

# RISING BEYOND

Annual Report  
2020-21

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

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

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

# Corporate Information

## Board of Directors

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

## Key Managerial Person

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

## Registered Office

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

## Corporate Office

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

## Corporate Identification Number

L31100OR2016PLC025892

## ISIN

INE142Z01019

## Scrip Code

BSE – 541301  
NSE – ORIENTELEC

## Website

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

## Manufacturing Plants

### Faridabad

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

### Kolkata

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

### Noida

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

## Statutory Auditors

M/s S. R. Batliboi & Co. LLP  
Chartered Accountants,  
2nd & 3rd Floor, Golf View Corporate Tower -B Sector  
42, Gurugram – 122 002, Haryana, India

## Bankers

State Bank of India.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IndusInd Bank Ltd.

## Registrar and Share Transfer Agent

M/s Kfin Technologies Private Limited  
(Unit: Orient Electric Limited)  
Selenium Tower B, Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serlingampally mandal, Hyderabad,  
Telangana - 500 032

# Corporate Ethos

## Vision



Spreading happiness by smart application of technology

## Mission



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



## Values



### Excellence

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

### Integrity

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

### Collaboration

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

### Trust

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

### Care

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



## Corporate Snapshot



### Legacy

Orient Electric, tracing its origins to the erstwhile Calcutta Electrical Company, became a part of the 150-year old CK Birla Group in 1954. A distinguished name in the consumer electrical space for more than 60 years, Orient Electric has established itself as a one-stop provider of fans, lighting, home appliances, switchgears and other electrical solutions.

### Manufacturing footprint

Orient Electric has manufacturing facilities in Kolkata, Faridabad and Noida. The company is the largest manufacturer and exporter of fans in the country.

### Retail presence

In addition to India, the Company enjoys a marketing presence across 35 countries. In the domestic market, the Company has robust sales/distribution network and service network with pan-India coverage.

### Awards and recognitions

Over the years, Orient Electric has received recognition for its product innovation, state-of-the-art manufacturing facilities, branding and customer service. Orient Electric is a consumer-validated **Superbrand** for Fans, Lighting & Coolers. Further, it has received Great Place to Work™ certification in the year FY 2020-21 for the second time in a row on the back of its inclusive workplace and people-centric culture.

### Market Capitalization

The Company's equity shares are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Company enjoyed a market capitalisation of ₹6,608.5 crores as on March 31, 2021 and is among the Top 500 Listed companies by market capitalization.

### Strategic alliances

Orient Electric has a strong & continuing partnership with the De'Longhi group since 2018-19. This tie-up enabled the entry of the premium brands of De'Longhi, Kenwood & Braun into India. Each of these brands is an international market leader in its core product category, providing the Company with a strategic market placement advantage and growth potential in premium kitchen appliances.

## Key milestones of FY 2020-21



Great Place To Work® certification for the second time in a row



Entered **Fortune India 500** list for the first time



**Superbrand** status for Fans (4th time), Coolers (2nd time) & Lighting (1st time)



ET Best Brands 2020

## Chairman's Overview



**'Rising Beyond...'**  
is more than just  
a statement; it  
is a philosophy  
that we have  
consistently lived  
at Orient Electric.

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**CK BIRLA**  
Chairman

'Rising Beyond...' is more than just a statement; it is a philosophy that we have consistently lived at Orient Electric. This inspiring statement has two connotations at Orient Electric.

One, it applies to India as a country, the Company's largest market. The country capitalized on its intrinsic resilience to emerge from the pandemic and finish the year under review with an improved economic outlook. Further, the structural reforms in the areas of housing, agriculture and core sectors are set to propel the country forward in coming years providing a sturdy tailwind for all the participants in the economy.

Two, the motto 'Rising Beyond...' was lived by Orient Electric during the last financial year in various ways. The Company retained its Great Place to Work® certification validating its People-first philosophy. Further, the Company entered the coveted Fortune India 500 list for the first time in FY 2020-21. Facing the economic and social turbulence with courage, while keeping customer centricity as the bedrock, the Company emerged stronger, with deeper competitiveness than ever.

The term 'Rising Beyond...' is not a commitment that applied only to our performance in 2020-21;

it is something that will extend into the current financial year and the foreseeable future through a complement of empathy, safety and business outperformance. The commitment will continue to remain central to our existence across every idea, opportunity and initiative. In doing so, we expect to enhance value for every stakeholder who is part of our Orient Electric ecosystem in a secure and sustainable way.



## Board of Directors



**Left to right:** Rakesh Khanna, K Pradeep Chandra, Alka Marezbhan Bharucha, Chandra Kant Birla, Deepak Khetrpal, and TCA Ranganathan

## Chandra Kant Birla

Chairman

Chandra Kant Birla, aged 66 years, is the Chairman and Non-Executive Director of the Company. He is the Chairman of several companies of the CK Birla Group. The Group has interests across industries such as automotive, technology, infrastructure, building products, healthcare and education. He is also a keen philanthropist and deeply committed to creating sustainable positive impact.

## Deepak Khetrpal

Non-executive Vice Chairman

Desh Deepak Khetrpal, aged 65 years, holds an Honours degree in Business Economics; a Master's degree in Marketing and Finance from Delhi University and is an alumni of Faculty of Management Studies, University of Delhi. He has a rich experience in industrial, consumer and retail businesses. He is a business leader with a track record of leading and transforming large and diversified organisations across various industries including services, industrials, consumer and retail businesses.

## Rakesh Khanna

Managing Director & CEO

Rakesh Khanna, aged 58 years, holds a B.E. (Mechanical Engineering) degree from Thapar Institute of Engineering and Technology; a Master's degree in Management Studies from University of Mumbai. He has more than 32 years of work experience in India and abroad in the consumer durables, consumer electronics, electrical and lighting sectors.

## TCA Ranganathan

Independent Director

TCA Ranganathan, aged 67 years, holds a graduate degree from St Stephen's College, Delhi and Post Graduate degree in Economics from Delhi School of Economics. He was associated with State Bank of India and Export Import Bank of India. He is currently associated as an arbitrator on the panels of the various stock exchanges and the Indian Council of Arbitration. He is also associated with the United Nations Development Programme for promoting growth in Africa and Asia. He has more than 39 years of experience in Corporate finance, International banking and Investment banking.

## K Pradeep Chandra

Independent Director

K. Pradeep Chandra, aged 64 years, is a retired IAS officer. He holds a Bachelor's Degree in Mechanical Engineering from Indian Institute of Technology, Madras; a Master's degree in Marketing from Indian Institute of Management, Calcutta; a Master's Degree in Finance from Atkinson Graduate School of Management, Willamette University, USA and a Doctoral degree in Public Administration from University of South California, USA. He has headed a number of state public sector undertakings and has more than 36 years of experience in Education, Finance as well as the Industries and Commerce Departments of the Governments of Andhra Pradesh and Telangana.

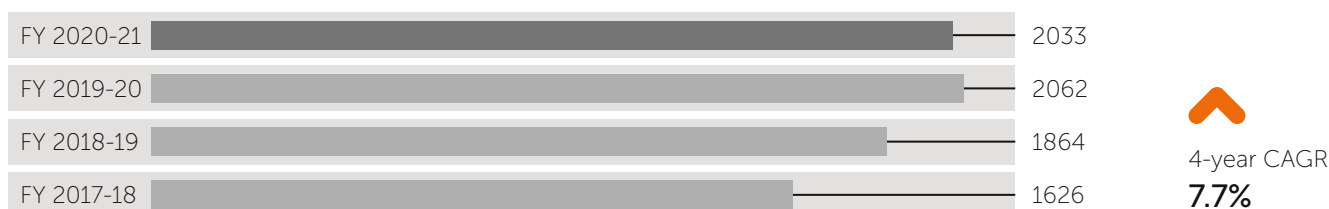
## Alka Marezbhan Bharucha

Independent Director

Alka Marezbhan Bharucha, aged 64 years, holds a Bachelor's degree in Arts with Honours from University of Mumbai; a law graduate from the University of Mumbai and Master's in law from University of London. She is the founding partner of Bharucha & Partners; is a solicitor of the Bombay High Court and an Advocate on record, at the Supreme Court of India. She has more than 32 years of experience in mergers and acquisitions, private equity investments, joint ventures, venture capital investments, and other financial transactions and is engaged in representing trans-national corporations for investments in the retail, real estate, defence, power and banking sectors.

## Our performance over the past four years

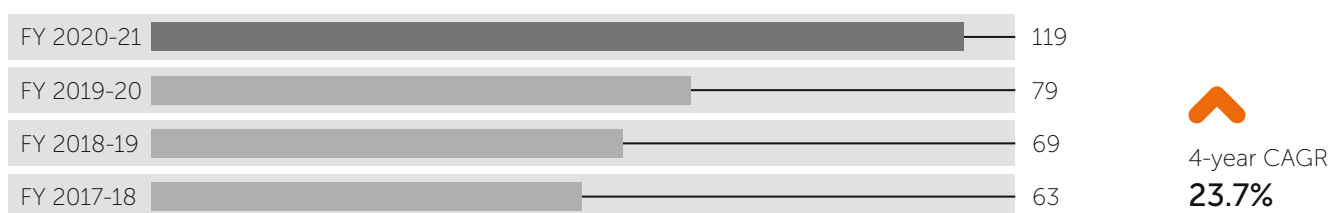
### Revenues from Operations (₹ Cr.)



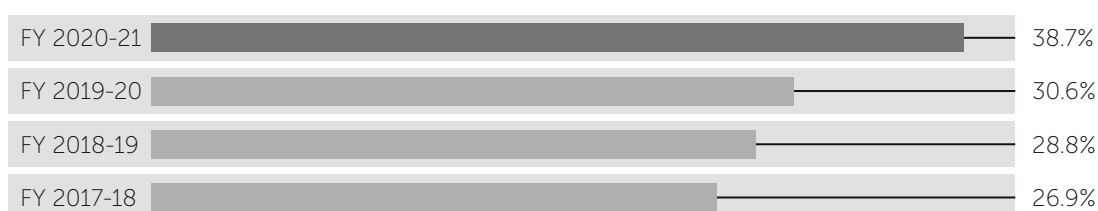
### Operating EBITDA (₹ Cr.)



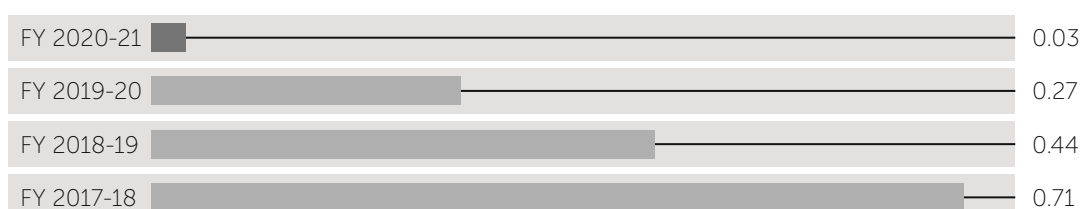
### PAT (₹ Cr.)



### RoCE (%)



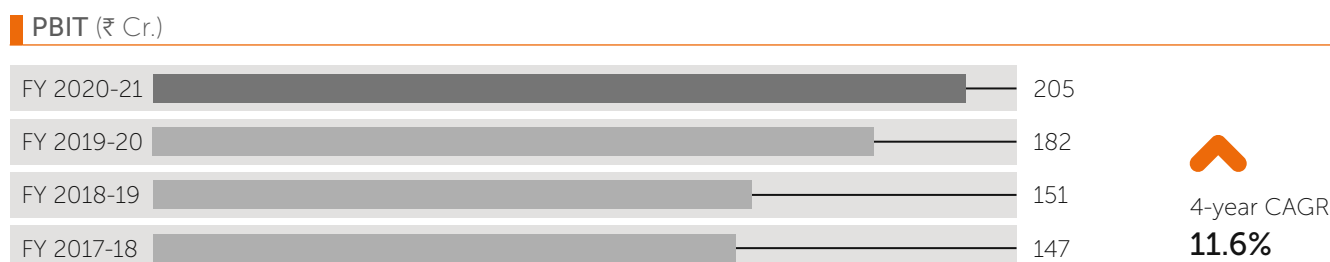
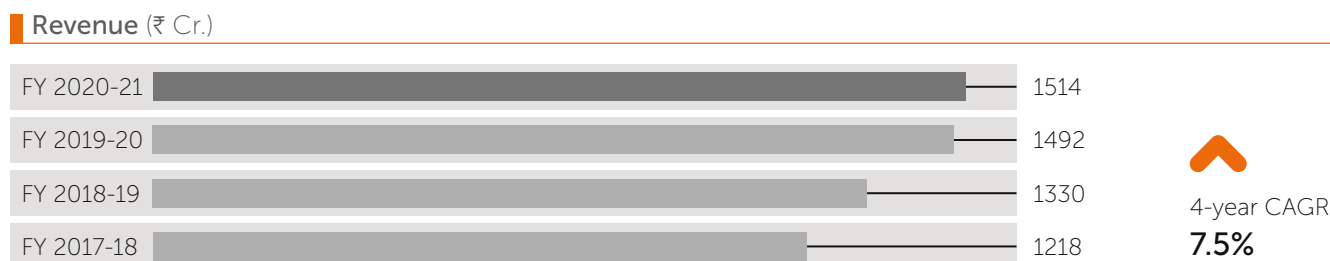
### Debt-Equity Ratio



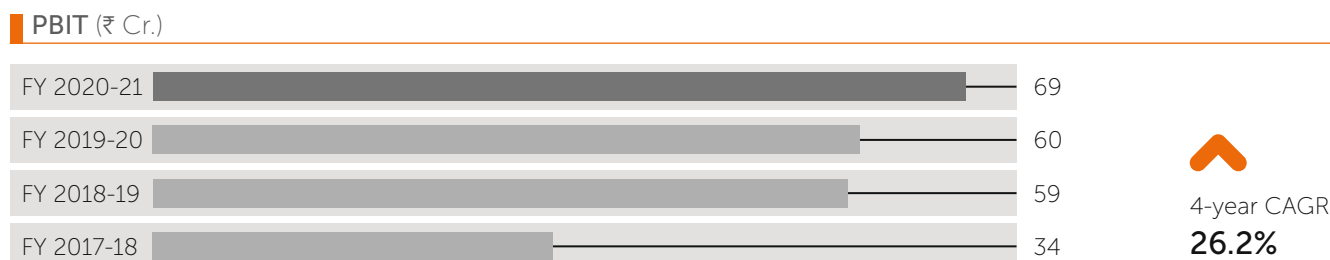
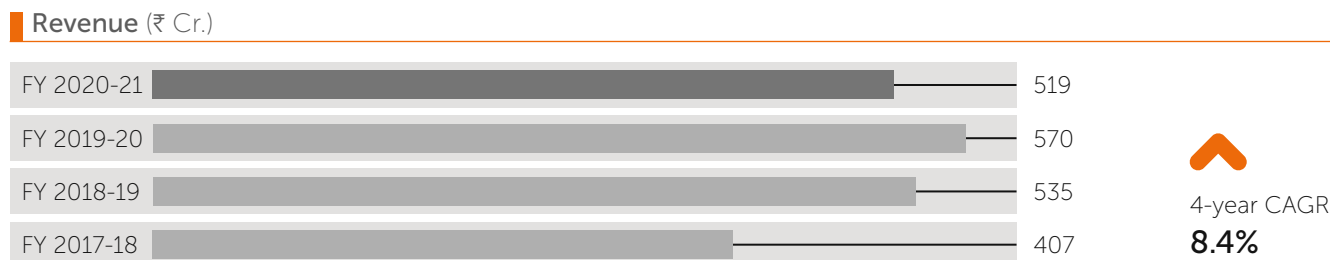


## Segment-level performance metrics

### Electric Consumer Durables (ECD)



### Lighting & Switchgear



## MD & CEO Review



**At Orient Electric,**  
we have long believed  
that at times of  
unpredictable upheaval,  
adaptive and agile  
companies prevail.

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**RAKESH KHANNA**  
Managing Director & CEO

In a challenging year of uncertainty, against a flat topline, it is heartening to report that OEL posted a 24% growth in operating EBITDA and a 52% growth in profit after tax in FY 2020-21. All business segments registered significant growth across the topline and bottom-line in the last 3 quarters of FY 2020-21. That the financials are strengthened in a year of uncertainty and general economic slowdown, demonstrates the intrinsic resilience of the business and reaffirms the strategic journey being undertaken by the Company.

Even as the pandemic continues to impact the economy, OEL's fundamentals remain strong and future-ready to navigate the current situation and capitalize on emerging opportunities. We further expect to continue our strategic investments in our journey architected around 'Consumer-Centricity' without any material changes to the investment/execution timelines.

### **A year of unpredictability**

The year under review was one of the most challenging in the existence of the Company. Uncertainty and unpredictability reigned through the period. The rapid spread of the pandemic resulted in panic across the country.

OEL responded with speed and sensitivity to these unprecedented developments. The Company's core team executed a comprehensive plan to prioritize personnel safety above everything else. The Company instituted a range of operating protocols directed at enhanced protection for *Team OEL*. Through these various initiatives, the Company demonstrated its commitment to place the well-being of its people, reinforcing the centrality of business continuity to the strategic architecture.

While consumer demand shock brought the economy to a standstill in the first quarter of the year, industry experienced supply-side headwinds of commodity availability and commodity pricing in the second half of the year. At Orient Electric, we recognised the need for an organisation-wide response to counter the various challenges and stay ahead of the curve. Principally, the Company recognised that the unravelling realities could not be addressed with mere incremental improvements; they warranted a rethinking of the corporation and deepening our conviction around something that we always believed in – our capacity of 'Rising beyond...'

### **Rising beyond...**

At Orient Electric, we have long believed that at times of unpredictable upheaval, adaptive and agile companies prevail.

This was an intrinsic part of our response system through the last number of years. We moved with speed and flexibility to emerge stronger every time the sectoral landscape transformed. We have stayed at the forefront of innovation when the Lighting market moved towards LED technologies from CFL/ conventional technologies by investing in design capabilities. We further continue to be at the leading edge of innovation on embedding Internet-of-Things (IoT) and connected technologies in our product range, reinforcing the Company's positioning as a *smart* and forward-looking company.

During a challenging 2020-21, Orient Electric deepened its commitment to adapt quicker. The outcome was that even as the Company grew chronologically older, it emerged temperamentally younger.

We questioned all our processes and practices with an expanded and digitized cost-savings program *Sanchay*. OEL's call centre remained operational throughout the lockdown supporting consumers. The Company's factories and warehouses were among the first to resume operations within the sector with redesigned shopfloor assembly lines incorporating social distancing protocols and enhanced worker safety. We enabled our sales teams to stay in constant touch with the retail channel through digital

media and salesforce automation. Remote communication tools were leveraged to provide diagnostics & troubleshooting services to consumers experiencing issues. Critical service calls were attended after seeking due permissions.

Leveraging salesforce automation, the Company identified whitespaces and widened its distribution footprint. The Company made it easier for consumers to buy our products from large format stores and e-commerce marketplaces.

## Principal buckets of change

At Orient Electric, we focused on staying ahead of the curve through a complement of three business-strengthening initiatives.

### 1. Improving reach of our products

In line with changing consumer preferences and the Company's priority of ensuring access to our products at all transaction touchpoints, OEL has expanded portfolio availability on e-commerce and modern trade/ large-format retail channels. Investments in new capabilities (KAM relationships, product listing, marketing & communication, pricing analytics etc.) to elevate our positioning in these channels are being undertaken.

The Company reached out during the most difficult times providing quick support, thus strengthening

existing relationships & forging new relationships. Further, connect with trade channel has been maintained through the year with virtual leadership meets, virtual sales conference, personal video messages assuring OEL's support and Covid advisory communications. In the year under review, we improved shares in existing counters and expanded reach into newer geographies through new retail partnerships established at identified white spaces for improving distribution reach.

### 2. Process excellence through digitization

Undertaken to enhance channel connectivity, speed of doing business, process efficiency, data-driven decision making and sales effectiveness; **e-Wings**, our digitization journey attained critical momentum in the year under review. Initiatives of Sales Force Automation, Dealer Management System, Transport Management System, revamped HR Management System, Travel & Expense Management System, digitized *Sanchay* program, a slew of digitized workflows were all implemented in the year under review.

OEL's digitization journey remains firmly on track as per the 3-year calendar initiated in FY 2019-20. We are confident of improving market access to our products and unlocking efficiencies in the time to come.



Drawing on our consumer insights to ensure brand relevance and demonstrate OEL's innovation capability, *UV Sanitech*, a UV-C light-based sanitization chamber with a *one-touch sanitization* process that can sanitize all inanimate and daily use objects in 4 minutes from viruses and bacteria including coronavirus, was launched in July-2020. A testimony to our design & manufacturing capability, *UV Sanitech* completed the entire conceptualisation to commercialization journey within 90 days. The product development was determined imperative for the Company to address emergent consumer needs to stay safe and to prove its relevance in a testing time as a purpose-led brand.

### 3. People as agents of change

Sustaining a high-performance culture continues to remain one of the most important strategic priority at OEL. The resilience and agility of the Company are a direct outcome of the people collective at OEL. Capability-building & *Sanchay* programs saw increased levels of participation from employees across the board.

Capability building received a massive boost in the year under review with over 20000+ person-hours of training being recorded in FY 2021. The strategic priority of 'Building a learning organization' received a massive impetus during the lockdown period with all employees taking self-development & learning on a priority basis. Facilitated by remote work tools, employees across the hierarchies enthusiastically participated in creating a continuous learning culture by way of creating learning collateral, training & learning from peers, and enhancement of selling skills.

Under our structured cost-savings program, *Sanchay*, the Company initiated decisive measures; processes were simplified, people skills were upgraded, some physical infrastructure was made redundant. The increased productivity has helped the Company finish the year under review with a lower break-even point

and increased competitiveness across market cycles.

### External validations

A validation of the strategic direction and strategic choices made over the years, Orient Electric has officially entered the *Fortune India 500* and *Economic Times' ET 500* list for the first time in the year under review. A reaffirmation of our commitment to people & other people-centric measures, OEL retained its Great Place to Work® certification for the second consecutive year in March 2021, with an improved score.

Further, it is extremely encouraging to note that Orient Electric has been adjudged as a consumer validated **Superbrand** for Lighting for the first time in 2021. The **Superbrand** status for Fans, Coolers was retained for the fourth time and second time, respectively. Also, OEL was adjudged *The Economic Times Best Brand 2020* endorsing our commitment to product quality and consumer trust. These recognitions are a testimony of the consumer-centric innovation and design investments done by the Company over the years.

### Outlook

In the year under review, the Company emerged nimbler and more adaptive with a distinctive *can-*

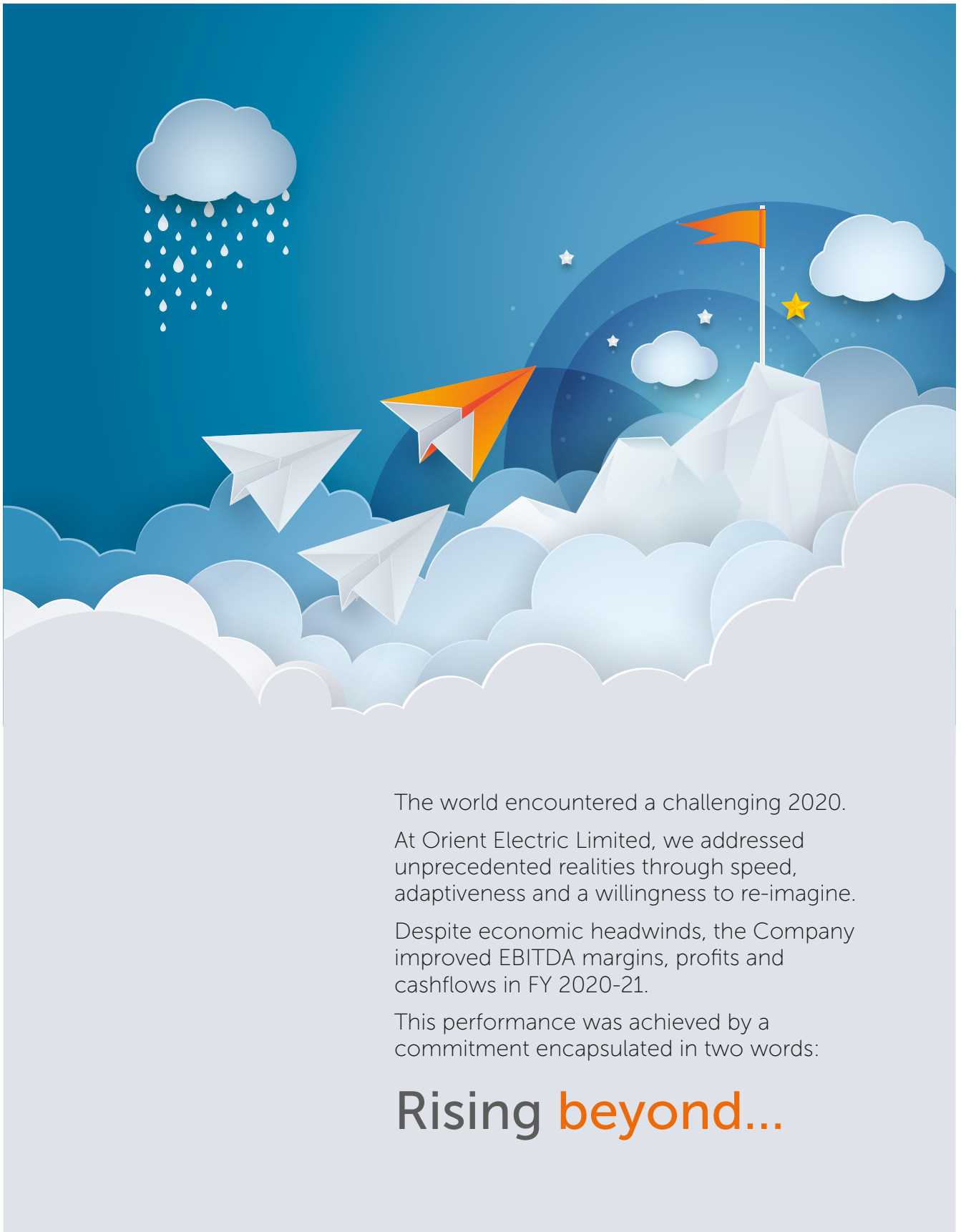
*do* spirit, whose gains will not only endure but become bigger over time. The speed with which the Company re-appraised and re-introduced processes translated into a record performance. Despite OEL losing a major part of the first quarter to the lockdown, it rebounded with speed to report record revenues, profits and margins through the subsequent quarters of the year.

We continue to remain cautiously optimistic about the future as the pandemic is yet to be conclusively overcome. During 2021-22, the Company will continue to demonstrate resilience and responsiveness. I remain confident that the OEL's commitment to 'Rising beyond...' will continue to protect our people and enhance value for stakeholders in the foreseeable future.

It is a matter of immense pride to have witnessed the commitment levels of OEL team during these difficult times to serve & support our customers and partners. I remain grateful to the OEL team, our trade partners, vendors, OEL's leadership team & Board of Directors for their support & guidance. As we look forward, I remain more optimistic than ever of the enormous opportunity ahead of us.

Orient Electric/31 Mar 2021 **311.45**  YoY growth **68.3%**





The world encountered a challenging 2020.

At Orient Electric Limited, we addressed unprecedented realities through speed, adaptiveness and a willingness to re-imagine.

Despite economic headwinds, the Company improved EBITDA margins, profits and cashflows in FY 2020-21.

This performance was achieved by a commitment encapsulated in two words:

**Rising beyond...**



## Rising beyond challenges



The year 2020-21 would be marked as the year of a historic pandemic spread. There was a feeling of fear, confusion, anxiety and helplessness. And OEL's concern extended to not just employees but also to extended stakeholders.

### Supporting stakeholders

Through the pandemic, OEL maintained constant connect with trade channel and provided support through extended credit and payment incentives through cash discounts. MD & CEO sent video messages to the trade partners with vernacular language subtitles to express OEL's concern for their safety and wellbeing and to assure them of OEL's support. Through OEL's *Partners-in-Progress* program, covid advisories were issued

making them aware of the safety measures in form of posters and videos in English, Hindi and vernacular languages. On the announcement of relaxation of lockdown restrictions, trade partners were provided with safety shields for their shops with demonstration videos for maintaining social distancing during customer interaction. Over 100+ virtual retailer meets engaging more than 5000 channel partners across the country were held to discuss ways to improve service levels during these difficult times.

For employees, workers & their immediate families, engagement was maintained through the year led by senior leadership team. A Central Covid Response Taskforce was formed with local Quick

Response teams at all employee locations across India. Advisories were circulated and regular updates were sourced through these coordination teams. Virtual townhalls and regular remote meetings with Leadership were held to ensure motivation levels, seek their wellbeing status and communicate support through the lockdown. Support in the form of facilitation of hospitalization, doctor consultations, food delivery etc. was provided to quarantined families. To ensure the holistic wellbeing of all employees, OEL facilitated the enrolment of all employees on *YourDost* ([www.yourdost.com](http://www.yourdost.com)), a leading online counselling and emotional wellness platform.



## Rising beyond limitations



FY 2020-21 has been a challenging year by many accounts. Lockdowns and containments remained as impediments to the normal way of serving consumers. Orient responded to this situation with agility to continue serving the needs of the customers through its consumer-first philosophy. To ensure seamless fulfilment operations to our channel partners and finally to our consumers, Orient employees pushed the boundaries.

### Restarting factories & warehouses

Restarting production in factory environments involves coordination amongst multiple input providers. Heightened consciousness on safety and social distancing required

redesigning shopfloor interactions and worker supervision paradigms. OEL restarted production from May with due compliance and all safety protocols. Despite the acute shortage of workers and frequent component level supply disruptions due to lockdowns, Orient delivered seamlessly on production.

An integral part of the OEL growth story over the years, the Supply Chain team rose to the occasion and ensured well planned product movement thus ensuring seamless operational continuity and product availability. The team, while adhering to social distancing and government guidelines, operated warehouses and consistently exceeding market expectations on turnaround times.

The factories and warehouses resumed operations with restricted entry, protective clothing, facial safeguards, thermal screening, hand sanitization, rotational rosters, social distancing, contactless attendance systems, use of disinfectants and awareness-creating signage and briefings.

## Rising beyond expectations



A country-wide lockdown would paralyse the operational continuity of any business. GDP contraction of ~23.9% in Q1 is a clear indication of the impact. Coordination of physical processes manned by employees required extreme agility and operational flexibility. In these testing times, consumer service remained in focus & Orient's response highlights its unwavering commitment to consumer centricity.

### **Commitment to Service**

The service team maintained its engagement with the end customers through the lockdown period. OEL remained one of the very few companies in the Consumer Electricals industry to have the call

centre operational throughout the year by digitally enabling the call centre executives to take the calls from home. Service engineers remotely provided troubleshooting services over video calls & critical customer service calls were attended after taking special e-passes.

### **True demonstration of innovation**

OEL's innovation & product design muscle came into a full-blown display with the launch of *UV Sanitech*, a UV-C light-based sanitization chamber with a one-touch sanitization process that can sanitize all inanimate and daily use objects in 4 minutes. A testimony to our speed and agility, *UV Sanitech* completed

the entire conceptualisation to commercialization journey within 90 days. The design work started in mid-May as the Covid19 impact started getting bigger despite extended lockdowns and to service the latent need of chemical-free high-efficacy sanitization while gaining consumer-level brand relevance for Orient Electric. A true hybrid product between Lighting and small domestic appliances, successful launch of *UV Sanitech* demonstrated the inherent design, planning and execution ability of Orient team.



## Rising beyond **conventions**



Standards & conventions help navigate foreign and unfamiliar terrains. Without constant improvements, conventions risk metamorphosing into blind superstitions. While it is possible to reset conventions and standards, it is infinite times tougher to do that during a time of uncertainty. In the year under review, OEL rose beyond conventions with immense self-confidence, collaboration and meticulous planning.

### **Doubling down on digitization**

Digitization journeys are often staggered, long-drawn and prone to multiple iterations, involving a high degree of change management,

customization and handholding. It is ambitious to execute a single large scale digitization implementation in a normal year. OEL implemented Sales Force Automation, Distributor Management System, Transport Management System, Travel & Expense Management System, Human Resource Management System, Idea and cost savings program - *Sanchay* and multiple other digital enablements in one year which also happened to be the year of pandemic.

### **Building brand salience**

Conventional wisdom recommends moderating advertising spends with reduction in revenue inflows. Despite an uncertain year, OEL continued to

invest in brand building & significantly increased on-platform spending on ecommerce platforms. The Company's innovative *UV Sanitech*, emergency lighting products, and ecommerce-exclusive inverter fan model were launched with a digital-first narrative on social platforms. For the first time, OEL marketed its corporate brand during the India-England cricket series in February 2021. The Company received on-ground and television commercials visibility for all its four businesses (Fans, Appliances, Lighting and Switchgear). The promotional spending strengthened OEL's positioning as a complete consumer electricals brand.

## Rising beyond... Together



There was one theme that underpinned OEL's journey through the year: One Orient, One Team, One Dream. More than transformation, agility or resilience, this was the year of collective action at Orient Electric. This year demonstrated how the entire Company's energies and abilities were streamlined to question age-old practices, eliminate redundancies, optimize processes and accelerate results. And most importantly, accomplish all of this, **Together**.

The retention of Great Place to Work® certification by OEL with improved scores is truly emblematic of the collective spirit that propelled OEL forward in this year full of punctuations.

### Supercharged Sanchay

*Sanchay*, the Organization's frugal-innovation program attained heightened importance in FY 2020-21. That the program has evolved from an essential agenda item to becoming embedded into the organization's cultural consciousness greatly helped us in elevating it to the next phase. *Sanchay* has now been repositioned into an entity-wide overarching ideation and cost-consciousness platform in the year under review. The program enabled by a cloud-hosted digitized platform, has received enthusiastic participation with renewed vigour, elevated activity levels and savings numbers.

### Building a learning organization

Further, in the pursuit of the entire organization growing together, the strategic priority of *Building a learning organization* received a massive impetus during the lockdown period. Facilitated by remote work tools, employees across the hierarchies enthusiastically participated in creating a continuous learning culture by way of creating learning collateral, training & learning from peers, and enhancement of selling skills. Over 20000+ person-hours of learning were recorded in FY 2021.

# Designing today. Defining Tomorrow.

In FY 2020-21, Orient Electric rose beyond challenges to continue delivering compelling consumer experiences. New launches of *UV Sanitech*, Emergency lighting, *Supercoolers* and expanded range of i-Series fans and Kitchen Appliances received significant traction and enthusiastic reception from channel partners and consumers. For the first time, Lighting products have attained **Superbrand** status in 2021 indicating the mindshare gains made by Orient Electric in the Lighting category. Fans & Coolers continue to retain the **Superbrand** status on the back of an impressive portfolio line-up centred around energy efficiency and connected products.





## Fans

Business segment review



OEL derives its brand recall and brand franchise that extends to other product categories through the market dominance it has in Fans. Fans continued to be adjudged as a consumer-validated **Superbrand** for the 4th consecutive iteration validating consumer loyalty that Orient commands. OEL accounts for a sizable mind cum market share in addition to being India's largest fans exporter. The importance of the product in a tropical country like India

is evident from the fact that it was perhaps the only consumer durable product to be declared an essential commodity during the first quarter of the year.

Despite the demand shock of the first quarter, Fans business continued to improve market shares through the year on the back of sustained consumer-centric innovation, brand building and market connect activities. As rural demand stayed firm



on account of the good agricultural season, Fans business experienced a change in product mix towards entry-level products in the year under review. Further, the business also rapidly aligned to the shift of general trade channel towards direct retailing from the otherwise dominant practice of metro-centred wholesaling as the metropolitan regions remained under lockdown for a major part of the season.

Powered by insights from rural markets, OEL introduced high-speed fans, *Rapid Air* and *Summer Breeze Pro* to the market in the year under review. Also, an entry-level table fan, *Desk 21*, launched with superior aesthetics and performance features has received an enthusiastic reception from channel partners and consumers. Further, additional product variants were also introduced in the energy efficiency range (*i-float IoT and Atomiser*).

## Strengths of the business

**Legacy:** The principal strength of the Company's fans business is its multi-decade legacy, which has made its fans virtually a generic name in many markets. The Company's products are valued for a superior price-value proposition and endurance, translating into market leadership.

**Captive manufacturing:** The Company draws a sizable advantage from proprietary production facilities delivering the highest quality standards and the ability to control intellectual property related to innovative products.

**Distribution network:** The Company boasts of wide network coverage that ensures availability of OEL's fans across the length and breadth of the country. This distribution network continues to be engaged through the Channel Loyalty program run on the mobile application *Orient Connect*.

**Design capabilities:** A strong and well-experienced Design team with the expertise of delivering first-to-market products across the year augurs well for the Company to capitalize on changing trends and needs of the market.

**Exports:** OEL continued to be the largest exporter of Fans from India thanks to a legacy of product acceptance in global markets. Early wins in market development initiatives for American markets are expected to catalyse exports business in coming years.

## Outlook for 2021-22

With the introduction of energy efficiency norms from 1<sup>st</sup> January'2022, the industry is anticipated to improve unit price realizations. The industry is also likely to see a multi-year demand expansion cycle on account of replacement demand from institutional and government entities. With increasing environmental consciousness and sharply lower payback periods, a massive shift is expected to take place towards energy-efficient fans akin to the LED adoption in the lighting industry.

The Company is geared to introduce a gamut of products - energy-efficient, IoT-enabled and consumer-centric targeting these changing preferences. The Design and Manufacturing teams are well-equipped to deliver through this expected transition.

### Strengthening the entry-level product range

Rural demand has emerged as a resilient and recession-proof segment with rising farm incomes, electrification and increasing aspirations. The rural market prefers products that sport contextualized aesthetics, robust build and those that can withstand voltage fluctuations. Recognizing these changing needs, Orient Electric revamped its entry-level product range through the introduction of 2 high-speed ceiling fan models, *Summer Breeze Pro* and *Rapid Air*. Further, a table fan, *Desk 21* was also launched targeted at this market.

## Home Appliances

Business segment review



Despite challenging external environment, Home Appliances business emerged stronger with growths registered both on topline and bottom line. The Water heaters and winter products continued their super-normal growth trajectory on account of product availability and through product portfolio strategy. With tailwinds from increased work from home, Kitchen Appliances also grew in the year under review. The Appliances business has capitalized on the strong execution capabilities built on the ecommerce platform over the last few years. Further, gradual and deliberate indigenization of components of yesteryears helped the business unit shield itself from external supply shocks and maintain

high levels of product availability to gain market shares.

In the year under review, the Company undertook a massive program to identify and develop vendors for the localization of components. While a continuation of a strategic initiative of previous years, the activity attained heightened importance with the need to future-proof the business from possible supply-chain shocks. This initiative, while increasing the domestic content in the products and improving supply chain resilience, is also expected to yield pricing power in light of changing duty structures. Further, the business also worked on commodity substitution to counter

rising commodity prices and margin pressures.

In the year under review, the business increased its focus on large format retail/ modern trade and ecommerce channels, which are growing in line with changing lifestyle aspirations and shopping habits. A KAM (Key Account Management) approach is being adopted to ensure success in these channels while also launching customized products co-created with the ecommerce platforms.

The partnership with the De'Longhi group initiated in FY 2018-19, continues to provide a strategic market placement advantage to Orient Electric in the kitchen appliances and premium small appliances segments. The partnership has been strengthened over the years with enhanced distribution and portfolio augmentation.

## Strengths of the business

**Brand:** The Company's **Superbrand** status is a clear validation of the brand strength in the Coolers category. Further, in a short span of time, other products (Water Heaters, Kitchen Appliances) have gained significant market shares on the strength of the brand franchise. This reputation has been gained through differentiated products, high product quality standards and a wide product portfolio.

**Execution capabilities in MT & Ecommerce channels:** The Company boasts of superior capabilities to succeed in emerging channels of modern trade and ecommerce with an experienced team that has executed multiple successful go-to-market strategies driven by customer insights, structured workflows and superior products.

**Design capabilities:** Extensive capabilities in energy efficiency and smart/ connected technologies enable the business to launch differentiated products at a superior price-value proposition to the market.

**Speed to market:** Through an efficient Sourcing function & a massive localization program, the business has built a strong network of local vendors that enables the Company to reduce its product development timelines and ensure speed-to-market.

## Outlook for 2021-22

The business intends to maintain the growth momentum from digitization-backed distribution expansion in general trade. Further, work on improving margin profile through a mix of localization, commodity substitution and premiumization will continue to be emphasized to counter increasing commodity prices.

The near-term outlook for the business continues to be optimistic on account of improving lifestyles, increasing adoption of home appliances and premiumization driven by connected technologies. The increased adoption of ecommerce has increased access further improving the demand outlook.

### Adaptive product innovation in Coolers

To target under-indexed market segments, Orient launched customized models after undertaking extensive consumer research. While *Tornado* desert cooler was launched targeted at rural markets with a superior price-value proposition, *Magicool+* window cooler was launched to better serve the needs of consumers in Southern markets. Orient continued innovating on the outdoor coolers through the launch of *Supercoolers* range with improved engineering, aesthetics and performance. *Supercoolers* products are the industry's first branded metal coolers targeted to tap the massive unorganized play in coolers.

## Lighting

Business segment review

# Power gone Light ON

## Presenting Orient Electric Emergency LED Lights

**EMERGENCY LED LIGHTS**

Upto 4hrs POWER BACKUP

Lights will be automatically switched ON to Emergency mode during power cut

Automatically recharges when power is ON

Success of the Lighting business is one of the recent validations of the strategic journey undertaken by the Company which dictated the introduction of products with differentiated technology proposition backed by consumer research. For a business initiated in 2008, it reflects extremely highly of the operational excellence and design capability to emerge as a consumer validated **Superbrand** in such a short span of ~12 years.

Orient's Lighting business is credited with many firsts in the Industry. The business was the first to launch BEE-certified star-rated LED lamps for both 3-star and 5-star products. OEL was also the first in the industry to

establish & pioneer the LED category. It was also the first to launch a product line of health-centric lighting, *EyeLuv* powered by flicker control technology that minimizes invisible flicker in LED lights. Within a short span of initiating supply of street lighting, the Company soon emerged as a preferred supplier to Energy Efficiency Services Limited (EESL), the nodal agency for energy-efficiency projects. The innovation journey continued in the year under review with the launch of *Emergency Lighting* range.

Despite sectoral headwinds, the Lighting business posted industry-leading growth & profitability figures by unlocking manufacturing

efficiencies, maintaining product availability across locations and on the back of sustained market penetration initiatives. The highlight of the business was the retail performance, growing in double digits even as the industry is estimated to have shrunk in value.

We take immense pride in informing you that the business successfully commissioned their first façade lighting project by illuminating Uttarakhand's Dobra-Chanti bridge, the longest motorable single lane suspension bridge in the country, in the year under review.

## Strengths of the business

**Design competence:** Sustained investments in our innovation capabilities are to be credited for the Company's milestones in the lighting business. The Company's ability to launch differentiated products with superior speed-to-market is enabled by superior design competence. An in-depth understanding of electronics, design and manufacturing of LED products has allowed the Company to launch 2-platform technologies – *EyeLuv & Emergency lighting* in 2 years.

**Brand:** The Company's **Superbrand** status is a clear validation of the brand strength in the lighting space. OEL's Lighting products are perceived to be high on product quality and endurance. This reputation has been gained by differentiated products, high product quality standards and a wide product portfolio.

**Ability to execute large Government orders:** The Company, over a period of time, has built a strong ability to execute large government orders. Constant efforts at optimizing product, development of design capabilities, augmenting dedicated manufacturing capacity and benchmarking to demanding government standards have made the Company a preferred LED street-lighting supplier of Energy Efficiency Services Limited (EESL).

**Footprint:** The Company enjoys a substantial pan-India retail presence backed by an extensive distribution footprint.

## Outlook for 2021-22

Lighting business is set to emerge stronger from the prevailing market situation. With government's focus on infrastructure spending & returning institutional demand, the B2B business is set to grow in the coming period.

Constant efforts at improving distribution and entry into e-commerce are set to add momentum to the consistent compounding segment of consumer lighting. The Company is further set to benefit from investments in augmenting current manufacturing capacity, improving product quality, and enhancing automation. Further, the planned engagement programs with influencers – architects, designers, and builders – are set to elevate the brand positioning of the product line-up and open up new opportunities in institutional and façade lighting.

