**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:**

Particulars	Mr. Chandra Kant Birla	Mr. Desh Deepak Khetrapal	Mr. Rakesh Khanna
<b>Date of Appointment</b>	January 19, 2018	January 19, 2018	January 23, 2018
<b>Age</b>	62	62	55
<b>Last gross remuneration</b> (paid during the Financial Year 2017-18)	Rs. 8 Lacs	Rs. 9.50 Lacs	Rs. 272.17 Lacs
<b>Qualifications &amp; Expertise in specific functional area</b>	Refer Item No. 4 of the explanatory statement	Refer Item No. 5 of the explanatory statement	Refer Item No. 6 & 7 of the explanatory statement
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b>	Nil	Nil	Nil
<b>Number of Meetings of the Board attended during the year<sup>#</sup></b>	3	3	3
<b>Directorships held in other Public Limited Companies in India</b>	a. Orient Paper & Cement Limited b. Orient Cement Limited c. National Engineering Industries Limited d. AVTEC Limited e. HIL Limited f. Birlasoft (India) Limited g. Neosym Industry Limited	a. Orient Cement Limited b. HIL Limited	Nil
<b>Chairmanships / Membership of Committees in other public limited companies in India.*</b>	Nil	a. HIL Limited- Audit Committee – Member b. Orient Cement Limited- Audit Committee- Member and Stakeholders' Relationship Committee - Members	Nil
<b>Shareholding in the Company (No. of shares)</b>	34,05,893	Nil	Nil

Particulars	Mr. TCA Ranganathan	Mr. K Pradeep Chandra	Ms. Alka Marezban Bharucha
<b>Date of Appointment</b>	January 19, 2018	January 19, 2018	January 19, 2018
<b>Age</b>	64	61	60
<b>Last gross remuneration</b> (paid during the Financial Year 2017-18)	Rs. 9.50 Lacs	Rs. 9 Lacs	Rs. 8.50 Lacs
<b>Qualifications &amp; Expertise in specific functional area</b>	Refer Item No. 8 of the explanatory statement	Refer Item No. 9 of the explanatory statement	Refer Item No. 10 of the explanatory statement
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b>	Nil	Nil	Nil
<b>Number of Meetings of the Board attended during the year<sup>#</sup></b>	3	3	2
<b>Directorships held in other Public Limited Companies in India</b>	a. RAL Consumer Products Limited b. IL&FS Maritime Infrastructure Company Limited c. Security and Intelligence Services (India) Limited	Nil	a. Honda Seil Power Products Limited b. Honda Cars India Limited c. Aditya Birla Finance Limited d. Aditya Birla Sun Life Asset Management Company Limited e. Ultratech Cement Limited
<b>Chairmanships / Membership of Committees in other public limited companies in India.*</b>	a. IL&FS Maritime Infrastructure Company Limited- Audit Committee – Member b. Security and Intelligence Services (India) Limited- Audit Committee – Chairman	Nil	a. Honda Seil Power Products Limited- Audit Committee – Member b. Honda Cars India Limited- Audit Committee – Chairperson c. Ultratech Cement Limited- Audit Committee – Member
<b>Shareholding in the Company (No. of shares)</b>	Nil	Nil	Nil

\*Committees considered for the purpose are those prescribed in Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, viz. Audit Committee and Stakeholders' Relationship Committee.

<sup>#</sup>Number of meetings are considered from the date of their respective appointments.







## ORIENT ELECTRIC LIMITED

CIN: U31100OR2016PLC025892

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012

Tel: 0674-2396930, Fax: 0674 – 2396364

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 Member(s): .....

Registered Address of the Member(s): .....

E-mail ID: .....

FOLIO NO. / DPID. / CLIENT ID: .....

I/We, being Member(s), of Orient Electric Limited, 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 **2<sup>nd</sup> Annual General Meeting** of the Company to be held on **Monday, July 16, 2018** at **2:30 p.m.** at **Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751012** and at any adjournment thereof in respect of such resolutions as are indicated overleaf:



S. No.	Resolution	Vote (Optional see Note 3) (Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary business</b>				
1.	Receive, consider and adopt the Audited Financial Statement along with Reports of the Board of Directors and Auditors thereon.			
2.	Declaration of Final Dividend and confirm the Interim Dividend.			
3.	Ratification of appointment of Statutory Auditors and fixing their remuneration.			
<b>Special business</b>				
4.	Appointment of Mr. Chandra Kant Birla as a Non-Executive Director of the Company.			
5.	Appointment of Mr. Desh Deepak Khetrpal as a Non-Executive Director of the Company.			
6.	Appointment of Mr. Rakesh Khanna as an Executive Director of the Company.			
7.	Appointment of Mr. Rakesh Khanna as a Managing Director of the Company.			
8.	Appointment of Mr. TCA Ranganathan as an Independent Director of the Company.			
9.	Appointment of Mr. K Pradeep Chandra as an Independent Director of the Company.			
10.	Appointment of Ms. Alka Marezbhan Bharucha as an Independent Director of the Company.			
11.	Payment of Commission to Non-Executive Directors of the Company.			
12.	Increase in remuneration of Ms. Avani Birla, Senior Vice President of the Company.			
13.	Ratification of remuneration of Mr. Somnath Mukherjee, Cost Auditor of the Company for the Financial Years 2017-18 and 2018-19.			