### Designing for Bharat: Emergency Lighting

OEL launched an innovative emergency LED lighting range across Lamps and Battens. Engineered with an inbuilt lithium-ion battery, the products can work on battery backup for four hours during times of power outage and automatically charge once the power supply is available. Powered by extensive consumer insights, these products deliver immense value in areas with unstable grid power or also for use cases where portable lighting is a need (street vendors etc.)



## Switchgear, Switches & Wiring Accessories business

Business segment review



Orient Electric ventured into the Switchgear industry in FY 2015-16 with a differentiated technology proposition centred around safety and a premium positioning. OEL was the first domestic player to offer switchgear with revolutionary Snap Disc Bi-metal (SDB) technology that offered precise tripping, better repeatability and enhanced

longevity. Subsequently, the product portfolio was expanded to modular switches which were also introduced on a safety-centric differentiated technology platform of 3AB technology in FY 2018-19. The premium aesthetics of the modular switch range drew extensive applause and a strong reception in the market since its introduction.



The Switchgear business represents a natural extension of Orient Electric in emerging as a complete electrical solutions provider. Further, the Company's expertise and design muscle lends itself the ability to offer strong and differentiated propositions to win the market. The Company was one of the first to introduce smart plugs in the market on the back of extensive consumer research, technology know-how and design agility.

In the year under review, Switchgear business faced significant headwinds due to multiple factors. The general economic slowdown heavily impacted the housing and institutional demand which traditionally drove the non-replacement/ original demand of the category. The significant demand shock in the first quarter led to the introduction of products at lower pricing points by competition impacting the offtake of the premium products.

Further, the differentiated proposition and premium positioning of the product required high advocacy at the counter by the channel partners. With social distancing and consumers minimizing time spent at the retail counter, the secondary traction was significantly impacted. Covid also has affected the engagement events involving influencers and channel partners.

The Company remains confident that with gradual unlocking of the economy, the business is set to graduate to a higher growth trajectory. Consolidating market share gains of the last few years and revitalizing the influencer engagement programs will constitute the strategic agenda for the near term.

## Strengths of the business

### Safety-centric platform technology:

The Company's products are powered by a proprietary safety-centric technology platform. The Switchgear product portfolio is built on Snap-disc Bimetal (SDB) technology and the Switches product portfolio boasts of 3AB arc-shielding technology.

**Premium Proposition:** OEL's paradigm of prioritizing mind-share over market-share has ensured a strong footing for the business in the premium category. This premium positioning offers the Company enviable patronage by the channel partners and elevated engagement levels with the influencers.

**Manufacturing excellence:** State-of-the-art manufacturing facilities and stringent testing facilities have ensured high product reliability and quality. Product quality & integrity is set to receive a fillip with end-to-end traceability.

**Influencer-driven selling:** OEL has centred its strategy around influencer-driven concept selling. To that extent, the business maintains continuous engagement of Electricians, Architects and Contractors throughout India. We expect this strategy to emerge as a key differentiator in times to come.

## Outlook for 2021-22

The short-term outlook for the sector and business continues to be moderate on account of intensified price-based competition and muted institutional demand. Despite these external headwinds, the Orient brand positioning in the category remains steadfast as a premium player with innovative SDB and 3AB technologies. With rising electrical safety awareness and preference for smart and connected products, the business is positioned to emerge as a strong growth channel in years to come.

### Dedicated B2B range

With increasing product acceptance, the business has introduced a dedicated B2B product portfolio customized to the needs and nuances of the B2B customers. The Salus B2B switch range, targeted mainly for Hospitality & Real Estate industries boasts best-in-class aesthetics, safety-centric 3AB technology and enhanced quality features.

# Management discussion and analysis

## Overview: Rising beyond...

The year 2020-21 would be marked as the year of a historic pandemic spread. While the start of the year was lacklustre with the lockdown effect, Indian economy & consumer electricals industry had adapted to the challenges with some large players gradually returning to normal activity levels in the remainder of the three quarters. Robust rural demand and increased adoption of ecommerce has resulted in a visible movement of channel mix and deeper retail penetration.

OEL responded to the lockdown with agility and adaptability. The new normal encouraged the team to re-imagine OEL's workstyle, processes and organisation structure. Digital and social media were used to stay actively connected with retailers, vendors and channel partners. To enable consumers to connect with nearest retailer, information regularly updated on our website and this was supported by strong communication on social media platforms. Service engineers remotely provided troubleshooting services over video calls & emergency service calls.

OEL leveraged the tailwinds of accelerated technological adoption induced by pandemic, to rollout multiple large digitization initiatives under the entity-wide *e-Wings* program. While business remained challenging, OEL continued investing on strategic focus areas of Talent, Culture, Innovation, Brand, Manufacturing, Service & Supply chain with special focus on cost rationalization & efficiency build-up.

A validation of the strategic direction and strategic choices made over the years, Orient Electric has officially

entered the *Fortune India 500* club in the year under review. Further, OEL has also been featured in Economic Times' *ET 500* list for the first time.

Despite a challenging year of transitions, OEL retained its **Great Place to Work®** certification for the second consecutive year in March 2021, with an improved score.

## Segment-wise Business Analysis

### 1. Economy overview

**Global economy:** The pandemic disruption severely impacted supply chains across the world. While distorted material movement led to an acute shipping container shortage, increased demand for electronic products has resulted in non-electronic products industries (automobiles, consumer electricals etc.) experiencing a heavy shortage of electronic components like semiconductor chips/ PCBs. Commodity availability became a cause of concern & commodity prices have hardened. The rapid development and speedy administration of vaccine program in USA, UK and other countries is set to propel the world to normalcy in the coming days. Increased liquidity, household savings and policy support for low interest rates are expected to lead to consumer spending-led economic recovery globally. A sign of times to come, USA has posted one of the strongest GDP growths in recent years of 6.4% in Q4 FY 2020-21 signalling the start of the recovery.

**Indian Economy:** As economic activity resumed post-lockdown, the Indian economy got impacted by the global developments on commodity availability and prices. This was further accentuated with Indo-China border

standoff and farm bill protests in some parts of the country.

The long term Indian economic growth story remains optimistic on account of lag impact of structural reforms, pro-growth monetary policy and favourable demographics. In the short term, the Indian economy is poised to grow between 10-12.5% in the coming year with vaccine-led recovery of economic activity and low base of the year under review, subject to speed of containment of the second wave that has stealthily seeped into the next year.

### 2. Industry overview

All stakeholders of the Consumer Electricals industry were caught unawares by the speed and firmness of the Government's execution of the sudden lockdown. As the announcement of lockdown came in short notice at the onset of the summer season, Fans & Coolers – seasonal products with huge dependence on summer months had been impacted. The Coolers industry was particularly affected with huge channel stock which is likely to impact industry growth for the next year. Kitchen appliances and Water Heaters have posted impressive growth numbers on the back of increased work-from-home and improved access to products facilitated by ecommerce channels.

Lighting & Switchgear industries experienced significant contractions on account of muted institutional demand. While demand in FY 2020-21 remained at FY 2019-20 levels for consumer lighting, consumer switchgear experienced minor contraction on account of intensified price-led competition. The short-term outlook of Lighting & Switchgear industries looks favourable on

account of modest rebound in the real estate segment, renewed focus of government on infrastructure spending & resurgence of private institutional demand.

The emphasis of the industry's innovation agenda on energy efficiency will continue well into the future apart from the incorporation of convenience-enhancing connected, wi-fi, IoT features. Government's mandated star-rating regulations for ceiling fans from 1<sup>st</sup> January 2022 are expected to give further momentum to the industry with increased average selling price realizations and likely triggering of replacement demand.

The mid-term outlook for the consumer electricals industry continues to be optimistic with increased adoption and shorter replacement cycles, driven by increased work-from-home and shift to energy-efficient products.

### 3. Segment-wise Review and Analysis for the company

#### 3.a. Electrical Consumer Durables

In the face of adversity, OEL has remained agile to market developments, strengthened its position in Fans and bolstered its market shares in Appliances in FY 2020-21. While the peak pandemic impact in the summer season affected Air Coolers sales, OEL capitalized on the return of pent-up demand and its supply-chain strength, to post growths in the remainder of the year. For the year ended 31st March 2021, OEL's Electrical Consumer Durables segment posted revenues of ₹1514 Cr at 101.5% of FY 2020 sales & PBIT of ₹205 Cr at 112.9% of FY 2020 numbers.

While innovation & premiumization continue to drive the Company's portfolio expansion and margin improvement journey, OEL has also remained aligned to market requirements by introducing and

doubling down on rural-focused and entry-level models in line with ensuing demand growth from semi-urban and rural markets. Concurrently, rapid digitization of sales operations, logistics and cost-optimization ideation (Sanchay) have been undertaken to provide further impetus to OEL's journey of widening footprint, manufacturing excellence and enhanced quality.

Some major strategic initiatives carried out during this year are listed below.

- **Energy efficiency range:** With growing need for energy-efficient fans, OEL expanded the *i-Series* range with *i-Float IOT*, *Hector* range with new colours and sweep variants and launched ecommerce-exclusive *Atomiser* fan.
- **Rural-focused products:** Powered by insights from rural markets, OEL introduced high-speed fans *Rapid Air* and *Summer Breeze Pro* to the market in the year under review. Also, an entry level table fan, *Desk 21*, launched with superior aesthetics and performance features has received enthusiastic reception from channel partners and consumers.
- **Innovation in business:** As a consumer centric company, actively listening to emerging need for chemical-free, safe and effective sanitisation during the onslaught of pandemic, OEL moved with speed to launch *UV Sanitech*, completing the entire journey from conceptualisation to commercialisation within 90 days. *UV Sanitech*, a UV-C light-based sanitization chamber for inanimate and daily use objects, has remained the best seller on the major Ecommerce platforms for most part of the year.
- **Indigenization of sourcing:** To ensure continuity of supply chain & reduce susceptibility to external supply chain shocks, OEL has

undertaken an extensive exercise to identify alternative vendor partners in domestic markets and develop these partners to the required quality standards in the year under review. Significant progress has been achieved in improving indigenous content in numerous products.

- **SFA & DMS implementation:** As part of OEL's digitization journey, a large effort has been undertaken to commission SFA (Sales Force Automation) and drive accelerated adoption across the entire sales team. Further to SFA, DMS (Distributor Management System) has also been launched with implementation at major distributors. DMS's pace of implementation and adoption are expected to accelerate in the coming year.
- **Distribution Expansion:** The Company continued to penetrate deeper into its established geographies as a part of its growth strategy. Further, a concerted effort to expand distribution & footprint in sub-urban & non-metro markets had been undertaken in the year under review, towards direct-distribution model from the erstwhile wholesaling approach.

#### 3.b. Lighting & Switchgear

For the year ended 31st March 2021, OEL's Lighting & Switchgear segment posted revenues of ₹519 Cr at 91.0% of FY 2020 sales & PBIT of ₹69 Cr at 116.0% of FY 2020 numbers on account of muted B2B/ institutional spending throughout the year. However, OEL has outperformed the industry in the consumer lighting segment by ensuring product availability and optimizing the product mix. Smart planning & strategic stocking have further enabled OEL to emerge as a major challenger to market leaders in this segment.

Further, focus on digitization-aided network expansion, cost optimization

and quality enhancement continued through the year.

Some major strategic initiatives carried out during this year are listed below.

- **Expansion of consumer product portfolio:** In line with changing consumer needs & aspirations, OEL has expanded consumer product portfolio with introduction of new models of recess panels, downlighters, battens, lamps with differentiated aesthetics and smart features.
- **Emergency lighting range:** OEL continued its streak of pioneering product launches with the launch of emergency lighting range across Lamps and Battens. Engineered with inbuilt Lithium-ion battery, these emergency lighting products can work for 4-hours on battery backup in case of any power outage and automatically charge the inbuilt battery once power supply is available. The launch of emergency lighting range has been supported with expansive advertising campaign across digital and conventional media.
- **B2B Switches & Switchgear range:** A dedicated range for B2B customers with premium aesthetics, highest level of safety and endurance has been launched in the year under review.
- **SFA & DMS implementation:** A concerted effort has been put in to implement SFA & drive its adoption across the entire sales team. Owing to social distancing in practice and the dispersed nature of distributor network in Lighting & Switchgear business, DMS implementation has been slow and is expected to gather momentum once normalcy returns in market.
- **Under-penetration of consumer appliances:** Consumer appliances are under-penetrated in India vis-à-vis developed nations. Channel expansion will continue to drive growth and penetration in the coming years aided by improving consumer aspirations.
- **Increased work-from-home:** With the advancement in remote-work technologies, an increasing preference of employees towards a flexible and remote work schedule is being noticed. Increased work-from-home of urban professionals is expected to provide a fillip to electrical consumer appliances category on account of increased adoption and shortened replacement cycles from increased use.
- **Government Rural housing projects:** Towards its stated aim of 'Housing for All', the Government's target to build over 2+ crore houses via its affordable housing schemes, is expected to widen the headroom for the consumer durable sector.
- **Urbanization:** India's urban population is envisaged to grow to 40% of its total population by 2030 from the current 34% levels, which will catalyse offtake for ECD, Lighting & Switchgear products.
- **Rural demand & increase in disposable incomes:** While the disposable income component of GDP will remain stressed in the short term, previous levels of spending power will return in the medium term, stimulating the consumption demand of

consumer electrical products. Further, Government's ambitious plans on doubling farm incomes, strengthening manufacturing sector and other structural reforms aimed at revitalizing economy are set to further increase rural demand and improve disposable incomes.

- **Rising smartphone usage & adoption of ecommerce:** Increasing data consumption and smartphone usage is resulting in increasing adoption of ecommerce channel and improving industry's access to remote geographies. Further, increasing awareness will drive up the adoption of smart & connected products hastening portfolio premiumization and improving replacement demand across product segments.

## 5. Major Threats

- **Lockdowns & containments:** Market closures such as those experienced in the year under review will adversely impact the revenue-generation capability, growth and profitability of the business.
- **Material costs:** Elevated raw material or resource costs could adversely impact the overall product cost structure resulting in diminished margins.
- **Geopolitical risks:** Changing political sentiments, trade impasses, increased duty structures and foreign policy constructs can directly impact global supply chains (shipping container shortages from an imbalance in trade patterns, customs clearance delays, global shortage of printed circuit boards etc.) significantly straining business-as-usual operations.
- **Climate change:** Erratic weather conditions like delayed summers or winters, shrinkage in season durations, irregular rains and milder winters could impact the offtake of fans, air coolers and water heaters.

## 4. Major Opportunities/ Drivers

- **Energy-efficiency focus:** Increasing awareness on energy efficiency and government push is



- **Increasing competition:** With reduced barriers of entry from the increasing pervasiveness of digital commerce channels and the emergence of large Original Equipment Manufacturers (OEMs) & Original Design Manufacturers (ODMs), many companies are venturing into the Consumer Electricals space. Increased competition might result in irrational price behaviour by some market participants and can negatively impact the industry.
- **Currency fluctuations:** Unprecedented swings in foreign exchange rates driven by global macroeconomic factors/ political considerations may create short term margin pressures from elevated material costs or depressed revenue realizations.

## Strategic Focus Areas

Towards its stated vision of 'Spreading Happiness through Smart Application of Technology', OEL had architected its strategic journey towards 'Consumer Centricity' at its core supported by 6 pillars: Footprint expansion, Innovation, Talent Development, Digitization, Automation & Unification.



## 1. Footprint Expansion: Nurturing Channel partnerships

**Trade connect:** Through the pandemic, OEL maintained continuous engagement with Trade & channel partners and provided support through extended credit and payment incentives. MD & CEO personally sent video messages to the dealer community with vernacular language subtitles to express OEL's concern for their safety and wellbeing and to assure them of OEL's support. OEL's partners-in-progress received covid advisories making them aware of the safety measures in form of posters in English, Hindi and vernacular languages. On the announcement of relaxation of lockdown restrictions, trade partners were provided with safety shields for their shops with demonstration videos for maintaining social distancing during customer interaction.

**Virtual retailer meets:** In Q3 FY 2021, a 60-day program was executed with 100+ virtual meetings engaging more than 5,000 channel partners from across the country. These meetings were organized around geographical clusters with Leadership attendance, discussing product & service challenges at retail counters and to glean the pulse of the market, consumer sentiments and market opportunities.

### Virtual Sales conference for Fans

**Trade partners:** OEL's annual sales excellence conference to reward excellence by trade partners and announce product roadmap was conducted virtually under the theme 'Reboot & Rebound' to connect with 300+ partners and families.

### Continuous retail engagement with

**Orient Connect:** OEL's four-year-old retailer loyalty & engagement platform, *Orient Connect*, made significant inroads in the year under review. The program has ensured continuous engagement of all retailer

partners with OEL and provided strategic insights into the natural distribution flows, price parity and counter-level stock movement. With 'Orient Payday' & 'Choose your gift' campaigns, Orient Connect deepened its channel-connect in FY 2021.

**Ecommerce:** OEL has continued prioritizing ecommerce to provide a ubiquitous presence of the brand across all consumer-purchase points. In line with emerging trends and accelerated adoption of ecommerce as a preferred purchase channel by consumers, OEL's ecommerce channel has been strengthened in the year under review by the creation of a dedicated team driving operations with direct Leadership oversight. OEL also strengthened partner relationships with online-exclusive products, online-first product launches and increased visibility-enhancing spends.

**Institutional relationships:** Despite pandemic-induced muted institutional spending in the year under review, OEL's sales teams strengthened institutional relationships by providing technical trainings, securing product approvals & showcasing product portfolio. The Key Account Management (KAM) approach coupled with channel strengthening is expected to yield significant business in years to come for Orient Electric.

## 2. Innovation

**Innovation in business:** The pandemic presented an opportunity for leveraging OEL's innovation capability, demonstrate the Company's ability to stay agile to changing circumstances and ensure brand relevance in consumer minds. OEL's innovation & product design muscle came into a full-blown display with the launch of *UV Sanitech*, a UV-C light-based sanitization chamber with a one-touch sanitization process that can sanitize all inanimate and daily use objects in 4

minutes from viruses and bacteria including coronavirus. A testimony to our design & manufacturing capability, *UV Sanitech* completed the entire conceptualisation to commercialization journey within 90 days. The design work started in mid-May as Covid19 impact started getting bigger despite extended lockdowns. The product development was determined imperative for the Company to address emergent consumer needs to stay safe and to prove its relevance in a testing time as a purpose-led brand. A true demonstration of one of OEL's core values – Collaboration, the product brought development teams across the 4 businesses together working on designing the product.

**Product-centric innovation:** OEL's emphasis on energy efficiency and smart connected products continued this year. Multiple energy-efficient fans powered by inverter technology were launched and work on improving energy efficiency of existing range of fans to make them compliant with upcoming star-rating norms pursued. Emergency lighting range that can work for 4-hours on battery backup in case of any power outage and automatically charge the inbuilt battery once grid power is available have been introduced in the year under review. Also, work on identification of vendor partners for lowering import dependence and increasing domestic content in the Company's products has been undertaken.

**Innovation centre:** To further synergize the ways of working of Research & Development (R&D) teams across the organization, OEL had undertaken the building of a state-of-the-art dedicated Innovation centre for centralizing all R&D teams and their work. In the year under review, the construction & commissioning of the R&D centre has been completed. The integrated functioning of R&D teams is expected to accelerate OEL's journey of organizing R&D work around competencies & centres of

excellence vis-à-vis a product-based organization currently in practice.

### 3. Talent Development: Creating High-performance culture

In line with OEL's stated objective of creating & sustaining a High-Performance culture, OEL has prioritized continuous employee engagement, employee communication and training through the pandemic to ensure a seamless transition to remote work and gradual restart of normal operations across manufacturing facilities, warehouses, branches & corporate office. To ensure the holistic wellbeing of all employees, OEL has facilitated the enrolment of all employees on *YourDost* ([www.yourdost.com](http://www.yourdost.com)), one of India's leading online counselling and emotional wellness platforms. This facility continued to be live for all 888 employees at the end of FY 2020-21 and will be continued into the foreseeable future.

Employee engagement was amplified through the lockdown period to ensure continuity of communication through regular mailers, Townhalls with Leadership, women connect sessions, Coffee with CEO, Open House sessions, virtual engagement activities (get-togethers, entertainment competitions) and virtual Hi-Flyer ceremonies for recognizing and rewarding exceptional performances. A testament to the inclusive workplace and People-First culture, OEL has been re-certified as Great Place to Work® for the period, March 2021 to February 2022 by Great Place to Work institute. Despite a challenging year where remote work took a dominance, it is heartening to note that the Culture score of Orient Electric on Great Place to Work® assessment exercise improved from 2.5 to 3 on a scale of 5.

#### 3.a. Building a Learning organization

The strategic priority of 'Building a learning organization' received a massive impetus during the lockdown

period with all employees taking self-development & learning on a priority basis. Facilitated by remote work tools, employees across the hierarchies enthusiastically participated in creating a continuous learning culture by way of creating learning collateral, training & learning from peers, and enhancement of selling skills. Over 20000+ person-hours of learning were recorded in FY 2021. OEL will aim to further this momentum in years to come to strengthen this foundation towards building a learning organization.

Further to the continuous learning exercises, two focused programs on training, Future Leaders of Orient Electric (FLOE) & Potential Assessment of Sales Executives (PASE) were undertaken by the Company in year under review. These programs focused on a narrower talent base and were custom designed to act as comprehensive development journeys and to achieve specific pre-defined outcomes.

The first cohort of the FLOE program, initiated in FY 2020 as a comprehensive development journey for critical talent for creating a succession pipeline and enhancing career progression, have completed their development journeys (comprising of in-class trainings, virtual trainings, mentoring & coaching sessions) in FY 2021. The 360° assessments of participants post-conclusion of the program showed marked improvement of scores from those before the program. With learnings from the first iteration, the second iteration of FLOE is now ready to be kicked off in the coming financial year.

PASE program is aimed at spotting talent early at the frontline sales executive level and ringfencing them through focused individualized development plans, job rotations and faster career progression. A potential assessment format was developed internally to assess product knowledge, selling skills, business acumen, digital savviness,

team management skills etc, to map all participants on a 9-box high-potential high-performance classification grid. PASE initiative was launched in June 2020 for all 4 business units covering over 100 sales executives. The assessment exercise now stands complete with clear identification of critical sales talent in the high potential – high performance category. The customized development journeys for all the identified talent including career progression plans have been developed and activated in year under review.

#### 4. Digitization @ e-Wings

Envisaged to enhance deeper insights on market visibility, improve speed-of-doing business, unlock process efficiencies, enable data-driven decision making and sales effectiveness, *e-Wings*, OEL's digitization journey kicked off in FY 2019 with SAP S/4 HANA migration followed by functional module upgradation in FY 2021 and accelerated further in the year under review with multiple initiatives getting commissioned. A select few of the rollouts are captured below.

- **Sales Force Automation (SFA):** Digital enablement for the entire sales force team for attendance, better productivity, beat planning, retailer tracking, retailer stock availability, market mapping & monitoring, market feedback, order placement and contactless selling
- **Distributor Management System (DMS):** Enhanced visibility and tracking of the secondary sales, pipeline inventory at primary points of sale, efficient scheme management, territory-wise sales insights. As DMS involves significant on-ground engagement at each distributor, the adoption and scaleup have been slow on account of ongoing social distancing practices and lockdowns.

- **Transport Management System (TMS):** Improved visibility on dispatch management, order fulfilment, shipment tracking and costs of logistics up to delivery
- **Human Resource Management System (HRMS) – revamp:** Employee lifecycle management system encompassing modules across the hire-to-retire cycle (employee onboarding, attendance & leave, performance management, promotions/ appraisal, rewards & recognition, retirement etc.)
- **Sanchay:** Automated workflow movement through idea, proof-of-concept, implementation & savings realization stages
- **Travel & Expense management system:** Digital posting, approvals and settlement of all employee claims on travel and expense reimbursements – Integrated with SFA, HRMS
- **E-Way Bill & E-Invoicing:** Automated e-way bill & e-invoicing systems to ensure compliance with Government directives
- **Digitized Workflow systems:** Multiple workflow systems have been commissioned in the year under review including Customer & Vendor Onboarding portals, Management Workflows and Collection Management Systems

#### 5. Automation: Harnessing Quality & Manufacturing efficiencies

The journey of improving product quality, uncovering process efficiencies and improving cost-competitiveness received stimulus with multiple initiatives aimed at shop-floor automation, infrastructure re-laying out being undertaken in FY 2021.

In the year under review, a diagnostic study was undertaken and a Detailed Project Report prepared to incorporate best-in-class automation & manufacturing practices in Fans

and Lighting. Initiatives spanning electronics manufacturing automation, packaging, paint shop, motor winding assembly and material movement were evaluated among other proposals for immediate investments. The first leg of the implementation is already underway and is expected to be fully commissioned and utilized at peak capacity in the next 2 years. The undertaken initiatives are expected to augment current installed capacities, open-up new avenues of monetization apart from delivering productivity, space utilization and cost-of-quality improvements.

Further to large scale investments, *Sanchay* has been a source of much of the small-scale, rapid deployment & quick payback initiatives. A potent employee engagement instrument initially envisaged as a localized cost-innovation program running independently at all manufacturing locations, the program received renewed vigour with the launch of a digital platform that democratized ideation across organization and enabled cross-deployment of successful ideas. A system with delegation of authority for investments towards these rapid payback projects with detailed guidelines and tracking of the hurdle payback periods is now integrated with the digital *Sanchay* tool further hastening the deepening of automation culture at Orient Electric.

Automation will remain a focal point of manufacturing strategy to continuously improve quality & productivity.

#### 6. Unification for unlocking efficiencies and synergies

To improve speed of service and strengthen operations, OEL has undertaken multiple initiatives in the year under review spanning across R&D, Marketing, Supply Chain and Service functions. The work towards unlocking synergies through *unification* will continue to be prioritized for years to come.

### 6.a. Innovation centre to unlock R&D synergies

The commissioning of Innovation centre is a major milestone in the consumer-centric strategic journey undertaken with Innovation as a key enabling pillar. It is also symbolic of the new ways of working with R&D teams across businesses now integrated under one-roof as a *One-Orient* team. Moving forward, the R&D function will be organized around competencies & centres of excellence vis-à-vis the existing product-based organizational structure. This re-design is expected to yield significant synergies with consolidation of resources enabling availability to all businesses unlike a siloed architecture which restricted availability and necessitated redundancy.

### 6.b. Strengthening Brand Orient Electric

Despite pandemic disrupting the normal revenue flows of the Company, OEL's branding spends were in line with yesteryears to ensure continuity of visibility and maintenance of brand salience. OEL's emphasis on digital advertising continued in the year under review with a significant increase of on-platform spending (Amazon, Flipkart). Major product innovations of the year – *UV Sanitech*, *i-Series*, *Emergency Lighting* – were launched with a digital-first narrative and on digital platforms.

For the first time, Orient Electric marketed the umbrella brand on the India-England cricket series in February 2021 with on-ground visibility and aired tv commercials of all 4 businesses (Fans, Appliances, Lighting, Switchgear) to present OEL as a complete Consumer Electricals brand.

An endorsement to our product innovation and brand salience, OEL was adjudged '*The Economic Times Best Brand 2020*'. A demonstration of our commitment to product quality and consumer trust, OEL

retained its **Superbrand** status for Fans (fourth time in a row), Coolers (second time in a row) in the year under review. Further, OEL has now been awarded **Superbrand** status for its Lighting products revalidating OEL's innovation-driven portfolio and strategic choices in building the Lighting business.

### 6.c. Improving service delivery

Service and post-purchase engagement remain central to OEL's philosophy of customer-centricity. Service function plays a strategic role as a brand custodian and first port-of-call for end-consumers at Orient Electric. Despite operational challenges during lockdown months, OEL remained the only company in the Consumer Electricals industry to have the call centre operational throughout the lockdown period without any downtime. Service technicians provided remote troubleshooting services to end-consumers via video calls in the lockdown period and for consumers in containment zones through the year.

Further to improve the speed of service delivery, OEL had unified service network across our businesses in identified geographies improving service delivery for over 113 districts in the year under review.

### 6.d. Optimizing supply chain

OEL's commitment to providing best-in-class market service is predicated on a robust supply chain & logistics capability. As part of the *e-Wings* program, Transport Management System (TMS) has been implemented across all warehouses/ dispatch locations in the year under review to improve our servicing capability and unlock efficiencies. TMS is expected to provide us with significant savings and improve the speed of operations (via digitized contract maintenance, automated dispatch scheduling, integrated tracking etc.). To further improve visibility and enhance real-time revenue recognition capability,

e-PoD (electronic proof-of-delivery) has been enabled at majority Distributor locations.

## Risk Mitigation

The Company firmly believes that the core of enduring companies is built on sturdy risk management frameworks. OEL's comprehensive risk management framework architected in line with prevailing best practices in risk management, enabled the Company to shield itself from the impact of the Covid-19 pandemic, ensure business continuity and emerge stronger. OEL's Enterprise Risk Management process that assessed risks arising out of routine business operations and recommended mitigation strategies, was periodically reviewed by the Risk Management Committee and Board of Directors to ensure the effectiveness of the process is preserved.

## Finance

### 1. Operating results

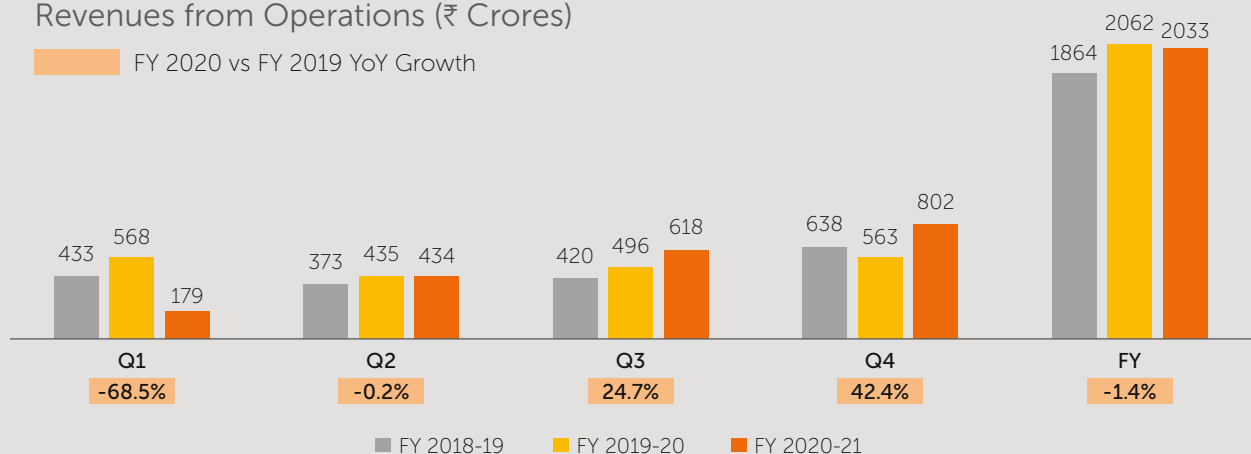
Despite a subdued Quarter 1 on account of pandemic-induced market lockdown, OEL has posted comparable revenues with respect to last year figures across the remainder of the quarters, to attain 99% of FY 2020 topline in FY 2021. Despite a shortfall in revenue numbers, through prudent planning & improvement in cost efficiencies, the Company posted YoY growths on EBITDA, EBITDA%, PAT and recorded a healthy cash flow in FY 2021. These actions have helped us improve the Operating Profit Margin (8.5% to 10.8%) & Net Profit Margin (3.8% to 5.8%) by over 200 basis points in the year under review. The strong financial performance is a clear validation of OEL's brand strength, distribution footprint, product portfolio, and superior price-value proposition.

Leading financial performance indicators & their trajectories are given in the next page.



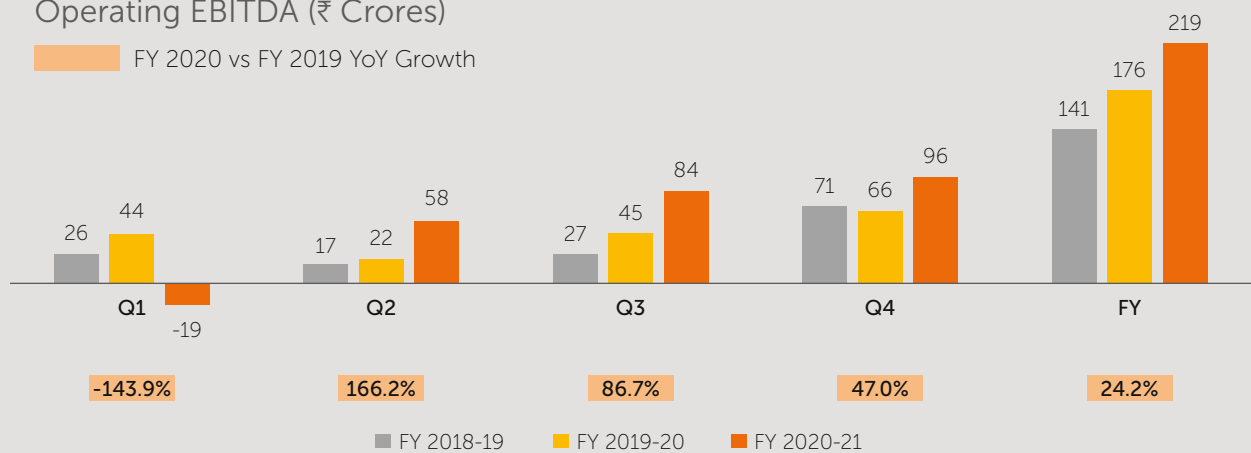
### Revenues from Operations (₹ Crores)

FY 2020 vs FY 2019 YoY Growth



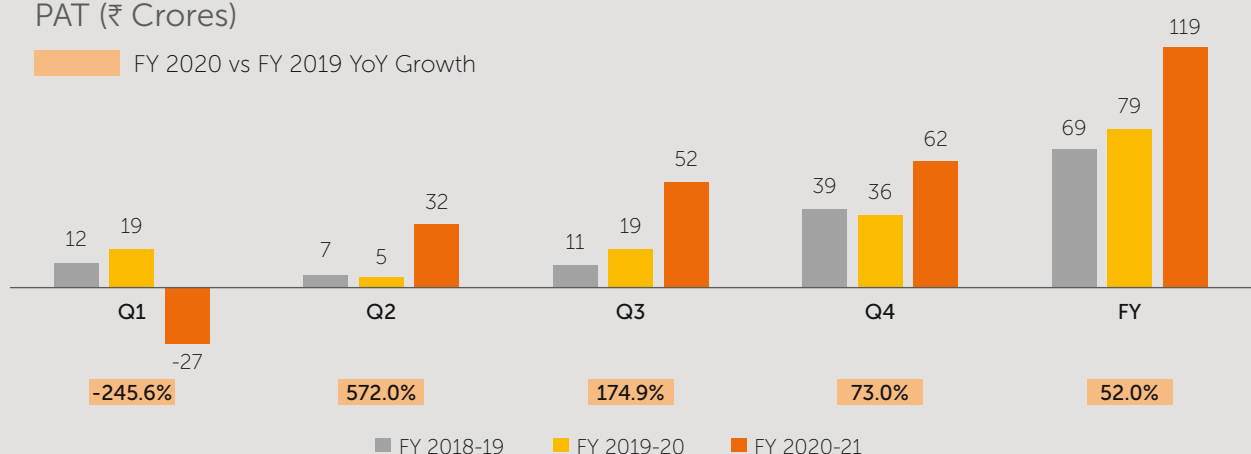
### Operating EBITDA (₹ Crores)

FY 2020 vs FY 2019 YoY Growth

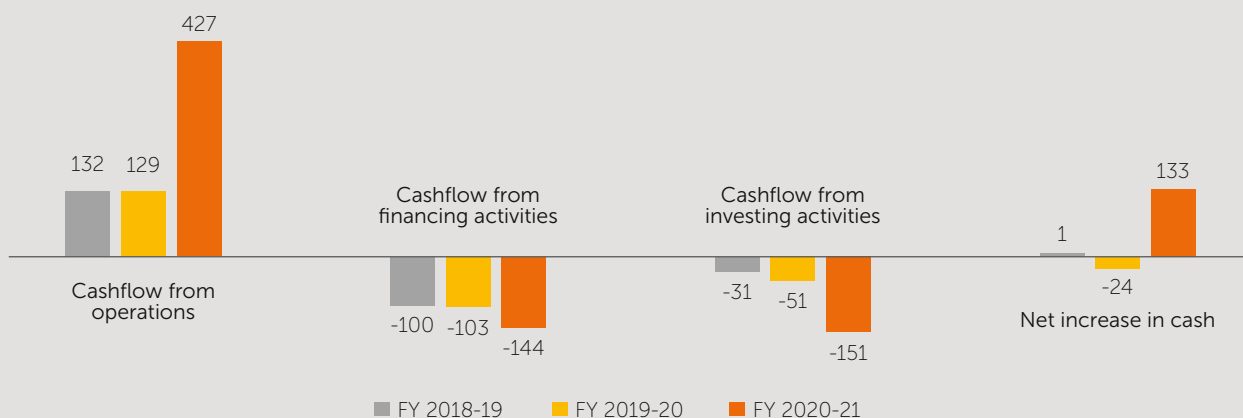


### PAT (₹ Crores)

FY 2020 vs FY 2019 YoY Growth



## Cashflow trajectory (₹ Crores)



## 2. A stronger Balance Sheet enabled by focussed Working capital management

OEL's robust cash-planning and cash-management systems ensured its financial float, allowed it to stay agile and convert a ₹91 Cr net debt end-Mar'2020 to cash-surplus position end-Mar'2021, thus improving the Debt-Equity ratio from 0.27 to 0.03. Also, the strong cash generation and net-surplus cash improved interest coverage ratio from 15.9 to 14.5 indicating robust financial position. Further, the cash-planning policies allowed for the Company to be sympathetic to market realities, support channel partners and vendor partners while also ensuring organizational continuity through the months of April-June 2020 when large-scale uncertainty prevailed in the market.

Proactive digitization & finance initiatives undertaken in earlier years have further helped OEL to maintain healthy working capital through the year. The user-friendly cash management

portal introduced in FY 2020 has allowed OEL to maintain a healthy collections trend through the year without any physical intermediation (branches, cheques etc.) and with instantaneous settlement with host-to-host integration with banking partners. The pandemic window also provided us with an opportunity to renegotiate credit terms with our vendors and increase adoption of Channel Financing & Vendor Financing enablements, first initiated by the Company in FY 2018-19. A fully digitized Travel & Expense Management System enabled electronic logging and settlement of all travel and expense reimbursements of employees through the year ensuring the ability of the company's Finance & Commercial team to remotely support operations without any impediments.

Integrated Cash Management System introduced early part of the year was awarded Integrated Cash Flow Management Project of the Year award in Consumer Goods category at the 13th Inflection Innovation Webinar & Awards organized by Alden Market in association with NASSCOM.

## Corporate Social Responsibility (CSR)

The Company contributed ₹3 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) fund as a responsible corporate citizen & to support Government initiatives in light of the Covid19 pandemic. In addition to the PM CARES contribution, OEL also contributed ₹25 lacs to West Bengal State Disaster Management Authority to support the relief & reconstruction programs being undertaken by the Government of West Bengal in wake of large-scale destruction caused by cyclone Amphan.

## Internal controls systems

The Company's governance framework was designed to enhance performance predictability, business continuity and ensure organization-wide compliance with all relevant laws of the land. The internal control system provides efficiency, reliability and completeness of accounting records thus helping the Company in compiling timely, true and fair

representation of financial and management information. These internal controls also facilitate optimum utilization of resources, protect Company's assets and stakeholder interests. The clearly defined organization structure, delegation of authority, code of conduct, and standard operating procedures enable all OEL's employees to conduct business in an orderly and efficient manner.

With the business processes having undergone changes, the Internal Financial Controls (IFC) has been further strengthened with inbuilt digital controls backed by process controls, segregation of duties, centralisation and automation.

OEL has IFC (Internal Financial Control), Whistle Blower Policy and Fraud Risk Framework Policy to address different risks. The Internal Audit function monitors the effectiveness and adequacy of all control systems and provides recommendations for improvements. A comprehensive Internal Audit Programme is worked out every year in alignment with business priorities and developments, duly approved by the Audit Committee of the Board of Directors. The Audit Committee of the Board reviews every quarter, significant audit findings of the Internal Audit Function, covering operational, financial and other areas and provides guidance on strengthening internal controls.

## Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimations 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 the 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.

## Report of Board of Directors

### Dear Members',

Your Directors take pleasure in presenting the Annual Report on business and operations of your Company along with audited financial statements for the financial year ended March 31, 2021.

### Company's Financial Performance

Key highlights of the financial performance of your Company for the financial year 2020-21 is summarised below:

| Particulars                                    | (₹ in crores)  |                 |
|--|----------------|-----------------|
|  | 2020-21        | 2019-20         |
| <b>Revenue from operations</b>                 | <b>2032.60</b> | <b>2,061.82</b> |
| Other Income                                   | 6.27           | 4.09            |
| <b>Total Revenue</b>                           | <b>2038.87</b> | <b>2,065.91</b> |
| <b>Expenses</b>                                |                |                 |
| Operating Expenditure                          | 1813.09        | 1,885.40        |
| Depreciation and Amortization Expense          | 43.15          | 40.12           |
| <b>Total Expenses</b>                          | <b>1856.24</b> | <b>1,925.52</b> |
| <b>Profit Before Finance Cost and Tax</b>      | <b>182.63</b>  | <b>140.39</b>   |
| Finance Costs                                  | 20.73          | 26.12           |
| <b>Profit Before Tax (PBT)</b>                 | <b>161.90</b>  | <b>114.27</b>   |
| Tax  | 42.16          | 35.65           |
| <b>Profit After Tax (PAT)</b>                  | <b>119.74</b>  | <b>78.62</b>    |
| Comprehensive Income / (Losses)                | (0.40)         | (0.11)          |
| <b>Total comprehensive Income for the year</b> | <b>119.34</b>  | <b>78.51</b>    |
| Dividend                                       | 26.52          | 24.40           |
| Corporate Dividend Tax                         | NA             | 5.02            |
| Transfer to General Reserve                    | 15.00          | 15.00           |
| <b>Balance carried to Balance Sheet</b>        | <b>434.44</b>  | <b>338.17</b>   |
| <b>Earnings per Share (Basic) (in ₹)</b>       | <b>5.64</b>    | <b>3.71</b>     |

### Performance Overview

The onset of the pandemic since March'20 significantly disrupted the business activities in the first half of the financial year and posed high risks of health and wellness for people. After 5-weeks of complete lockdown, cautious and gradual resumption of sales and manufacturing operations happened from May'20 onwards, abiding by all preventive measures and unlocking guidelines prescribed by the government. Your Company quickly responded to the situation by allowing work from home for all support teams. Partitions were made in the factory assembly lines for distancing of work force. Sales and service teams were encouraged to maximise use of digital platforms to connect

with their customers. Clearly defined SOPs were put in place to ensure hygiene and employee safety.

The new normal encouraged the team to re-imagine the workstyle, processes, and organisation structure. The team responded with high agility and adaptability, thus quickly embracing digital ways of working, connecting business partners through social networking media and online video calls, continuous website updates with open and proximate retailer information, strong digital communication, providing Orient Call Centre support and attending to critical customer service calls. The Company also took several cost control measures without compromising on long term strategies, competency building and employee health. The Company experienced high growth in the year from B2C



retail and e-commerce channels. Besides, Tier 2 and Tier 3 markets also saw a noticeable spike more pronounced for the economy products. Overall, all the segments of the Company registered good growth year-on-year across all product lines.

As the business activity rebounded from middle of 2<sup>nd</sup> quarter of the financial year 2020-21 with pent-up demand and rural upsurge, home appliances and lighting segments found renewed traction with consumers largely remaining home bound.

The financial statements for the financial year ended March 31, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs. The Revenue from operation was ₹2,032.60 crores as against ₹2,061.82 crores in the previous year showing a decrease of 1.42%. Earnings before Interest, Depreciation and Tax increased by 24.89% at ₹225.25 crores as against ₹180.36 crores in the previous year. Depreciation was higher by 7.55% at ₹43.15 crores, as against ₹40.12 crores during the previous year due to progressive capitalization and accounting of leased assets (Rights of Use Assets) under IND AS 116. The net Finance Cost, without considering accounting of lease assets under IND AS 116, reduced by 23.85% at ₹16.09 crores, as against ₹21.13 crores during the previous year. Profit Before Tax was ₹161.90 crores as against ₹114.27 crores in the previous year showing an increase of 41.69%. Profit After Tax (post comprehensive income / loss) was ₹119.34 crores as against ₹78.51 crores in the previous year showing an increase of 52.01%.

## Transfer to General Reserve

The Company has transferred an amount of ₹15 crores to the General Reserve of the Company during the financial year ended March 31, 2021.

## Dividend

During the financial year, your Company paid an interim

dividend of ₹0.75 (75%) per share of face value of ₹1 each. Your Directors are pleased to recommend a final dividend of ₹1.25 per share of the face value of ₹1 each on the Share Capital thereby making the total dividend for the financial year 2020-21 to ₹2.00 (200%) per share of face value of ₹1 each. Payment of final Dividend is subject to approval of shareholders at the ensuing Annual General Meeting ('AGM') and if approved would be payable to those shareholders whose names appear in the Register of Members as on the close of business hour on previous day of Book Closure commencement date i.e. July 22, 2021.

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 23, 2021 to Thursday, July 29, 2021, both days inclusive, for determining the entitlement of the shareholders to the final dividend for the financial year ended March 31, 2021 and for annual book closure.

In terms of the provisions of the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividend paid or distributed by a company on or after April 01, 2020 is taxable in the hands of the shareholders. The tax shall be deducted at the rates prescribed under the Income Tax Act, 1961, as amended, which varies based upon the category and residential status of the shareholder. In accordance with the new provisions, the Company deducted tax at source ('TDS') at the applicable rates from the payment of final dividend for the financial year 2019-20 and interim dividend for financial year 2020-21 that were paid during the financial year 2020-21. Shareholders are requested to update their residential status, KYC and PAN numbers with their depository participants, in case of shares held in demat mode and with the Registrar and Share Transfer Agent of the Company, in case the shares are held in physical mode for determining the applicable rate of TDS.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

### Details of dividend(s) declared/ paid by the Company during the last three financial years:

| Type of Dividend | Dividend Percentage    |                        |                        |
|------------------|------------------------|------------------------|------------------------|
|                  | Financial Year 2020-21 | Financial Year 2019-20 | Financial Year 2018-19 |
| Interim Dividend | 75%                    | 65%                    | 50%                    |
| Final Dividend   | 125%*                  | 50%                    | 50%                    |
| <b>Total</b>     | <b>200%</b>            | <b>115%</b>            | <b>100%</b>            |

\*Final Dividend for the financial year 2020-21, is subject to approval by shareholders in the ensuing AGM and will be paid to the entitled shareholders as on book closure date within stipulated timeline post approval by the shareholders at the AGM.

## Dividend Distribution Policy

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**), the Company has adopted a Dividend Distribution Policy to determine the distribution of dividends in accordance with the provisions of applicable laws. The Dividend Distribution Policy is available on the Company's website and can be accessed at the following weblink: <https://www.orientelectric.com/images/investors/dividend-distribution-Policy.pdf>

## Particulars of Loans, Guarantees and Investments

Company has not given any loans, provided any guarantees / security or made investments that are covered under the provisions of Section 186 of the Companies Act, 2013 (**'Act'**) during the financial year ended March 31, 2021.

## Deposits

Company has not accepted any deposits from the public under Chapter V of the Act, during the financial year 2020-21 and as such, no amount on account of principal or interest on deposits from public was outstanding as on March 31, 2021.

## Holding, Subsidiary and Joint Venture Companies

During the financial year 2020-21, the Company had no holding, subsidiary or joint venture company.

**Dubai Office:** The Company continues to maintain representative office (Branch Office) in Dubai Multi Commodity Centre, free trade zone of Dubai, for facilitating business in the Middle East and Africa for its products and also engaging in active business development of new geographies in the international markets.

## Material Changes During and After the Year - Impact of Covid 19

There was no material change during the year under review. Further, there are no material changes and commitments affecting the financial position of the Company that occurred after the close of the financial year under review till the date of this Report. However, the global spread of COVID-19 pandemic and the country wide lockdown affected the business operations in the early part of the year. The business however has well managed and risk was mitigated with pent-up demand, effective inventory and working capital management coupled with introduction of new ways of working.

By staying true to its purpose and its values, the top-most priority for the Company was to ensure the safety of its employees. The Company has taken several measures to ensure their well-being including leveraging the power of technology to enable them to work from home. For those employees working in sales offices and manufacturing locations, their safety has been ensured by stringent use of protective gear, abiding by social distancing norms and taking all safety precautions.

Standing by its core commitment, the Company has been navigating through these unprecedented times by building stronger and deeper relationships with consumers and its partners and also supporting them at the times of crisis through extended terms and timely payments.

Detailed information on the impact of COVID 19 has been included under the Management Discussion & Analysis Report forming an integral part of this Annual Report for the financial year 2020-21.

## Awards & Accolades

For the 2<sup>nd</sup> consecutive year, your Company has been certified as **"Great Place To Work"** in March 2021, for a period of one year starting from March 2021 to February 2022 by Great Place to Work Institute, the global authority in workplace culture assessment and people management practices. Receiving this Award reflects our unwavering commitment in creating and fostering a high performance, people centric culture.

Your Company improved its rating by moving from 'Fortune India Next500 companies' to **"Fortune India 500"** companies. Your Company has also been conferred with **ET Best Brand 2020** during the financial year 2020-21.

## Directors and Key Managerial Personnel

Mr. Desh Deepak Khetrpal, Non-Executive Director and Vice-Chairman of the Company, is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, recommends the re-appointment of Mr. Desh Deepak Khetrpal as a Non-Executive Director, liable to retire by rotation, at the ensuing AGM of the Company. Further, as per the terms of appointment, Non-Executive and Non-Independent Directors are only liable to retire by rotation.

Brief profile of Mr. Desh Deepak Khetrpal and other requirements 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.

During the year under review, there was no change in the Board of Directors and Key Managerial Personnel of the Company.

## Performance Evaluation

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for effective evaluation of the performance of Individual Directors, Committees of the Board and the Board as a whole. Nomination and Remuneration Committee annually reviews the implementation of performance evaluation criteria.

The Board formally assesses the performance of its own, committees of the Board and individual Directors. The Board's performance evaluation is based on parameters which, *inter alia*, include deciding long term strategy, rating the composition and mix of Board members, discharging of governance and fiduciary duties, handling critical and dissenting suggestions, etc. Performance of committees are, *inter-alia*, based on composition of the committee, knowledge of, and participation by, the committee members etc.

The parameters for the performance evaluation of the Directors include contribution made at the Board meetings, attendance, instances of sharing best and next practices, domain knowledge, vision, strategy, engagement with senior management, etc.

The Independent Directors, at their separate meeting, review the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the Company after taking into account the views of Executive Director and Non-Executive Directors, the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Director being evaluated is not present during the discussion.

The Performance Evaluation exercise for the financial year 2020-21 was completed under the supervision of Nomination and Remuneration Committee. On completion of Performance Evaluation exercise, it was concluded that the Executive, Non-Executive and Independent Directors are meeting all the criteria, devoting sufficient time in the matters being placed for discussion before the Board or Committees thereof. The Board as a whole and all the Committees of the Board are discharging their responsibilities effectively. The Board members were satisfied about the adequacy of Board processes and the high leadership skills of the Chairman.

## Declaration by Independent Directors

The Independent Directors have confirmed that they meet

the criteria of independence laid down under Section 149(6) of the Act and Regulation 16 (1)(b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Names of all the Independent Directors of the Company are registered with the Independent Directors' Databank being maintained by the Indian Institute of Corporate Affairs. Requisite confirmations as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, have been received from the Independent Directors in this regard.

The Board of Directors have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same and is of the opinion that all the Independent Directors of the Company have required integrity, experience and expertise.

## Familiarization Programme for Independent Directors

The Management of the Company keeps regularly updating the Independent Directors about the Company's policies, strategies, market conditions, new product launches, rankings, efficacies of internal financial controls, internal and external risks along with mitigation plans, compliance and governance structure and other material information relevant for them to have a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Company. They are given full opportunity to interact with senior management personnel and are provided with all the documents required and/ or sought by them to have a good understanding of the Company, its business model and various operations and the industry of which it is a part. Besides, regulatory changes are briefed to the Board in advance and wherever required expert advice is additionally arranged to provide comfort and appropriate guidance to the Directors.

The details of the familiarization program are provided in the Corporate Governance Report forming an integral part of the Annual Report for the financial year 2020-21.

The initiatives undertaken by the Company in this respect has also been disclosed on the website of the Company and can be accessed through the following weblink: <https://www.orientelectric.com/images/investors/familiarisation-programme.pdf>

## Director's Responsibility Statement

To the best of their knowledge and belief and according

to the information and explanations obtained, in terms of Section 134 of the Act, your Directors state that:

- a. In the preparation of the Annual Accounts for the financial year ended March 31, 2021, 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 the 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 operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Particulars of Directors and Employees

Information required pursuant to Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure A** to this Report.

## Board of Directors and its Committees

As on March 31, 2021 the Board of Orient Electric has six Directors comprising of Executive, Non-Executive and Independent Directors, including one Independent Woman Director.

During the year under review six meetings of the Board of Directors were held. The gap between the two consecutive meetings did not exceed the limits prescribed under the Act and Listing Regulations.

The Board of Directors of your Company has constituted following Committees as per requirements specified under the Act and the Listing Regulations:

1. Audit Committee;
2. Risk Management Committee;
3. Nomination and Remuneration Committee;

4. Stakeholders' Relationship Committee; and

5. Corporate Social Responsibility Committee

During the year under review all recommendations made by these committees were accepted by the Board of Directors. Details on the composition of the Board of Directors and Committees thereof, terms of reference of the Committees, and attendance of Directors in the Board and Committee meetings are provided in the Corporate Governance Report, forming an integral part of this Annual Report.

## Audit Committee

The Audit Committee comprises of three Independent Directors and one Non-Executive Non-Independent Director viz. Mr. TCA Ranganathan, Mr. K Pradeep Chandra and Mrs. Alka Marezbhan Bharucha, being Independent Directors and Mr. Desh Deepak Khetrpal being Non-Executive Non-Independent Director. Mr. Rakesh Khanna, Managing Director & CEO is a permanent invitee to the Audit Committee. Mr. Saibal Sengupta, Chief Financial Officer and Mr. Hitesh Kumar Jain, Company Secretary also attends the Audit Committee meetings. Further details relating to the Audit Committee are provided in the Report on Corporate Governance, forming an integral part of the Annual Report for the financial year 2020-21. During the year under review, all recommendations made by the Audit Committee were accepted by the Board of Directors.

## Meeting of Independent Directors

Pursuant to the provisions of Schedule IV of the Act and the Rules made thereunder a meeting of the Independent Directors of the Company was held on October 27, 2020 without the presence of Non-Independent Directors and members of the Management wherein the Independent Directors discussed, among other matters, the flow of information to the Board of Directors, leadership strengths and weaknesses, governance, compliance and performance of the executive and non-executive members of the Board, including the Chairman.

## Share Capital

During the year under review, no new shares were issued by the Company, therefore there was no change in the Authorised, Issued and Paid-Up Share Capital of the Company.

## Orient Electric Employee Stock Option Scheme - 2019

The Company had introduced 'Orient Electric Employee Stock Option Scheme-2019' ('ESOP Scheme - 2019') in the



financial year 2018-19, as part of its Long-Term Incentive Programme in line with growth objective of the Company and with the intention to attract, motivate and retain high quality talent at the senior level. The ESOP Scheme - 2019 is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (**'ESOP Regulations'**) and Listing Regulations.

During the year under review there was no change in the ESOP Scheme 2019. No new stock option was granted and no stock option, granted earlier, vested during the financial year 2020-21

M/s S.R. Batliboi & Co. LLP, Statutory Auditor of the Company, certifies annually that the Company's ESOP Scheme - 2019 has been implemented in accordance with the ESOP Regulations, and the resolutions passed by the members for the ESOP Scheme - 2019. Said certificate from the Statutory Auditors of the Company shall be available for inspection by the members at the ensuing AGM. Information required under the Act and as per Regulation 14 of the ESOP Regulations read with SEBI Circular CIR/CFD/POLICYCELL/2/2015 dated June 16, 2015 is available on the Company's website and can be accessed at the Web-link: <https://www.orientelectric.com/images/investors/ESOS-2019-disclosure-31Mar21.pdf>

Further details on ESOPs are provided in the notes to accounts of the financial statements for the financial year 2020-21, forming an integral part of this Annual Report.

## Auditors

### Statutory Auditors

In accordance with Section 139 of the Act and the Rules made thereunder, M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 301003E/E300005) were appointed as the Statutory Auditor of the Company to hold the office for a term of five years from the conclusion of the first AGM till the conclusion of sixth AGM of the Company to be held in the calendar year 2022, at a remuneration as may be approved by the Board. Pursuant to the amendment made by the Companies (Amendment) Act, 2017, the requirement of yearly ratification by shareholders of appointment of Statutory Auditors has been done away with. Accordingly, the ratification of their appointment is not being recommended to the shareholders of the Company at the ensuing AGM.

There is no qualification, reservation or adverse remark in the Audit Report on the financials of the Company for the financial year ended March 31, 2021. Auditor's Report is self-explanatory and therefore, does not require further comments and explanation.

The Auditors' Report for the financial year ended March 31, 2021 on the financial statements of the Company forms an integral part of this Annual Report.

### Cost Auditor

The Company has maintained cost records for certain products as specified by the Central Government under Section 148(1) of the Act. The Board of Directors of the Company, on the recommendations made by the Audit Committee, have approved the appointment of Mr. Somnath Mukherjee, Cost Accountant in Practice (M. No. - 5343) as the Cost Auditor of the Company to conduct the audit of cost records for the financial year 2021-22. Mr. Somnath Mukherjee, being eligible, have consented to act as the Cost Auditor of the Company for the financial year 2021-22. Mr. Somnath Mukherjee, has further certified that his appointment is within the limits as prescribed under Section 141(3)(g) of the Act and that he is not disqualified from such appointment within the meaning of the said Act.

The remuneration proposed to be paid to Mr. Somnath Mukherjee, subject to ratification by the shareholders of the Company at the ensuing AGM, has been set out in the Notice of ensuing AGM.

### Secretarial Auditor

The Board of Directors of the Company have appointed M/s A. K. Labh & Co., Practicing Company Secretaries, (Certificate of Practice No. 3238), as the Secretarial Auditor to conduct audit of the secretarial records for the financial year 2021-22, pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. As per Sections 139 and 141 of the Act and relevant rules prescribed thereunder, Company has received consent from M/s A. K. Labh & Co., to act as the Secretarial Auditor for conducting audit of the secretarial records for the financial year ending March 31, 2022, confirming that their appointment is within the limits laid down by the Act and Rules made thereunder and they are not disqualified for being appointed as Secretarial Auditors under the provisions of applicable laws.

The Secretarial Audit Report for the financial year ended March 31, 2021 under Act, read with Rules made thereunder and Regulation 24A of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is annexed with this report as

### Annexure B.

Pursuant to the requirements of the SEBI Circular dated February 8, 2019, the Secretarial Compliance Report for the financial year ended March 31, 2021, in relation to compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder, issued by Mr. A. K. Labh (C.P. No. 3238),

Practicing Company Secretary, has been submitted to the Stock Exchanges within the prescribed time limit.

There is no qualification, observation or adverse remark in the Secretarial Audit Report and Annual Secretarial Compliance Report and the same are self-explanatory and do not call for any further comments.

#### **Reporting by Auditors under Section 143(12) of the Act**

During the financial year 2020-21, the Statutory Auditors, Secretarial Auditor and Cost Auditor of the Company, pursuant to the provisions of Section 143(12) of the Act including rules made thereunder, have confirmed that they have not come across any event indicating commitment of any fraud by the officers or employees of the Company thus, no reporting under the said provision was required.

### **Business Responsibility Report**

Your Company is mindful of the needs of the communities and works to make a positive difference and create maximum value for the society. It has been conducting business in a way that delivers long-term economic value that benefits the society as well. Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting aspirational targets and improving economic performance to ensure business continuity and rapid growth. Your Company is committed to leverage 'Alternative Thinking' to build competitive advantage through customer centricity, innovation, good governance and inclusive human development while being sensitive to the environment.

As stipulated under Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms an integral part of this Annual Report for the financial year 2020-21.

### **Corporate Governance**

Your Company has a rich legacy of ethical governance practices. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. Your Company always places emphasis on managing its affairs with diligence, transparency, responsibility and accountability thereby upholding the important dictum that an organisation's corporate governance philosophy is directly linked to its performance.

The Company is committed to adopt and adhere the established world-class corporate governance practices. The Company understands and respects its fiduciary role and responsibility towards its stakeholders and to the

society at large, and strives to serve their interests, resulting in creation of value for all stakeholders.

A Report on Corporate Governance along with a Certificate from the Statutory Auditors regarding compliance with respect to Corporate Governance as stipulated under Schedule V of Listing Regulations forms an integral part of the Annual Report for the financial year 2020-21.

### **Management Discussion and Analysis Report**

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, as per Regulation 34 of the Listing Regulations, for the year under review, forming an integral part of the Annual Report for the financial year 2020-21.

### **Corporate Social Responsibility**

Your Company is at the forefront of Corporate Social Responsibility ('CSR') and sustainability initiatives and practices. Your Company believes in making lasting impact towards creating a just, equitable, human and sustainable society. Your Company continues to focus its CSR initiatives to drive positive and sustainable change in building resilient communities. Your Company has been involved with social initiatives and engages in various activities in the fields of education, healthcare and communities.

The COVID-19 crisis has been testing the world's capability to respond to a pandemic at a time when the world is already grappling with acute inequalities based on gender, class, access to livelihood opportunities, amongst others. With the socio-economic impacts of the pandemic hitting hard particularly the vulnerable and marginalised groups, there was a need for businesses to step up to support communities in need. Swiftly responding to this, your Company extended its support to the efforts of the Government by contributing ₹3 crores to the 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' ('PM CARES Fund'). By contributing to PM CARES Fund your Company intended to help in enabling the dedicated medical and service fraternity in the frontline of the battle against the pandemic and in mitigating its wide-ranging human impact, particularly on the most disadvantaged section of our society. Further during the year under review, one of the horrifying cyclone 'Amphan' wreaked havoc all across West Bengal and Odisha. Because of the immediate need which arose due to catastrophe of cyclone Amphan, your Company decided to contribute an amount of ₹25 lacs for this cause to West Bengal State Disaster Management Authority.

During the year under review, your Company proactively spent ₹3.25 crores on CSR activities, against the minimum

required amount of ₹2.22 crores. The detailed Annual Report on the CSR activities, pursuant to Sections 134(3)(o), 135(4) of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 containing salient features of Company's CSR policy and activities undertaken during the financial year 2020-21, is annexed herewith as **Annexure C**.

Pursuant to the provisions of the Section 135 of the Act read with Rules made thereunder and Schedule VII thereto the Company has a CSR Policy in place, which is duly being implemented. The CSR Policy of the Company can be accessed at the Company's website through the following Weblink: <https://www.orientelectric.com/images/investors/corporate-social-responsibility-policy.pdf>

The terms of reference of CSR committee framed in accordance with Section 135 of the Act along with its composition details and number of meeting held during the financial year under review, is provided in the Corporate Governance Report which forms an integral part of this Annual Report for the financial year 2020-21.

## Risk Management

Your Company operates in a constantly evolving environment which exposes it to different risks. The Company has adopted an Enterprise Risk Management ('ERM') framework and adopted an enterprise risk management policy based on globally recognized standards to provide a holistic view of aggregated risk exposures as well as to facilitate more informed decisions. Through this framework, the Company is able to identify, assess, mitigate and monitor overall and functional exposure to controllable and non-controllable risks.

The ERM framework is administered by the Risk Management Committee, which is also reviewed by the Audit Committee and the Board. The objective of the ERM framework is to enable and support achievement of business objectives through risk-intelligent assessment apart from placing significant focus on constantly identifying and mitigating risks for the business. The ERM Framework covers various categories of risks including, *inter alia*, information security and cyber security risks, effectiveness of the controls that have been implemented to prevent such risks and continuous improvement of the systems and processes to mitigate such risks.

The ERM framework is structured and involves both bottom-up and top-down approaches, addressing strategic, operational and financial objectives, of the Company and across individual businesses/functions. Operational management has ownership, responsibility and accountability for identifying, assessing, managing and mitigating risks. Senior management monitors and facilitates the implementation of an effective ERM framework along

with the development of policies, processes and controls to mitigate risks and issues. As an independent function, Chief Risk Officer of the Company assures the Risk Management Committee, Audit Committee and the Board of Directors on the effectiveness of the ERM framework in the Company.

The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and ensuring that the risks are brought within acceptable limits. Mitigation plans to significant risks are well integrated with functional and business plans and are reviewed on a regular basis by the management.

The Company endeavours to continuously sharpen its Risk Management systems and processes in line with rapidly changing business environment. The Company, through its risk management process, aims to contain the risks within its risk appetite.

Details of Risk Management Committee is provided in the Corporate Governance Report which forms an integral part of this Annual Report.

## Internal Financial Controls

Internal financial control over financial reporting have been designed to provide reasonable assurance with regards to recording and providing reliable financial information and complying with applicable accounting standards. These controls are reviewed periodically, and the Company continuously tries to automate these controls to increase its reliability.

The Company uses an established ERP system to record day to day transactions for accounting and financial reporting. The ERP system is configured to ensure all transactions are integrated seamlessly with the underlying books of account.

Company has completed the upgradation of its core ERP system to the latest SAP S/4 HANA version with assistance of expert consulting partners. All key internal controls over financial reporting were thoroughly tested along with the core functionalities before migrating to the new system.

The Company has a well-defined and documented delegation of authority with specified limits for approval of expenditure, both capital and revenue. The Company has workflows to ensure adherence to the delegation of authority. The Company has a commercial manual which lays down certain principles and procedures that are to be followed in all commercial transactions across the Company.

The Company periodically tracks all amendments to Accounting Standards and makes changes to the underlying systems, processes, and financial controls to ensure

adherence to the same. All resultant changes to the policy and impact on financials are disclosed after due validation with the Audit Committee.

Corporate accounts function is actively involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account.

The Company gets its financial statements audited every quarter by its Statutory Auditors.

### Digitisation

With the aim to improve business efficiency and process improvements, Company in the previous financial year had launched its ambitious digitisation project “eWings”. Under this project, during the financial year 2020-21, the Company successfully launched a plethora of digital enablement mainly Sales Force Automation, Employee Engagement Modules, Customer Onboarding, Vendor Onboarding, Collection Management System, Management Approval Workflow, Digital Generation of e-Invoicing and e-way bill which is integrated with GST portal of Government of India. A string of other enablement is in progress and shall be launched soon.

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

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (**‘POSH Act’**), the Company has formulated a Policy on Prevention of Sexual Harassment at Workplace (**‘POSH Policy’**) for prevention, prohibition and redressal of sexual harassment at workplace and constituted Internal Complaints Committees (**‘ICC’**), across India where the offices of the Company are located and has the required number of employees, to consider and resolve all sexual harassment complaints reported by women.

At Orient Electric, the goal has been to create an open and safe workplace where every employee feels empowered to contribute to the best of their abilities, irrespective of gender, sexual preferences or any other classification that has no bearing on the employee’s work output.

The constitution of the ICC is as per the POSH Act, and the committee includes external member with relevant experience. Investigations are conducted in accordance with the POSH Act and the POSH Policy. A senior woman employee presides over every case for ensuring just and fair investigation.

The Company periodically conducts sessions for employees across the organization to build awareness about the POSH Policy and the provisions of POSH Act.

One complaint under POSH Policy was received by ICC during the calendar year 2020 which was properly investigated in accordance with the procedures prescribed and adequate steps were taken to resolve. The details of the complaint pertaining to sexual harassment that was filed and disposed off are provided in Corporate Governance Report for the financial year 2020-21. No complaint was pending at the end of calendar year 2020.

## Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism as envisaged in the Act, the Rules prescribed thereunder and the Listing Regulations are captured in the Company’s Whistle Blower Policy to enable all the stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and also to provide for direct access to the Chairman of the Audit Committee. All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud, or violation of any law, rule, or regulation. Awareness of the Policy among the employees of the Company is created through sessions, posters and mailers, portraying the mechanism followed under the Policy. The Company Secretary is the ‘Designated Officer’ under the Whistle Blower Policy of the Company and his contact details are provided in the policy.

Furthermore, employees are free to communicate their complaints directly to the Chairman of the Audit Committee, as stated in the policy. The Company has also provided a dedicated e-mail address for reporting such concerns. Alternatively, the Whistle Blower can also send written communications to the Company in a sealed envelope marked as ‘Protective Disclosure’. All cases registered under the Policy are investigated by the Whistle Blower Committee formed under the Policy and corrective actions are taken, wherever necessary. All these cases along with the investigation reports are placed before the Audit Committee and the Board for their review. The policy is available on the internal employee portal as well as on the Company’s website and can be accessed through the following weblink <https://www.orientelectric.com/images/investors/whistle-blower-policy.pdf>

During the financial year 2020-21, three complaints were received under the Whistle Blower Policy of the Company. The Whistle Blower Committee, comprising of senior managerial personnel, including Managing Director & CEO, investigated the matters in accordance with the procedures prescribed and adequate steps were taken to resolve them, which includes taking necessary disciplinary actions against the employees, who were found to be guilty. As on March 31, 2021, no complaint was pending to be attended to / resolved. Report prepared by the Whistle Blower Committee along with status update on complaints received were



placed before the Audit Committee and Board of Directors of the Company.

Further details on whistle blower policy, complaints received thereunder during the year are available in the Report on Corporate Governance that forms an integral part of this Annual Report.

## Nomination And Remuneration Policy

The Nomination & Remuneration policy adopted by the Company lays down the criteria for selection of Directors on the Board and payment of remuneration to Directors and Senior Management. It also lays down to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management.

The policy of the Company on Nomination & Remuneration, including the criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under Section 178(3) of the Act and Listing Regulations, is available on the website of the Company and can be accessed through the following weblink: <https://www.orientelectric.com/images/investors/nomination-remuneration-policy.pdf>

The Company affirms that the remuneration paid to the Directors of the Company during and for the financial year 2020-21 is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

## Related Party Transactions

All contracts/ arrangements/ transactions entered into by the Company during the financial year under review with related parties were in the ordinary course of business and on an arm's length basis. During the year under review, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Suitable disclosures as required by the Indian Accounting Standards have been made in the notes to the financial statements for the financial year 2020-21. A declaration in Form AOC-2, as required under Sections 134(3)(h) and 188(1) of the Act is enclosed as **Annexure D**.

The policy on related party transactions as approved by the Board is uploaded on the Company's website and can be accessed at the following Weblink: <https://www.orientelectric.com/images/investors/related-party-policy.pdf>

## Compliance With Secretarial Standards

During the year under review your Company has complied

with the respective mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Particulars required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, are given in **Annexure E**, forming part of this report.

## Change in the Nature of Business of the Company

During the year under review, there is no change in the nature of the business operations of the Company.

## Investor Education and Protection Fund

In accordance with the applicable provisions of the Act read with Investor Education and Protection Fund (Accounting, Audit, Transfer, and Refund) Rules, 2016 ('IEPF Rules'), all unclaimed dividends are required to be transferred to the Investor Education and Protection Fund ('IEPF') after completion of seven consecutive years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account of the Investor Education and Protection Fund Authority ('IEPF Authority').

During the year under review no share of the Company was liable to be transferred to the demat account of IEPF Authority pursuant to Section 124(6) of the Act read with IEPF Rules.

During the financial year 2020-21, the Company has transferred ₹6,96,547.50 to IEPF as dividend amount on unclaimed shares transferred earlier to IEPF Authority. The Company has appointed a Nodal Officer under the provisions of IEPF Regulations, the details of which are available on the Company's website and can be accessed through the following link <https://www.orientelectric.com/investors/investors-contact>. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2020 on the Company website, which can be accessed through the following link <https://www.orientelectric.com/images/investors/unclaimed-unpaid-dividend-31-mar-20.pdf>. The details of unpaid and unclaimed amounts lying with the Company as March 31, 2021 will also be available on the website of the Company within 60 days of the AGM.

## Details of dividend amount so far remitted to IEPF are as follows

| Financial Year | Type of Dividend | Dividend declared on | Amount Transferred to IEPF<br>(In ₹) |
|----------------|------------------|----------------------|--------------------------------------|
| 2017-18        | Interim Dividend | February 12, 2018    | 2,78,619.00                          |
| 2017-18        | Final Dividend   | July 16, 2018        | 2,78,619.00                          |
| 2018-19        | Interim Dividend | January 28, 2019     | 2,78,619.00                          |
| 2018-19        | Final Dividend   | July 16, 2019        | 2,78,619.00                          |
| 2019-20        | Interim Dividend | January 28, 2020     | 3,62,204.70                          |
| 2019-20        | Final Dividend   | August 07, 2020      | 2,78,619.00                          |
| 2020-21        | Interim Dividend | January 29, 2021     | 4,17,928.50                          |
|                | <b>Total</b>     |                      | <b>21,73,228.20</b>                  |

## Investor Relations

Your Company continuously strives for excellence in its investor relations engagement with International and Domestic investors. Your Company always believes in leading from the front with emerging best practices in investor relations and building a relationship of mutual understanding with investor/analysts. Keeping this objective in mind, the Company, during the year under review, participated in various investor / analyst interactions / conference calls. In all such meetings nothing was discussed about the Company which was not already disclosed in the public domain. Your Company ensures that critical information about the Company is promptly disseminated to all the investors by uploading the same on the websites of the National Stock Exchange of India Limited, BSE Limited and the Company.

## Registrar and Share Transfer Agent

M/s. Kfin Technologies Private Limited (erstwhile Karvy Fintech Private Limited) is the Registrar and Share Transfer Agent ("RTA") of the Company.

## Annual Return

Pursuant to the provisions of Section 134(3)(a) and 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return of the Company is available on the website of the Company and can be accessed through the following link <https://www.orientelectric.com/images/investors/Annual-Return-31-Mar-2021.pdf>

## Significant and Material Orders Passed by any Regulators or Court

During the year under review no regulator or court has passed any materially significant orders impacting either

the going concern status of the Company or its future operations.

Further, during the year under review, as per available information, no application against the Company was filed in any court in India under the Insolvency and Bankruptcy Code, 2016 nor any proceedings thereunder is pending as on March 31, 2021.

## Appreciations and Acknowledgements

Your Directors wish to extend their sincere thanks to the employees of the Company at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

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

Your Directors also take this opportunity to thank central and state governments, as well as government agencies, banks, customers, shareholders, vendors, and other related organisations that have helped in your Company's progress, as partners, through their continued support and co-operation.

For and on behalf of the Board of Directors  
**For Orient Electric Limited**  
**Chandra Kant Birla**  
Chairman  
DIN:00118473

London  
May 12, 2021

**ANNEXURE A****Details of Remuneration as per Section 197 of the Companies Act, 2013 ('Act') and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.****A. Details as per Section 197 of the Act and Rule 5(1):**

(i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21:

| S. No.                          | Name of Director            | Designation             | Ratio of Remuneration to median remuneration of employees |
|---------------------------------|-----------------------------|-------------------------|---|
| <b>Executive Director</b>       |                             |                         |   |
| 1                               | Mr. Rakesh Khanna           | Managing Director & CEO | 38.65   |
| <b>Non-Executive Directors*</b> |                             |                         |   |
| 1                               | Mr. Chandra Kant Birla      | Chairman                | 5.22  |
| 2                               | Mr. Desh Deepak Khetrapal   | Vice Chairman           | 2.61  |
| 3                               | Mr. TCA Ranganathan         | Independent Director    | 2.32  |
| 4                               | Mr. K. Pradeep Chandra      | Independent Director    | 1.97  |
| 5                               | Mrs. Alka Marezban Bharucha | Independent Director    | 1.97  |

(ii) Percentage increase /(decrease) in the remuneration of Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary, in the financial year 2020-21 is as follows:

| S. No. | Name of the Directors / KMP's | Designation             | Percentage increase / (decrease) in remuneration in the financial year 2020-21* |
|--------|-------------------------------|-------------------------|---|
| 1      | Mr. Chandra Kant Birla        | Chairman                | 28.57   |
| 2      | Mr. Desh Deepak Khetrapal     | Vice Chairman           | 28.57   |
| 3      | Mr. TCA Ranganathan           | Independent Director    | 33.33   |
| 4      | Mr. K. Pradeep Chandra        | Independent Director    | 36.00   |
| 5      | Mrs. Alka Marezban Bharucha   | Independent Director    | 36.00   |
| 6      | Mr. Rakesh Khanna             | Managing Director & CEO | (7.95)  |
| 7      | Mr. Saibal Sengupta           | Chief Financial Officer | (6.00)  |
| 8      | Mr. Hitesh Kumar Jain         | Company Secretary       | (4.10)  |

\*Effective percentage increase / (decrease) is based upon payout during the financial year 2020-21. For Non-Executive Directors, ratio to median remuneration and percentage increase are based on the remuneration in the form of Commission (excluding sitting fees).

**(iii) Median Remuneration:**

During the financial year 2020-21, median annual remuneration of employees increased by 1.37% over the previous financial year.

**(iv) Permanent Employees:**

The Company had 888 permanent employees on its rolls as on March 31, 2021.

**(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration**

**and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Economic activities in the financial year 2020-21 were severely impacted due to global spread of COVID-19. As part of its austerity measures, annual remuneration pay-out to the senior employees and managerial personnel of the Company was reduced while no increments were made in the annual salaries of rest of the employees.

**(vi)** The Company affirms that the remuneration to Directors and employees during the financial year 2020-21 is as per its Nomination and 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 2020-21:

| S. No. | Employee Name           | Designation   | Remuneration (₹crores) | Educational Qualification                        | Age (Years) | Experience (Years) | Date of Commencement of Employment | Previous Employment   | %age of Equity Shares held by the employee in the Company |
|--------|-------------------------|---|------------------------|--|-------------|--------------------|------------------------------------|---|---|
| 1      | Mr. Rakesh Khanna       | Managing Director & CEO   | 3.33                   | B.E. - Mechanical<br>MBA – Marketing             | 58          | 35                 | December 01, 2014                  | Jumbo Electronic-Head, Sony & IT Products, UAE                                  | Negligible  |
| 2      | Mr. Atul Jain*          | Exec. Vice President - Fans BU & International Business             | 2.30                   | B.Tech – Mechanical,<br>MBA                      | 54          | 31                 | July 04, 2017                      | LeEco Technology – COO & Head of India Operations                               | Negligible  |
| 3      | Mr. Srihari Madhava Rao | Sr. Vice President -Innovation                                      | 1.93                   | B. Tech. - ECE                                   | 49          | 27                 | March 19, 2018                     | Philips Lighting India Ltd. – VP & Global R&D Head Professional Lighting System | Negligible  |
| 4      | Mr. Saibal Sengupta     | Chief Financial Officer   | 1.77                   | B. Com, CA                                       | 58          | 24                 | April 02, 2018                     | Usha International – CFO  | Negligible  |
| 5      | Mr. Puneet Dhawan       | Exec. Vice President - Lighting BU & Switchgear, Wiring Accessories | 1.67                   | B.Tech. – Agriculture<br>MBA (Sales & Marketing) | 53          | 30                 | September 09, 2013                 | Crompton Greaves Ltd.- GM Sales (Consumer Business Unit)                        | Nil   |
| 6      | Mr. Salil Kapoor        | Business head – appliances  | 1.65                   | B.E.- Mechanical<br>MBA – (Sales & Marketing)    | 52          | 31                 | December 10, 2019                  | Voltas Ltd. – Chief Operating Officer   | Nil   |
| 7      | Mr. Arvind Kumar Singh  | VP & Head- Manufacturing – Fans                                     | 1.47                   | B.E. (Mechanical)                                | 55          | 32                 | May 02, 2016                       | Hero Cycles Ltd. - Executive Director – Operations                              | Nil   |
| 8      | Mr. Ravi Chopra         | Vice President - Human Resources                                    | 1.04                   | B.Sc. Masters (HRM)                              | 46          | 22                 | July 25, 2016                      | Samsung India Electronics Pvt. Ltd – Director- HR                               | Nil   |
| 9      | Mr. Sunil Kumar Singh   | AVP - Sales & Marketing (Fans)                                      | 0.80                   | B.A. (Honours)<br>MA (Economics)                 | 52          | 28                 | Sep 19, 2011                       | Bajaj Electricals Ltd.- DGM & Regional Manager - Central Fans BU                | Nil   |
| 10     | Mr. Puneet Juneja       | AVP – Service   | 0.79                   | B.E.- Computers<br>EPBM – (Ops. & Marketing)     | 50          | 27                 | Nov 11, 2019                       | Tata Sky Ltd. – Sr. VP – MDU & New Projects                                     | Nil   |

\*Excluding retention part of entitlement.



2. During the financial year 2020-21, employees of the Company, other than Managing Director & CEO, mentioned in point No. 1 above from S. No. 2 to 8, received remuneration of one crore and two lac rupees or more per annum while working for the whole year.
3. Employees of the Company, other than Managing Director & CEO, who, during the financial year 2020-21, received remuneration at the rate of not less than eight lacs and fifty thousand rupees per month while working for a part of the year:

| S. No. | Employee Name          | Designation                                | Remuneration (INR crores) | Educational Qualification                       | Age (Years) | Experience (Years) | Date of Commencement of Employment | Previous Employment                           | %age of Equity Shares held by the employee in the Company |
|--------|------------------------|--|---------------------------|---|-------------|--------------------|------------------------------------|---|---|
| 1      | Mr. Ashok Kumar Singh* | SBU Head (Switchgear & Wiring Accessories) | 0.94                      | B.Tech. (Electricals)<br>M.Tech. (Electricals)  | 57          | 31                 | June 24, 2015                      | Havells India P. Ltd.- VP -Industrial Product | Nil   |
| 2      | Ms. Nitu Jaiswal**     | Asst. Vice President – Special Channel     | 0.36                      | M. Sc. - Botany<br>P.G.D.B.M - (Marketing & HR) | 53          | 23                 | May 1, 2018                        | Spencer's Retail - Vice President Marketing   | Nil   |
| 3      | Ms. Nandini Menon#     | Sr. General Manager – Consumer Insights    | 0.16                      | M.Phil. (Psychology)<br>PhD (Psychology)        | 49          | 23                 | Mar 10, 2021                       | Dabur India Ltd – DGM – Marketing Research    | Nil   |

\*Cease to be in the employment of the Company w.e.f. October 13, 2020.

\*\*Cease to be in the employment of the Company w.e.f. October 15, 2020.

#Appointed w.e.f. March 10, 2021

4. No employee was in receipt of remuneration in the financial year 2020-21 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 & CEO. Also, no employee held by himself or along with his spouse and dependent children, two percent of the equity shares of the Company.

**Note:**

- a. The remuneration includes employer's contribution to Provident Fund and other similar Fund, as the case may be, but excludes the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Remuneration is calculated on actual receipt basis, including variable pay paid during the financial year 2020-21, belonging to the previous financial year and excludes any benefits

accrued but not paid during the year under review, and ESOPS and Long Term Cash Incentives, as the same are not vested / become due, during the year, as per terms of grants.

- b. Nature of employment is contractual in all cases.
- c. None of the above employees is a relative of any Director or Manager of the Company. Managing Director & CEO is not related to any other Director of the Company.

For and on behalf of the Board of Directors

**For Orient Electric Limited**  
**Chandra Kant Birla**

Chairman

DIN:00118473

Place: London

Date: May 12, 2021

## ANNEXURE B

# Secretarial Audit Report

## FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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 31.03.2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

### Auditors' Responsibility

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

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial

records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

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

We have relied upon the accuracy of the documents and information as shared by the Company with us through appropriate Information Technology tools to assist us in completing the secretarial audit work due to unprecedented situation prevailing in the Country due to Covid-19 virus pandemic and the same is subject to physical verification by us post normalization of the situation in due course.

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 31.03.2021 according to the provisions of (as amended) :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;

- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

1. Bureau of Indian Standards Act, 2016
2. Bureau of Energy Efficiency

to the extent of its applicability to the Company during the financial year ended 31.03.2021 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

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

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

**We further report that:**

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.
- (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:**

In the light of heightened concern on spread of Covid-19 across the nation during the early part of the financial year under report, the Company had, in compliance with the directives issued by the government authorities, temporarily suspended operations at its certain Plants and Offices for certain period, which gradually started operations from early May 2020.

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

*Company Secretaries*

Sd/-

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

*Practicing Company Secretary*

FCS – 4848 / CP No.- 3238

UIN: S1999WB026800

UDIN: F004848C000285942

Place : Kolkata

Dated : May 12, 2021

## ANNEXURE C

# Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2020-21.

### 1. Brief outline of CSR Policy of the Company:

Since its inception your Company has been a socially responsible corporate making investments in the community which go beyond any mandatory legal and statutory requirements. In line with the core purpose, the CSR vision of the Company is "through sustainable measures, actively contribute to the social, economic and environmental development of the community in which

the Company operates ensuring participation from the community and thereby create value for the nation". Your Company has been actively involved in the betterment of the society by innovatively supporting them through programs designed in the domains of education, health, environment, disaster management, etc. By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy, we will enable our stakeholders and communities to rise.

### 2. Composition of CSR Committee

| S. No. | Name of Director          | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|---------------------------|--------------------------------------|--|--|
| 1      | Mr. K Pradeep Chandra     | Chairman/ Independent Director       | 2  | 2  |
| 2      | Mr. Desh Deepak Khetrapal | Member/Non-Executive Director        | 2  | 2  |
| 3      | Mr. TCA Ranganathan       | Member/ Independent Director         | 2  | 2  |

### 3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee, CSR Policy and CSR projects approved by the Board is available on the website of the Company and can be accessed through the following weblinks:

- Composition of CSR Committee: <https://www.orientelectric.com/investors/board-of-directors>
- CSR Policy: <https://www.orientelectric.com/images/investors/corporate-social-responsibility-policy.pdf>
- CSR projects: <https://www.orientelectric.com/investors/csr-projects>

### 4. Provide the details of Impact assessment of CSR

projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Since the average CSR obligation of the Company during the last three financial years does not cross the limit of ₹10 crores or more as prescribed in Rule 8(3) of Companies (Corporate Social responsibility Policy) Rules, 2014, therefore the requirement of undertaking impact assessment of CSR projects is not applicable on the Company.