Signed this..... day of..... 2018



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Signature of the Member

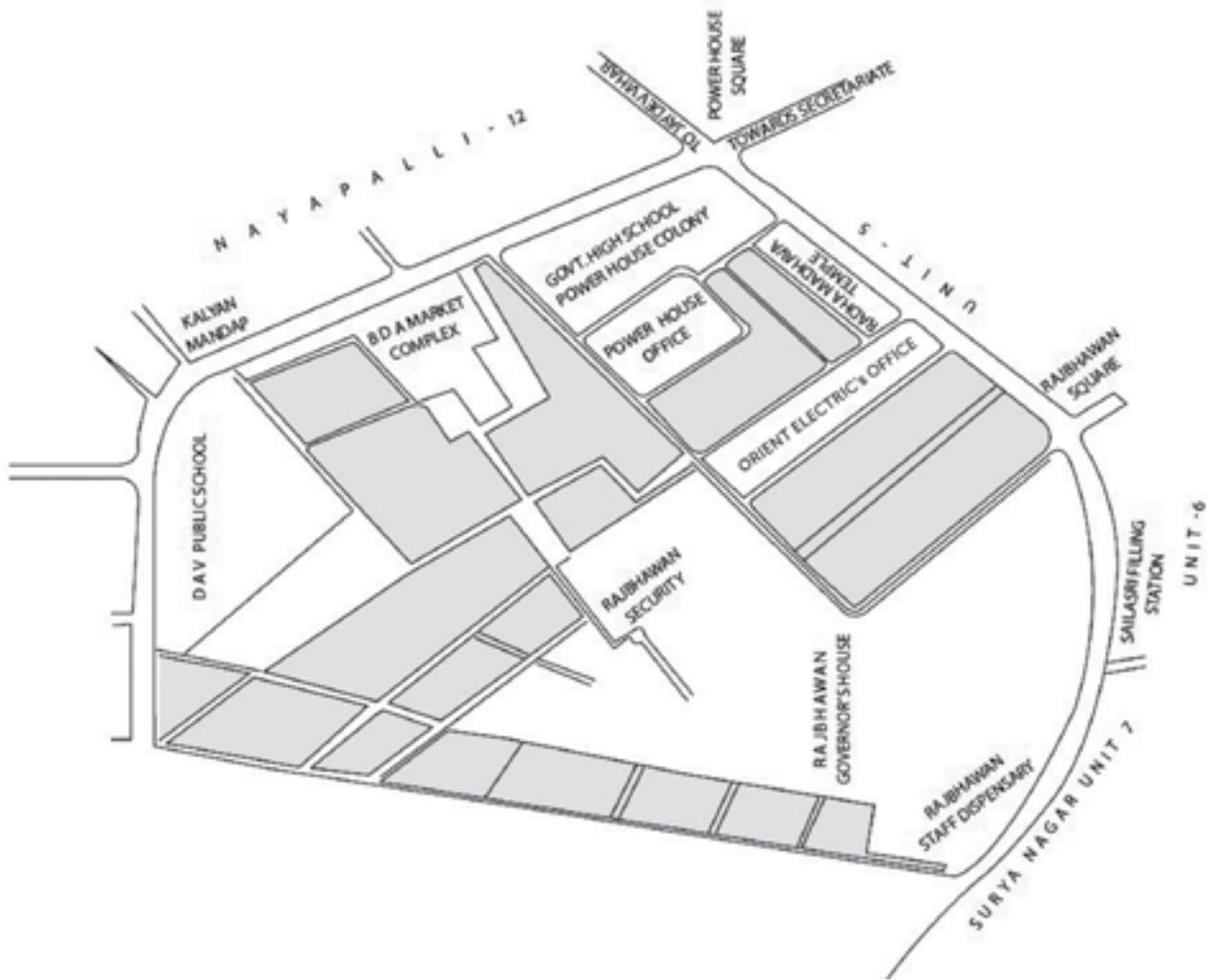
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Signature of Proxy Holder(s)

**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 Meeting.
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 of the AGM Venue









**ORIENT ELECTRIC LIMITED**

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New Delhi - 110 020

Orient helpline number: 1800 103 7574 (Toll Free)  
Email: [customer.connect@orientelectric.com](mailto:customer.connect@orientelectric.com)

**Registered Office Address**

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

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