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.



| S. No. | Financial Year | Amount available for set-off from preceding financial years (INR crores) | Amount required to be set-off for the financial year, if any (INR crores) |
|--------|----------------|--|---|
| 1      | 2018-19        | Nil  | Nil   |
| 2      | 2019-20        | Nil  | Nil   |
| 3      | 2020-21        | Nil  | Nil   |
|        | <b>Total</b>   | <b>Nil</b>   | <b>Nil</b>  |

6. Average net profit of the Company as per section 135(5). – ₹110.83 crores

7. (a) Two percent of average net profit of the Company as per section 135(5) – ₹2.22 crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Nil

(c) Amount required to be set off for the financial year, if any – Nil

(d) Total CSR obligation for the financial year (7a+7b-7c). – ₹2.22 crores

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (INR crores) | Amount Unspent (INR crores)   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 3.25   | NA  | NA               | NA  | NA     | NA               |

(b) Details of CSR amount spent against ongoing projects for the financial year: During the year under review there were no ongoing CSR projects of the Company.

| S. No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project |          | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |  |
|-------|---------------------|---|---------------------|-------------------------|----------|------------------|---|---|--|--|--|-------------------------|--|
|       |                     |   |                     | State                   | District |                  |   |   |  |  | Name   | CSR Registration number |  |
| NA    |                     |   |                     |                         |          |                  |   |   |  |  |  |                         |  |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| S. No | Name of the Project   | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project. |          | Amount spent for the project (INR Crores) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|-------|---|---|---------------------|--------------------------|----------|---|--|--|-------------------------|
|       |   |   |                     | State                    | District |   |  | Name   | CSR Registration number |
| 1     | Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund | PM CARES Fund   | NA                  | NA                       | NA       | 3.00                                      | Yes                                      | NA   |                         |

| S. No | Name of the Project  | Item from the list of activities in Schedule VII to the Act                         | Local area (Yes/No) | Location of the project. |          | Amount spent for the project (INR Crores) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|-------|--|---|---------------------|--------------------------|----------|---|--|--|-------------------------|
|       |  |   |                     | State                    | District |   |  | Name   | CSR Registration number |
| 2     | Contribution to West Bengal State Disaster Management Authority for Amphan Cyclone relief activities | Disaster management, including relief, rehabilitation and reconstruction activities | Yes                 | West Bengal              |          | 0.25                                      | Yes                                      |  | NA                      |
|       | <b>Total</b>   |   |                     |                          |          | <b>3.25</b>                               |  |  |                         |

(a) Amount spent in Administrative Overheads – Nil

(b) Amount spent on Impact Assessment, if applicable – NA

(c) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹3.25 crores

(d) Excess amount for set off, if any

| S. No. | Particular  | Amount (INR Crores) |
|--------|---|---------------------|
| 1.     | Two percent of average net profit of the company as per section 135(5)                                      | 2.22                |
| 2.     | Total amount spent for the Financial Year   | 3.25                |
| 3.     | Excess amount spent for the financial year [(ii)-(i)]   | 1.03                |
| 4.     | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                 |
| 5.     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | 1.03                |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| S. No | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (INR Crores) | Amount spent in the reporting Financial Year (INR Crores) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |                     |                  | Amount remaining to be spent in succeeding financial years (INR Crores) |
|-------|--------------------------|--|---|---|---------------------|------------------|---|
|       |                          |  |   | Name of the Fund  | Amount (INR Crores) | Date of Transfer |   |
| 1     | 2018-19                  | Nil  | Nil   | NA  | Nil                 | NA               | Nil   |
| 2     | 2019-20                  | Nil  | Nil   | NA  | Nil                 | NA               | Nil   |
| 3     | 2020-21                  | Nil  | Nil   | NA  | Nil                 | NA               | Nil   |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): There were no ongoing projects of the Company during the preceding financial year.

| S. No | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (INR Crores) | Amount spent on the project in the reporting Financial Year (INR Crores) | Cumulative amount spent at the end of reporting Financial Year (INR Crores) | Status of the project - Completed /Ongoing |
|-------|------------|---------------------|---|------------------|---|--|---|--|
|       |            |                     |   |                  | NA  |  |   |  |

- 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year** – During the financial year ended March 31, 2021, the Company has neither created nor acquired any capital asset, through CSR spent.
- (a) Date of creation or acquisition of the capital asset(s). - NA
  - (b) Amount of CSR spent for creation or acquisition of capital asset – Nil
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - NA
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - NA
- 11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)**  
Not Applicable as the Company has spent more than the limit of 2% of the average net profit for the three immediately preceding financial years towards CSR initiatives.

For **Orient Electric Limited**

**K. Pradeep Chandra**  
Chairman – CSR Committee  
DIN:05345536

For **Orient Electric Limited**

**Rakesh Khanna**  
Managing Director & CEO  
DIN:00266132

## ANNEXURE D

### 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: Nil

| 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. (In ₹ crores) | Date(s) of approval by the Board, if any |
|---------------|------------------------|---|---|---|--|
|               |                        |   |   |   |  |

During the financial year 2020-21 no material contracts or arrangements or transactions were entered into with any related party of the Company, as per the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Related Party Policy of the Company.

May 12, 2021  
Place: London

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

**Chandra Kant Birla**  
*Chairman*  
DIN: 00118473

## ANNEXURE E

# Conservation of Energy and Technology Absorption

## A. Conservation of Energy

The Company continued its energy conservation drive with main focus on reducing energy cost and improving efficiency through adoption of new technology and optimisation of processes thereby reducing operational costs.

The manufacturing units of the Company on an ongoing basis put in efforts to reduce energy consumption year on year, which is reflected in our product development efforts and process upgrades.

Capital investment towards energy conservation equipment and energy saving initiatives at its plants helped the Company in reducing energy cost. Some of the activities carried out during the year towards environment, energy and water conservation are mentioned as under:

- Company inaugurated a new Research & Development (R&D) Centre at Faridabad wherein solar panels and solar lights have been installed to contribute to conservation of energy by using alternate source of energy.
- Re-designing the circuit of the conveyor belt which used to function on continuous basis now functions only when the material is available on the belt.
- Replacing compressed air with root blower which results in conserving energy in PT water tank.
- Reduced horse powers of cooling tower pump motor.
- By replacing double blower with single blower, disconnecting dry-off blower, equipment being operated with Variable Frequency Drives (VFD), variable speed drive with the compressor, replacing 150 watt lights in Tool Room Plant with 45 watt light, identifying ways for reuse of recycled waste water by controlling leakages, etc., Company has effectively implemented various milestones which has resulted in contributing towards energy conservation drive of Orient Electric.

## B. Technology Absorption and Research & Development

The focus of R&D function continues to be in building technological self-reliance by promoting in house research, innovation and creativity to design, develop and upgrade

its products pipeline continuously to support achieving business goals of the Company. During the year Company has inaugurated a new R&D Centre located at Faridabad.

The nature of activities carried out by R&D team of the Company are as follows:

- Inverter technology adopted for all new fans developed during the financial year 2020-21, including launch of new I-Series Fans.
- BLDC fans were developed with re-designed innovative motor / controller which resulted in it becoming compatible with normal regulator used in the Indian market. Shank less fans are developed with metallic blades.
- Induction fans with high efficiency have been developed which are in alignment with "Bureau of Energy Efficiency" star labelling norms.
- New plastic blades were developed with Anti dust, Anti Viral & Anti Bacterial features.
- Introduced Inverter Series of Air Coolers with BLDC Technology, which runs on only 110W power consumption, 45% lower than the existing Conventional Motor Technology, reducing noise level by 10 db and increasing running life by 2.5 times.
- Introduced IOT Series of Aquator Storage Water heater with PUF Injection technology and 5-star BEE energy rating. The new technology helps in better heat retention and offers maximum power saving to end consumer. With IOT technology offering the convenience to operate the Water Heater from anywhere, it also offers modes like ECO and SMART which give additional power saving by upto 10%. Product also has self-diagnosis feature to detect failures.
- Launched UV Sanitech, a box-shaped sanitisation chamber that uses ultraviolet (UV-C) light which kills viruses, bacteria, and fungi on the surfaces of everyday objects and groceries in 4 minutes.

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

- Market share of the Company has increased in the premium segment fans.



- b. Orient Electric is the first Indian company to have launched:
- IOT based super smart fans in the market which can be operated through Google Home/Alexa devices.
  - Aerodynamics based "Aero series" and Inverter technology based I-Series models which is one of the latest technologies w.r.t fans performance & efficiency.
- c. BLDC fans have been developed based on US standards which has also received an approval from Underwriters Laboratories for exporting them in US Market.

Brief illustration on reduction of electricity consumption through products developed by Orient Electric is explained as under:

| Parameters   | Conventional Fans | I-Series Fans         | Star Rated Induction Fans |
|--|-------------------|-----------------------|---------------------------|
| Power Consumption  | 75W               | 32W                   | 46W                       |
| Hours of usage per day   | 16                | 16                    | 16                        |
| KWHR unites per day (Power*hours /1000)                          | 1.20              | 0.512                 | 0.736                     |
| Electricity bill per day @ ₹ 6.5 / unit                          | 7.8               | 3.33                  | 4.78                      |
| Electricity Bill per annum (₹)                                   | 2847              | 1215                  | 1745                      |
| Carbon foot print reduction (KG)                                 | 0.062             | 0.026                 | 0.038                     |
| Fan Operation  |                   | With Normal Regulator |                           |
| Annual Savings on 1 Fan in comparison with conventional fan (₹)  |                   | 1632                  | 1102                      |
| Annual Savings on 4 Fans in comparison with conventional fan (₹) |                   | 6528                  | 4408                      |

#### Future Plan of Actions:

The Company is continuously working to invent newer and advanced technologies for its product lines with the objective to offer maximum possible benefits to its consumers in terms of savings on power bills or providing more comfort alongwith hygiene.

## B. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings and outgo during the year under review are as follows:

(₹ in crores)

| Particulars               | For the financial year ended March 31, 2021 | For the financial year ended March 31, 2020 |
|---------------------------|---|---|
| Foreign Currency Earnings | 89.24                                       | 94.34                                       |
| Foreign Exchange Outgo    | 67.40                                       | 109.54                                      |

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

Date: May 12, 2021  
Place: London

**Chandra Kant Birla**  
Chairman  
DIN: 00118473

# Business Responsibility Report for the Financial Year 2020-21

Pursuant to the provisions of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), Orient Electric Limited (the 'Company') has prepared this Business Responsibility Report ('BRR') which is based on the principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by Ministry of Corporate Affairs, Government of India.

## Section A: General Information about the Company

|     |   |   |
|-----|---|---|
| 1.  | Corporate Identity Number (CIN) of the Company  | L31100OR2016PLC025892   |
| 2.  | Name of the Company   | Orient Electric Limited   |
| 3.  | Registered Address  | Unit -VIII, Plot No. 7, Bhoynagar, Bhubaneswar-751012, (Odisha), India  |
| 4.  | Website   | <a href="http://www.orientelectric.com">www.orientelectric.com</a>  |
| 5.  | E-mail id   | <a href="mailto:investor@orientelectric.com">investor@orientelectric.com</a>  |
| 6.  | Financial Year Reported   | 2020-21   |
| 7.  | Sector(s) that the Company is engaged in (industrial activity code-wise)  | Consumer Electric Goods   |
|     | <b>Group</b>  | <b>Description</b>  |
|     | 2740 / 2710 / 2733  | Lighting, Electrical Distribution and Wiring devices  |
|     | 2750  | Electrical Fans and Appliances  |
|     | (Description as per National Industrial Classification, issued by Ministry of Statistic and Programme Implementation) |   |
| 8.  | List three key products/services that the Company manufactures/provides (as in balance sheet)                         | The Company is primarily engaged in the manufacturing and selling / trading of 'Electric Consumer Durables' (Fans & Appliances) and 'Lighting & Switchgear' (LED Lighting, MCBs and Switches).                |
| 9.  | Total number of locations where business activity is undertaken by the Company  |   |
|     | a. Number of International Locations (Provide details of major 5)   | <b>International:</b> 1 office in DMCC (a free trade zone), Dubai.  |
|     | b. Number of National Locations   | <b>National:</b> 4 manufacturing plants and 44 branch offices and warehouses across India. For locations of the plants refer Corporate Governance Report in the Annual Report for the financial year 2020-21. |
| 10. | Markets served by the Company – Local/State/National/ International   | In national market, the Company sells its products in pan-India while internationally, Company's products are sold in 35 countries.   |

## Section B: Financial Details of the Company

|    |   |  |
|----|---|--|
| 1. | Paid-up Capital (INR)   | ₹21.22 crores  |
| 2. | Total Turnover (INR)  | ₹2,032.60 crores   |
| 3. | Total profit after taxes (INR)  | ₹119.34 crores   |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | During the financial year 2020-21, the Company spent around 3% (₹3.25 crores.) of average net profit of the Company made during the last three financial years, as per Section 198 of the Companies Act, 2013, on CSR activities.<br><br>For more details, refer Annual Report on CSR annexed with the Directors' Report for the financial year 2020-21. |
| 5. | List of activities in which expenditure in 4 above has been incurred                          | a. PM CARES Fund<br>b. Disaster Management   |

## Section C: Other Details

|   |  |                |
|---|--|----------------|
| 1 | Does the Company have any Subsidiary Company/ Companies?   | No             |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)  | Not Applicable |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | Not Applicable |

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for the implementation of BR policy/policies

| Sr. No. | Particulars | Details                                     |
|---------|-------------|---|
| 1       | DIN Number  | 00266132                                    |
| 2       | Name        | Mr. Rakesh Khanna                           |
| 3       | Designation | Managing Director & Chief Executive Officer |

b. Details of the BR head

| Sr. No. | Particulars                | Details                            |
|---------|----------------------------|------------------------------------|
| 1       | DIN Number (if applicable) | N.A.                               |
| 2       | Name                       | Mr. Saibal Sengupta                |
| 3       | Designation                | Chief Financial Officer            |
| 4       | Telephone No.              | 011-40507000                       |
| 5       | Email – ID                 | saibal.sengupta@orientelectric.com |

## Principle-wise (as per national Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business {NVGs}) BR Policies/ Policies (Reply in Y/ N):

| Sr. No. | Questions  | Ethics, Transparency And Accountability | Sustainable Product Life Cycle | Employee's Well-Being | Responsiveness Towards Stakeholders And Society | Human Rights | Respect, Protect And Restore Environment | Public Policy Advocacy | Inclusive Growth | Customer Value |
|---------|--|---|--------------------------------|-----------------------|---|--------------|--|------------------------|------------------|----------------|
|         |  | (P1)                                    | (P2)                           | (P3)                  | (P4)  | (P5)         | (P6)                                     | (P7)                   | (P8)             | (P9)           |
| 1       | Do you have a policy(ies) for..  | Yes                                     | Yes                            | Yes                   | Yes   | Yes          | Yes                                      |                        | Yes              | Yes            |
| 2       | Has the policy being formulated in consultation with the relevant stakeholders?  | Yes                                     | Yes                            | Yes                   | Yes   | Yes          | Yes                                      |                        | Yes              | Yes            |
| 3       | Does the policy conform to any national/international standards? If yes, specify? (50 words)                               | Yes. Note 1                             | Yes. Note 1                    | Yes. Note 1           | Yes. Note 1                                     | Yes. Note 1  | Yes. Note 1                              | Not Applicable         | Yes. Note 1      | Yes. Note 1    |
| 4       | Has the policy being approved by the Board?<br>If yes, has it been signed by MD / owner/ CEO / appropriate Board Director? | Note 1                                  | Note 1                         | Note 1                | Note 1  | Note 1       | Note 1                                   |                        | Note 1           | Note 1         |

| Sr. No. | Questions  | Ethics, Transparency And Accountability | Sustainable Product Life Cycle | Employee's Well-Being | Responsiveness Towards Stakeholders And Society | Human Rights  | Respect, Protect And Restore Environment | Public Policy Advocacy | Inclusive Growth | Customer Value |
|---------|--|---|--------------------------------|-----------------------|---|---------------|--|------------------------|------------------|----------------|
|         |  | (P1)                                    | (P2)                           | (P3)                  | (P4)  | (P5)          | (P6)                                     | (P7)                   | (P8)             | (P9)           |
| 5       | Does the company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?                                 | Yes<br>Note 2                           | Yes<br>Note 2                  | Yes<br>Note 2         | Yes<br>Note 2                                   | Yes<br>Note 2 | Yes<br>Note 2                            |                        | Yes<br>Note 2    | Yes<br>Note 2  |
| 6       | Indicate the link for the policy to be viewed online?  | #                                       | #                              | #                     | #   | #             | #  |                        | #                | #              |
| 7       | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Yes                                     | Yes                            | Yes                   | Yes   | Yes           | Yes                                      |                        | Yes              | Yes            |
| 8       | Does the company have in-house structure to implement the policy/ policies.  | Yes                                     | Yes                            | Yes                   | Yes   | Yes           | Yes                                      | Not Applicable         | Yes              | Yes            |
| 9       | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes                                     | Yes                            | Yes                   | Yes   | Yes           | Yes                                      |                        | Yes              | Yes            |
| 10      | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | Yes<br>Note 3                           | Yes<br>Note 3                  | Yes<br>Note 3         | Yes<br>Note 3                                   | Yes<br>Note 3 | Yes<br>Note 3                            |                        | Yes<br>Note 3    | Yes<br>Note 3  |

If answer to the question in serial no. 1. above, against any principle, is 'No', explain why: (Tick up to 2 options)

| Sr. No. | Questions   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|----|----|----|----|----|----|----|----|----|
| 1       | The company has not understood the Principles   |    |    |    |    |    |    |    |    |    |
| 2       | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3       | The company does not have financial or manpower resources available for the task  |    |    |    |    |    |    |    |    |    |
| 4       | It is planned to be done within next 6 months   |    |    |    |    |    |    |    |    |    |
| 5       | It is planned to be done within the next 1 year   |    |    |    |    |    |    |    |    |    |
| 6       | Any other reason (please specify)   |    |    |    |    |    |    |    |    |    |

Not Applicable

## Policies and Links: #

**P1:** Code of Ethical Standards & Behavioural Conduct Policy, Whistle Blower Policy, Code of Conduct for Directors & Senior Management and Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information are available on the website of the Company and available

at <https://www.orientelectric.com/investors/codes-policies>. Disciplinary Action Policy, Company's Values and Compliance Management Policy are internal policies and available on the Company's intranet portal.

**P2:** Quality Policy, Occupational Health & Safety Policy, Company's Values, General Guidelines for In-shop

Demonstrator & Regional Sales Officers related to train the employees about the products to create consumer awareness, Safety Guidelines of the Products and SOP on Research and Development for new products/ technology are Internal policies of the Company.

**P3:** Group Medclaim and Personal Accident Policy, HiFlyer Policy, WOW Policy, Group Term Insurance Policy, Prevention of Sexual Harassment at Workplace Policy, Marriage Gift Policy, Team Get Together Policy are internal policies and available on Company's intranet portal. Whistle Blower Policy is available on the website of the Company at <https://www.orientelectric.com/investors/codes-policies>.

**P4:** Policies on after sale services and Prevention of Sexual Harassment at Workplace Policy are internal policies. Corporate Social Responsibility ('CSR') Policy and Whistle Blower Policy are available on the website of the Company

at <https://www.orientelectric.com/investors/codes-policies>.

**P5:** Prevention of Sexual Harassment at Workplace Policy and Disciplinary Action Policy are available on the Company's intranet portal. Code of Ethical Standards & Behavioural Conduct Policy and Whistle Blower Policy are available on the website of the Company at <https://www.orientelectric.com/investors/codes-policies>

**P6:** SOP on Environment, Health and Safety is internal policy.

**P8:** SOP on Research and Development for new products is an internal policy; CSR Policy is available on the website of the Company at <https://www.orientelectric.com/investors/codes-policies>

**P9:** Quality Policy, Policies on after sale services, Media & Communication Policy, Social Media Policy, are internal policies of the Company.

#### Notes:

1. Policies confirm to the applicable statutory provisions and align with the national and international industrial best prevailing practices. Policies framed under the statutory provisions are approved by the Board of Directors and signed by the Managing Director & CEO, while the other policies are signed by the Managing Director & CEO or respective Business / Function Head, as applicable.
2. Corporate Social Responsibility Committee of the Board administers the CSR Policy. Audit Committee oversees the Whistle Blower Policy and Compliance Management Policy. Code of Conduct for Directors & Senior Management is overseen by the Board of Directors, while the implementation of the Code of Ethical Standard and Behavioural Conduct for

employees is looked after by the Human Resource Department. Media & Communication Policy and Social Media Policy are implemented by the Branding & Corporate Communication Department in confirmation with the Managing Director & CEO. Environment, Health & Safety Policy is implemented by Plant Heads under the supervision of the Managing Director & CEO of the Company. After Sales Service Policies for redressing customers' complaints are looked after by the Service Head. Shareholders' grievance redressal mechanism is managed by the Company Secretary. Quality and Research & Development policies are supervised by respective quality heads of the plants.

3. Policies are periodically reviewed by the internal teams and independent Internal Auditors.

## 2. Governance Related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Performance of the Company on Business Responsibility is reviewed annually.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes Business Responsibility Report as part of its Annual Report and same is available at <http://www.orientelectric.com/images/investors/Annual-Report-2020-21.pdf>



## Section E– Principle Wise Performance

### Principle 1: Ethics, Transparency and Accountability

#### a. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers / Contractors /NGOs /Others?

The Company has adopted 'Code of Ethical Standards & Behavioural Conduct' ('**Code of Ethics**') and Whistle Blower Policy. The Company's policy on ethics, bribery and corruption are embedded in the Code of Ethics and the Whistle Blower Policy. While the Code of Ethics applies to all the employees of the Company, wherein they are expected to follow the highest standards of moral, integrity, professional and business ethics in all their day-to-day operations and dealings with vendors, suppliers, customers and other stakeholders, the Whistle Blower Policy applies to all the stakeholders. The Whistle Blower Policy provides a mechanism to all stakeholders to report to the Audit Committee instances of illegal or unethical practices, unethical behaviour, actual or suspected fraud, violation of the Code of Ethics or leak / suspected leak of Unpublished Price Sensitive Information. The Company has also adopted a 'Code of Conduct for Directors & Senior Management' applicable to all its Senior Management and Directors, which lays down the duties and responsibilities of all members of Senior Management and Board.

#### b. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has robust mechanisms for all its stakeholders to raise their concerns and proper redressal thereof.

- For customers, the Company has set up a wide network of service centres across India to provide best of customer service experience. Satisfactory redressal of the customer's complaints is monitored by a centralised team. 99.20% of the total complaints received during the financial year 2020-21 (including outstanding from the previous financial year) from customers were satisfactorily resolved.
- For reporting any instance of sexual harassment at workplaces, the Company has set up Internal Complaint Committees ('**ICC**') under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('**POSH**') and the Rules made thereunder. During the financial year

2020-21, one complaint was received under POSH, which was properly investigated and disposed-off by the ICC.

- Under Whistle Blower Policy, during the financial year 2020-21, three complaints were received which were investigated and necessary actions were taken thereupon.
- Under the Listing Regulations, shareholders can seek redressal of their grievances through Securities and Exchange Board of India's Complaint Redressal System ('**SCORE**'). Complaints received on SCORE are forwarded to the Company for taking necessary action. Shareholders can also approach the Company on the email ID- [investor@orientelectric.com](mailto:investor@orientelectric.com). During the financial year 2020-21, no complaint was received from shareholders of the Company either on the above email id or through SCORE.

### Principle 2: Sustainable Products' Life Cycle

#### a. List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company always ethos and encouraged the development of newer and advanced technology, which helps reduce power consumption and are environment friendly.

- UV Sanitech:** In the wake of COVID-19 crises and with an aim to promote hygiene and safe health practices, the Company launched UV Sanitech, a box-shaped sanitisation chamber that uses ultraviolet (UV-C) light which kills viruses, bacteria, and fungi on the surfaces of everyday objects and groceries, in 4 minutes.
- Emergency LED Lights:** Keeping in mind the frequent power cuts, especially in rural areas, the Company launched LED bulbs and LED battens with in-built battery feature, which automatically charges during regular power supply. When power cut happens, the emergency backup mode is activated.
- Energy saver and environment friendly Products:** India accounts for about 25% of global energy demand. With the aim to bring reduction in energy consumption, and promote energy conservation, the Company launched fans and air coolers powered by Electronically Commutated Motor ('**ECM**') technology, which helps to save on energy and electricity cost. Inverter Series of Air Coolers with BLDC Technology and 5 Star BEE energy rating

Storage Water heaters with PUF Injection Technology for Better Heat retention deliver better performance with reduced energy consumption.

**b. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

1. Emergency LED bulbs (9 watts) and LED battens (10 watts) offer high output of 100 lumens/watt and long maintenance-free life of up to 25000 hours. They are inbuilt with the feature of overcharging protection which avoids excessive overcharging thus ensuring safety.
2. ECM technology enabled fans and coolers not only offer savings in energy of upto 50% but also reduce carbon footprint. Unlike conventional induction motors, which use a combination of brush contacts and slip rings to create a rotating magnetic field, ECMs do the same with a voltage rectifier and an electronic control circuit which in turn eliminates friction, motor noise and sparks that usually happen with the brush contacts. Since the wear and tear associated with sparks and friction is eliminated, the ECM has longer service life as compared to induction motor.
3. Inverter Series of Air Coolers with BLDC Technology runs only on 110W i.e. 45% lower than the existing conventional motor. The Technology delivers better performance with reduction in noise level by 10dB.
4. Star BEE rated Storage Water Heaters are 10% more energy efficient.

**c. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of inputs was sourced sustainably?**

The Company has strategically created storage locations and introduced concept of Warehouse Management System for finished goods across the country for quick and easy serving and better transportation of stocks which effectively help in reducing the logistics cost. As part of its sustainable manufacturing practices, the Company gives preference to the vendors situated close to its manufacturing facilities.

**d. Has the company taken any steps to procure goods and services from local & small producers, including**

**communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company gives preference to the vendors, small manufacturers, and local communities in the vicinity of its manufacturing and office locations. In some of its manufacturing plants, the Company has all women assembly lines. Women working in these assembly lines are from surrounding localities. Goods and services such as moulding job work, annual maintenance contract for generators and machineries, as applicable, labourers, housekeeping, some raw materials etc. are sourced from local vendors and small manufacturers. Contractors engaged for providing workers are instructed to give preference to the workforce from local areas. At the same time, the Company do not compromise on the quality, capability, performance, on-time delivery, ethical conduct and meeting all statutory compliances including Environment, Health & Safety compliances. Company treats all its vendors as Business Partners and partnering with local vendors for the Company's business also has cost arbitrage as it reduces the product Bill of Material cost. The Company time to time, through inhouse as well as external trainers, conducts various skill and capability enhancement training programs for local vendors / workers.

**e. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

While the Company does not recycle the products manufactured, however the Company has arrangements with government authorized waste management and recycling agencies for collecting hazardous wastes generated during manufacturing process. Non-hazardous waste is sold as scrap for further recycling.

**Principle 3: Employees' Wellbeing**

There is always a time in an employee's life when he or she faces a personal or a professional crisis and needs the organization's support the most. The Company is concerned about its employee's well-being and support them when they need time off to handle any crisis. The Company also make exception for unusual cases. The Company focuses on supporting personal lives by demonstrating concern. This not only helps earn the trust and loyalty of the employees, but also leads to higher productivity, higher commitment as well as curbs attrition. Such acts also set a precedence and gives confidence to employees that if they were ever in a personal crisis, the Company will stand by them and help

them face and get through the challenge.

With the onset of lockdown, COVID response teams were created to keep a tab of the employees who may have contracted the virus. SOPs were prepared and circulated to all employees to create awareness about the disease and to help employees understand what needs to be done in case somebody gets infected.

Sudden transition from office environment to being restricted to home has been known to have its own side-effects and some people are unable to cope up with the drastic change. The Company being cognizant of this fact decided to put various measures in place to take care of employees' health and wellbeing and to enable an efficient Work From Home ('WFH') scenario for employees.

For psychological well-being, the Company partnered with "YourDost" an online counselling and emotional support platform, which provides counselling to employees regarding various psychological and emotional anxieties. The service is totally anonymous, and employees can get in touch with the trained professionals to discuss about any issue related to such anxieties. The facility is also extended to the family members of the employee. Webinars are also conducted each month to spread awareness about the mental wellbeing. And there are "Wellness Wednesdays" sessions also which are conducted on every Wednesday where employees can de-stress themselves.

For women, WFH has been particularly challenging since they are required to juggle between many responsibilities both at home and at work. Therefore, a webinar was conducted specifically for women employees through the service provider which was centred around de-stressing and maintaining interpersonal relationships to help our women employees to cope up with challenges arising out of WFH scenario.

Besides the professional help, which is being provided through YourDost, the HR team also ensured that they connect with the employees to check their wellbeing. Team Leaders also organized virtual get-togethers for their

teams so that the employees feel engaged even while being present in remote locations.

A survey was also conducted mid-year to understand from employees about their requirements which could enhance their WFH experience. Basis the survey results, the Company provided infrastructure to employees which includes an ergonomic chair, study table, data cards, etc.

Besides this support, there are many policies around employees' well-being be it the Mediclaim policy or the Term Life policy. Such policies help employees, and their families cope up in times of crisis.

The Company has been certified as a 'Great Place To Work' by Great Place to Work® Institute for the second consecutive year, for the period March 2021 - February 2022. This serves as a testimony to the Company's unwavering commitment of creating and fostering a high-performance, people-centric culture.

**a. Total number of employees**

The Company had 888 permanent employees as on March 31, 2021.

**b. Total number of employees hired on temporary / contractual / casual basis**

2975 employees including women employees were hired on temporary / contractual / casual basis.

**c. Number of permanent women employees**

Total number of women employees were 45.

**d. Number of permanent employees with disabilities**

The Company does not discriminate on the basis of physical abilities.

**e. Any employee association that is recognized by management**

Employee's union at Kolkata Plant, affiliated to INTTUC, is recognised by the management.

**f. Percentage of permanent employees who are members of this recognized employee association**

Around 4% of the employees are members of this union.

**g. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment received in the financial year 2020-21 and pending, as on March 31, 2021.**

| Sr. No. | Category  | No. of complaints at the beginning of the financial year | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|---------|---|--|---|---|
| a.      | Child labour/ forced labour/ involuntary labour | Nil  | Nil   | Nil   |
| b.      | Sexual harassment                               | Nil  | 01  | Nil   |
| c.      | Discriminatory employment                       | Nil  | Nil   | Nil   |

**h. What percentage of the Company's under mentioned employees were given safety & skill up-gradation training in the financial year 2020-21:**

|     |   |                                      |
|-----|---|--------------------------------------|
| I   | Permanent Employees                     | 100%                                 |
| II  | Permanent Women Employees               | Covered under permanent employees    |
| III | Casual/Temporary/ Contractual Employees | 100%                                 |
| IV  | Employees with Disabilities             | Covered under Sr. No. I, II, and III |

Continued success of any organisation depends upon the quality of its human resource. Understanding the importance of skill upgradation, the Company focuses on all round development of its employees and thus depending upon their needs has developed a blended learning approach wherein various kinds of trainings are provided through several modes - instructor led training, online learning, projects, mentoring, on the job training, management development program etc. These trainings involve both – enhancements of professional skills as well as improving personal traits. The employees working in manufacturing facilities of the Company are also given training in the areas of safety, health and environment. At Orient Electric, for learning and training programs, employees are categorised into three levels – Junior Management, Middle Management and Senior Management. At junior management level training focuses on enhancing their behavioural skills, technical skills and selling skills through regular online as well as off-line workshops. There is also an increased focus on enhancing product knowledge, market and competition knowledge through calendarized product training session, pre and post test to assess knowledge levels and retention of knowledge for the frontline sales team. Such comprehensive behavioural and technical inputs is done through an initiative – 'Potential Assessment of Sales Executives', which is aimed at identifying Hi-Potential talent and helping the front-line sales force to start selling value to the customer. For middle management training programs are focused on building managerial capabilities leading to cultural change. These are project-based trainings involving development of managerial skills. For senior management trainings include tailor-made coaching through external coaches to work on their individual development plans alongwith customized learning modules like strategic thinking and Developing

Entrepreneurial mindset, Developing Executive presence and Leading others.

Succession planning is done through a focussed initiative - 'Future Leaders of Orient Electric', which is a 12 months development program for identified High Potential/ High Performing Senior managers.

**Principle 4: Responsiveness Towards Stakeholders and Society**

**a. Has the company mapped its internal and external stakeholders?**

Yes. The key stakeholders identified by the Company are employees (permanent as well as contractual), customers, suppliers, shareholders, bankers, government / regulatory authorities, media and communities surrounding the workplaces.

**b. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the disadvantaged, vulnerable and marginalized stakeholders identified by the Company includes the workers and communities surrounding its manufacturing plants. The Company engages with them through various activities, including CSR.

**c. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Yes. financial year 2020-21 grappled with COVID19. The Company managed the pandemic situation with care and empathy while strictly following Covid protocols, instructions and advisories issued from time to time by government authorities. Workers in the plants were paid full wages for the lockdown period despite nil production. The Company in collaboration with government authorities, facilitated its workers in the plants to get them tested for COVID-19. Furthermore, West-Bengal and Odisha witnessed the brutal and devastating effects of cyclone Amphan in the second fortnight of May 2020. The Company stood by the needy and extended all possible support. The CSR activities of the Company during the financial year 2020-21 were also focused on providing support to the government's measures in fighting and controlling the spread of COVID-19 and rehabilitation programs for peoples affected by the cyclone Amphan. Further, the Company has all women assembly lines in its manufacturing operations at Faridabad and Noida where majority of the women employees are from disadvantaged and marginalised communities near plant areas.

**Principle 5: Human Rights**

- a. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company has Code of Ethical Standards and Behavioural Conduct ('Code of Ethics') which is applicable on the employees and their dealing with the customers, vendors, and other outside parties. The Company has also adopted the Policy on Equal Opportunity for Person with Disability. The five core principles of human rights – dignity, fairness, equality, respect and independence are covered in the above two policies. The Company is committed to highest standards of integrity, professional, financial and business ethics in its business operations. The Company is committed to create a workplace that is free from harassment and discrimination, where co-workers are respected, and provided with an appropriate environment so as to encourage good performance and conduct. The Company has also in place Whistle Blower Policy and Prevention of Sexual Harassment at Work Place Policy. These policies provide ample protection against violation of any human rights. These policies provide mechanism for reporting the instances of violation of Code of Ethics or sexual harassment and other discriminatory harassment.

- b. How many stakeholder complaints have been received in the financial year 2020-21 and what percent was satisfactorily resolved by the management?

Refer point (b) of Principle 1 and (a) of Principle 9.

**Principle 6: Respect, Protect And Restore Environment**

- a. Does the policy, related to Principle 6, cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The Company's Policy on Environment, Health and Safety covers all employees at its manufacturing facilities. The Company do not have any Joint venture or subsidiary. Extracts from the Company's Policy on Environment, Health & Safety are displayed at the manufacturing plants in English as well as in local languages.

- b. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. Initiating steps / adopting newer technologies in the manufacturing processes which help address global environmental issues – excessive use of energy, water

and other natural resources leading to increased carbon footprint and global warming, is a continuous process in the Company. Several steps which the Company has taken includes use of ECM and Ecotech energy saver technology in fans and coolers and eco mode in water storage heaters, which reduces the energy consumption. Installation of water dispensers with in-built auto sensors in washrooms and water treatment plants to reduce water wastage. Rainwater harvesting in plants for restoring ground water level. Use of RoHS (Restriction of using Hazardous Substances) compliant components, use of UPS in warehouses instead of diesel generators and tree plantation drives helps control the carbon footprint and global warming.

- c. Does the company identify and assess potential environmental risks?

The Company in all its plants has dedicated resources to identify the potential environmental risks and plan actions to mitigate the same. The Company is following the requirements of ISO14001:2015 standards at Faridabad and Kolkata Plants to mitigate the potential environmental risks.

- d. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Though the Company has not taken up any such project separately however, in the manufacturing process the Company always endeavours to use the technologies and processes which can minimise the harmful impact on the environment. All the plants of the Company are operated in compliance with Environmental, Health and Safety standards.

- e. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.

The Company continuously strives to adopt newer and improved manufacturing processes thereby reducing its power and thermal energy consumption and release of waste in the environment. Exhaust Blower, Liquid Paint Shop Air Handling Unit, Spray Pre-Treatment, Rinsing Pumps and other electrical equipments used in the plants are made energy efficient through usage of 'Variable Frequency Drives' and continuous monitoring. Double Blower in liquid paint shop was replaced with single Blower, discontinuation of Dry-off blower Spray PT operation, variable speed drive with utility air compressor, using low horsepower motor on cooling tower etc., all these measures have the effect of



considerable reduction in power consumption. Installed solar panels in Company's new Innovation Center.

**f. Are the Emissions/Waste generated by the company within the permissible limits given by Central Pollution Control Board /State Pollution Control Board for the financial year 2020-21?**

Yes, the emissions/ waste generated at all the plants of the Company during the financial year 2020-21 were within the permissible limits as prescribed by the Central Pollution Control Board / respective State Pollution Control Boards. Applicable periodic returns are filed with the respective Pollution Control Boards.

**g. Number of show cause/ legal notices received from Central Pollution Control Board /State Pollution Control Board which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

During the financial year 2020-21, the Company received one demand cum penalty order from Haryana State Pollution Control Board for alleged violation of water emission norms. The Company filed a writ petition in Hon'ble High Court at Chandigarh against the order and the order has been stayed.

**Principle 7: Responsible Public Policy Advocacy**

**a. Is the Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

The Company is member of following trade / business associations:

- i. The Indian Fan Manufacturers Associations,
- ii. Electric Lamp and Component Manufacturers Association of India;
- iii. Indian Electrical and Electronics Manufacturers' Association; and
- iv. Electrical Research and development Association.

**b. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

No

**Principle 8: Inclusive Growth and Equitable Development**

**a. Does the company have specified programmes/**

**initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

For the Company, health and safety of all its stakeholders - employees, workers, channel/ vendor partners and their families are of paramount importance. During the pandemic time, the Leadership team of the Company along with on-ground people force was in continuous contact, digitally, with all people, as much as possible, to inquire about their health and wellbeing. Online training sessions covering the aspects of health, safety, product knowledge, soft skills and technical skills were conducted for vendors, channel partners and suppliers.

In a planned manner, employees including contractual workers are trained to enhance their technical and soft skills. Machine operators are trained for multi-skilling activities involved in assembly lines. Under Skill India Program of the Ministry of Skill Development and Entrepreneurship, Government of India, Company holds training and certification programs for the electrician community. The Company also trains B. Tech and ITI students under its Interns' Training Program.

In the backdrop of COVID-19 and Amphan cyclone, during the financial year 2020-21, the Company, as part of its CSR activities, contributed for the wellbeing of the people. For more details on CSR projects refer Annual Report on CSR annexed with the Directors' Report for the financial year 2020-21.

**b. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

The training and developments programs are conducted through in-house teams as well by external agencies.

**c. Have you done any impact assessment of your initiative?**

The Company has set internal parameters to assess the impact of its activities undertaken for development of communities. CSR projects are monitored by the CSR Committee of the Board of Directors through progress reports.

**d. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

For Company's spend on its CSR project, refer Annual Report on CSR annexed with the Directors' Report for the financial year 2020-21. The same is also available on the website of the Company at <https://www.orientelectric.com/investors/csr-projects>

**e. Have you taken steps to ensure that this community**

**development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company undertakes the projects and activities after need evaluation and assessment. It is also ensured, through review, evaluation and progress monitoring that these projects are properly implemented and adopted by the community. For CSR projects, the Company reviews the progress reports.

#### Principle 9: Consumer Value

**a. What percentage of customer complaints / consumer cases are pending as on the end of financial year 2020-21.**

At the start of the financial year 2020-21 when the entire nation was under lockdown, imposed to control the spread of COVID-19, the Company with agility and speed converted its Customer Care Center to WFH mode with the essence of 'listening to customers', 'empathize with customer' and 'act accordingly'. Customer care operations remain uninterrupted as all the team members / agents were trained to WFH using OEL mobile app & CRM. In cases where the complaints of customers do not require field visit, team members guided them the way to self resolves the issues. 0.80% customer complaints were pending as on March 31, 2021.

For customer's complaints the Company has designated separate email id: [customer.connect@orientelectric.com](mailto:customer.connect@orientelectric.com) and a Toll-Free number: 1800 103 7574.

Further, 14 consumer related legal cases were pending as on March 31, 2021.

**b. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Yes, over and above the information required under the Legal Metrology Act, 2009, Bureau of Indian Standard, Goods and Services Tax Act, 2017, the

Companies Act, 2013 and other applicable statutes, the Company discloses on its products the specific features of the product and benefits thereof. Product features and benefits are also displayed on the website of the Company: [www.orientelectric.com](http://www.orientelectric.com) and media advertisements.

**c. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year 2020-21.**

During the last five years no case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour and therefore no case is pending as on the end of the financial year 2020-21.

**d. Did your company carry out any consumer survey / consumer satisfaction trends?**

During the financial year 2020-21, the Company did not carry out any consumer survey.

However, the Company received several appreciation messages from its customers, on the manner in which the customer care center of the Company handled customers' complaints during the lockdown period and thereafter following all the safety and hygiene measures.

For Orient Electric Limited

**Rakesh Khanna**

*Managing Director & CEO*

DIN:00266132

May 12, 2021

# Corporate Governance Report

## Corporate Governance Philosophy

Orient Electric Limited (the '**Company**' or '**Orient Electric**'), echoes the CK Birla Group's established reputation for sound governance. The Company's culture of corporate governance embeds a high level of transparency, accountability and equity by employees, management and Board, in all facets of its operations and interactions with its stakeholders, including shareholders, employees, customers, bankers, vendors and the government. The Company has always worked towards achieving excellence in its working with integrity and in collaboration with all its stakeholders, building trust and long-term relationship with them while at the same time practicing due care and empathy for the needy. The Company has established systems and procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfil their overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

The financial year under review saw challenging times for the Company due to impending COVID-19 pandemic. The situation continues to be exceptional and dynamic. The Company has voluntarily provided continuous updates to shareholders and external stakeholders through the quarterly Investor releases and investor interactions from time to time. The Company also focused on the pandemic risk and closely monitored the implications, actions and response on the same in every meeting. The regulators including Ministry of Corporate Affairs ('**MCA**') and the Securities Exchange Board of India ('**SEBI**') promptly announced many relaxations with respect to the compliance requirements to facilitate companies to conduct smooth operations and cope with the challenging times. The Company appreciates and acknowledges the relaxations and dispensations granted by MCA and SEBI, mainly related to conducting Annual General Meeting through electronic mode and dispatch of Annual Report electronically to shareholders who have registered their email addresses. These relaxations were noteworthy and were the need of the hour.

This report on Corporate Governance explains on how the Corporate Governance Principles are put into practice in Orient Electric and is prepared in accordance with the provisions of the Securities and Exchange board of

India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('**Listing Regulations**').

## Board Of Directors

The Company believes that an enlightened and informed Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Company has established guidelines and framework for the meetings of the Board and Committees, which foster the culture of broad and open discussion amongst Board Members and put in place a well-defined decision-making process.

## Board Composition

The Company believes in a well-balanced Board which enriches Board discussions and enables effective decision making. The Board of your Company has a good and diverse mix of knowledge, experience and professionalism. One half of the Board is Independent where majority of the Board Members being Non-Executive and the same is in line with Regulation 17 of Listing Regulations. The Board Members have considerable expertise in their respective fields including competencies required in context of Company's businesses.

As on the date of this Report, the Board consists of one Non-Executive Chairman, one Non-Executive Vice Chairman, one Executive Director, designated as Managing Director & CEO, and three Non-Executive- Independent Directors. Profiles of the Directors are available on the website of the Company viz. [www.orientelectric.com](http://www.orientelectric.com). None of the Directors on the Board of the Company is a director in more than 10 public limited companies or seven listed companies or serves as an independent director in more than seven listed companies or three listed companies in cases where he / she is whole time director or managing director in a listed company. Further, none of the Directors is member of more than 10 (ten) Committees or Chairman of more than 5 (five) Committees (Audit Committee and Stakeholders' Relationship Committee) across all the public companies in India in which he/she is a director. None of the Directors of the Company is inter-se related to each other.

**Composition, Directorships, Committee positions, including that of the Company, as on March 31, 2021.**

| S. No. | Name of Director             | Category   | No. of Directorship* |         | No. of Committees #                 |              | Directorship in Other Listed Company   |  |
|--------|------------------------------|--|----------------------|---------|-------------------------------------|--------------|--|--|
|        |                              |  | Public               | Private | Membership (Including Chairmanship) | Chairmanship | Name of listed entity  | Category of Directorship   |
| 1      | Mr. Chandra Kant Birla       | Chairman – Promoter -Non-Executive               | 8                    | 1       | Nil                                 | Nil          | 1. Birlasoft Limited<br>2. HIL Limited<br>3. Orient Cement Limited<br>4. Orient Paper & Industries Limited                     | Non-Executive<br>Non-Executive<br>Non-Executive<br>Non-Executive |
| 2      | Mr. Desh Deepak Khetrpal     | Vice Chairman Non-Promoter–Non-Executive         | 3                    | Nil     | 4                                   | Nil          | 1. Orient Cement Limited<br>2. HIL Limited   | Managing Director & CEO<br>Non-Executive                         |
| 3      | Mr. Rakesh Khanna            | Managing Director & CEO Non-Promoter – Executive | 1                    | Nil     | 1                                   | Nil          | Nil  | NA   |
| 4      | Mr. TCA Ranganathan          | Independent – Non-Executive                      | 2                    | Nil     | 2                                   | 2            | Security and Intelligence Services (India) Limited   | Independent  |
| 5      | Mr. K Pradeep Chandra        | Independent – Non-Executive                      | 2                    | 1       | 3                                   | Nil          | Moschip Technologies Limited   | Independent  |
| 6      | Mrs. Alka Marezbhan Bharucha | Independent – Non-Executive                      | 9                    | 2       | 9                                   | 3            | 1. Birlasoft Limited<br>2. Hindalco Industries Limited<br>3. Honda India Power Products Limited<br>4. Ultratech Cement Limited | Independent<br>Independent<br>Independent<br>Independent         |

\*Excludes directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013 and alternate directorships.

#Membership(s) / Chairmanship(s) of only audit and stakeholders' relationship committees in all public limited companies. Chairmanship in such committees have been included in the total membership of respective Director(s).

## Board Procedures and flow of information

The Board / Committee meetings are pre-scheduled. However, in case of any special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent respective meetings. The Company also provides video conferencing facility to its Directors to enable them to participate in the discussions held at the meetings when it may not be possible for them to be physically present for the meeting. In the backdrop of global spread of COVID-19, the Central and State Government(s) issued several directives necessitating social distancing, travel and other restrictions. Pursuant to various notifications, issued by the MCA, SEBI and the Institute of Companies Secretaries of India on conducting Board / Committee Meetings through video conferencing or other audio-visual means, all the meetings of the Board of Directors and Committees thereof during the financial year

2020-21 were conducted through video conferencing.

The Board has been very concerned and empathetic towards the health and safety of its board members and employees of the Company. The Board has been seeking regular updates from the management on the health, hygiene and safety initiatives being taken by the Company in its offices and manufacturing facilities for ensuring well-being of all our employees and other stakeholders. Apart from health and safety, there have been discussions on performance of the Company, review of financial results, industrial relations, strategic planning, governance and regulatory matters, declaration of dividend and such other matters as required under the Companies Act, 2013 ('Act'), Listing Regulations and other applicable legislations.

The Board has complete access to all information of the Company necessary for it to perform the Board functions. Normally, the following information, as applicable for the respective meetings, are provided to the Board and the agenda alongwith related papers for the meetings are

circulated seven days in advance of each meeting:

- Annual operating plans, capital and revenue budgets and updates therein.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level, including Key Managerial Personnel.
- Updates on the risks identified including pandemic risk, their implications to the business and financial performance and mitigation thereof.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents and dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any material relevant default in financial obligations to and by the Company or substantial non- payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Any significant development in the human resources and industrial relations front.
- Sale of investments, subsidiaries and assets which are material in nature and not in the normal course of business.
- Diversification of business activities, launch of new products, set up / closure of manufacturing facilities.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement; and
- Status of compliance of applicable laws, listing requirements and shareholder services such as non-payment of dividend, delay in share transfer etc.

## Board Support

The Company Secretary attended all the meetings of the Board and its Committees during the financial year 2020-21. He is responsible for collation, review and distribution of all papers to be submitted to the Board and Committees thereof for their consideration. The Company Secretary with the permission of Chairman and after seeking availability of the Board / Committee members, convenes the Board

/ Committee meetings, prepare Agenda and circulate the same to Board / Committee Members at-least seven days in advance. The Company Secretary advises / assures the Board and its Committees on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leverage technology and reducing paper consumption, the Company has adopted a secured web-based application for transmitting Board / Committee Agenda and related papers. The Directors of the Company receive the Agenda and related documents in electronic form through this application, which can be accessed on iPads or mobile or even through browser on laptops / desktops. The application meets high standards of security and integrity that are required for storage and transmission of Board / Committee Agenda in electronic form.

## Roles and Responsibilities of Board Members

The duties of Board Members as a Director have been enumerated in Listing Regulations, Section 166 of the Act and Schedule IV of the said Act, the last being Independent Directors specific. There is a clear demarcation of responsibility and authority amongst the Board Members.

## Board Membership - Qualifications, Expertise and Attributes

Company believes that a diverse skill set is required to arrive at balanced decisions. The Board of the Company comprises of eminent personalities and leaders in their respective fields. The Directors are nominated based on well-defined selection criteria. The Nomination & Remuneration Committee, which consists of Non-Executive and Independent Directors, is primarily responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director. The Committee, based on defined criteria, skill sets required and expertise available, identifies potential candidates who are qualified to be appointed as Directors and makes recommendations to the Board. Criteria for appointment to the Board, amongst other traits, primarily includes the qualification, experience, expertise, integrity, skills, age and diversity on the Board. The Nomination and Remuneration Committee refers to the key board qualifications and attributes in consultation with the entire Board to determine the skills and experience required, for the Board as a whole and for individual members. The Board recommends the appointment of the director to the shareholders. The proposal is placed before the shareholders for approval. Non-Executive Directors, except Independent Directors, of the Company, are liable to retire by rotation at the Annual General Meeting and, if eligible,



offer themselves for re-appointment. Independent Directors are appointed for a term of 5 years. The Managing Director & CEO of the Company is not liable to retire by rotation and serves in accordance with the terms of appointment under supervision of the Board.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself about the independence of the Directors vis-à-vis the Company to enable the Board to discharge its functions and duties effectively.

### Skills / Expertise / Competencies of Board of Directors

The Company recognises the importance of having a Board comprising of Directors who have a range of experiences,

capabilities, and diverse viewpoints. This helps create an effective and well diversified board. The Board comprises of qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees. The Board has sufficient breadth of skills, competencies and expertise in areas of Leadership, Management and Operation of Industrial Enterprises, Legal, Administration, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise, which the Board of Directors have identified as required for the business and operation including the industrial sector in which the Company operates. Furthermore, the respective Committees and the Board also seek expert opinion from specific advisors or auditors on need basis to take informed decisions and measure risks.

While all the Board Members possess the skills, competency and expertise as identified, their core skills are given below:

| Director                    | Skills, Competency and Expertise  |
|-----------------------------|---|
| Mr. Chandra Kant Birla      | Leadership, Management and Operation of Industrial Enterprises, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise |
| Mr. Desh Deepak Khetrpal    | Leadership, Management and Operation of Industrial Enterprises, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise |
| Mr. Rakesh Khanna           | Leadership, Management and Operation of Industrial Enterprises, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise |
| Mr. TCA Ranganathan         | Leadership, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise   |
| Mr. K Pradeep Chandra       | Leadership, Administration, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise                                     |
| Mrs. Alka Marezban Bharucha | Leadership, Legal, Regulatory & Corporate Governance Oversight, Strategic Planning, Analytical Oversight and Financial & Economic Expertise   |

### Independent Directors

The Act and the Listing Regulations define an 'Independent Director' as a person who is not a promoter or employee or one of the key managerial personnel of the company or its subsidiaries. Further, the person should not have a material pecuniary relationship or transactions with the company or its subsidiaries, during the two immediately preceding financial years or during the current financial year, apart from receiving remuneration as an Independent Director.

Based on the disclosures received from all the Independent Directors as per Regulation 25 of the Listing Regulations and in the opinion of the Board, the Independent Directors fulfil the conditions specified under Regulation 16(1)(b) of the

Listing Regulations and Section 149(6) of the Act and are independent of the Management.

The Board, as on the date of this report, has three Independent Directors, out of which one is women Director.

Pursuant to a notification dated October 22, 2019 issued by the MCA, all Independent Directors of the Company, as confirmed by them, are registered with the Independent Directors' Databank.

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

## Familiarization Programme

The Board familiarization program consists of detailed induction for all new Directors when they join the Board of the Company. Directors are updated through various presentation in Board and Committee meetings on financial performance, sales, business strategic, key policies, risks and mitigation plans, existence and efficacy of financial controls, compliance reports, new product launches, other operational and functional matters.

In Board / Committee meetings, immersion sessions on business strategy, operational and functional matters provide good insights to the Independent Directors on the businesses carried on by the Company. To make these sessions more productive, all the documents required and/or sought by them to have a good understanding of Company's operations, business and the industry are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

The details of such familiarization programmes for Independent Director(s) are put up on the website of the Company and can be accessed through the following link: <https://www.orientelectric.com/images/investors/familiarisation-programme.pdf>.

## Meeting of Independent Directors

Schedule IV of the Act, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors, issued by the Institute of Company Secretaries of India, mandates that the Independent Directors of the Company hold at least one meeting in a year, without the presence of Non – Independent Directors and executive management.

During the financial year 2020-21, a separate meeting of the Independent Directors was held on October 27, 2020.

The Independent Directors, *inter alia*, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Board and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to perform its duties effectively and reasonably.

In addition to formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

## Directors' Performance Evaluation

In terms of the requirement of the Act and the Listing

Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assess its own performance with the aim to improve the effectiveness of the Board and the Committees.

The Company has a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual Directors including the Chairman.

First, Independent Directors reviews the performance of Executive and Non-Executive Directors (Other than Independent Directors), Chairman of the Board and the Board as a whole. Thereafter, the Board reviews the performance of individual Directors (including Independent Directors), Chairman, the Board as a whole and all the committees of the Board. Nomination and Remuneration Committee reviews and overall supervise the entire exercise.

### Board and Individual Directors

The parameters for performance evaluation of the Board includes composition of Board, diversity of experience, demonstration of integrity, handling critical and dissenting suggestions, attention to Company's long-term strategy, evaluation of the governance levels of the Company, quality of discussions at the meeting, flow of information to Board, quality of deliberation etc.

The parameters of the performance evaluation process for Directors, *inter alia*, includes, possession of required expertise, skills and competencies, effective participation in meetings, understanding of the roles and responsibilities, domain knowledge, attendance of Director(s). For Independent Directors, fulfilment of criteria of independence, as specified in the Listing Regulations and the Act, is also reviewed. Additional criteria for evaluation of Chairman of the Board includes ability to co-ordinate Board discussions, steering the meeting effectively, seeking views and dealing with dissent.

### Committees of the Board

The performance evaluation of committee's includes aspects like degree of fulfilment of key responsibilities as outlined by the charter, adequacy of committee composition, effectiveness of discussions at the Committee meetings, quality of deliberations at the meetings and information provided to the Committees.

The overall performance evaluation exercise was completed to the satisfaction of the Board.

## Attendance of Directors at Board and General Meetings

The Board met six times during the financial year 2020-21 and the time gap between the two meetings never exceeded 120 days. The details of attendance of Directors at Board Meetings held during the financial year 2020-21 and at the Annual General Meeting ('AGM') of the Company are as below:

| Sr. No.                   | Name of the Director         | Board Meetings |               |               |                  |                  |                | AGM |
|---------------------------|------------------------------|----------------|---------------|---------------|------------------|------------------|----------------|-----|
|                           |                              | 1              | 2             | 3             | 4                | 5                | 6              |     |
|                           |                              | April 27, 2020 | June 01, 2020 | July 27, 2020 | October 28, 2020 | January 29, 2021 | March 24, 2021 |     |
| 1                         | Mr. Chandra Kant Birla       |                |               |               |                  |                  |                |     |
| 2                         | Mr. Desh Deepak Khetrapal    |                |               |               |                  |                  |                |     |
| 3                         | Mr. Rakesh Khanna            |                |               |               |                  |                  |                |     |
| 4                         | Mr. TCA Ranganathan          |                |               |               |                  |                  |                |     |
| 5                         | Mr. K Pradeep Chandra        |                |               |               |                  |                  |                |     |
| 6                         | Mrs. Alka Marezbhan Bharucha |                |               |               |                  |                  |                |     |
| Attendance Percentage (%) |                              | 100            | 100           | 100           | 100              | 83.33            | 100            | 100 |

Attended through Video Conference Leave of Absence

## Board Committees

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulations, which concern the Company and need a closer review. The Board has constituted five sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval. The Chairman of the respective Committee(s) brief the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2020-21 are detailed below:

The Board Committees can request special invitees to join the meeting, as and when appropriate. During the year, all recommendations of the Committees of the Board have been accepted by the Board.

The terms of reference of the Committees are in line with the provisions of the Listing Regulations, Act and the Rules issued thereunder.

## Audit Committee

The composition of the Audit Committee complies with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. The Audit Committee met five times during the financial year 2020-21 and the time gap between the two meetings never exceeded 120 days. Chairman of the Audit Committee attended the last Annual General Meeting held on August 7, 2020.

| Name of Director             | Membership / Category  | Meetings and Attendance |               |               |                  |                  |
|------------------------------|------------------------|-------------------------|---------------|---------------|------------------|------------------|
|                              |                        | 1                       | 2             | 3             | 4                | 5                |
|                              |                        | April 27, 2020          | June 01, 2020 | July 27, 2020 | October 28, 2020 | January 29, 2021 |
| Mr. TCA Ranganathan          | Chairman (Independent) |                         |               |               |                  |                  |
| Mr. Desh Deepak Khetrapal    | Member (Non-Executive) |                         |               |               |                  |                  |
| Mr. K Pradeep Chandra        | Member (Independent)   |                         |               |               |                  |                  |
| Mrs. Alka Marezbhan Bharucha | Member (Independent)   |                         |               |               |                  |                  |
| Attendance Percentage (%)    |                        | 100                     | 100           | 100           | 100              | 75               |

Attended through Video Conference Leave of Absence

The Company Secretary acts as the Secretary to the Committee.

All the members of the Audit Committee are financially literate and have relevant experience in financial management.

The meetings of the Audit Committee are also attended by the Managing Director & CEO, Chief Financial Officer, Company Secretary, and Statutory and Internal Auditors. The Audit Committee acts as a link between the management, the statutory and internal auditors and the Board.

The terms of reference of the Audit Committee are formulated in accordance with the regulatory requirements mandated by the Act and Listing Regulations.

The Audit Committee monitors and effectively supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosure and maintain the integrity and quality of financial reporting. The Audit Committee also reviews from time to time, the audit and internal control procedures, change, if any, in the accounting policies, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible.

The Audit Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:

## Role / Terms of Reference of Audit Committee

Primary role of Audit Committee includes the following:

### Review of Information

- Reviewing the management discussion and analysis of financial condition and results of operations.
- Statement of deviations:
  - quarterly statement of deviation(s) including the report of the monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations.

### Financial Statements

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before

submission to the Board for approval, with particular reference to:

- 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.
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Modified opinion(s) in the draft audit report, if any.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Scrutiny of intercorporate loans and investments, if any.

### External and Internal Audit

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process.
- Recommendation for appointment, remuneration, and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing of management letters/letters of internal control weakness issued by the statutory auditors, if any.
- Periodical discussions with the auditors about internal control systems and the scope of audit including the observations of the auditors and review of the quarterly, half yearly, and annual financial statements before submission to the Board.
- Reviewing the adequacy of the internal audit function, including the reporting structure, coverage, and frequency of internal audit.
- Reviewing internal audit reports.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the performance of statutory and internal auditors.

### Internal Control

- Evaluation of internal financial controls and risk management systems.
- Overseeing compliance of internal control systems.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is

suspected fraud or irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Reviewing, with the management, the adequacy of the internal control systems.

#### Related Party Transactions

- Laying down criteria for granting omnibus approval to related party transactions.
- Satisfy itself of the need for omnibus approval of related party transactions so that the approval is in the interest of the Company.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Reviewing on a quarterly basis, the statement of related party transactions.
- Recommending the revision in the Policy on Material-Related Party Transactions and on dealing with related party transactions to align it with the extant applicable provisions.

#### Compliance

- Obtaining regular updates from the management regarding compliance matters.
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.
- Reviewing the auditor's findings or observations.
- Reviewing compliance with respect to the provisions of Insider Trading Regulations at least once in a financial year and verifying that the systems for internal control for compliance with these regulations are adequate and operating effectively.
- To obtain outside legal or other professional advice, if considered necessary.

#### Other Responsibilities

- Performing any other functions as required to be done by the Audit Committee as per the provisions of the Act, the Listing Regulations, and any other laws or regulations from time to time.
- Approval of the appointment of the Chief Financial Officer after assessing the qualifications, experience, and background of the candidate.
- Reviewing the functioning of vigil mechanism, compliance of Company's Whistle Blower Policy and the matters reported thereunder.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Instituting and overseeing special investigations as needed.
- Performing any other functions and activities related to these terms of reference as requested by the Board of Directors.

#### Risk Management Committee

In terms of the provisions of the Listing Regulations, your Company has constituted a Risk Management Committee. The Risk Management Committee met two times during the financial year 2020-21. The Risk Management Committee is mandated to review the risk management process of the Company and to provide oversight and stewardship to the Company's performance, manage risks, leverage opportunities and create stakeholder's value.

The composition of the Risk Management Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2020-21 are detailed below:

| Name of Director            | Membership/ Category   | Meeting Dates |                  |
|-----------------------------|------------------------|---------------|------------------|
|                             |                        | 1             | 2                |
|                             |                        | June 01, 2020 | October 28, 2020 |
| Mr. TCA Ranganathan         | Chairman (Independent) |               |                  |
| Mr. Desh Deepak Khetrpal    | Member (Non-Executive) |               |                  |
| Mr. K Pradeep Chandra       | Member (Independent)   |               |                  |
| Mrs. Alka Marezban Bharucha | Member (Independent)   |               |                  |
| Attendance Percentage (%)   |                        | 100           | 100              |

Attended through Video Conference



The Company Secretary acts as the Secretary to the Committee.

The primary responsibility of the Committee is to approve the Risk Management Plan of the Company and to review and monitor the same on a regular basis. The Committee identifies and assesses the risks categorically under the broad heads of high, medium and low risks with high and medium risks sub categorized as critical and low risks as non-critical. The Committee after assessing the risk lays down procedures to mitigate the same.

The Risk Management Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:

- Evaluation of significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner.
- Approve, monitor and review the Risk Management Framework of the Company.
- Review the risk disclosure statements in any public documents released by the Company.
- Report to the Board of Directors on risk management and mitigation / minimization procedures.
- Invite employees of the Company for seeking such information, opinions, clarifications, documents and details as may be required.
- Obtain advice and assistance from internal or external legal, accounting or other advisors, as may be required for fulfilling its objects.
- Such other roles, functions and powers as may be entrusted by the Board of Directors from time to time or as may be required to be performed as per any regulatory requirements, as amended from time to time.

## Role / Terms of Reference of Risk Management Committee













Primary role of Risk Management Committee includes the following:

- Setting policies, plans and targets in relation to implementation of risk management plans.
- Periodical review of risk management processes and practices of the Company and ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- Periodical assessment of risks to the effective execution of business strategy.
- Identification, evaluation and mitigation of strategic, operational & process, financial, governance & compliance and catastrophic risks including risks associated with cyber security.

## Nomination And Remuneration Committee

The composition of the Nomination and Remuneration Committee is in conformity with the Listing Regulations and the Act, with all Directors being Non-Executives and fifty per cent of them being Independent Directors. Chairman of the Committee is an Independent Director. The Nomination and Remuneration Committee of the Board of Directors of the Company met three times during the financial year 2020-21 to discuss and deliberate on various matters. Chairperson of the Nomination and Remuneration Committee attended the last AGM held on August 7, 2020.

The composition of the Nomination and Remuneration Committee along with the details of the meetings held and attended by the members of the Committee during the financial year 2020-21 is detailed below:

| Name of Director             | Membership / Category     | Meeting Dates   |   |   |
|------------------------------|---------------------------|---|---|---|
|                              |                           | 1   | 2   | 3   |
|                              |                           | April 27, 2020  | June 01, 2020   | October 28, 2020  |
| Mrs. Alka Marezbhan Bharucha | Chairperson (Independent) |  |  |  |
| Mr. Chandra Kant Birla       | Member (Non-Executive)    |  |  |  |
| Mr. Desh Deepak Khetrapal    | Member (Non-Executive)    |  |  |  |
| Mr. TCA Ranganathan          | Member (Independent)      |  |  |  |
| Attendance Percentage (%)    |                           | 100   | 100   | 75  |

 Attended through Video Conference  Leave of Absence

The Company Secretary acts as the Secretary to the Committee.

The Committee oversees key processes through which the Company recruits new members to its Board, and the processes through which the Company recruits, motivates and retains senior management as well as the Company's overall approach to human resource management.

The Committee also exercises the role of Compensation Committee in terms of the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014 and manages the ESOP Scheme of the Company.

The terms of reference of the Nomination and Remuneration Committee are formulated in accordance with the regulatory requirements mandated by the Act and Listing Regulations.

The Nomination and Remuneration Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:

### Role / Terms of Reference of Nomination and Remuneration Committee

Primary role of Nomination and Remuneration Committee includes the following:

- Identifying individuals who are qualified to become Directors or who may be appointed as key managerial personnel in accordance with the criteria laid down and recommending to the Board of Directors their appointment and removal.
- Deciding whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
- Formulation of the criteria for determining qualifications, positive attributes, and independence of a Director and recommendation to the Board of Directors a policy relating to the remuneration of the Directors, key managerial personnel, and other employees.
- Formulation of criteria for the evaluation of performance of Directors, the Board of Directors and committees thereof.
- Devising a policy on the diversity of Board of Directors.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management.
- Administering the Employee Stock Option Scheme of the Company and render all such functions required to

be done under the SEBI (Share-Based Employee Benefit) Regulations, 2015.

- Performing any other functions as referred by the Board of Directors or as required to be done by the Nomination and Remuneration Committee as per the provisions of the Act, the Listing Regulations, and any other laws or regulations from time to time.

### Nomination and Remuneration Policy

In Line with the requirements of Section 178 of the Act and Listing Regulations, the Company has adopted a Nomination & Remuneration Policy. The key objective of this Policy includes:

- (i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;
- (ii) specifying the manner for effective evaluation of the performance of the members of the Board, the Board as a whole and Committees thereof, and review its implementation and compliance.
- (iii) recommending to the Board the remuneration, in whatever form, payable to the Directors, Key Managerial Personnel & Senior Management Personnel.

#### • Criteria for Remuneration of Directors, Senior Management and other employees:

- **Remuneration to Non-Executive Directors:** The Non-Executive Directors, apart from sitting fees for attending meetings of the Board and Committee, 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 approved by the shareholders. The Nomination & Remuneration Committee shall recommend to the Board for its approval, commission payable to the Non-Executive Directors, including Independent Directors after taking into account their contribution to the decision making at meetings of the Board/ Committees, participation and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness.
- **Remuneration to Executive Director:** The Nomination & Remuneration Committee shall approve compensation package of the Executive Director(s). The Nomination & Remuneration Committee ensures that the compensation packages are in accordance with applicable law, in

line with the Company's objectives, shareholders' interests, aligns with industry standards and have an adequate balance between fixed and variable component, subject to approval of the Board and shareholders.

- **Compensation to Senior Management:** The Nomination & Remuneration Committee shall review the performance of senior management of the Company (which includes Key Managerial Personnel), and shall ensure that the remuneration

to the senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at: <https://www.orientelectric.com/images/investors/nomination-remuneration-policy.pdf>.

#### Remuneration paid / accrued to the Managing Director & Chief Executive Officer for the financial year 2020-21:

(INR crores unless otherwise stated)

| Name              | Salary, Allowances & Perquisites | Annual performance Linked Pay & performance criteria                    | Retiral Benefit | Total* | Notice / Severance Period | No. of Shares held |
|-------------------|----------------------------------|---|-----------------|--------|---------------------------|--------------------|
| Mr. Rakesh Khanna | 2.37                             | 0.63<br>Managing Director & CEO's performance and Company's performance | 0.31            | 3.31   | 3 Months                  | 100                |

\*The remuneration does not include gratuity and leave benefits, as they are determined on actuarial basis for the Company as a whole. Annual performance linked pay for the financial year 2020-21 has been taken as per the provisions taken in the financials of the Company.

Mr. Khanna is holding 5,13,138 stock options of the Company, which shall vest in April 2022 and April 2023 in the ratio of 40% and 60% respectively, subject to his exercise. Mr. Khanna is also entitled for long term cash incentive of upto ₹1.46 crores, to be considered for payment in April 2022 and April 2023 in the ratio of 40% and 60% respectively, subject to fulfilment of the terms and conditions.

Details of remuneration and sitting fees paid/ accrued to Non-Executive and Independent Directors and their shareholding in the Company as on March 31, 2021 is as follows:

(INR crores unless otherwise stated)

| Directors Name               | Sitting fees | Commission* | Shareholding (No.) |
|------------------------------|--------------|-------------|--------------------|
| Mr. Chandra Kant Birla       | 0.070        | 0.450       | 34,05,893          |
| Mr. Desh Deepak Khetrpal     | 0.155        | 0.225       | Nil                |
| Mr. TCA Ranganathan          | 0.160        | 0.200       | Nil                |
| Mr. K Pradeep Chandra        | 0.155        | 0.170       | Nil                |
| Mrs. Alka Marezbhan Bharucha | 0.135        | 0.170       | Nil                |

\*For the financial year 2020-21 on accrual basis.

## Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee is in compliance with the Act and the Listing Regulations. The Stakeholders' Relationship Committee of the Board of Directors of the Company met two times during the financial year 2020-21. Chairperson of the Committee was present at the last AGM held on August 07, 2020.

The composition of the Stakeholders' Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the Members of the Committee during the financial year 2020-21 is detailed below:

| Name of Director             | Membership/ Category      | Meeting Dates |                  |
|------------------------------|---------------------------|---------------|------------------|
|                              |                           | 1             | 2                |
|                              |                           | June 01, 2020 | January 29, 2021 |
| Mrs. Alka Marezbhan Bharucha | Chairperson (Independent) |               |                  |
| Mr. Rakesh Khanna            | Member (Executive)        |               |                  |
| Mr. K Pradeep Chandra        | Member (Independent)      |               |                  |
| Attendance Percentage (%)    |                           | 100           | 67               |

Attended through Video Conference Leave of Absence

The Company Secretary acts as the Secretary to the Committee.

The purpose of the Committee is to assist the Board and the Company to oversee the various aspects of interests of stakeholders of the Company.

The Stakeholders' Relationship Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:

### Role / Terms of Reference of Stakeholders' Relationship Committee

Primary role of Stakeholders' Relationship Committee includes the following:

- Resolving the grievances of the security holders of the Company, including complaints relating to transfer/ transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/ duplicate certificates.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.
- Performing any other functions and activities related to the terms of reference as may be referred by the Board of Directors.
- Performing any other functions as required to be done by the Stakeholders' Relationship Committee as per the provisions of the Act, the Listing Regulations, and any other laws or regulations from time to time.

During the year, on the advice of the Committee, Company has sent reminders to the shareholders, through the Registrar and Share Transfer Agent of the Company, who have not claimed their dividend.

The Company hereby further request the shareholders to send the un-encashed dividend warrant(s) or, alternatively, send the undertaking, as shared by the Registrar and Share Transfer Agent, duly signed (as per specimen signature registered with the Registrar and Share Transfer Agent – Kfin Technologies Pvt. Ltd. / Depository Participant) together with a self-certified copy of your PAN card to enable the Company to pay your un-encashed dividend.

### Company Secretary / Compliance Officer

Mr. Hitesh Kumar Jain

Company Secretary

Address: 240, Okhla Industrial Estate,

Phase-III, Okhla, New Delhi-110020

E-mail: [investor@orientelectric.com](mailto:investor@orientelectric.com)

### Stakeholders' Grievance Redressal

Details of complaints received and resolved by the Company during the financial year 2020-21 are given below:

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

Apart from above, the Company suitably responded on the general queries of the shareholders / provided required information, which, largely, were related to dividends declared by the Company, annual report and AGM.

SEBI processes investor's complaints in a centralized web-based complaint redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his/ her grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

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

| Name of Director                 | Membership/ Category   |
|----------------------------------|------------------------|
| Mr. K Pradeep Chandra            | Chairman (Independent) |
| Mr. Desh Deepak Khetrapal        | Member (Non-Executive) |
| Mr. TCA Ranganathan              | Member (Independent)   |
| <b>Attendance Percentage (%)</b> |                        |

 Attended through Video Conference

The Company Secretary acts as the Secretary to the Committee.

The main responsibility of the CSR Committee is to formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company as specified in Act, recommending the expenditure on CSR activities & monitoring the activities undertaken from time to time.

The Committee is responsible for overseeing the activities / functioning including identifying areas of CSR activities and programs, and execution of the initiatives as per defined guidelines.

The Company has in place a CSR Policy formulated by the CSR Committee and approved by the Board of Directors.







Details of the Company's spend on CSR activities are given in CSR Report approved by the Committee and attached to the Director's Report.

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

## Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee ('CSR Committee') is in compliance with the Act. The CSR Committee of the Board of Directors of the Company met two times during the financial year 2020-21. Chairman of the CSR Committee was present at the last AGM held on August 07, 2020.

The composition of the CSR Committee along with the details of the meetings held and attended by the Members of the Committee during the financial year 2020-21 is detailed below:

| Meeting Dates   |   |
|---|---|
| 1   | 2   |
| June 01, 2020   | January 29, 2021  |
|   |   |
|  |  |
|  |  |
| <b>100</b>  | <b>100</b>  |

The CSR Committee is, *inter alia*, entrusted with the following responsibilities by the Board of Directors of the Company:

## Role / Terms of Reference of CSR Committee

Primary role of CSR Committee includes the following:

- Formulate and recommend to the Board a CSR Policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- Recommend the amount of expenditure to be incurred on the activities referred above.
- Review the CSR Policy of the Company from time to time.
- Reviewing and monitoring progress of various initiatives and making appropriate disclosures on a periodic basis.
- Perform any other functions and activities related to the terms of reference as referred by the Board of Directors.
- Perform any other functions as required to be done by the CSR Committee as per the provisions of the Act, the Listing Regulations, and any other laws or regulations from time to time.



## GENERAL BODY MEETINGS

Details of last three AGM's and the summary of Special Resolutions passed therein, if any, are as under:

| Financial Year | Date, Day & Time                    | Venue   | Special Resolutions Passed  |
|----------------|-------------------------------------|---|---|
| 2020-21        | August 07, 2020<br>Friday, 11:00 AM | Through AC/OAVM, deemed to be held at Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012 (Odisha) | Nil   |
| 2019-20        | July 16, 2019<br>Monday, 11:00 AM   | Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012 (Odisha)                                       | Approval of Long-term Incentive Plan for Mr. Rakesh Khanna, Managing Director & CEO of the Company. |
| 2018-19        | July 16, 2018<br>Monday, 02:30 PM   | Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012 (Odisha)                                       | Appointment of Mr. Rakesh Khanna as the Managing Director & CEO of the Company                      |

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

No Special Resolution was passed through Postal Ballot during financial year 2020-21. Further, no Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

## General Shareholders Information

|  |   |
|--|---|
| Corporate Identification Number                  | L31100OR2016PLC025892   |
| Registered Office                                | Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha  |
| <b>Annual General Meeting (AGM)</b>              |   |
| Day & Date                                       | Thursday, July 29, 2021   |
| Time   | 3:00 PM (IST)   |
| Venue  | Through Video Conferencing / Other Audio Video Means, deemed to be held at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012, Odisha |
| Dates of Book Closure for AGM and Final Dividend | Friday, July 23, 2021 to Thursday, July 29, 2021 (Both days inclusive)  |
| <b>Financial Calendar</b>                        |   |
| Financial Year                                   | 1 <sup>st</sup> April to 31 <sup>st</sup> March   |

### Tentative schedule for declaration of financial results during the financial year 2021-22

|  |                                |
|--|--------------------------------|
| Quarter ending June 30, 2021           | On or before August 14, 2021   |
| Quarter ending September 30, 2021      | On or before November 14, 2021 |
| Quarter ending December 31, 2021       | On or before February 14, 2022 |
| Quarter and Year ending March 31, 2022 | On or before May 30, 2022      |

### Listing Details

|                       |              |
|-----------------------|--------------|
| ISIN for Depositories | INE142Z01019 |
|-----------------------|--------------|

| Name of Stock Exchange(s) & Stock Code(s)  | Address   |
|--|---|
| National Stock Exchange of India Limited (NSE) – ORIENTELEC                            | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 |
| BSE Limited (BSE) – 541301   | BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001            |
| The Listing Fees for the financial year 2020-21 have been paid to the Stock Exchanges. |   |

## CORPORATE BENEFIT TO SHAREHOLDERS

Details of dividend declared by the Company since inception:

| Financial Year | Dividend         | Declaration Date | Dividend per share |
|----------------|------------------|------------------|--------------------|
| 2017-18        | Interim Dividend | 12.02.2018       | 0.50               |
| 2017-18        | Final Dividend   | 16.07.2018       | 0.50               |
| 2018-19        | Interim Dividend | 28.01.2019       | 0.50               |
| 2018-19        | Final Dividend   | 16.07.2019       | 0.50               |
| 2019-20        | Interim Dividend | 28.01.2020       | 0.65               |
| 2019-20        | Final Dividend   | 07.08.2020       | 0.50               |
| 2020-21        | Interim Dividend | 29.01.2021       | 0.75               |
| 2020-21        | Final Dividend*  |                  | 1.25               |

\*Subject to shareholders' approval at the AGM scheduled to be held on July 29, 2021.

The Company provides the facility for remittance of dividend to shareholders through DC (Direct credit) / NACH (National Automated Clearing House) / NEFT (National Electronic Funds Transfer). Shareholders who have not opted for remittance of dividend through electronic mode and wish to avail the same are required to provide their bank details, including IFSC (Indian Financial System Code) and MICR (Magnetic Ink Character Recognition), to their respective Depository Participants (DPs) for shares held in electronic form or to the Company's RTA for shares held in physical form, as the case may be, in order to ensure safe and speedy credit of their dividend into their Bank account.

Pursuant to Finance Act 2020, dividend income is now taxable in the hands of shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

## Unpaid / Unclaimed Dividends

Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), requires the companies to transfer the dividend that remained unclaimed for a period of seven years, from the unpaid/ unclaimed dividend account to the Investor Education and Protection Fund ('IEPF').

Further, according to the IEPF Rules, all the shares in respect of which dividend has not been claimed by the shareholders for seven consecutive years from the respective date of transfer to Unpaid/ unclaimed Dividend Account shall also be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect

of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The shareholders whose shares/ dividend are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 07, 2020 (date of the last AGM) on the website of the Company at <https://www.orientelectric.com/investors/share-holders> and on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in)

In order to educate the shareholders and with an intent to protect their rights, the Company also sends regular reminders to shareholders to claim their unclaimed dividends / shares before the same are transferred to IEPF. Shareholders may note that both the unclaimed dividends and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

Further, pursuant to SEBI circular No. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated April 20, 2018, the dividend processing bank needs to ensure that any dividend instrument (such as Demand Drafts / Warrants etc.) lying unpaid beyond the validity period of the instrument shall be cancelled and the unpaid dividend amount is credited back to the relevant dividend bank account of the issuer company.

In pursuance to the above, the dividend processing Bank has reversed the demand drafts pertaining to the dividend

for the financial year 2018-19 and 2019-20 and the interim dividend for the financial year 2020-21, lying un-encashed beyond the validity period of the demand drafts. During the year, the Company deposited ₹6,96,547.50 to the designated bank account of the IEPF Authority, Government of India as dividend entitlements on 5,57,238 shares, transferred earlier to Demat Account of IEPF Authority.

## Appointment of Nodal Officer

In terms of the requirements of IEPF Rules, the Company

has designated the Company Secretary as the Nodal Officer. Contact details of the Nodal Officer are available on the website of the Company at <https://www.orientelectric.com/investors/investors-contact>.

## Unclaimed Shares

In accordance with the requirements specified under Listing Regulations, details of equity shares lying in the Unclaimed Suspense Account of the Company, as on March 31, 2021, are as follows:

|                 | Particulars  | No. of Shareholders | No. of Shares |
|-----------------|--|---------------------|---------------|
| Opening Balance | Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account as on April 01, 2020 | 25                  | 2,45,770      |
| Closing Balance | Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense account as on March 31, 2021 | 25                  | 2,45,770      |

During the year none of the shareholders claimed shares from the Unclaimed Suspense Account.

All the corporate benefits against these shares like bonus shares, split, etc., if any, shall also be transferred to Unclaimed Suspense Account of the Company, while the dividend for the shares which are lying in Unclaimed Suspense Account are being credited in a separate bank account opened for this purpose. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

## Share Transfer System

In terms of amendments to Regulation 40 of Listing Regulations the companies are now not allowed to accept any request from shareholders for transfer of securities in physical form. However, this restriction shall not prohibit the shareholder to continue to hold the shares in physical form. This restriction shall not be applicable for demat of shares, transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

Shareholders, holding shares in physical form, are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of Registrar and Share Transfer Agent to seek guidance in the demat procedure. The shareholders may also visit the website of depositories viz. National Securities Depository Limited ('NSDL') or Central Depository Services (India)

Limited ('CDSL') for further understanding of the demat procedure.

A summary of all the transfers/ transmissions / demat / remat requests received and processed is placed at every meeting of the Board of Director and Stakeholders' Relationship Committee. All such requests are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects.

A Company Secretary in Practice confirms on half yearly basis under Regulation 40(9) of the Listing Regulations, the compliance of formalities as specified therein and a copy of the same is filed with the Stock Exchanges.

### Registrar & Share Transfer Agent

KFin Technologies Private Limited ('Kfintech')  
Kary Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032  
Tel: 1800 345 4001 (Tollfree)  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

Shareholders can download (from play store) mobile app, launched by RTA, 'KPRISM' or login through the website <https://kprism.kfintech.com/> to see your portfolios serviced by Kfintech and avail various services as checking dividend status, request for annual reports, change of address, change / update Bank mandate and download standard forms.

## Means Of Communication

The Company is committed towards promoting effective

and open communication with all the stakeholders, ensuring consistency and clarity of disclosure at all times. The Management of the Company strives to be accessible to both institutional and other investors, and proactively encourage all shareholders to participate in the AGM. The Company also participates in investor conferences in an ongoing effort to communicate directly with investors.

The Company promptly discloses information on material corporate developments and other events as required under Listing Regulations. Such timely disclosures indicate the good corporate governance practices of the Company. The Company uses multiple channels of communications - dissemination of information on the on-line portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.

#### a. Publication of Financial Results

Quarterly, half-yearly and annual financial results of the Company are published in leading English and Odiya language newspaper, viz., all India editions of Financial Express and in Odiya Bhaskar, respectively.

#### b. Website and News Releases

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section titled 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/ Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations are also available on the Company's website ([www.orientelectric.com](http://www.orientelectric.com)). Other relevant information of interest to the Investors are also placed under the Investors Section on the Company's website.

#### c. Investor presentations

The presentations on performance of the Company are disclosed through an Investor Release to the stock exchanges and also placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders, immediately after the financial results are communicated to the Stock Exchanges. The Managing Director & CEO and Chief Financial Officer of the Company also attends various investors' meetings / conference calls based on the invitations received. However, they do not discuss any material information which is not there in public domain.

#### d. Disclosure of material information to Stock Exchanges

The Board of Directors has approved a policy for determining

materiality of events for the purpose of making disclosure to the stock exchanges. The Managing Director & CEO and the Chief Financial Officer are empowered to decide on the materiality of information for the purpose of making disclosures to the stock exchanges. The Company makes timely disclosures of necessary information to BSE and NSE in terms of the Listing Regulations and other applicable rules and regulations issued by the SEBI.

#### e. NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & the Listing Centre

NEAPS and BSE Listing are web-based applications designed by NSE and BSE, respectively for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, corporate governance report, corporate announcements, amongst others, in accordance with the Listing Regulations are filed electronically. Further, in compliance with the provisions of Listing Regulations, the disclosures made to the stock exchanges, to the extent possible, are in a format that allows users to find relevant information easily through a searching tool.

#### f. Communication with shareholders

The Company, time to time, with sole motive to provide better services to its shareholders, sends communications to shareholders requesting / reminding them to claim their unclaimed dividend amount, update their KYC with their respective brokers (for shares held in demat form) or with the Company's RTA (for shares held in physical form), register/ update their email ids, phone numbers, bank account details so that they timely receive their corporate benefits.

### Dematerialization of Shares and Liquidity

Orient Electric shares are tradable in the electronic form only. As on March 31, 2021, 99.47% of the shares of the Company were held in dematerialized form and the rest in physical form.

Shares held in demat and physical mode as on March 31, 2021 are as follows:

|                                    | No. of shares       | (%)           |
|------------------------------------|---------------------|---------------|
| At NSDL                            | 19,46,00,628        | 91.71         |
| At CDSL                            | 1,64,61,008         | 7.76          |
| In Physical Form                   | 11,23,866           | 0.53          |
| <b>Total Paid-up Share Capital</b> | <b>21,21,85,502</b> | <b>100.00</b> |

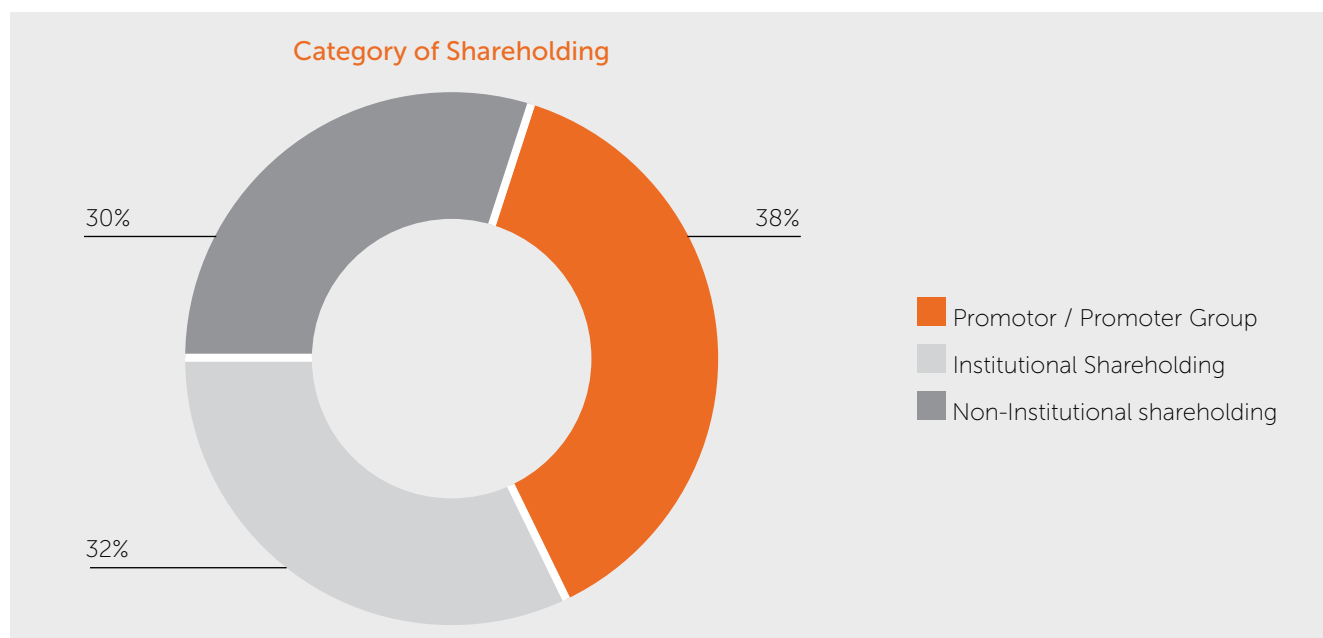
## Shareholding Pattern

Distribution of Shareholding as on March 31, 2021

| No. of shares Slab | No. of Shareholders | %             | No. of Shares       | %             |
|--------------------|---------------------|---------------|---------------------|---------------|
| 1 - 5000           | 46,129              | 98.02         | 1,13,36,954         | 5.34          |
| 5001 - 10000       | 375                 | 0.79          | 26,94,332           | 1.27          |
| 10001 - 20000      | 191                 | 0.41          | 26,77,733           | 1.26          |
| 20001 - 30000      | 80                  | 0.17          | 19,69,637           | 0.93          |
| 30001 - 40000      | 45                  | 0.10          | 15,43,659           | 0.73          |
| 40001 - 50000      | 27                  | 0.06          | 12,46,671           | 0.59          |
| 50001 - 100000     | 70                  | 0.15          | 47,76,556           | 2.25          |
| 100001- and Above  | 144                 | 0.30          | 18,59,39,960        | 87.63         |
| <b>Total</b>       | <b>47,061</b>       | <b>100.00</b> | <b>21,21,85,502</b> | <b>100.00</b> |

Category of Shareholding as on March 31, 2021

| Category  | No. of Shares       | (%)           |
|---|---------------------|---------------|
| <b>(A) Promotor / Promoter Group</b>  | <b>8,17,33,294</b>  | <b>38.52</b>  |
| <b>(B) Public Shareholding</b>  |                     |               |
| <b>(B1) Institutional Shareholding</b>                                      |                     |               |
| Financial Institutions, Insurance Companies, Mutual Funds, Banks and Others | 4,79,03,782         | 22.57         |
| Foreign Portfolio Investors and Foreign Institutional Investors             | 1,95,77,419         | 9.23          |
| <b>Sub-Total (B1)</b>   | <b>6,74,83,201</b>  | <b>31.80</b>  |
| <b>(B2) Non-Institutional Shareholding</b>                                  |                     |               |
| NRIs, OCBs and Foreign Nationals  | 51,14,944           | 2.41          |
| Bodies Corporate and NBFC   | 48,17,917           | 2.27          |
| Public and Others   | 4,72,48,847         | 22.27         |
| Qualified Institutional Buyer   | 57,89,299           | 2.73          |
| <b>Sub-Total (B2)</b>   | <b>6,29,69,007</b>  | <b>29.68</b>  |
| <b>Public Shareholding (B=B1+ B2)</b>                                       | <b>13,04,52,208</b> | <b>61.48</b>  |
| <b>Total (A+B)</b>  | <b>21,21,85,502</b> | <b>100.00</b> |



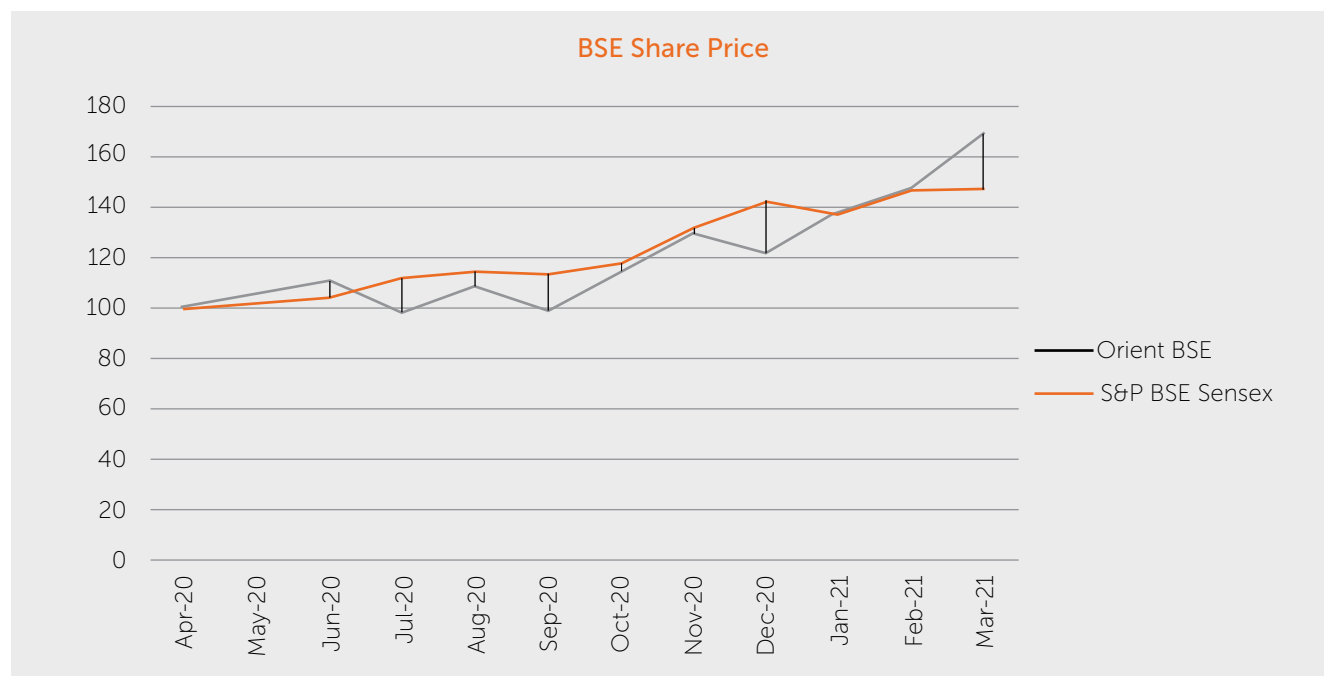


- During the Financial Year 2020-21 the Company has not issued any ADRs / GDRs.
- During the Financial Year 2020-21 the Company has not issued any convertible warrants / securities.

## Monthly High and Low Quotes and Volume of Shares traded on NSE & BSE

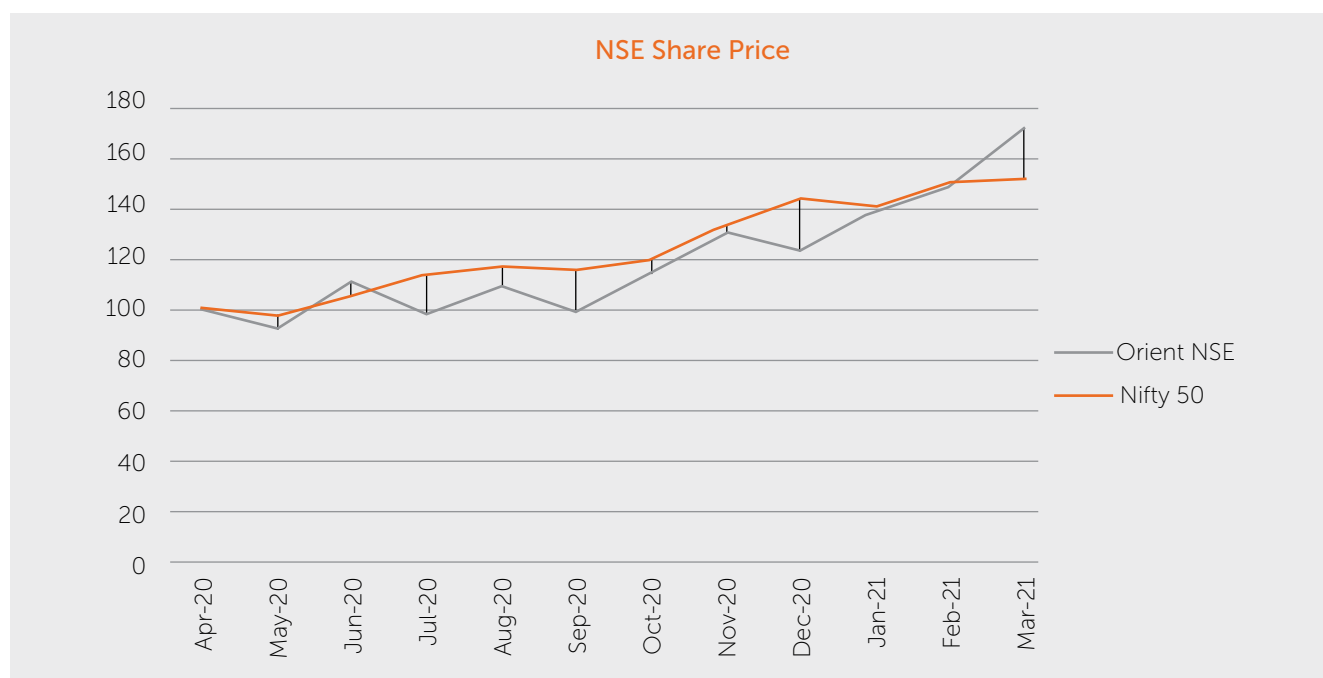
### BSE

| Month          | High   | Date      | Volume Traded | Low    | Date      | Volume Traded |
|----------------|--------|-----------|---------------|--------|-----------|---------------|
| April 2020     | 204.85 | 20-Apr-20 | 14,541        | 170.25 | 08-Apr-20 | 6,539         |
| May 2020       | 183.40 | 04-May-20 | 29,134        | 153.10 | 18-May-20 | 37,107        |
| June 2020      | 209.95 | 29-Jun-20 | 53,616        | 170.60 | 01-Jun-20 | 8,115         |
| July 2020      | 205.50 | 01-Jul-20 | 13,705        | 171.10 | 14-Jul-20 | 1,07,576      |
| August 2020    | 214.05 | 28-Aug-20 | 40,368        | 172.00 | 05-Aug-20 | 8,376         |
| September 2020 | 233.50 | 15-Sep-20 | 71,786        | 174.65 | 25-Sep-20 | 20,327        |
| October 2020   | 220.95 | 29-Oct-20 | 52,172        | 174.00 | 01-Oct-20 | 19,669        |
| November 2020  | 241.00 | 27-Nov-20 | 17,718        | 203.30 | 02-Nov-20 | 11,750        |
| December 2020  | 243.80 | 01-Dec-20 | 18,419        | 206.50 | 22-Dec-20 | 17,384        |
| January 2021   | 264.60 | 25-Jan-21 | 28,457        | 224.05 | 15-Jan-21 | 30,630        |
| February 2021  | 295.95 | 04-Feb-21 | 72,147        | 258.50 | 01-Feb-21 | 56,146        |
| March 2021     | 344.90 | 22-Mar-21 | 44,713        | 269.00 | 01-Mar-21 | 13,669        |



## NSE

| Month          | High   | Date      | Volume Traded | Low    | Date      | Volume Traded |
|----------------|--------|-----------|---------------|--------|-----------|---------------|
| April 2020     | 202.00 | 01-Apr-20 | 1,74,439      | 171.00 | 07-Apr-20 | 6,38,618      |
| May 2020       | 183.00 | 04-May-20 | 3,05,915      | 151.95 | 18-May-20 | 4,31,133      |
| June 2020      | 210.30 | 29-Jun-20 | 12,95,296     | 170.20 | 12-Jun-20 | 4,17,328      |
| July 2020      | 206.00 | 01-Jul-20 | 2,10,055      | 171.00 | 14-Jul-20 | 3,33,367      |
| August 2020    | 214.00 | 28-Aug-20 | 8,57,098      | 173.30 | 17-Aug-20 | 1,37,201      |
| September 2020 | 233.55 | 15-Sep-20 | 11,98,721     | 174.40 | 25-Sep-20 | 7,39,525      |
| October 2020   | 220.80 | 29-Oct-20 | 22,16,260     | 174.00 | 01-Oct-20 | 8,58,234      |
| November 2020  | 241.05 | 27-Nov-20 | 16,18,724     | 202.90 | 02-Nov-20 | 2,56,789      |
| December 2020  | 244.45 | 01-Dec-20 | 2,78,581      | 206.65 | 22-Dec-20 | 4,37,038      |
| January 2021   | 264.90 | 25-Jan-21 | 5,79,801      | 221.80 | 05-Jan-21 | 2,73,221      |
| February 2021  | 296.60 | 04-Feb-21 | 8,97,790      | 258.05 | 01-Feb-21 | 12,94,357     |
| March 2021     | 345.00 | 22-Mar-21 | 12,08,949     | 269.00 | 01-Mar-21 | 2,25,232      |



## Compliance with Discretionary Requirements Under the Listing Regulations

The status concerning compliance by your Company with discretionary requirements as listed out in Part E of Schedule II of the Listing Regulations is as under:

- The audit report on the Company's Financial Statements for the financial year ended March 31, 2021 is unmodified.
- The Internal Auditors report directly to the Audit Committee.
- Your Company follows a robust process of communicating with the shareholders which have been elaborated in the Report under the heading "Means of Communication".

## Affirmation and Disclosures

### Transaction between the Company and Board members

The Members of the Board have confirmed that during the financial year 2020-21 there was no material, financial or commercial transaction, between the Company and Members of the Board that may have a potential conflict with the interest of the Company at large.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

### Related Party Transactions

The Company has formulated a Policy on Related Party Transactions specifying the criteria for determining materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Act and Regulation 23 of the Listing Regulations. The policy has been uploaded on the website of the Company and can be accessed at the weblink: <https://www.orientelectric.com/images/investors/related-party-policy.pdf>.

All Related Party Transactions are approved by the Audit Committee prior to the transaction. The Audit Committee, after obtaining approval of the Board of Directors, has laid down the criteria for granting omnibus approval which also forms part of the Policy.

Related Party Transactions of repetitive nature are approved by the Audit Committee on omnibus basis for one financial year at a time. The Audit Committee satisfies itself regarding the need for omnibus approval and that such approval is in the interest of the Company and ensures compliance with the requirements of Listing Regulations and the Act. All omnibus approvals are reviewed by the Audit Committee on a quarterly basis.

All related party transactions that were entered during the financial year 2020-21 were on an arm's length basis and

in the ordinary course of business. There have been no materially significant related party transactions, monetary transactions or relationships between the Company and its Directors, the Management, or their relatives, except as disclosed in Note no. 33 in the notes to the Financial Statements.

Further, there were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

A confirmation as to compliance of Related Party Transactions as per Listing Regulations is also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

Disclosure of related party transactions is also sent to the Stock Exchanges after publication of financial results for the half year.

### Whistle Blower Policy / Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices, has established a system through which Directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's Code of Conduct without fear of reprisal. Reporting of instances of leak/ suspected leak of any Unpublished Price Sensitive Information is also allowed through this vigil mechanism and the Company has made its employees aware of the same. The Company has set up an initiative, under which all Directors, employees and business associates have direct access to the Chairman of the Audit Committee, and also to an internal committee established for this purpose.

The Whistle-Blower Policy aims to:

- a. Allow and encourage stakeholders to bring to the Management's notice concerns about unethical behavior, malpractice, wrongful conduct, actual or suspected fraud or violation of policies and leak or suspected leak of any Unpublished Price Sensitive Information.
- b. Ensure timely and consistent organizational response.
- c. Build and strengthen a culture of transparency and trust.
- d. Provide protection against victimization.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's intranet as well as on the Company's website and can be accessed at the weblink: <https://www.orientelectric.com/images/investors/whistle-blower-policy.pdf>.

All employees, Directors, vendors, suppliers or other stakeholders associated with the Company can make the Protected Disclosure through an e-mail to [whistle.blower@orientelectric.com](mailto:whistle.blower@orientelectric.com) or through letter following the mechanism as prescribed in the Whistle Blower Policy.

The Audit Committee periodically reviews the existence and functioning of the mechanism. It reviews the status of complaints, if any received under this policy, on a quarterly basis.

#### **Dividend Distribution Policy**

To bring transparency in the matter of declaration of dividend and to protect the interests of investors, Company has in place a Dividend Distribution Policy. The Policy has been displayed on the Company's website, [www.orientelectric.com](http://www.orientelectric.com).

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

The Company is committed to ensure that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on Prevention of Sexual Harassment in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.

Company has constituted Internal Complaints Committees ('ICC') under POSH Act to redress complaints received regarding sexual harassment. Company has organized training / awareness programs in the organisation on a continuous basis, to create awareness amongst the employees. While maintaining the highest governance norms, the Company has appointed external independent person who work in this area and have the requisite experience in handling such matters, and acts as a member of each ICC.

Summary of sexual harassment complaints received and disposed of during the financial year ended March 31, 2021 is as follows:

- No. of complaints pending at the beginning of the year: Nil
- No. of complaints received during the year: 1
- No. of complaints disposed-off during the year: 1
- No. of complaints pending at the end of the year: Nil

During the year under review, one complaint with allegations of sexual harassment was filed, which was properly investigated and disposed-off as per the provisions of the POSH Act.

#### **Code for prevention of Insider Trading**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Insider Trading Regulations') the Company has in place following policies/ codes which are revised from time to time according to applicable laws.

- a. Code of Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons of the Company
- b. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. Policy for determination of "legitimate purposes" forms part of this Code.

This code lays down guidelines advising the management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing in the shares of the Company, and while handling any Unpublished Price Sensitive Information, cautioning them of the consequences of violations. The Chief Financial Officer of the Company is acting as the Compliance Officer under Insider Trading Regulations.

The Company has also formulated Policy and procedure for inquiry in case of leak / suspected leak of Unpublished Price Sensitive Information ('UPSI'). The policy is formulated to maintain ethical standards in dealing with sensitive information of the Company by persons who have access to UPSI. The rationale of the policy is to strengthen the internal control systems to ensure that the UPSI is not communicated to any person except in accordance with the Insider Trading Regulations. The Policy also provides an investigation procedure in case of leak/suspected leak of UPSI.

The Audit Committee reviews cases of non-compliances, if any, and action taken against such defaulters. The said non – compliances are promptly intimated to Stock Exchanges in the prescribed format.

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

#### **Disclosure of Accounting Treatment in preparation of Financial Statements**

The Company has followed accounting principles generally accepted in India, including the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, and notified under Section 133 of the Act and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the period. Kindly refer to Note no. 2 of the financial statements for significant accounting policies adopted by the Company.

### Fees payable to Statutory Auditors

Total fees paid to the Statutory Auditors and entities in their network firm for all services received by the Company during the financial year 2020-21 is detailed hereunder:

| Sr. No. | Particulars                             | Amount*<br>(₹ crores) |
|---------|---|-----------------------|
| 1       | Payment to M/s. S.R. Batliboi & Co. LLP | 0.49                  |
|         | For Statutory Audit                     |                       |
|         | For Other Services                      | 0.08                  |
| 2       | Payment to network firms / entity       | 0.33                  |
|         | Consultancy / Advisory Charges          |                       |
|         | <b>Total</b>                            | <b>0.90</b>           |

\*excluding reimbursement of expenses.

### Commodity Price Risk and Foreign Exchange Risk & Hedging Activities

As regards foreign exchange risks, keeping in view the position of rupee in the market vis-a-vis foreign currency, the Company has been taking forward cover for foreign currency exports and imports from time to time as per the policy of the Company.

Details of foreign currency exposure are disclosed at Note no. 39 in the notes to the Financial Statements. As per SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018, no hedging activities in commodities were undertaken by the Company during the financial year 2020-21.

### 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 2020-21 where Senior Management has personal interest that may have a potential conflict with the interest of the Company at large.

### Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has duly complied with the applicable provisions of the Act and the Listing Regulations during the last three financial years. However, during the financial year 2018-19, Company paid, under protest, ₹10,000 each to NSE and BSE for alleged non-compliance of Regulation

29 (2) and (3) of the Listing Regulations for not giving prior intimation of declaration of dividend.

### Credit Rating

The Company's financial discipline and prudence is reflected in the credit ratings ascribed by rating agencies as given below. There has been no revision in credit ratings during the financial year 2020-21.

During the financial year 2019-20, the credit rating agency, CARE has issued 'CARE AA- 'Stable' for Long Term Bank Facilities, 'CARE AA- 'Stable/CARE A1+' for Long / Short Term Bank Facilities and 'CARE A1+' for Short Term Bank Facilities of the Company.

### Certification on Compliance of Code of Conduct

The Company has adopted a Code of Conduct for all employees and for members of the Board and Senior Management Personnel. The Company through its Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti-competitive practices. The Code of Conduct for employees and the Board and Senior Management has clear policy and guidelines for avoiding and disclosing actual or potential conflict of interest with the Company, if any. The Code is available on the website of the Company and can be accessed at the weblink <https://www.orientelectric.com/images/investors/code-of-conduct-for-directors-and-senior-management.pdf>.

Employees are mandated to undergo training modules upon joining the organization as a part of their induction and annually as a part of periodic refresher trainings for all employees.

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2020-21. Managing Director & CEO has issued following confirmation on the compliance of Code of Conduct by the Board of Directors and senior management of the Company:

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' in respect of the financial year 2020-21."

**Rakesh Khanna**  
Managing Director & CEO  
May 12, 2021



## CEO & CFO Certification

The Managing Director & CEO and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report as **Annexure 1**. The Managing Director & CEO and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

## Certificate from Company Secretary in Practice

A. K. LABH & Co., Practicing Company Secretary, has issued a certificate as required under Regulation 34 of the Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority. The Certificate is enclosed herewith as **Annexure 2**.

## Compliance Confirmation

The Company has complied with the requirements of Part C (Corporate Governance Report) of Sub-Paras (2) to (10) of Schedule V of the Listing Regulations.

It is hereby confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, including filing of the Secretarial Compliance Report, as per Regulation 24A of Listing Regulations, issued by Practicing Company Secretary, with the stock exchanges within prescribed timelines, and necessary disclosures thereof have been made in this Corporate Governance Report.

The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is enclosed to this Report as **Annexure 3**.

## Locations of Offices and Plants

### Registered Office

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

### Corporate Office

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

### Manufacturing Units

11, Industrial Estate, Sector 6, Faridabad – 121006, Haryana  
D-209, Sector 63, Noida 201301, Uttar Pradesh  
C-130, Sector 63, Noida 201301, Uttar Pradesh  
6, Ghore Bibi Lane, Kolkata – 700 054, West Bengal

For and on behalf of Board of Directors

For **Orient Electric Limited**

**Chandra Kant Birla**

Chairman

DIN: 00118473

Place: London

Date: May 12, 2021

**ANNEXURE 1****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, 2021 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 the 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 other than those 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, of any member of management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rakesh Khanna**  
Managing Director & CEO  
DIN: 00266132

**Saibal Sengupta**  
Chief Financial Officer  
M.No. ACA 54373

Date: May 12, 2021

## Certificate of Non-Disqualification of Directors

(PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(i) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

To,  
The Members of  
Orient Electric Limited  
Unit VIII, Plot No. 7  
Bhoinagar, Bhubaneswar - 751012  
Odisha

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Orient Electric Limited** having CIN: L31100OR2016PLC025892 and having registered office at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751 012, Odisha (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sr. No. | Name of Director                                    | DIN      | Date of appointment in Company |
|---------|---|----------|--------------------------------|
| 1.      | Mr. Chandra Kant Birla                              | 00118473 | 19.01.2018                     |
| 2.      | Mr. Desh Deepak Khetrapal                           | 02362633 | 19.01.2018                     |
| 3.      | Mr. Rakesh Indersain Khanna                         | 00266132 | 23.01.2018                     |
| 4.      | Mr. Tirumalai Cunnavakaum Anandanpillai Ranganathan | 03091352 | 19.01.2018                     |
| 5.      | Mr. Pradeep Chandra Kathi                           | 05345536 | 19.01.2018                     |
| 6.      | Mrs. Alka Marezban Bharucha                         | 00114067 | 19.01.2018                     |

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

Place: Kolkata  
Date : May 12, 2021

Name : **ATUL KUMAR LABH**  
Membership No. : F4848  
CP No. : 3238  
UIN: S1999WB026800  
UDIN : F004848C2000285911

## Independent Auditor's Report

ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

To,  
**The Members of  
Orient Electric Limited**

1. The Corporate Governance Report prepared by Orient Electric Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021 as required by the Company for annual submission to the Stock Exchange.

### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of

Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that at-least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held during the period from April 01, 2020 to March 31, 2021.
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Risk Management Committee;
    - (g) Corporate Social Responsibility Committee.
  - v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting wherein such related party

transactions have been pre-approved by the audit committee.

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

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

## Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

## Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with

which the management has conducted the affairs of the Company.

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

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

*Chartered Accountants*

ICAI Firm Registration Number:301003E/E300005

**per Amit Gupta**

*Partner*

**Membership No:** 501396

**UDIN:** 21501396AAAAAU5676

**Place of Signature:** Faridabad

**Date:** May 12, 2021

# Independent Auditor's Report

To  
the Members of  
**Orient Electric Limited**

## Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Orient Electric Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Emphasis of Matter

We draw attention to Note 44 to the accompanying Ind AS financial statements, which describes the uncertainties and management's assessment of the impact of COVID-19 pandemic on the Company's operations, cash flows and recoverability of current and non-current assets of the Company, which is highly dependent on future economic developments and circumstances as they evolve. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For matter below, our description of how our audit addressed the matter is provided in that context.

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

#### Key audit matters

##### Revenue recognition

For the year ended March 31, 2021, the Company has recognized revenue from contracts with customers amounting to ₹2,029.38 crores.

#### How our audit addressed the key audit matter

Our audit response consisted of the following procedures:

- We evaluated the Company's revenue recognition accounting policies and its compliance in terms of Ind AS 115 'Revenue from contracts with customers';



| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Revenue recognition</b></p> <p>Revenue from the sale of goods is recognised upon transfer of control of ownership of the goods to the customer, usually on delivery of goods. The Company considers estimated time of delivery of goods and this has an impact on the timing of revenue recognition. This increases the risk of misstatement of the timing and amount of revenue recognized in the Ind AS financial statements.</p> <p>In view of above, we have identified revenue recognition as a key audit matter.</p> | <ul style="list-style-type: none"> <li>- We obtained an understanding of management's internal controls over the revenue recognition process and the timing of revenue recognition including key terms and conditions of the contracts with customers;</li> <li>- We performed sales transactions testing based on a representative sampling of the sales invoices based on the terms and conditions of the sale orders, including the shipping terms;</li> <li>- We also tested sales transactions made near the year end by verifying sample of sales transactions occurring pre and post year end to supporting documentation including customer confirmation of receipt of goods;</li> <li>- We performed monthly analytical reviews to identify any unusual sales trends;</li> <li>- Assessed the relevant disclosures made in respect of revenue from contracts with customers within the Ind AS financial statements.</li> </ul> |

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Management Discussion and Analysis and Business Responsibility Report but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of 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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- For **S.R. Batliboi & CO. LLP**  
*Chartered Accountants*  
ICAI Firm Registration Number: 301003E/E300005
- per Amit Gupta**  
*Partner*
- Place: Faridabad                      Membership Number: 501396  
Date: May 12, 2021                      UDIN: 21501396AAAAV4131

## Annexure 1 referred to in paragraph 1 of our report of even date under section 'Report on other legal and regulatory requirements'

Re: Orient Electric Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (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, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) According to the information and explanations given to us and audit procedures performed by 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) 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 have generally been regularly deposited with appropriate authorities though there has been slight delay in a few cases.
- (b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales tax, goods and service tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the statute  | Nature of the dues                              | ₹ in Crore* | Period to which the amount relates   | Forum where the dispute is pending  |
|--|---|-------------|--|---|
| Central Excise & Customs Act, 1962                           | Disallowance of Modvat/ cenvat credit on inputs | 0.22        | 1994-1995, 1995-1996   | Commissioner of Central Excise, Kolkata   |
| Central Excise & Customs Act, 1962                           | Excess ISD Credit transfer to units             | 0.37        | 2013-2014  | Customs Excise and Service Tax Appellate Tribunal, Kolkata  |
| Central Excise & Customs Act, 1962                           | Levy of duty on short return of Cottage Parties | 0.12        | 1975-1976, 1976-1977, 1981-1982 to 1984-1985, 1993-1994 to 1996-1997, 2000-2001, 2002-2003 | Additional Commissioner/ Commissioner Appeals/ Customs Excise and Service Tax Appellate Tribunal, Kolkata |
| Central Excise & Customs Act, 1962                           | Customs duty for imports of tools & dies        | 0.93        | 2012-2013 to 2014-2015   | Customs Excise and Service Tax Appellate Tribunal, Kolkata  |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Demand for interest on entry tax                | 1.56        | 2013-2014, 2014-2015, 2015-2016, 2016-2017   | West Bengal Taxation Tribunal   |

| Name of the statute                                     | Nature of the dues  | ₹ in Crore* | Period to which the amount relates | Forum where the dispute is pending                                       |
|---|---|-------------|------------------------------------|--|
| The Kerala Value Added Tax Act, 2016                    | Additional demand of sales tax  | 0.15        | 2012-2013 to 2014-2015             | Assistant Commissioner, commercial taxes, Cochin                         |
| The Central Sales Tax Act, 1956                         | Delay in depositing F Forms   | 0.05        | 2012-2013                          | Joint commissioner of Commercial Taxes, LTU, Jaipur                      |
| The Central Sales Tax Act, 1956                         | Treatment of transfer of Defective stock as sales                         | 0.02        | 2003-2004                          | Appellate Authority  |
| Finance Act, 1994                                       | Denial of Cenvat Credit availed of as input services on job work services | 0.44        | 2009-2010                          | Joint commissioner -service tax, New Delhi                               |
| Tamilnadu Value Added Tax Act, 2006                     | Additional demand for stock transfer                                      | 8.98        | 2006-2007 to 2010-2011             | Assistant Commissioner, Chennai  |
| The West Bengal Value Added Tax Act, 2003               | Additional demand of sales tax  | 1.24        | 2016-2017 to 2017-2018             | Commissioner (a)-Sales tax, West Bengal                                  |
| The West Bengal Value Added Tax Act, 2003               | Disallowance of Sales Return, ITC, excess of unregistered purchase tax    | 1.48        | 2014-2015                          | Joint commissioner of Commercial Taxes, LTU, Kolkata                     |
| Haryana Value Added Tax Act/Central Sales Tax Act, 2003 | VAT & CST demand  | 1.12        | 2017-2018                          | Deputy Excise & Taxation Commissioner-cum-Assessing Authority, Faridabad |

\*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 and audit procedures performed by us, the Company has not raised any money by 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 and audit procedures performed by us, 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 and audit procedures performed by

us, 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 and audit procedures performed by us, 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 Amit Gupta**

Partner

Place: Faridabad

Date: May 12, 2021

Membership Number: 501396

UDIN: 21501396AAAAV4131

## Annexure 2 To The Independent Auditor's 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, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting

included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material



misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at

March 31, 2021, 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 Amit Gupta**

*Partner*

Place: Faridabad

Date: May 12, 2021

Membership Number: 501396

UDIN: 21501396AAAAAV4131

## Balance Sheet as at March 31, 2021

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | Note No        | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|----------------|-------------------------|-------------------------|
| <b>I) ASSETS</b>   |                |                         |                         |
| <b>A) NON-CURRENT ASSETS</b>   |                |                         |                         |
| a) Property, plant and equipment   | 3              | 129.84                  | 129.56                  |
| b) Capital work-in-progress  | 3              | 2.61                    | 3.46                    |
| c) Intangible assets   | 4              | 14.33                   | 6.25                    |
| d) Intangible assets under development   |                | 8.70                    | 6.85                    |
| e) Right of use asset  | 36             | 41.72                   | 54.19                   |
| f) Financial assets  |                |                         |                         |
| (i) Trade receivables  | 8              | 28.61                   | 25.16                   |
| (ii) Other financial assets  | 5              | 9.46                    | 7.45                    |
| g) Deferred tax asset (net)  | 16             | 26.29                   | 21.40                   |
| h) Other non current assets  | 6              | 4.41                    | 5.75                    |
| <b>(A)</b>   |                | <b>265.97</b>           | <b>260.07</b>           |
| <b>B) CURRENT ASSETS</b>   |                |                         |                         |
| a) Inventories   | 7              | 249.16                  | 286.50                  |
| b) Financial assets  |                |                         |                         |
| (i) Trade receivables  | 8              | 355.18                  | 363.73                  |
| (ii) Cash and cash equivalents   | 9              | 140.06                  | 7.06                    |
| (iii) Bank balances other than (ii) above  | 10             | 117.49                  | 0.42                    |
| (iv) Other financial assets  | 5              | 0.88                    | 1.00                    |
| c) Current tax assets  | 11             | 3.32                    | 8.84                    |
| d) Other current assets  | 6              | 30.30                   | 32.82                   |
| <b>(B)</b>   |                | <b>896.39</b>           | <b>700.37</b>           |
| <b>TOTAL ASSETS</b>  | <b>(A)+(B)</b> | <b>1,162.36</b>         | <b>960.44</b>           |
| <b>II) EQUITY AND LIABILITIES</b>  |                |                         |                         |
| <b>C) EQUITY</b>   |                |                         |                         |
| a) Equity share capital  | 12             | 21.22                   | 21.22                   |
| b) Other equity  | 13             | 434.44                  | 338.17                  |
| <b>(C)</b>   |                | <b>455.66</b>           | <b>359.39</b>           |
| <b>LIABILITIES</b>   |                |                         |                         |
| <b>D) NON-CURRENT LIABILITIES</b>  |                |                         |                         |
| a) Financial liabilities   |                |                         |                         |
| (i) Borrowings   | 14             | 1.74                    | -                       |
| (ii) Lease liabilities   | 36             | 32.79                   | 43.03                   |
| b) Long term provisions  | 15             | 13.69                   | 17.08                   |
| c) Other non current liabilities   | 19             | 8.92                    | 10.48                   |
| <b>(D)</b>   |                | <b>57.14</b>            | <b>70.59</b>            |
| <b>E) CURRENT LIABILITIES</b>  |                |                         |                         |
| a) Financial liabilities   |                |                         |                         |
| (i) Borrowings   | 14             | 13.53                   | 94.70                   |
| (ii) Lease liabilities   | 36             | 13.35                   | 13.65                   |
| (iii) Trade payables   | 17             |                         |                         |
| - total outstanding dues of micro, small and medium enterprises                      |                | 88.32                   | 34.29                   |
| - total outstanding dues of creditors other than micro, small and medium enterprises |                | 430.81                  | 296.19                  |
| (iv) Other current financial liabilities   | 18             | 33.70                   | 38.23                   |
| b) Short term provisions   | 15             | 40.31                   | 29.33                   |
| c) Other current liabilities   | 19             | 29.54                   | 24.07                   |
| <b>(E)</b>   |                | <b>649.56</b>           | <b>530.46</b>           |
| <b>F) TOTAL LIABILITIES</b>  | <b>(D)+(E)</b> | <b>706.70</b>           | <b>601.05</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>(C)+(F)</b> | <b>1,162.36</b>         | <b>960.44</b>           |
| <b>Significant accounting policies</b>   | 2              |                         |                         |

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Firm registration number: 301003E / E300005

Chartered Accountants

**Per Amit Gupta**

Partner

Membership No.: 501396

Place: Faridabad

Date: May 12, 2021

For and on behalf of the Board of Directors

**C.K. Birla**

Chairman and

Director

(DIN 00118473)

Place: London

**Saibal Sengupta**

Chief Financial Officer

Place: Ghaziabad

(ACA 54373)

**Rakesh Khanna**

Managing Director and

Chief Executive Officer

(DIN 00266132)

Place: New Delhi

**Hitesh Kumar Jain**

Company Secretary

Place: Ghaziabad

(F 6241)

**Statement of Profit and Loss** for the year ended March 31, 2021

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | Note No | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|---------|--------------------------------------|--------------------------------------|
| <b>A) INCOME</b>   |         |                                      |                                      |
| Revenue from operations  | 20      | 2,032.60                             | 2,061.82                             |
| Other income   | 21      | 6.27                                 | 4.09                                 |
| <b>Total income (A)</b>  |         | <b>2,038.87</b>                      | <b>2,065.91</b>                      |
| <b>B) EXPENSES</b>   |         |                                      |                                      |
| Cost of raw materials and components consumed  | 22      | 655.20                               | 773.22                               |
| Purchase of traded goods   |         | 731.07                               | 670.13                               |
| Changes in inventory of finished goods, work-in-progress and traded goods                        | 23      | 34.68                                | (34.00)                              |
| Employee benefits expense  | 24      | 179.17                               | 198.48                               |
| Finance costs  | 25      | 20.73                                | 26.12                                |
| Depreciation and amortisation expense  | 26      | 43.15                                | 40.12                                |
| Other expenses   | 27      | 212.97                               | 277.57                               |
| <b>Total expenses (B)</b>  |         | <b>1,876.97</b>                      | <b>1,951.64</b>                      |
| <b>C) Profit before tax (A)-(B)</b>  |         | <b>161.90</b>                        | <b>114.27</b>                        |
| <b>D) Tax Expense</b>  | 28      |                                      |                                      |
| Current Tax  |         | 46.92                                | 37.36                                |
| Deferred tax [charge/(credit)]   |         | (4.76)                               | (1.71)                               |
|  |         | <b>42.16</b>                         | <b>35.65</b>                         |
| <b>E) Profit for the year (C)-(D)</b>  |         | <b>119.74</b>                        | <b>78.62</b>                         |
| <b>F) 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   |         | (0.53)                               | (0.15)                               |
| Income tax effect [(charge)/credit]  |         | 0.13                                 | 0.04                                 |
| <b>Other comprehensive income/(loss), net of tax</b>   |         | <b>(0.40)</b>                        | <b>(0.11)</b>                        |
| <b>G) Total Comprehensive Income for the year (E)+(F)</b>  |         | <b>119.34</b>                        | <b>78.51</b>                         |
| Basic Earnings per equity share  | 29      | 5.64                                 | 3.71                                 |
| Diluted Earnings per equity share  |         | 5.63                                 | 3.70                                 |
| (Nominal value of share ₹1 (Previous year: ₹1))  |         |                                      |                                      |
| <b>Significant accounting policies</b>   | 2       |                                      |                                      |

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Firm registration number: 301003E / E300005

Chartered Accountants

Per **Amit Gupta**

Partner

Membership No.: 501396

Place: Faridabad

Date: May 12, 2021

For and on behalf of the Board of Directors

**C.K. Birla**Chairman and  
Director

(DIN 00118473)

Place: London

**Saibal Sengupta**

Chief Financial Officer

Place: Ghaziabad

(ACA 54373)

**Rakesh Khanna**Managing Director and  
Chief Executive Officer

(DIN 00266132)

Place: New Delhi

**Hitesh Kumar Jain**

Company Secretary

Place: Ghaziabad

(F 6241)

## Statement of Changes in Equity for the year ended March 31, 2021

### a) Equity Share Capital

(All amounts in Rupees Crores, unless otherwise stated)

|   | No. in Crores | Amount |
|---|---------------|--------|
| <b>Equity Shares of ₹1 each issued, subscribed and fully paid</b> |               |        |
| As at March 31, 2021  | 21.22         | 21.22  |
| As at March 31, 2020  | 21.22         | 21.22  |

### b) Other Equity

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | Reserves and Surplus |                 |                   |                              | Total          |
|---|----------------------|-----------------|-------------------|------------------------------|----------------|
|   | Capital Reserve      | General Reserve | Retained Earnings | Share based payment reserves |                |
| <b>As at March 31, 2019</b>   | 0.05                 | 209.83          | 75.44             | 0.04                         | <b>285.36</b>  |
| Profit for the year   | -                    | -               | 78.62             | -                            | <b>78.62</b>   |
| <b>Other comprehensive income for the year</b>                      |                      |                 |                   |                              |                |
| Re-measurement gains / (losses) on defined benefit plans net of tax | -                    | -               | (0.11)            | -                            | <b>(0.11)</b>  |
| <b>Total Comprehensive income for the year</b>                      | -                    | -               | <b>78.51</b>      | -                            | <b>78.51</b>   |
| Transfer to general reserve   | -                    | 15.00           | (15.00)           | -                            | -              |
| Addition to employee stock option                                   | -                    | -               | -                 | 3.72                         | <b>3.72</b>    |
| Final equity dividend (Refer Note 41)                               | -                    | -               | (10.61)           | -                            | <b>(10.61)</b> |
| Interim equity dividend (Refer Note 41)                             | -                    | -               | (13.79)           | -                            | <b>(13.79)</b> |
| Dividend distribution tax (Refer Note 41)                           | -                    | -               | (5.02)            | -                            | <b>(5.02)</b>  |
| <b>As at March 31, 2020</b>   | <b>0.05</b>          | <b>224.83</b>   | <b>109.53</b>     | <b>3.76</b>                  | <b>338.17</b>  |
| Profit for the year   | -                    | -               | 119.74            | -                            | <b>119.74</b>  |
| <b>Other comprehensive income for the year</b>                      |                      |                 |                   |                              |                |
| Re-measurement gains / (losses) on defined benefit plans net of tax | -                    | -               | (0.40)            | -                            | <b>(0.40)</b>  |
| <b>Total Comprehensive income for the year</b>                      | -                    | -               | <b>119.34</b>     | -                            | <b>119.34</b>  |
| Transfer to general reserve   | -                    | 15.00           | (15.00)           | -                            | -              |
| Addition to employee stock option (net)                             | -                    | -               | -                 | 3.45                         | <b>3.45</b>    |
| Final equity dividend (Refer Note 41)                               | -                    | -               | (10.61)           | -                            | <b>(10.61)</b> |
| Interim equity dividend (Refer Note 41)                             | -                    | -               | (15.91)           | -                            | <b>(15.91)</b> |
| <b>As at March 31, 2021</b>   | <b>0.05</b>          | <b>239.83</b>   | <b>187.35</b>     | <b>7.21</b>                  | <b>434.44</b>  |

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Firm registration number: 301003E / E300005

Chartered Accountants

Per **Amit Gupta**

Partner

Membership No.: 501396

Place: Faridabad

Date: May 12, 2021

For and on behalf of the Board of Directors

**C.K. Birla**

Chairman and

Director

(DIN 00118473)

Place: London

**Saibal Sengupta**

Chief Financial Officer

Place: Ghaziabad

(ACA 54373)

**Rakesh Khanna**

Managing Director and

Chief Executive Officer

(DIN 00266132)

Place: New Delhi

**Hitesh Kumar Jain**

Company Secretary

Place: Ghaziabad

(F 6241)

**Cash Flow Statement** for the year ended March 31, 2021

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>(A) OPERATING ACTIVITIES :</b>   |                                      |                                      |
| Profit before tax   | 161.90                               | 114.27                               |
| Adjustments to reconcile profit before tax to net cash flows :  |                                      |                                      |
| Depreciation and amortisation expense   | 43.15                                | 40.12                                |
| Finance costs   | 20.73                                | 26.12                                |
| Loss on sale of property, plant & equipment (net)   | 0.28                                 | 0.27                                 |
| Bad debts / advances written off (net of reversals)   | 0.21                                 | 0.66                                 |
| Provision for warranty claims (net)   | 20.45                                | 29.96                                |
| Provision for doubtful debts & advances   | 1.54                                 | 7.45                                 |
| Unspent liabilities and unclaimed balances written back   | (1.70)                               | (1.05)                               |
| Employee stock option expenses  | 3.45                                 | 3.72                                 |
| Fair valuation impact of security deposit (net)   | (0.20)                               | (0.20)                               |
| Interest income   | (2.62)                               | (1.72)                               |
| Unrealised exchange (gain)/loss   | 0.35                                 | 0.11                                 |
| <b>Operating profit before working capital changes</b>  | <b>247.54</b>                        | <b>219.71</b>                        |
| Working capital adjustments :   |                                      |                                      |
| Increase/(Decrease) in trade payables   | 190.17                               | (20.05)                              |
| Increase/(Decrease) in financial liabilities  | (0.30)                               | 3.13                                 |
| Increase/(Decrease) in non financial liabilities  | 3.91                                 | 10.10                                |
| Increase/(Decrease) in provisions   | (13.39)                              | (23.19)                              |
| (Increase)/Decrease in inventories  | 37.34                                | (22.54)                              |
| (Increase)/Decrease in trade receivables  | 3.12                                 | 8.13                                 |
| (Increase)/Decrease in financial assets   | (1.29)                               | (0.29)                               |
| (Increase)/Decrease in non financial assets   | 1.58                                 | 2.46                                 |
| <b>Cash generated from operations</b>   | <b>468.68</b>                        | <b>177.46</b>                        |
| Income tax paid   | (41.40)                              | (48.22)                              |
| <b>Net cash flow from operating activities</b>  | <b>427.28</b>                        | <b>129.24</b>                        |
| <b>(B) INVESTING ACTIVITIES :</b>   |                                      |                                      |
| Purchase of property, plant and equipment and intangibles (including work in progress and capital advances) | (35.91)                              | (52.64)                              |
| Proceeds from sale of property, plant and equipment   | 0.05                                 | 0.47                                 |
| Proceeds/(Payments) for/to term deposits with banks   | (116.99)                             | (0.37)                               |
| Interest received   | 2.22                                 | 1.71                                 |
| <b>Net Cash Flows From / (Used In) Investing Activities</b>   | <b>(150.63)</b>                      | <b>(50.83)</b>                       |

## Cash Flow Statement for the year ended March 31, 2021

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>(C) FINANCING ACTIVITIES :</b>  |                                      |                                      |
| Repayment of long term borrowings  | (2.07)                               | (31.45)                              |
| Repayment of principal portion of lease liabilities                      | (12.87)                              | (10.89)                              |
| Repayment of short term borrowings (net)                                 | (81.17)                              | (5.24)                               |
| Finance cost paid  | (21.02)                              | (25.86)                              |
| Dividends paid (including dividend distribution tax)                     | (26.52)                              | (29.42)                              |
| <b>Net Cash Flows From / (Used In) Financing Activities</b>              | <b>(143.65)</b>                      | <b>(102.86)</b>                      |
| <b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents (A+B+C)</b>  | <b>133.00</b>                        | <b>(24.45)</b>                       |
| Cash & Cash Equivalents at the beginning of the year                     | 7.06                                 | 31.51                                |
| <b>Cash &amp; Cash Equivalents at the end of the year (Refer note 9)</b> | <b>140.06</b>                        | <b>7.06</b>                          |
| <b>Non Cash Investing &amp; Financing Transactions</b>                   |                                      |                                      |
| Acquisition of Right of Use Asset  | 2.75                                 | 54.85                                |

### Notes:

i) The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows".

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

Firm registration number: 301003E / E300005

Chartered Accountants

**Per Amit Gupta**

Partner

Membership No.: 501396

Place: Faridabad

Date: May 12, 2021

For and on behalf of the Board of Directors

**C.K. Birla**

Chairman and

Director

(DIN 00118473)

Place: London

**Saibal Sengupta**

Chief Financial Officer

Place: Ghaziabad

(ACA 54373)

**Rakesh Khanna**

Managing Director and

Chief Executive Officer

(DIN 00266132)

Place: New Delhi

**Hitesh Kumar Jain**

Company Secretary

Place: Ghaziabad

(F 6241)



## Notes to the financial statements for the year ended March 31, 2021

### 1. Corporate information

The Company was incorporated on October 10, 2016 and was a subsidiary of Orient Paper & Industries Ltd. (OPIL). A scheme of arrangement had been filed with the National Company Law Tribunal to demerge the consumer electric business of the holding Company (OPIL) by transferring the same on a going concern basis to the Company w.e.f. March 1, 2017, which has subsequently been approved by the National Company Law Tribunal.

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

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Unit VIII, Plot 7, Bhoinagar, Bhubneswar, Odisha.

The Company is primarily engaged in manufacture/purchase and sale of Electrical Consumer Durables, Lighting & Switchgear products. The Company presently has manufacturing facilities at Faridabad, Noida and Kolkata.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 12, 2021.

### 2. Significant accounting policies

#### a. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- i) Certain financial assets and liabilities that is measured at fair value
- ii) Defined benefit plans-plan assets measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest crore (INR 0,000,000) upto two decimal places, except when otherwise indicated.

#### b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

## Notes to the financial statements for the year ended March 31, 2021

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### c. Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of tax credit availed wherever applicable. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Similarly, when significant parts of plant and equipment are required to be replaced at intervals or when a major inspection/ overhauling is required to be performed, such cost of replacement or inspection is capitalised (if the recognition criteria is satisfied) in the carrying amount of plant and equipment as a replacement cost or cost of major inspection/ overhauling, as the case may be and depreciated separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognised in the statement of profit and loss.

Depreciation on property, plant and equipment is provided on pro-rata basis with reference to the date of addition/ disposal on straight-line method using the useful lives of the assets estimated by management based on technical evaluation; these rates are in certain cases differ from the lives prescribed under Schedule II of the Act. The Company has used the following rates to provide depreciation:

| Class of Asset                           | Useful Lives estimated by the management (years) |
|--|--|
| Factory Buildings                        | 30   |
| Non-Factory Buildings                    | 5 to 60  |
| Plant and equipment                      | 3 to 25  |
| Furniture & Fixtures                     | 3 to 10  |
| Computers (included in office equipment) | 3  |
| Office Equipment                         | 5  |
| Vehicles                                 | 10   |

Leasehold improvements are depreciated over the lease period.

**Notes to the financial statements** for the year ended March 31, 2021**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

Intangible assets being specialised Software and Technical Knowhow are amortised on a straight line basis over their useful life (estimated by the management) of 3 to 5 years and 10 years respectively.

**e. Leases**

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

**Where the Company is lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right to use assets**

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

| Class of asset        | Useful Lives estimated by the management (years) |
|-----------------------|--|
| Leased Premises       | 2-9  |
| Leased broadband line | 9  |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

## Notes to the financial statements for the year ended March 31, 2021

### (ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

#### 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.

### f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the borrowings and exchange differences to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year they occur.

### g. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been

## Notes to the financial statements for the year ended March 31, 2021

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 either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### **h. Government grants**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **i. Inventories**

- Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components, stores and spares is determined on moving weighted average method.
- Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods is determined on standard cost basis.
- Traded goods are valued at lower of cost and net realizable value. Cost of purchase and other costs in bringing the inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.
- Saleable scrap, whose cost is not identifiable, is valued at net realisable value.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **j. Revenue from contract with customers**

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

## Notes to the financial statements for the year ended March 31, 2021

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.

### **Sale of Goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, Sales points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

### **Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates. The volume rebates give rise to variable consideration.

#### **- Volume rebates**

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

#### **- Significant financing component**

The Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that goods will be one year or less.

### **Warranty obligations**

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions.

In some contracts, the Company provides warranty to the customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

### **Sales points programme**

The Company has a sales point programme, which allows customers to accumulate points that can be redeemed for free products. The sales points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the sales points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.



## Notes to the financial statements for the year ended March 31, 2021

When estimating the stand-alone selling price of the sales points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

### Sales of Services

Revenue from installation and maintenance services are recognised at point of time upon completion of services.

### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets – 'financial instruments – initial recognition and subsequent measurement'.

### Contract liabilities

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

### Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

## k. Other revenue streams

### - Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

### - Export Benefits

Export benefits arising from Duty Drawback scheme, Merchandise Export Incentive Scheme, Focus Market Scheme are recognised on shipment of direct exports. Revenue from exports benefits measured at the fair value of consideration received or receivable.

## l. Foreign currency transactions and balances

The financial statements are presented in INR, which is the Company's functional currency.

Foreign currency transactions are initially recorded at functional currency's spot rates at the date the transaction first qualifies for recognition.

Foreign currency monetary items are translated using the functional currency spot rates prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

## Notes to the financial statements for the year ended March 31, 2021

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

### m. Employee benefits

#### i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### ii. Other long-term employee benefit obligations

##### - Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year. The Company's gratuity fund scheme is managed by trust maintained with Insurance companies to cover the gratuity liability of the employees and premium paid to such insurance companies is charged to the statement of profit and loss.

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

##### - Provident fund and Superannuation fund

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

##### - Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional

## Notes to the financial statements for the year ended March 31, 2021

right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### n. Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as employee benefits expense in the statement of profit and loss together with a corresponding increase in other equity as 'Share based payments reserve' in lines with requirement as per Ind AS 102 (Share based payments), over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### o. Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

## Notes to the financial statements for the year ended March 31, 2021

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilised during the specified period, i.e., the period for which such credit is allowed to be utilised.

### p. Segment reporting

#### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

#### Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### q. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### r. Provisions and contingent liabilities

#### - General Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Notes to the financial statements for the year ended March 31, 2021

### - Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on technical estimates by the management based on past trends. The estimate of such warranty-related costs is revised annually.

### - Contingent liabilities

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

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### s. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### t. Financial instruments

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

#### i. Financial Assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## Notes to the financial statements for the year ended March 31, 2021

### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

### Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

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

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

- **Business Model Test:** The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognised in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

### Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.



## Notes to the financial statements for the year ended March 31, 2021

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### Equity Investment

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
- the Company has transferred the rights to receive cash flows from the financial assets or
- the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI;

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of IND AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward

## Notes to the financial statements for the year ended March 31, 2021

looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

### ii. Financial liabilities:

#### Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payables, trade deposits, retention money, and liabilities towards services, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

#### Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortized cost using EIR method.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

## Notes to the financial statements for the year ended March 31, 2021

### Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or 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.

### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## Notes to the financial statements for the year ended March 31, 2021

The following table shows various reclassification and how they are accounted for:

| Original classification | Revised classification | Accounting treatment  |
|-------------------------|------------------------|---|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss  |
| FVTPL                   | Amortised cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.  |
| Amortised cost          | FVTOCI                 | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification   |
| FVTOCI                  | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost |
| FVTPL                   | FVTOCI                 | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required  |
| FVTOCI                  | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.   |

### Derivative financial instruments and hedge accounting

#### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges (if any), which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

#### u. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## Notes to the financial statements for the year ended March 31, 2021

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### v. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

## 2.1 Changes in accounting policies and disclosures

### Amendments to Ind AS 116 : Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the financial statements of the Company.

## 2.2 Significant accounting judgements, estimates and assumptions

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

### Judgements

In the process of applying the Company's accounting policies, there are no significant judgements established by the management.

### Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

## Notes to the financial statements for the year ended March 31, 2021

### **Determining method to estimate variable consideration and assessing the constraint**

Certain contracts for the sale of goods include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

In estimating the variable consideration for the sale of goods with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### **Determining whether the loyalty points provide material rights to customers**

The Company's operates a sales point programme, which allows customers to accumulate points when they purchase products. The points can be redeemed for free products, subject to a minimum number of points obtained. The Company assessed whether the sales points provide a material right to the customer that needs to be accounted for as a separate performance obligation.

The Company determined that the sales points provide a material right that the customer would not receive without entering into the contract. The free products the customer would receive by exercising the sales points do not reflect the stand-alone selling price that a customer without an existing relationship with the Company would pay for those products. The customers' right also accumulates as they purchase additional products.

### **Estimates and assumptions**

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

#### **- Useful life of property, plant and equipment**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

#### **- Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 30.



## Notes to the financial statements for the year ended March 31, 2021

### - Leases

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

### - 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

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

## 3. Property, plant and equipment

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                 | Freehold Land | Factory Building (a) | Non Factory Building (a) | Plant & Machinery | Office Equipments | Vehicles    | Furniture & Fixtures | Total         | Capital work-in-progress |
|-----------------------------|---------------|----------------------|--------------------------|-------------------|-------------------|-------------|----------------------|---------------|--------------------------|
| <b>Cost</b>                 |               |                      |                          |                   |                   |             |                      |               |                          |
| As at April 01, 2019        | 0.10          | 23.02                | 3.69                     | 163.64            | 14.20             | 1.31        | 17.85                | 223.81        | 4.30                     |
| Additions                   | 15.92         | -                    | 1.09                     | 21.39             | 2.76              | 0.71        | 1.07                 | 42.94         | 3.33                     |
| Disposals                   | -             | -                    | -                        | (4.97)            | (0.11)            | (0.62)      | (0.07)               | (5.77)        | -                        |
| Adjustments                 | -             | -                    | -                        | -                 | -                 | -           | -                    | -             | (4.17)                   |
| <b>As at March 31, 2020</b> | <b>16.02</b>  | <b>23.02</b>         | <b>4.78</b>              | <b>180.06</b>     | <b>16.85</b>      | <b>1.40</b> | <b>18.85</b>         | <b>260.98</b> | <b>3.46</b>              |
| <b>Depreciation</b>         |               |                      |                          |                   |                   |             |                      |               |                          |
| As at April 01, 2019        | -             | 7.58                 | 0.61                     | 86.46             | 9.08              | 1.04        | 7.04                 | 111.81        | -                        |
| Charge during the year      | -             | 1.00                 | 0.42                     | 19.01             | 2.19              | 0.08        | 1.91                 | 24.61         | -                        |
| Disposals                   | -             | -                    | -                        | (4.37)            | (0.11)            | (0.45)      | (0.07)               | (5.00)        | -                        |
| <b>As at March 31, 2020</b> | <b>-</b>      | <b>8.58</b>          | <b>1.03</b>              | <b>101.10</b>     | <b>11.16</b>      | <b>0.67</b> | <b>8.88</b>          | <b>131.42</b> | <b>-</b>                 |
| <b>Net book value</b>       | <b>16.02</b>  | <b>14.44</b>         | <b>3.75</b>              | <b>78.96</b>      | <b>5.69</b>       | <b>0.73</b> | <b>9.97</b>          | <b>129.56</b> | <b>3.46</b>              |
| <b>Cost</b>                 |               |                      |                          |                   |                   |             |                      |               |                          |
| As at April 01, 2020        | 16.02         | 23.02                | 4.78                     | 180.06            | 16.85             | 1.40        | 18.85                | 260.98        | 3.46                     |
| Additions                   | 2.51          | 4.29                 | -                        | 16.28             | 2.49              | -           | 1.04                 | 26.61         | 2.21                     |
| Disposals                   | -             | -                    | -                        | (1.01)            | (2.46)            | (0.26)      | (0.16)               | (3.89)        | -                        |
| Adjustments                 | -             | -                    | -                        | -                 | -                 | -           | -                    | -             | (3.06)                   |
| <b>As at March 31, 2021</b> | <b>18.53</b>  | <b>27.31</b>         | <b>4.78</b>              | <b>195.33</b>     | <b>16.88</b>      | <b>1.14</b> | <b>19.73</b>         | <b>283.70</b> | <b>2.61</b>              |
| <b>Depreciation</b>         |               |                      |                          |                   |                   |             |                      |               |                          |
| As at April 01, 2020        | -             | 8.58                 | 1.03                     | 101.10            | 11.16             | 0.67        | 8.88                 | 131.42        | -                        |
| Charge during the year      | -             | 1.04                 | 0.43                     | 20.59             | 2.11              | 0.10        | 1.79                 | 26.06         | -                        |
| Disposals                   | -             | -                    | -                        | (0.92)            | (2.31)            | (0.25)      | (0.14)               | (3.62)        | -                        |
| <b>As at March 31, 2021</b> | <b>-</b>      | <b>9.62</b>          | <b>1.46</b>              | <b>120.77</b>     | <b>10.96</b>      | <b>0.52</b> | <b>10.53</b>         | <b>153.86</b> | <b>-</b>                 |
| <b>Net book value</b>       | <b>18.53</b>  | <b>17.69</b>         | <b>3.32</b>              | <b>74.56</b>      | <b>5.92</b>       | <b>0.62</b> | <b>9.20</b>          | <b>129.84</b> | <b>2.61</b>              |

a. Factory buildings include gross block of ₹347 crores (March 31, 2020: ₹3.39 crores) (Accumulated depreciation ₹2.51 crores (March 31, 2020: ₹2.07 crores), Net block ₹0.96 crores (March 31, 2020: ₹1.32 crores)) in respect of leasehold improvements and non factory building includes gross block of ₹2.97 crores (March 31, 2020: ₹2.97 crores) (Accumulated depreciation ₹1.11 crores (March 31, 2020: ₹0.70 crores), Net block ₹1.86 crores (March 31, 2020: ₹2.27 crores)) in respect of leasehold improvements.

b. For charge created on Property, plant and equipment of the Company towards borrowings, refer Note 14.

**Notes to the financial statements** for the year ended March 31, 2021**4. Intangible assets**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                 | Software     | Technical know how | Total        |
|-----------------------------|--------------|--------------------|--------------|
| <b>Cost</b>                 |              |                    |              |
| As at April 01, 2019        | 7.52         | 7.51               | 15.03        |
| Additions                   | 2.78         | -                  | 2.78         |
| <b>As at March 31, 2020</b> | <b>10.30</b> | <b>7.51</b>        | <b>17.81</b> |
| <b>Amortisation</b>         |              |                    |              |
| As at April 01, 2019        | 7.37         | 3.09               | 10.46        |
| Charge during the year      | 0.35         | 0.75               | 1.10         |
| <b>As at March 31, 2020</b> | <b>7.72</b>  | <b>3.84</b>        | <b>11.56</b> |
| <b>Net book value</b>       | <b>2.58</b>  | <b>3.67</b>        | <b>6.25</b>  |
| <b>Cost</b>                 |              |                    |              |
| As at April 01, 2020        | 10.30        | 7.51               | 17.81        |
| Additions                   | 9.70         | -                  | 9.70         |
| <b>As at March 31, 2021</b> | <b>20.00</b> | <b>7.51</b>        | <b>27.51</b> |
| <b>Amortisation</b>         |              |                    |              |
| As at April 01, 2020        | 7.72         | 3.84               | 11.56        |
| Charge during the year      | 0.87         | 0.75               | 1.62         |
| <b>As at March 31, 2021</b> | <b>8.59</b>  | <b>4.59</b>        | <b>13.18</b> |
| <b>Net book value</b>       | <b>11.41</b> | <b>2.92</b>        | <b>14.33</b> |

**5. Other financial assets**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good, except otherwise stated</b> |                         |                         |
| <b>Non-current</b>   |                         |                         |
| Security deposits at amortised cost                        | 8.53                    | 7.34                    |
| Insurance claim receivables                                | 0.81                    | -                       |
| Deposits held as margin money                              | 0.11                    | 0.11                    |
| Interest accrued on loans and deposits                     | 0.01                    | -                       |
|  | <b>9.46</b>             | <b>7.45</b>             |
| <b>Current</b>   |                         |                         |
| Interest accrued on loans and deposits                     | 0.42                    | 0.03                    |
| Insurance claim receivables                                | 0.46                    | 0.81                    |
| Other receivables  | -                       | 0.16                    |
|  | <b>0.88</b>             | <b>1.00</b>             |
| <b>Total other financial assets</b>                        | <b>10.34</b>            | <b>8.45</b>             |

## Notes to the financial statements for the year ended March 31, 2021

### 6. Other assets

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Non-current</b>   |                         |                         |
| <b>Unsecured, considered good, except otherwise stated</b>       |                         |                         |
| Capital advances   | 3.23                    | 4.77                    |
| Advances recoverable   |                         |                         |
| Considered doubtful  | 0.39                    | 0.40                    |
| Less : Provision for doubtful advances                           | 0.39                    | 0.40                    |
|  | -                       | -                       |
| Deposits against demand under dispute                            | 1.18                    | 0.98                    |
| (A)  | <b>4.41</b>             | <b>5.75</b>             |
| <b>Current</b>   |                         |                         |
| <b>Unsecured, considered good, except where otherwise stated</b> |                         |                         |
| Advances recoverable   | 6.95                    | 7.29                    |
| Prepaid expenses   | 2.91                    | 1.59                    |
| Balances with government authorities                             | 17.56                   | 22.57                   |
| Export benefit receivables                                       | 2.88                    | 1.37                    |
| (B)  | <b>30.30</b>            | <b>32.82</b>            |
| <b>Total other assets</b>  | <b>(A+B) 34.71</b>      | <b>38.57</b>            |

### 7. Inventories

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Valued at lower of cost and net realisable value</b> |                         |                         |
| Raw materials & components                              | 65.61                   | 66.57                   |
| Work-in-progress  | 5.40                    | 3.57                    |
| Finished goods  | 90.91                   | 119.21                  |
| Traded goods  | 83.62                   | 91.68                   |
| Stores and spares                                       | 3.25                    | 4.95                    |
| <b>At net realisable value</b>                          |                         |                         |
| Scrap   | 0.37                    | 0.52                    |
|   | <b>249.16</b>           | <b>286.50</b>           |
| <b>The above inventory includes stock in transit:</b>   |                         |                         |
| Raw materials   | 1.03                    | 0.93                    |
| Traded goods  | 10.02                   | 4.10                    |
| Finished goods  | 15.13                   | 10.10                   |
|   | <b>26.18</b>            | <b>15.13</b>            |

- a) During the year ended March 31, 2021, ₹1.64 crores (March 31, 2020: ₹0.47 crores) was recognised as an expense for inventories carried at net realisable value.
- b) Inventories are pledged against the borrowings obtained by the Company as referred in note 14.

**Notes to the financial statements** for the year ended March 31, 2021**8. Trade receivables**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                          | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Non Current</b>                   |                         |                         |
| Unsecured, considered good           | 28.61                   | 25.16                   |
|                                      | <b>28.61</b>            | <b>25.16</b>            |
| <b>Current</b>                       |                         |                         |
| Secured, considered good             | 29.77                   | 27.48                   |
| Unsecured, considered good           | 325.41                  | 336.25                  |
| Credit impaired                      | 28.40                   | 26.87                   |
|                                      | <b>383.58</b>           | <b>390.60</b>           |
| Less : Provision for credit impaired | 28.40                   | 26.87                   |
|                                      | <b>355.18</b>           | <b>363.73</b>           |

- a) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- b) Trade receivables are generally non-interest bearing.
- c) Trade Receivables include due from related parties ₹0.03 crores (March 31, 2020 : ₹0.38 crores) (Refer note 33).

**9. Cash and cash equivalents**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Balances with banks:</b>                            |                         |                         |
| On current accounts                                    | 43.40                   | 6.02                    |
| Cash on hand   | 0.02                    | 0.02                    |
| Deposits with original maturity for less than 3 months | 96.64                   | 1.02                    |
|  | <b>140.06</b>           | <b>7.06</b>             |

**Note:** There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

The undrawn committed borrowing facilities as of reporting date is ₹48.26 crores (31 March 2020:Nil)

**Changes in liabilities arising from financing activities**

| Particulars  | Lease<br>Liabilities | Long Term<br>Borrowings | Short Term<br>Borrowings | Total liabilities<br>from financing<br>activities |
|--|----------------------|-------------------------|--------------------------|---|
| Balance as at March 31, 2020   | 56.68                | 3.81                    | 94.70                    | 155.19  |
| Addition on account of new leases during the year (refer note 36)            | 3.46                 | -                       | -                        | 3.46  |
| Deletion on account of termination of leases during the year (refer note 36) | (0.51)               | -                       | -                        | (0.51)  |
| Cash flows   | (13.49)              | (2.07)                  | (81.17)                  | (96.73)   |
| Interest Expense   | 4.64                 | 0.23                    | 4.70                     | 9.57  |
| Interest Paid  | (4.64)               | (0.23)                  | (4.70)                   | (9.57)  |
| <b>Balance as at March 31, 2021</b>  | <b>46.14</b>         | <b>1.74</b>             | <b>13.53</b>             | <b>61.41</b>                                      |

## Notes to the financial statements for the year ended March 31, 2021

### 10. Other bank balances

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Bank Deposits with original maturity for more than 3 months but less than 12 months | 116.72                  | 0.01                    |
| Bank Deposits held as Margin Money  |                         |                         |
| - Original maturity for less than 3 months  | -                       | 0.25                    |
| - Original maturity for more than 3 months but less than 12 months                  | 0.50                    | -                       |
| - Original maturity for more than 12 months   | 0.03                    | -                       |
| Unclaimed dividend *  | 0.24                    | 0.16                    |
|   | <b>117.49</b>           | <b>0.42</b>             |

\* Company can utilise the balance only towards settlement of unclaimed dividend.

### 11. Current tax assets

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Advance payment of income tax and tax deducted at source (net of provisions) | 3.32                    | 8.84                    |
|  | <b>3.32</b>             | <b>8.84</b>             |

### 12. Equity Share Capital

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 |              | As at<br>March 31, 2020 |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | No. in Crores           | Amount       | No. in Crores           | Amount       |
| Authorized share capital   | 25.00                   | 25.00        | 25.00                   | 25.00        |
| Issued, subscribed and fully paid-up   | 21.22                   | 21.22        | 21.22                   | 21.22        |
| 21,21,85,502 equity shares of ₹1/- each<br>(March 31, 2020: 21,21,85,502 equity shares of ₹1/- each) |                         |              |                         |              |
|  | <b>21.22</b>            | <b>21.22</b> | <b>21.22</b>            | <b>21.22</b> |

#### a) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### b) Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder   | As at March 31, 2021 |                        | As at March 31, 2020 |                        |
|---|----------------------|------------------------|----------------------|------------------------|
|   | No. in Crores        | % holding in the class | No. in Crores        | % holding in the class |
| <b>Equity shares of ₹1 each fully paid</b>  |                      |                        |                      |                        |
| Central India Industries Limited  | 5.26                 | 24.77%                 | 5.26                 | 24.77%                 |
| Nippon Life India Trustee Ltd (Formerly known as Reliance Capital Trustee Co. Ltd.) | 1.51                 | 7.12%                  | 1.63                 | 7.69%                  |
| Shekhavati Investments and Traders Limited  | 1.28                 | 6.05%                  | 1.28                 | 6.01%                  |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



## Notes to the financial statements for the year ended March 31, 2021

### 12. Equity Share Capital (Contd.)

- 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:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars          | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Equity shares issued | -                       | -                       | -                       | 21.22                   |

### 13. Other Equity

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Capital Reserve</b>  | 0.05                    | 0.05                    |
| <b>General reserve</b>  |                         |                         |
| Opening balance   | 224.83                  | 209.83                  |
| Additions during the year   | 15.00                   | 15.00                   |
| <b>Closing balance</b>  | <b>239.83</b>           | <b>224.83</b>           |
| <b>Share based payment reserves (Refer note 35)</b>   |                         |                         |
| Opening balance   | 3.76                    | 0.04                    |
| Additions during the year   | 3.85                    | 3.72                    |
| Less: Lapsed during the year  | 0.40                    | -                       |
| <b>Closing balance</b>  | <b>7.21</b>             | <b>3.76</b>             |
| <b>Retained Earnings</b>  |                         |                         |
| Opening Balance   | 109.53                  | 75.44                   |
| Add: Profit for the year  | 119.74                  | 78.62                   |
| Less: Transferred to General Reserve  | 15.00                   | 15.00                   |
| Less : Interim Equity Dividend for the year ended March 31,2021 (Amount per share ₹0.75 ( March 31, 2020: ₹0.65 per share)) (Refer note 41) | 15.91                   | 13.79                   |
| Less : Final Equity Dividend (Amount per share ₹0.50 for the year ended March 31, 2020 (March 31, 2019: ₹0.50)) (Refer note 41)             | 10.61                   | 10.61                   |
| Less : Tax on equity dividend   | -                       | 5.02                    |
| Add: Other comprehensive income for the year, net of tax  | (0.40)                  | (0.11)                  |
| <b>Closing Balance</b>  | <b>187.35</b>           | <b>109.53</b>           |
| <b>Total</b>  | <b>434.44</b>           | <b>338.17</b>           |

#### Nature and description of reserve

- Capital reserve** - The Company recognized profit or loss on cancellation of Companies own equity instruments to capital reserve.
- General reserve** - General reserve are free reserves of the Company which are kept aside out of Company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- Share based payment reserves** - The Company has a stock option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 35 for further details of these plans.
- Retained earnings** - Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

## Notes to the financial statements for the year ended March 31, 2021

### 14. Borrowings

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Non-current borrowings</b>  |                         |                         |
| Term loans (Secured)   |                         |                         |
| From banks   | 1.74                    | -                       |
|  | <b>1.74</b>             | <b>-</b>                |
| Current maturity of long term borrowings                                     |                         |                         |
| From others  | -                       | 3.81                    |
|  | <b>-</b>                | <b>3.81</b>             |
| <b>Total non-current borrowings *- (A)</b>                                   | <b>1.74</b>             | <b>3.81</b>             |
| Less : Amount disclosed under the head "other current financial liabilities" | -                       | 3.81                    |
| <b>Net non-current borrowings - (B)</b>                                      | <b>1.74</b>             | <b>-</b>                |
| <b>Current borrowings</b>  |                         |                         |
| From banks (Secured)   |                         |                         |
| Cash credit from banks   | -                       | 34.70                   |
| Working capital demand loan  | -                       | 60.00                   |
| Buyer's Credit   | 5.51                    | -                       |
| From others (Unsecured)  |                         |                         |
| Trade Acceptances  | 8.02                    | -                       |
| <b>Total current borrowings - (C)</b>  | <b>13.53</b>            | <b>94.70</b>            |
| <b>Total borrowings (Incl. current maturities) (A+C)</b>                     | <b>15.27</b>            | <b>98.51</b>            |

\*Net of unamortised borrowing cost of ₹0.00 crores (March 31, 2020: ₹0.07 Crores)

#### Note:

- Term loan from bank is secured by first pari-passu charge on immovable fixed assets of the Company at Faridabad location and first pari passu charge on the entire moveable fixed assets (both present and future) of the Company. Term loans outstanding from bank on March 31, 2021: ₹1.74 crores, carrying interest @ 7.70% to 7.75% p.a (March 31, 2020: ₹ Nil) and the same is repayable in 14 quarterly instalments after a moratorium of 6 quarters from the date of first drawdown. 1st instalment is payable in September 2022.
- Term loan from others outstanding as at March 31, 2021: Nil (March 31, 2020 : ₹3.81 crores) carries interest @11.25% p.a as at March 31, 2020.
- Cash credit, Working Capital Demand Loan and Buyer's Credit from bank are secured against hypothecation of stock in trade, stock in progress, raw materials, stores and consumables, book debts and other current assets of the Company and second charge on moveable fixed assets pertaining to the plants of the Company at Kolkata and Faridabad locations. Cash credit and working capital demand loans are repayable on demand. Cash Credit and Working Capital Demand Loan carries interest @ 8.15% p.a. to 9.50% p.a. as at March 31, 2020 and there is no outstanding balance as at March 31, 2021. Buyer's credit carries interest @1.09% to 1.12% p.a. (March 31, 2020 : Nil).
- During the year, the Company has availed the facility of Trade Acceptances on Trade Receivable Discounting System (TReDs) and carries interest @ 4.49% to 7.00% p.a. and outstanding is repayable within a period of 45 days from the due date.
- Completion of mutation on title of Faridabad properties is done and Deed of Conveyance and Change of Name in respect of Plot No.11, Sector-06, at Industrial Estate Faridabad has been received from 'Haryana State Industrial and Infrastructure Development Corpn. Ltd, (HSIIDC)'.
  - Deed of transfer of Kolkata properties has been registered in the name of Company.
  - Creation of charge is in abeyance in favour of Term Lender and Working Capital Lenders.

**Notes to the financial statements** for the year ended March 31, 2021**15. Provision**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                            | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Non-current</b>                     |                         |                         |
| Provision for gratuity (Refer note 30) | 2.54                    | 1.39                    |
| Provision for long term incentive plan | 6.28                    | 3.32                    |
| Provision for warranties               | 4.87                    | 12.37                   |
|  | <b>13.69</b>            | <b>17.08</b>            |
| <b>Current</b>                         |                         |                         |
| Provision for leave benefits           | 9.32                    | 7.92                    |
| Provision for warranties               | 30.99                   | 21.41                   |
|  | <b>40.31</b>            | <b>29.33</b>            |

**Provision for warranties**

A provision is recognised for expected warranty claims on product sold under warranty as per the technical estimates made by the management based on historical trends. It is expected that most of this cost will be incurred over the warranty terms. The table below gives information about movement in warranty provisions.

| Particulars                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|------------------------------|-------------------------|-------------------------|
| Opening balance              | 33.78                   | 33.14                   |
| Arisen during the year (net) | 20.45                   | 29.96                   |
| Utilized during the year     | 18.37                   | 29.32                   |
| <b>Closing balance</b>       | <b>35.86</b>            | <b>33.78</b>            |

**Provision for long term incentive plan**

During the financial year 2018-19, the Company introduced a Long Term Performance Cash Incentive for top and senior management including Managing Director & CEO to reward their individual performance directly linked to the achievement of accelerated financial growth objectives of the Company. Long Term Performance Cash Incentive is effective from April 01, 2019.

| Particulars                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|------------------------------|-------------------------|-------------------------|
| Opening balance              | 3.32                    | -                       |
| Arisen during the year (net) | 3.42                    | 3.32                    |
| Lapsed during the year       | 0.46                    | -                       |
| <b>Closing balance</b>       | <b>6.28</b>             | <b>3.32</b>             |

**16. Deferred Tax Asset/(Liability)**

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

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Difference between book value and tax base of Property, Plant & Equipments and Intangible Asset | 0.47                    | (1.42)                  |
| Items disallowed under Section 43B of the Income tax Act, 1961 on payment basis                 | 4.48                    | 3.85                    |
| Impact of deferred revenue  | 4.05                    | 3.08                    |
| Provision for doubtful debts and advances   | 7.15                    | 6.76                    |
| Provision for warranties  | 9.02                    | 8.50                    |
| Others  | 1.12                    | 0.63                    |
| <b>Net deferred tax asset</b>   | <b>26.29</b>            | <b>21.40</b>            |

## Notes to the financial statements for the year ended March 31, 2021

### 16. Deferred Tax Asset/(Liability) (Contd.)

#### Reconciliation of deferred tax asset/(liability)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Opening balance  | 21.40                   | 19.65                   |
| <b>Deferred tax (charged)/credited during the year</b> |                         |                         |
| - to the statement of profit and loss                  | 4.76                    | 1.71                    |
| - to other comprehensive income                        | 0.13                    | 0.04                    |
| <b>Closing balance</b>                                 | <b>26.29</b>            | <b>21.40</b>            |

### 17. Trade payables

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade payables including Acceptances  |                         |                         |
| -total outstanding dues of micro, small and medium enterprises (refer note 38 for details of dues to micro, small and medium enterprises) | 88.32                   | 34.29                   |
| -total outstanding dues of creditors other than micro, small and medium enterprises   | 430.81                  | 296.19                  |
|   | <b>519.13</b>           | <b>330.48</b>           |

- Trade payables are non-interest bearing and normally settled on 0 to 90 day terms.
- Trade Payables include due to related parties ₹2.62 crores (March 31, 2020 : ₹2.21 crores) (Refer note 33).
- Trade payables includes acceptances of ₹143.83 Crores (March 31, 2020: ₹70.51 Crores). Acceptances represent arrangements where suppliers of goods and services are initially paid by the banks, while Company continues to recognize the liability till settlement with the banks, which are normally effected within a period of 89 days.

### 18. Other financial liabilities (at amortised cost)

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Current</b>   |                         |                         |
| Payables against purchase of property, plant and equipment | 1.98                    | 2.11                    |
| Current maturities of long term borrowings (Refer note 14) | -                       | 3.81                    |
| Interest accrued but not due on borrowings                 | -                       | 0.29                    |
| Trade and other deposits received                          | 31.48                   | 31.86                   |
| Unpaid dividend *  | 0.24                    | 0.16                    |
|  | <b>33.70</b>            | <b>38.23</b>            |

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

### 19. Other liabilities

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------------|-------------------------|-------------------------|
| <b>Non current</b>               |                         |                         |
| Deferred revenue (Refer note 37) | 8.92                    | 10.48                   |
|                                  | <b>8.92</b>             | <b>10.48</b>            |
| <b>Current</b>                   |                         |                         |
| Advances from customers          | 9.16                    | 8.29                    |
| Statutory dues payable           | 13.19                   | 14.06                   |
| Deferred revenue (Refer note 37) | 7.19                    | 1.72                    |
|                                  | <b>29.54</b>            | <b>24.07</b>            |

**Notes to the financial statements** for the year ended March 31, 2021**19. Other liabilities** (Contd.)

| Deferred revenue (All amounts in Rupees Crores, unless otherwise stated) |                         |                         |
|--|-------------------------|-------------------------|
| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| Opening balance  | 12.20                   | -                       |
| Arisen during the year   | 5.63                    | 12.20                   |
| Recognized during the year   | 1.72                    | -                       |
| <b>Closing balance</b>   | <b>16.11</b>            | <b>12.20</b>            |

**20. Revenue from operations**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Revenue from contracts with customers</b>              |                                      |                                      |
| <b>Sale of products &amp; services (refer note below)</b> |                                      |                                      |
| Finished goods  | 1,016.36                             | 1,168.80                             |
| Traded goods  | 1,063.00                             | 951.20                               |
| Sale of services  | 0.54                                 | 0.97                                 |
|   | <b>2,079.90</b>                      | <b>2,120.97</b>                      |
| Less: Cash discount, rebates, incentives etc.             | 80.65                                | 88.15                                |
|   | <b>1,999.25</b>                      | <b>2,032.82</b>                      |
| <b>Other operating revenue</b>                            |                                      |                                      |
| Scrap sales   | 30.13                                | 25.82                                |
| <b>Revenue from contracts with customers - (A)</b>        | <b>2,029.38</b>                      | <b>2,058.64</b>                      |
| Other operating revenue - Export incentive - (B)          | 3.22                                 | 3.18                                 |
| <b>Revenue from operations - (A+B)</b>                    | <b>2,032.60</b>                      | <b>2,061.82</b>                      |

Note: Refer note 37 for disclosure of revenue from contract with customers under Ind AS 115.

**21. Other income**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Interest income from financial assets at amortised cost from: |                                      |                                      |
| Bank deposits   | 1.49                                 | 0.32                                 |
| Unwinding of interest on security deposits                    | 0.20                                 | 0.20                                 |
| Customers and others  | 1.13                                 | 1.40                                 |
| Insurance and other claims                                    | 0.92                                 | 0.32                                 |
| Unspent liabilities and unclaimed balances written back       | 1.70                                 | 1.05                                 |
| Exchange fluctuation (net)                                    | 0.35                                 | -                                    |
| Miscellaneous income  | 0.48                                 | 0.80                                 |
|   | <b>6.27</b>                          | <b>4.09</b>                          |

## Notes to the financial statements for the year ended March 31, 2021

### 22. Cost of raw materials and components consumed

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Inventory at the beginning of the year              | 66.57                                | 79.57                                |
| Add: Purchases and job work charges                 | 659.49                               | 766.20                               |
|   | <b>726.06</b>                        | <b>845.77</b>                        |
| Less: Sales   | 5.25                                 | 5.98                                 |
| Less: Inventory at the end of the year              | 65.61                                | 66.57                                |
| <b>Cost of raw material and components consumed</b> | <b>655.20</b>                        | <b>773.22</b>                        |

### 23. Changes in inventory of finished goods, work in progress and traded goods

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                              | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the end of the year       |                                      |                                      |
| Work-in-progress                         | 5.40                                 | 3.57                                 |
| Finished goods                           | 90.91                                | 119.21                               |
| Traded goods                             | 83.62                                | 91.68                                |
| Scrap                                    | 0.37                                 | 0.52                                 |
|  | <b>180.30</b>                        | <b>214.98</b>                        |
| Inventories at the beginning of the year |                                      |                                      |
| Work-in-progress                         | 3.57                                 | 4.82                                 |
| Finished goods                           | 119.21                               | 104.10                               |
| Traded goods                             | 91.68                                | 71.70                                |
| Scrap                                    | 0.52                                 | 0.36                                 |
|  | <b>214.98</b>                        | <b>180.98</b>                        |
| <b>(Increase)/ decrease in stocks</b>    | <b>34.68</b>                         | <b>(34.00)</b>                       |

### 24. Employee benefits expense

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                                    | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Salary, wages and bonus                        | 164.33                               | 181.11                               |
| Employee stock option expenses (Refer note 35) | 3.45                                 | 3.72                                 |
| Contribution to provident and other funds      | 6.03                                 | 6.53                                 |
| Gratuity expenses (Refer note 30)              | 2.01                                 | 1.90                                 |
| Staff welfare expenses                         | 3.35                                 | 5.22                                 |
|  | <b>179.17</b>                        | <b>198.48</b>                        |



**Notes to the financial statements** for the year ended March 31, 2021**25. Finance costs**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Interest:                            |                                      |                                      |
| - on debts and borrowings            | 4.93                                 | 11.09                                |
| - on lease liability (Refer note 36) | 4.64                                 | 4.99                                 |
| - on Security Deposits & Advances    | 3.52                                 | 2.81                                 |
| Bill Discounting                     | 4.46                                 | 4.88                                 |
| Other finance charges                | 3.18                                 | 2.35                                 |
|                                      | <b>20.73</b>                         | <b>26.12</b>                         |

**26. Depreciation and amortization expense**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Depreciation on property, plant & equipment (Refer note 3) | 26.06                                | 24.61                                |
| Depreciation on Right of use assets(Refer note 36)         | 15.47                                | 14.41                                |
| Amortization of intangible assets (Refer note 4)           | 1.62                                 | 1.10                                 |
|  | <b>43.15</b>                         | <b>40.12</b>                         |

**27. Other expenses**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Consumption of stores and spares     | 6.29                                 | 7.50                                 |
| Power and fuel                       | 7.60                                 | 10.62                                |
| Freight & forwarding charges         | 49.35                                | 53.23                                |
| Rent and hire charges                | 1.29                                 | 3.68                                 |
| Rates and taxes                      | 0.55                                 | 0.38                                 |
| Insurance                            | 1.30                                 | 0.57                                 |
| Repairs and maintenance              |                                      |                                      |
| Plant and machinery                  | 1.96                                 | 2.99                                 |
| Buildings                            | 0.39                                 | 1.41                                 |
| Others                               | 0.40                                 | 0.78                                 |
| Advertising and sales promotion      | 59.11                                | 83.01                                |
| Commission on sales                  | 2.83                                 | 4.50                                 |
| Payment to auditors                  |                                      |                                      |
| Audit fee (including limited review) | 0.49                                 | 0.47                                 |
| Tax audit fee                        | 0.05                                 | 0.05                                 |
| Other services                       | 0.03                                 | 0.03                                 |
| Reimbursement of expenses            | -                                    | 0.08                                 |
| Warranty and claims (net)            | 20.45                                | 29.96                                |
| Travelling and conveyance            | 6.74                                 | 17.16                                |
| Professional and consultancy charges | 11.88                                | 13.62                                |

## Notes to the financial statements for the year ended March 31, 2021

### 27. Other expenses (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Bad debts written off (net of reversals)   | 0.19                                 | 0.66                                 |
| Development Expense  | 2.98                                 | 2.23                                 |
| Carrying & forwarder charges   | 12.17                                | 10.40                                |
| Exchange fluctuation (net)   | -                                    | 0.81                                 |
| Advances written off (net of reversals)  | 0.02                                 | -                                    |
| Director's sitting fees  | 0.68                                 | 0.65                                 |
| Director's commission  | 1.22                                 | 0.93                                 |
| Provision for doubtful debts   | 1.54                                 | 7.45                                 |
| Loss on sale of property, plant & equipment (net)                                    | 0.28                                 | 0.27                                 |
| Expenditure towards corporate social responsibility (CSR) activities (Refer note 42) | 3.25                                 | 1.55                                 |
| Miscellaneous expenses   | 19.93                                | 22.58                                |
|  | <b>212.97</b>                        | <b>277.57</b>                        |

### 28. Income tax

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>a) Income tax expense in the Statement of Profit and Loss comprises:</b> |                                      |                                      |
| Current tax   | 46.92                                | 37.36                                |
| Deferred tax charge/(credit)  | (4.76)                               | (1.71)                               |
| <b>Income tax expense reported in the Statement of Profit and Loss</b>      | <b>42.16</b>                         | <b>35.65</b>                         |
| <b>b) Other comprehensive income</b>  |                                      |                                      |
| Re-Measurement gains/(losses) on defined benefit plans                      | 0.13                                 | 0.04                                 |
| <b>Income tax related to items recognised in OCI during the year</b>        | <b>0.13</b>                          | <b>0.04</b>                          |

Entire deferred income tax for the year ended March 31, 2021 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:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit before income tax  | 161.90                               | 114.27                               |
| Enacted income-tax rate in India                                    | 25.17%                               | 25.17%                               |
| Computed expected tax expense                                       | 40.75                                | 28.76                                |
| Impact on deferred tax asset due to adoption of new income tax rate | -                                    | 5.49                                 |
| Corporate social responsibility expense                             | 0.82                                 | 0.39                                 |
| Others  | 0.59                                 | 1.01                                 |
| <b>Income tax expense at effective tax rate</b>                     | <b>42.16</b>                         | <b>35.65</b>                         |

## Notes to the financial statements for the year ended March 31, 2021

### 29. Earnings per share (EPS)

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

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Profit attributable to the equity shareholders of the Company used for calculation of basic and diluted EPS     | 119.74                  | 78.62                   |
|   | <b>119.74</b>           | <b>78.62</b>            |
| <b>Basic earning per share</b>  |                         |                         |
| Weighted average number of equity shares used in calculating basic EPS  | 21.22                   | 21.22                   |
| <b>Basic Earnings per equity share (Nominal value of share ₹1)</b>  | <b>5.64</b>             | <b>3.71</b>             |
| <b>Diluted earning per share</b>  |                         |                         |
| Weighted average number of equity shares used in calculating basic EPS  | 21.22                   | 21.22                   |
| <b>Effect of Dilution</b>   |                         |                         |
| Share options (No. of options in crores)  | 0.05                    | 0.05                    |
| Weighted average number of equity shares outstanding (Nos.) during the year adjusted for the effect of dilution | 21.27                   | 21.27                   |
| <b>Diluted Earnings per equity share (Nominal value of share ₹1)</b>  | <b>5.63</b>             | <b>3.70</b>             |

### 30. Employee benefits

#### A. Defined Benefit Schemes

##### Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

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

#### i. Present Value of Defined Benefit Obligation

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| <b>Obligations at beginning of the year</b>                   | 13.88          | 12.06          |
| Current service cost  | 1.90           | 1.93           |
| Interest expense  | 0.94           | 0.87           |
| <b>Amount recognised in profit or loss</b>                    | <b>2.84</b>    | <b>2.80</b>    |
| <b>Remeasurements</b>   |                |                |
| Actuarial (gain) / loss from change in demographic assumption | -              | 0.00           |
| Actuarial (gain) / loss from change in financial assumption   | 1.31           | 0.54           |
| Experience (gains)/losses                                     | (0.94)         | (0.33)         |
| <b>Amount recognised in other comprehensive income</b>        | <b>0.37</b>    | <b>0.21</b>    |
| Benefits paid   | (1.89)         | (1.19)         |
| <b>Obligations at year end</b>                                | <b>15.20</b>   | <b>13.88</b>   |

## Notes to the financial statements for the year ended March 31, 2021

### 30. Employee benefits (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

#### ii. Fair Value of Plan Assets

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Plan assets at beginning of the year, at fair value                   | 12.50          | 12.67          |
| Interest income   | 0.85           | 0.91           |
| <b>Amount recognised in profit or loss</b>                            | <b>0.85</b>    | <b>0.91</b>    |
| <b>Remeasurements</b>   |                |                |
| Return on plan assets, excluding amount recognised in interest income | (0.16)         | 0.06           |
| <b>Amount recognised in other comprehensive income</b>                | <b>(0.16)</b>  | <b>0.06</b>    |
| Employers contribution  | 1.38           | 0.05           |
| Benefits paid   | (1.89)         | (1.19)         |
| <b>Plan assets at year end, at fair value</b>                         | <b>12.68</b>   | <b>12.50</b>   |

#### iii. Assets and Liabilities recognized in the Balance Sheet

| Particulars                                 | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Present value of defined benefit obligation | 15.20          | 13.88          |
| Fair value of plan assets                   | 12.68          | 12.50          |
| <b>Net (asset) / liability</b>              | <b>2.52</b>    | <b>1.38</b>    |

Note: provision for gratuity in Note 15 is inclusive of ₹0.02 crore (March 31,2020 - ₹0.01 Crore) for branch's employee.

#### iv. Defined benefit obligations cost for the year

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| <b>Amount recognised in profit and loss account</b>    |                |                |
| Service cost   | 1.90           | 1.93           |
| Interest cost (Net)                                    | 0.09           | (0.04)         |
| <b>Amount recognised in other comprehensive income</b> |                |                |
| Actuarial (gain)/loss                                  | 0.53           | 0.15           |
| <b>Net benefit expense</b>                             | <b>2.52</b>    | <b>2.04</b>    |

Note: gratuity expense in Note 24 is inclusive of ₹0.02 crore (March 31,2020 - ₹0.01 Crore) for branch's employee.

#### v. Investment details of Plan Assets

The details of investments of plan assets are as follows:

| Particulars              | March 31, 2021 | March 31, 2020 |
|--------------------------|----------------|----------------|
| Investments with insurer | 100%           | 100%           |

#### vi. Actuarial assumptions:

| Particulars                       | March 31, 2021 | March 31, 2020 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 6.75%          | 6.75%          |
| Expected rate of return on assets | 6.75%          | 6.75%          |
| Future salary increases           | 8.00%          | 7.00%          |
| Withdrawal rate                   |                |                |
| Upto 45 years                     | 5.00%          | 5.00%          |
| Above 45 years                    | 1.00%          | 1.00%          |
| Retirement Age (Years)            | 58             | 58             |

**Note:** The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to the financial statements for the year ended March 31, 2021

### 30. Employee benefits (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

#### vii. Expected Contribution to the Fund in the next year

| Particulars | March 31, 2021 | March 31, 2020 |
|-------------|----------------|----------------|
| Gratuity    | 4.81           | 3.58           |
|             | <b>4.81</b>    | <b>3.58</b>    |

#### viii. Maturity profile of the defined benefit obligation (undiscounted amount)

|  | 0-1 year | 1-2 years | 2-3 year | 3-4 year | Above 5 years | Total |
|--|----------|-----------|----------|----------|---------------|-------|
| <b>Expected benefit payments for the period ending</b> |          |           |          |          |               |       |
| <b>March 31, 2021</b>                                  | 1.20     | 0.94      | 1.07     | 0.98     | 28.21         | 32.40 |
| <b>March 31, 2020</b>                                  | 1.42     | 0.95      | 0.92     | 1.08     | 24.24         | 28.61 |

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 10 years (March 31, 2020: 9 years).

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

#### ix. A quantitative sensitivity analysis for significant assumptions is as below:

| Assumptions  | March 31, 2021         |             | March 31, 2020         |             |
|--|------------------------|-------------|------------------------|-------------|
|  | Discount rate          |             | Discount rate          |             |
| Sensitivity level  | 1% increase            | 1% decrease | 1% increase            | 1% decrease |
| (Decrease)/Increase in gratuity defined benefit obligation | (1.32)                 | 1.52        | (1.15)                 | 1.32        |
| Assumptions  | Future salary increase |             | Future salary increase |             |
| Sensitivity level  | 1% increase            | 1% decrease | 1% increase            | 1% decrease |
| (Decrease)/Increase in gratuity defined benefit obligation | 1.49                   | (1.31)      | 1.31                   | (1.15)      |

Above sensitivity analysis is based on a change in assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in balance sheet.

#### x. Risk exposure

The gratuity scheme is a final salary Defined Benefit Plan that provides for lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow :

- Interest rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
- Salary inflation risk:** Higher than expected increases in salary will increase the defined benefit obligation.
- Investment risk:** If Plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Demographic risk:** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.
- Liquidity risk:** This is the risk that the Company is not able to meet the short-term gratuity pay outs. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- Regulatory risk:** Gratuity benefits paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay-outs (e.g. Increase in the maximum limit on gratuity of ₹20,00,000).

## Notes to the financial statements for the year ended March 31, 2021

### 30. Employee benefits (Contd.)

#### B. Defined Contribution Plan :

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Superannuation Fund for the benefit of the employees.

Amount recognised in the statement of profit or loss is as follows:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                               | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Contribution to provident / pension funds | 5.63           | 6.10           |
| Contribution to superannuation fund       | 0.40           | 0.43           |
|   | <b>6.03</b>    | <b>6.53</b>    |

### 31. Capital and other commitments

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 15.26          | 17.64          |
| Bank guarantee provided against performance obligation under contracts with customer                             | 94.31          | 93.57          |

### 32. Contingent liabilities

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021  | March 31, 2020  |
|---|-----------------|-----------------|
| <b>A. Demands/claims by various Government authorities and others not acknowledged as debts and contested/to be contested by the Company:</b> |                 |                 |
| 1. Excise and Custom Duty*  | 2.17            | 2.17            |
| 2. Sales Tax (incl. GST & entry tax)**  | 14.82           | 13.99           |
| 3. Worker compensation under dispute  | 0.34            | 0.34            |
| 4. Entry tax***   | Amount          | Amount          |
|   | Unascertainable | Unascertainable |
| 5. Environment Compensation (paid 50% demand under protest)****   | 0.48            | -               |
|   | <b>17.81</b>    | <b>16.50</b>    |

#### Notes :-

\* The demand raised by the tax authorities is mainly towards disallowance of availment of CENVAT credit and classification of product in different tax buckets.

\*\* The demands raised by the tax authorities are mainly towards enhancement of turnover due to certain disallowances, and local sales tax demand upon completion of assessment and various other miscellaneous cases raised by the respective state authorities. Entry Tax (West Bengal) - State Government reintroduced entry tax w.e.f. April 1, 2012, whereby a dealer is required to pay entry tax for importing goods from outside the State. Liability recorded in the books for Mar 2014 to Jun 2017 is ₹3.42 crores (till GST implementation date). The Company also has received a demand for interest of ₹1.56 crores in this regard which has not been provided in the books, as the Company believes that the probability of interest waiver is high, basis the order from single judge of Calcutta High Court who struck down the law stating it as unconstitutional. We have filed a writ in Hon'ble Calcutta High Court challenging the constitutional validity of the Act, which is pending finalisation.



## Notes to the financial statements for the year ended March 31, 2021

### 32. Contingent liabilities (Contd.)

\*\*\* Entry Tax (Haryana) - Supreme Court of India vide its order dated Nov 11, 2016, upheld the right of State Government to impose the entry tax, however on the question regarding validity of each State Legislation imposing entry tax, the bench decided to let the issue be determined by regular High Court benches of the respective states. Pending decision of High Court of Punjab & Haryana, the impact, if any, is not ascertainable at this stage and hence no provision is considered in the financial statements.

\*\*\*\* During the year, the Company has received a demand from Haryana State Pollution Control Board stating that alleged discharge from its Faridabad factory is in violation of the consent limits/ prescribed standards. The Company has challenged the demand in High Court of Punjab and Haryana. The matter is stayed by the High Court and is currently sub judice.

The Company is contesting the demands and the management, including its legal advisors, believes that its position will likely be upheld in the appellate process. No expenses has been accrued in the financial statements for the demands raised. Management believes that the ultimate outcome of this proceeding will not have a material adverse impact on the Company's financial position and results of operation.

### B. Other Litigations

1. During 2019-20, the Company initiated legal action against Orient General Agencies (Bombay) Pvt Ltd (OGA) and Alco Logistics Pvt. Ltd. (formerly Apollo Fiege Integrated Logistics Pvt. Ltd.) for recovery of outstanding amount of ₹14.16 crores together with interest and damages upto date. The Company has taken appropriate provisions of outstanding in the books of account in earlier reporting periods. The matter is pending adjudication. During the year, OGA has filed a counter claim against the Company with Bombay High Court, which was found to be baseless and challenged by the Company and the matter is sub-judice.
2. In respect of Kolkata plant where a portion of land (about 2 bigha) was taken on sub-lease by the Company, lease agreement between owners of the said land and principal lessee expired in 1975. The owners filed eviction proceedings against the principal lessee in 1976 and the suit was decided in favour of the owners in Mar, 2007. The Company appealed against the same and vide interim order in May, 2007, the order of eviction and execution proceedings pursuant to decree were since stayed by Appellate Court, pending outcome of the appeal. However, pursuant to application by owners, the Court directed the Company to deposit of ₹60,000 p.m. w.e.f. 26th Mar, 2018, as occupational charges, which continues to be disclosed as 'deposit' under Note 5 of the financial statements. The appeal is currently at the final hearing stage by the Fast Track Court at Sealdah. Based on expert legal assessment, management believes that no liability needs to be accrued for rental expenses or decommissioning liabilities in the financial statements at this stage.
3. Other than above, the Company has certain litigations under Section 138 of Negotiable Instruments Act, 2018 and has been provided for.

The management, including its legal advisors, believes that the ultimate outcome of these proceedings will not have an adverse impact on the Company's financial position and results of operation.

### C. Others

1. There are numerous interpretative issues relating to the Supreme Court judgement dated February 28, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating regarding various interpretative issues and its impact for the period before February 28, 2019.
2. The Code on Social Security, 2020 ('code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the code when it comes into effect and will record any related impact in the period the code and the related rules to determine the financial impact becomes effective.

## Notes to the financial statements for the year ended March 31, 2021

### 33. Related party transactions

#### I. List of Related parties

##### A) Investing Company

- i. Central India Industries Limited

##### B) Public limited company in which director or manager is a director and holds along with his relatives, more than two percent of its paid up share capital

- i. Orient Paper and Industries Limited
- ii. Orient Cement Limited

##### C) Members of the Board of Directors/Key management personnel (KMP)

##### i. Chairman and Non-Executive Director

- a) Mr C.K. Birla

##### ii. Managing Director & CEO

- a) Mr. Rakesh Khanna

##### iii. Other Non-Executive Directors

- a) Mr. Desh Deepak Khetrapal, Non-Executive Vice Chairman (Redesignated w.e.f. October 22, 2019)
- b) Mr. TCA Ranganathan, Independent director
- c) Mr. K. Pradeep Chandra, Independent director
- d) Ms. Alka Marezban Bharucha, Independent director

##### iv. Chief Financial Officer

- a) Mr. Saibal Sengupta

##### v. Company Secretary

- a) Mr. Hitesh Kumar Jain

##### D) Relative of Member of Board of Directors/KMP\*

- i. Ms. Nirmala Birla
- ii. Ms. Amita Birla
- iii. Ms. Avani Birla
- iv. Ms. Avanti Birla

\*Holding more than 2% of paid-up share capital in the company alongwith Mr C.K. Birla

##### E) Post employment benefit plans for the benefit of employees

- i. Birla Industries Provident Fund
- ii. Orient Electric Limited-Employees Gratuity Fund
- iii. Orient Electric Limited-Employees Superannuation Fund

##### F) Other related entities

- i. CK Birla Corporate Services Limited
- ii. Birlasoft Limited
- iii. National Engineering Industries Limited
- iv. GMMCO Limited
- v. AVTEC Limited
- vi. HIL Limited
- vii. CK Birla Healthcare Private Limited
- viii. Bharucha & Partners, Advocates & Solicitors

## Notes to the financial statements for the year ended March 31, 2021

### 33. Related party transactions (Contd.)

#### II. Related party transactions and balances

(All amounts in Rupees Crores, unless otherwise stated)

The details of related parties transactions entered into by the Company for the year ended March 31, 2021 and March 31, 2020, and the details of amounts due to or due from related parties as at March 31, 2021 and March 31, 2020 are as follows:

| Particulars                                  | Investing Company |                | Public limited company in which director or manager is a director and holds along with his relatives, more than two percent of its paid up share capital |                | Key management personnel (KMP) |                | Relative of Member of a Board of Director/KMP (having 2% shareholding in the Company) |                | Post employment benefit plans for the benefit of employees |                | Other related entities |                | Total          |                |
|--|-------------------|----------------|--|----------------|--------------------------------|----------------|---|----------------|--|----------------|------------------------|----------------|----------------|----------------|
|  | March 31, 2021    | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021                 | March 31, 2020 | March 31, 2021  | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021         | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| <b>Transactions during the year</b>          |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| <b>Sale of goods</b>                         |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Orient Paper & Industries Limited            | -                 | -              | 0.04   | 0.03           | -                              | -              | -   | -              | -  | -              | -                      | -              | 0.04           | 0.03           |
| Orient Cement Limited                        | -                 | -              | 0.02   | 0.08           | -                              | -              | -   | -              | -  | -              | -                      | -              | 0.02           | 0.08           |
| National Engineering Industries Limited      | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.02                   | 0.02           | 0.02           | 0.02           |
| GMMCO Limited                                | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.04           | -              | 0.04           |
| AVTEC Limited                                | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.01                   | 0.33           | 0.01           | 0.33           |
| HIL Limited                                  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.12           | -              | 0.12           |
| CK Birla Corporate Services Limited          | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.00                   | 0.01           | 0.00           | 0.01           |
| Mr. Rakesh Khanna                            | -                 | -              | -  | -              | 0.00                           | 0.00           | -   | -              | -  | -              | -                      | -              | 0.00           | 0.00           |
| Mr. Saibal Sengupta                          | -                 | -              | -  | -              | -                              | 0.00           | -   | -              | -  | -              | -                      | -              | -              | 0.00           |
| Ms. Avani Birla                              | -                 | -              | -  | -              | -                              | -              | -   | 0.00           | -  | -              | -                      | -              | -              | 0.00           |
| <b>Purchase of goods</b>                     |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| HIL Limited                                  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.09           | -              | 0.09           |
| <b>Rent</b>                                  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Orient Paper & Industries Limited            | -                 | -              | 0.14   | 0.14           | -                              | -              | -   | -              | -  | -              | -                      | -              | 0.14           | 0.14           |
| <b>Professional and Consultancy Services</b> |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| CK Birla Corporate Services Limited          | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 6.49                   | 7.76           | 6.49           | 7.76           |
| Birlasoft Limited                            | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.66                   | 0.21           | 0.66           | 0.21           |
| Bharucha & Partners, Advocates & Solicitors  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.01           | -              | 0.01           |
| <b>Miscellaneous expenses</b>                |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| CK Birla Corporate Services Limited          | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.86                   | 0.60           | 0.86           | 0.60           |
| <b>Contribution to fund</b>                  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Birla Industries Provident Fund              | -                 | -              | -  | -              | -                              | -              | -   | -              | 1.89   | 2.28           | -                      | -              | 1.89           | 2.28           |

## Notes to the financial statements for the year ended March 31, 2021

### 33. Related party transactions (Contd.)

| Particulars   | Investing Company |                | Public limited company in which director or manager is a director and holds along with his relatives, more than two percent of its paid up share capital |                | Key management personnel (KMP) |                | Relative of Member of a Board of Director/KMP (having 2% shareholding in the Company) |                | Post employment benefit plans for the benefit of employees |                | Other related entities |                | Total          |                |
|---|-------------------|----------------|--|----------------|--------------------------------|----------------|---|----------------|--|----------------|------------------------|----------------|----------------|----------------|
|   | March 31, 2021    | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021                 | March 31, 2020 | March 31, 2021  | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021         | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| <b>Employee benefit expenses (Refer note 1 below)</b>             |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Ms. Avani Birla   | -                 | -              | -  | -              | -                              | -              | 0.99  | 1.02           | -  | -              | -                      | -              | 0.99           | 1.02           |
| <b>Key management personnel compensation (Refer note 1 below)</b> |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| <b>Short-term employee benefits</b>                               |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. Rakesh Khanna   | -                 | -              | -  | -              | 3.00                           | 3.13           | -   | -              | -  | -              | -                      | -              | 3.00           | 3.13           |
| Mr. Saibal Sengupta   | -                 | -              | -  | -              | 1.79                           | 1.85           | -   | -              | -  | -              | -                      | -              | 1.79           | 1.85           |
| Mr. Hitesh Kumar Jain   | -                 | -              | -  | -              | 0.47                           | 0.47           | -   | -              | -  | -              | -                      | -              | 0.47           | 0.47           |
| <b>Termination benefits</b>                                       |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. Rakesh Khanna   | -                 | -              | -  | -              | 0.17                           | 0.17           | -   | -              | -  | -              | -                      | -              | 0.17           | 0.17           |
| <b>Share-based payment transactions (Refer note 2 below)</b>      |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. Rakesh Khanna   | -                 | -              | -  | -              | 0.85                           | 0.85           | -   | -              | -  | -              | -                      | -              | 0.85           | 0.85           |
| Mr. Saibal Sengupta   | -                 | -              | -  | -              | 0.28                           | 0.28           | -   | -              | -  | -              | -                      | -              | 0.28           | 0.28           |
| <b>Long term incentive plan</b>                                   |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. Rakesh Khanna   | -                 | -              | -  | -              | 0.37                           | 0.37           | -   | -              | -  | -              | -                      | -              | 0.37           | 0.37           |
| Mr. Saibal Sengupta   | -                 | -              | -  | -              | 0.28                           | 0.28           | -   | -              | -  | -              | -                      | -              | 0.28           | 0.28           |
| <b>Dividend Paid</b>  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. Rakesh Khanna   | -                 | -              | -  | -              | 0.00                           | -              | -   | -              | -  | -              | -                      | -              | 0.00           | -              |
| Mr. Saibal Sengupta   | -                 | -              | -  | -              | 0.00                           | 0.00           | -   | -              | -  | -              | -                      | -              | 0.00           | 0.00           |
| Mr. Hitesh Kumar Jain   | -                 | -              | -  | -              | 0.00                           | -              | -   | -              | -  | -              | -                      | -              | 0.00           | -              |
| <b>Director's sitting fees &amp; commission</b>                   |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Mr. C.K. Birla  | -                 | -              | -  | -              | 0.52                           | 0.41           | -   | -              | -  | -              | -                      | -              | 0.52           | 0.41           |
| Mr. TCA Ranganathan   | -                 | -              | -  | -              | 0.36                           | 0.31           | -   | -              | -  | -              | -                      | -              | 0.36           | 0.31           |
| Mr. K Pradeep Chandra   | -                 | -              | -  | -              | 0.33                           | 0.26           | -   | -              | -  | -              | -                      | -              | 0.33           | 0.26           |
| Ms. Alka Marezban Bharucha  | -                 | -              | -  | -              | 0.31                           | 0.28           | -   | -              | -  | -              | -                      | -              | 0.31           | 0.28           |
| Mr. Desh Deepak Khetrapal   | -                 | -              | -  | -              | 0.38                           | 0.33           | -   | -              | -  | -              | -                      | -              | 0.38           | 0.33           |

## Notes to the financial statements for the year ended March 31, 2021

### 33. Related party transactions (Contd.)

| Particulars  | Investing Company |                | Public limited company in which director or manager is a director and holds along with his relatives, more than two percent of its paid up share capital |                | Key management personnel (KMP) |                | Relative of Member of a Board of Director/KMP (having 2% shareholding in the Company) |                | Post employment benefit plans for the benefit of employees |                | Other related entities |                | Total          |                |
|--|-------------------|----------------|--|----------------|--------------------------------|----------------|---|----------------|--|----------------|------------------------|----------------|----------------|----------------|
|  | March 31, 2021    | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021                 | March 31, 2020 | March 31, 2021  | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021         | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| <b>Dividend Paid</b>   |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Central India Industries Limited   | 6.57              | 6.04           | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | -              | 6.57           | 6.04           |
| National Engineering Industries Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.07                   | 0.06           | 0.07           | 0.06           |
| Mr. C.K. Birla   | -                 | -              | -  | -              | 0.43                           | 0.39           | -   | -              | -  | -              | -                      | -              | 0.43           | 0.39           |
| Ms. Nirmala Birla  | -                 | -              | -  | -              | -                              | -              | 0.45  | 0.41           | -  | -              | -                      | -              | 0.45           | 0.41           |
| Ms. Amita Birla  | -                 | -              | -  | -              | -                              | -              | 0.04  | 0.04           | -  | -              | -                      | -              | 0.04           | 0.04           |
| Ms. Avani Birla  | -                 | -              | -  | -              | -                              | -              | 0.02  | 0.01           | -  | -              | -                      | -              | 0.02           | 0.01           |
| Ms. Avanti Birla   | -                 | -              | -  | -              | -                              | -              | 0.02  | 0.02           | -  | -              | -                      | -              | 0.02           | 0.02           |
| <b>Balances outstanding</b>  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| <b>Trade receivables</b>   |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| Orient Paper & Industries Limited  | -                 | -              | 0.01   | 0.01           | -                              | -              | -   | -              | -  | -              | -                      | -              | 0.01           | 0.01           |
| Orient Cement Limited {Provision for Doubtful Debt ₹0.01 Cr (March 31, 2020 ₹0.00 Cr)} | -                 | -              | 0.01   | 0.04           | -                              | -              | -   | -              | -  | -              | -                      | -              | 0.01           | 0.04           |
| National Engineering Industries Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.01           | -              | 0.01           |
| AVTEC Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.01                   | 0.29           | 0.01           | 0.29           |
| CK Birla Corporate Services Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.01           | -              | 0.01           |
| CK Birla Healthcare Private Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.00                   | 0.00           | 0.00           | 0.00           |
| HIL Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.02           | -              | 0.02           |
| Ms. Avani Birla  | -                 | -              | -  | -              | -                              | -              | -   | 0.00           | -  | -              | -                      | -              | -              | 0.00           |
| <b>Other assets</b>  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| HIL Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | -                      | 0.00           | -              | 0.00           |
| <b>Trade payables</b>  |                   |                |  |                |                                |                |   |                |  |                |                        |                |                |                |
| CK Birla Corporate Services Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 1.26                   | 1.05           | 1.26           | 1.05           |
| Orient Paper & Industries Limited  | -                 | -              | -  | 0.13           | -                              | -              | -   | -              | -  | -              | -                      | -              | -              | 0.13           |
| Birlasoft Limited  | -                 | -              | -  | -              | -                              | -              | -   | -              | -  | -              | 0.22                   | 0.19           | 0.22           | 0.19           |

## Notes to the financial statements for the year ended March 31, 2021

### 33. Related party transactions (Contd.)

| Particulars                 | Investing Company |                | Public limited company in which director or manager is a director and holds along with his relatives, more than two percent of its paid up share capital |                | Key management personnel (KMP) |                | Relative of Member of a Board of Director/KMP (having 2% shareholding in the Company) |                | Post employment benefit plans for the benefit of employees |                | Other related entities |                | Total          |                |
|-----------------------------|-------------------|----------------|--|----------------|--------------------------------|----------------|---|----------------|--|----------------|------------------------|----------------|----------------|----------------|
|                             | March 31, 2021    | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021                 | March 31, 2020 | March 31, 2021  | March 31, 2020 | March 31, 2021   | March 31, 2020 | March 31, 2021         | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Mr. C.K. Birla              | -                 | -              | -  | -              | 0.42                           | 0.32           | -   | -              | -  | -              | -                      | -              | 0.42           | 0.32           |
| Mr. TCA Ranganathan         | -                 | -              | -  | -              | 0.19                           | 0.14           | -   | -              | -  | -              | -                      | -              | 0.19           | 0.14           |
| Mr. K Pradeep Chandra       | -                 | -              | -  | -              | 0.16                           | 0.11           | -   | -              | -  | -              | -                      | -              | 0.16           | 0.11           |
| Ms. Alka Marezbhan Bharucha | -                 | -              | -  | -              | 0.16                           | 0.11           | -   | -              | -  | -              | -                      | -              | 0.16           | 0.11           |
| Mr. Desh Deepak Khetrpal    | -                 | -              | -  | -              | 0.21                           | 0.16           | -   | -              | -  | -              | -                      | -              | 0.21           | 0.16           |

\* The amounts disclosed above are inclusive of GST.

**Note 1:** The remuneration to the key managerial personnel/others does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**Note 2:** Share based payment transactions included above relates to fair value of options granted to Key Managerial Personnel under the ESOP scheme, that is amortised in the Profit & Loss during the grant period until the Vesting of the shares as per the scheme. (Refer Note 13c)

### 34. Segment information

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act).

Operating segments are defined as components of an enterprise for which discrete financial information so available is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance. Accordingly, the Company has identified two reportable business segments based on its product and services as follows:

- Electrical Consumer Durables**– Consists of manufacture / purchase and sale of electric Fans – ceiling, portable and airflow, along with components and accessories thereof, and Appliances- coolers, geysers and home appliances etc.
- Lighting & Switchgear**– Consists of manufacture / purchase and sale of Lights & Luminaires- LED, street lights etc. and Switchgears- switches & MCB etc.

The CODM primarily uses a measure of revenue from operation and profit or loss to assess the performance of the operating segments on monthly basis.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Within India and Outside India Operations.



**Notes to the financial statements** for the year ended March 31, 2021**34. Segment information** (Contd.)**Unallocated**

Revenue, expenses, assets and liabilities have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue, expenses, assets and liabilities which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed under unallocated.

**Summary of segment information**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | March 31, 2021  | March 31, 2020  |
|--|-----------------|-----------------|
| <b>A Business Segment</b>  |                 |                 |
| <b>i Revenue from operations</b>                                     |                 |                 |
| Electrical Consumer Durables   | 1,513.88        | 1,491.64        |
| Lighting & Switchgear  | 518.72          | 570.18          |
|  | <b>2,032.60</b> | <b>2,061.82</b> |
| Less: Inter segment  | -               | -               |
| <b>Total revenue from operations</b>                                 | <b>2,032.60</b> | <b>2,061.82</b> |
| <b>ii Results</b>  |                 |                 |
| <b>Segment results</b>   |                 |                 |
| Electrical Consumer Durables   | 205.20          | 181.75          |
| Lighting & Switchgear  | 69.23           | 59.66           |
| <b>Segment operating profit</b>                                      | <b>274.43</b>   | <b>241.41</b>   |
| Unallocated Income / (Expenses) (net of unallocable expenses/income) | (92.81)         | (102.31)        |
| <b>Operating profit</b>  | <b>181.62</b>   | <b>139.10</b>   |
| Finance costs  | 19.72           | 24.83           |
| <b>Profit before tax</b>   | <b>161.90</b>   | <b>114.27</b>   |
| Income tax expense   | 42.16           | 35.65           |
| <b>Profit after tax</b>  | <b>119.74</b>   | <b>78.62</b>    |
| <b>iii Segment Assets</b>  |                 |                 |
| Electrical Consumer Durables   | 535.18          | 514.28          |
| Lighting & Switchgear  | 264.09          | 330.23          |
| <b>Segment operating assets</b>                                      | <b>799.27</b>   | <b>844.51</b>   |
| Unallocated assets:  |                 |                 |
| Property, plant and equipment (including capital work-in-progress)   | 15.73           | 18.40           |
| Intangible assets (including assets under development)               | 20.12           | 9.40            |
| Right of use asset   | 33.28           | 42.53           |
| Cash & Bank Balances   | 247.58          | 6.02            |
| Other Current Assets   | 46.38           | 39.58           |
| <b>Total Assets</b>  | <b>1,162.36</b> | <b>960.44</b>   |
| <b>iv Segment Liabilities</b>  |                 |                 |
| Electrical Consumer Durables   | 436.18          | 298.39          |
| Lighting & Switchgear  | 190.58          | 138.97          |
| <b>Segment operating liabilities</b>                                 | <b>626.76</b>   | <b>437.36</b>   |
| Unallocated liabilities:   |                 |                 |
| Borrowings   | 15.27           | 98.51           |
| Lease liabilities  | 36.90           | 40.85           |
| Provisions   | 14.96           | 10.89           |
| Current Liabilities  | 12.81           | 13.44           |
| <b>Total Liabilities</b>   | <b>706.70</b>   | <b>601.05</b>   |

## Notes to the financial statements for the year ended March 31, 2021

### 34. Segment information (Contd.)

| Summary of segment information                          |  | (All amounts in Rupees Crores, unless otherwise stated) |                |
|---|--|---|----------------|
| Particulars   |  | March 31, 2021  | March 31, 2020 |
| <b>v Capital Expenditure including capital advances</b> |  |   |                |
| Electrical Consumer Durables                            |  | 20.50   | 42.05          |
| Lighting & Switchgear                                   |  | 3.04  | 15.12          |
|   |  | <b>23.54</b>  | <b>57.17</b>   |
| Other unallocated                                       |  | 15.69   | 67.82          |
|   |  | <b>39.23</b>  | <b>124.99</b>  |
| <b>vi Depreciation and amortisation expenses</b>        |  |   |                |
| Electrical Consumer Durables                            |  | 13.38   | 18.82          |
| Lighting & Switchgear                                   |  | 6.66  | 8.95           |
|   |  | <b>20.04</b>  | <b>27.77</b>   |
| Other unallocated                                       |  | 23.11   | 12.35          |
|   |  | <b>43.15</b>  | <b>40.12</b>   |

### B Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Within India and Outside India Operations.

|  |  | (All amounts in Rupees Crores, unless otherwise stated) |                 |
|--|--|---|-----------------|
| Particulars                            |  | March 31, 2021  | March 31, 2020  |
| <b>Revenue from external customers</b> |  |   |                 |
| Within India                           |  | 1,922.60  | 1,956.92        |
| Outside India                          |  | 110.00  | 104.90          |
|  |  | <b>2,032.60</b>   | <b>2,061.82</b> |
| <b>Other segment information</b>       |  |   |                 |
| Segment assets                         |  |   |                 |
| Within India                           |  | 1,137.97  | 941.49          |
| Outside India <sup>#</sup>             |  | 24.39   | 18.95           |
|  |  | <b>1,162.36</b>   | <b>960.44</b>   |

<sup>#</sup> Represents trade receivable and branch assets outside India.

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.

### 35. Share based payments

The Company has, vide special resolutions passed by postal ballot, effective from March 13, 2019, introduced and implemented 'Orient Electric Employee Stock Option Scheme 2019' ("ESOP Scheme"). The terms and broad framework of the ESOP Scheme has been approved by the Board of Directors of the Company at their meeting held on January 28, 2019. Pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Share Capital and Debenture) Rules, 2014 read along with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Nomination and Remuneration Committee ("Remuneration Committee") of the Board of Directors of the Company is authorised to implement and administer the ESOP Scheme – 2019. The ESOP Scheme has been formulated in accordance with the SEBI ESOP Regulations.

Under the ESOP Scheme, the eligible employees shall be granted employee Stock Options in the form of Options ("Stock Options") which will be exercisable into equal number of equity shares of ₹1/- each of the Company.

## Notes to the financial statements for the year ended March 31, 2021

### 35. Share based payments (Contd.)

#### Details of the ESOP Scheme:

- Exercise Price:** Market Price of equity share as on the previous close rate on the Stock Exchange immediately preceding the date of the grant.
- Vesting Period :** 40% of options shall vest after 3 years from grant and 60% of options shall vest after 4 years from grant.
- Exercise Period:** 4 years post vesting.
- Method of settlement:** Equity.
- Vesting conditions:** Employee remaining in the employment of the Company during the vesting period.

During the year under review, no new stock option was granted under ESOP Scheme -2019, while 1,60,394 stock options granted earlier, have been lapsed on account of separation of employees from the Company.

#### Particulars of Options outstanding as on March 31, 2021 is as follows:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021   |                  |                  |                  |                   |                   | March 31, 2020   |                  |                  |                  |                   |                   |
|---|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|   | Grant 1          |                  | Grant 2          |                  | Grant 3           |                   | Grant 1          |                  | Grant 2          |                  | Grant 3           |                   |
|   | Vesting Period-1 | Vesting Period-2 | Vesting Period-1 | Vesting Period-2 | Vesting Period-1  | Vesting Period-2  | Vesting Period-1 | Vesting Period-2 | Vesting Period-1 | Vesting Period-2 | Vesting Period-1  | Vesting Period-2  |
| Outstanding Stock Options (number) at the beginning of the year | 741,131          | 1,111,696        | 9,656            | 14,485           | 66,521            | 99,781            | 799,324          | 1,198,985        | -                | -                | -                 | -                 |
| Options granted during the year                                 | -                | -                | -                | -                | -                 | -                 | -                | -                | 9,656            | 14,485           | 66,521            | 99,781            |
| Options Lapsed during the year                                  | 160,394          | -                | -                | -                | -                 | -                 | 58,193           | 87,289           | -                | -                | -                 | -                 |
| Options vested during the year                                  | -                | -                | -                | -                | -                 | -                 | -                | -                | -                | -                | -                 | -                 |
| Options exercised during the year                               | -                | -                | -                | -                | -                 | -                 | -                | -                | -                | -                | -                 | -                 |
| Options outstanding at the end of the year                      | 580,737          | 1,111,696        | 9,656            | 14,485           | 66,521            | 99,781            | 741,131          | 1,111,696        | 9,656            | 14,485           | 66,521            | 99,781            |
| Exercise Price  | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            |
| Vesting Date  | April 01, 2022   | April 01, 2023   | August 01, 2022  | August 01, 2023  | December 11, 2022 | December 11, 2023 | April 01, 2022   | April 01, 2023   | August 01, 2022  | August 01, 2023  | December 11, 2022 | December 11, 2023 |

#### Fair value of Options granted during the financial year 2020-21, has been determined using Black-Scholes model with following inputs:

| Particulars                                  | March 31, 2021   |                  |                  |                  |                   |                   | March 31, 2020   |                  |                  |                  |                   |                   |
|--|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|  | Grant 1          |                  | Grant 2          |                  | Grant 3           |                   | Grant 1          |                  | Grant 2          |                  | Grant 3           |                   |
|  | Vesting Period-1 | Vesting Period-2 | Vesting Period-1 | Vesting Period-2 | Vesting Period-1  | Vesting Period-2  | Vesting Period-1 | Vesting Period-2 | Vesting Period-1 | Vesting Period-2 | Vesting Period-1  | Vesting Period-2  |
| Date of Grant                                | March 27, 2019   | March 27, 2019   | July 30, 2019    | July 30, 2019    | December 11, 2019 | December 11, 2019 | March 27, 2019   | March 27, 2019   | July 30, 2019    | July 30, 2019    | December 11, 2019 | December 11, 2019 |
| Stock price on the grant date                | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            |
| Exercise price                               | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            | 144.10           | 144.10           | 155.00           | 155.00           | 184.10            | 184.10            |
| Expected term (years)                        | 5                | 6                | 5                | 6                | 6                 | 6                 | 5                | 6                | 5                | 6                | 5                 | 6                 |
| Weighted average fair value as on grant date | 63.37            | 68.67            | 61.89            | 67.89            | 73.57             | 81.80             | 63.37            | 68.67            | 61.89            | 67.89            | 73.57             | 81.80             |
| Expected price volatility                    | 40.60%           | 39.80%           | 35.75%           | 35.54%           | 34.35%            | 35.15%            | 40.60%           | 39.80%           | 35.75%           | 35.54%           | 34.35%            | 35.15%            |
| Risk free interest rate                      | 7.03%            | 7.13%            | 6.35%            | 6.45%            | 6.66%             | 6.66%             | 7.03%            | 7.13%            | 6.35%            | 6.45%            | 6.66%             | 6.66%             |
| Expected dividend yield                      | 0.69%            | 0.69%            | 0.69%            | 0.69%            | 0.69%             | 0.69%             | 0.69%            | 0.69%            | 0.69%            | 0.69%            | 0.69%             | 0.69%             |

## Notes to the financial statements for the year ended March 31, 2021

### 35. Share based payments (Contd.)

#### Summary of the expenses recognised in the statement of profit and loss:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Expenses arising from equity settled share based payment plan | 3.45           | 3.72           |

### 36. Leases

#### As a lessee

The Company adopted Ind AS 116 using the modified retrospective method, with the date of initial application on April 01, 2019.

The Company has lease contracts for various Properties (e.g. Corporate office, Depots, Plants, Warehouse etc), leased lines, office equipment's etc used in its operations. Leases of property generally have lease terms between 2 to 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of property and machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars              | Leasehold Properties | Other  | Total  |
|--------------------------|----------------------|--------|--------|
| Gross Block              |                      |        |        |
| As at April 01, 2019     | -                    | -      | -      |
| Additions                | 69.49                | 2.24   | 71.73  |
| Deletion                 | (3.62)               | (0.10) | (3.72) |
| As at March 31, 2020     | 65.87                | 2.14   | 68.01  |
| Accumulated depreciation |                      |        |        |
| As at April 01, 2019     | -                    | -      | -      |
| Charge for the year      | 14.09                | 0.32   | 14.41  |
| Deletion                 | (0.58)               | (0.01) | (0.59) |
| As at March 31, 2020     | 13.51                | 0.31   | 13.82  |
| Net block                | 52.36                | 1.83   | 54.19  |
| Gross Block              |                      |        |        |
| As at April 01, 2020     | 65.87                | 2.14   | 68.01  |
| Additions                | 3.36                 | 0.10   | 3.46   |
| Deletion                 | (0.34)               | (0.30) | (0.64) |
| As at March 31, 2021     | 68.89                | 1.94   | 70.83  |
| Accumulated depreciation |                      |        |        |
| As at April 01, 2020     | 13.51                | 0.31   | 13.82  |
| Charge for the year      | 15.17                | 0.30   | 15.47  |
| Deletion                 | (0.08)               | (0.10) | (0.18) |
| As at March 31, 2021     | 28.60                | 0.51   | 29.11  |
| Net block                | 40.29                | 1.43   | 41.72  |

## Notes to the financial statements for the year ended March 31, 2021

### 36. Leases (Contd.)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                                | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| <b>Balance as at beginning of the year</b> | 56.68          | -              |
| Additions                                  | 3.46           | 70.73          |
| Accretion of interest                      | 4.64           | 4.99           |
| Payments                                   | (18.13)        | (15.88)        |
| Deletion                                   | (0.51)         | (3.16)         |
| <b>Balance as at end of the year</b>       | <b>46.14</b>   | <b>56.68</b>   |
| Current                                    | 13.35          | 13.65          |
| Non current                                | 32.79          | 43.03          |

The maturity analysis of lease liabilities are disclosed in Note 39.

The effective interest rate for lease liabilities is 9%, with maturity between 2021-2029.

The following are the amounts recognised in profit or loss:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Depreciation expense of right-of-use assets   | 15.47          | 14.41          |
| Interest expense on lease liabilities   | 4.64           | 4.99           |
| Expense relating to short-term leases and low value leases (included in other expenses) | 1.29           | 3.68           |
| Loss/(Gain) on lease cancellation   | 0.05           | (0.03)         |

The Company had total cash outflows for leases of ₹18.13 crores in March 31, 2021 ( March 31, 2020: ₹15.88 crores). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹3.46 crores as at March 31, 2021 ( March 31, 2020: ₹70.73 crores).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

### 37. Revenue from Contracts with Customers- Ind AS 115

#### 37.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

(All amounts in Rupees Crores, unless otherwise stated)

| Segment   | March 31, 2021               |                       |                 |
|---|------------------------------|-----------------------|-----------------|
|   | Electrical Consumer Durables | Lighting & Switchgear | Total           |
| <b>Type of goods</b>                                  |                              |                       |                 |
| Sale of fans and appliances                           | 1,510.72                     | -                     | 1,510.72        |
| Sale of lights, circuit breakers and switches         | -                            | 518.12                | 518.12          |
| Sale of services                                      | -                            | 0.54                  | 0.54            |
| <b>Total revenue from contracts with customers</b>    | <b>1,510.72</b>              | <b>518.66</b>         | <b>2,029.38</b> |
| India   | 1,409.95                     | 512.65                | 1,922.60        |
| Outside India   | 100.77                       | 6.01                  | 106.78          |
| <b>Total revenue from contracts with customers</b>    | <b>1,510.72</b>              | <b>518.66</b>         | <b>2,029.38</b> |
| <b>Timing of revenue recognition</b>                  |                              |                       |                 |
| Goods transferred at a point in time                  | 1,510.72                     | 518.12                | 2,028.84        |
| Services transferred at a point in time on completion | -                            | 0.54                  | 0.54            |
| <b>Total revenue from contracts with customers</b>    | <b>1,510.72</b>              | <b>518.66</b>         | <b>2,029.38</b> |

## Notes to the financial statements for the year ended March 31, 2021

### 37. Revenue from Contracts with Customers- Ind AS 115 (Contd.)

#### 37.1 Disaggregated revenue information (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

| Segment   | March 31, 2020               |                       |                 |
|---|------------------------------|-----------------------|-----------------|
|   | Electrical Consumer Durables | Lighting & Switchgear | Total           |
| <b>Type of goods</b>                                  |                              |                       |                 |
| Sale of fans and appliances                           | 1,488.49                     | -                     | 1,488.49        |
| Sale of lights, circuit breakers and switches         | -                            | 569.18                | 569.18          |
| Sale of services                                      | -                            | 0.97                  | 0.97            |
| <b>Total revenue from contracts with customers</b>    | <b>1,488.49</b>              | <b>570.15</b>         | <b>2,058.64</b> |
| India   | 1,389.85                     | 567.07                | 1,956.92        |
| Outside India   | 98.64                        | 3.08                  | 101.72          |
| <b>Total revenue from contracts with customers</b>    | <b>1,488.49</b>              | <b>570.15</b>         | <b>2,058.64</b> |
| <b>Timing of revenue recognition</b>                  |                              |                       |                 |
| Goods transferred at a point in time                  | 1,488.49                     | 569.18                | 2,057.67        |
| Services transferred at a point in time on completion | -                            | 0.97                  | 0.97            |
| <b>Total revenue from contracts with customers</b>    | <b>1,488.49</b>              | <b>570.15</b>         | <b>2,058.64</b> |

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 34):

| Particulars  | March 31, 2021               |                       | March 31, 2020               |                       |
|--|------------------------------|-----------------------|------------------------------|-----------------------|
|  | Electrical Consumer Durables | Lighting & Switchgear | Electrical Consumer Durables | Lighting & Switchgear |
| Revenue as per segment information                 | 1,513.88                     | 518.72                | 1,491.64                     | 570.18                |
| Less: Export incentive                             | 3.16                         | 0.06                  | 3.15                         | 0.03                  |
| <b>Total revenue from contracts with customers</b> | <b>1,510.72</b>              | <b>518.66</b>         | <b>1,488.49</b>              | <b>570.15</b>         |

#### 37.2 Contract balances

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                 | March 31, 2021 | March 31, 2020 |
|-----------------------------|----------------|----------------|
| Trade receivables (net)     | 383.79         | 388.89         |
| Contract assets             | -              | -              |
| <b>Contract liabilities</b> |                |                |
| Advance from customers      | 9.16           | 8.29           |
| Deferred revenue            | 16.11          | 12.20          |

Trade receivables are non-interest bearing and are generally on terms of 45 to 90 days.

Contract liabilities include short-term advances received from customer to deliver goods and deferred revenue pertains to performance obligation which is yet to be delivered.

#### 37.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                                 | March 31, 2021  | March 31, 2020  |
|---|-----------------|-----------------|
| Revenue as per contracted price             | 2,188.55        | 2,247.56        |
| <b>Adjustments</b>                          |                 |                 |
| Cash discount, rebates, incentives etc.     | 80.65           | 88.15           |
| Sales return                                | 74.61           | 88.57           |
| Deferred revenue (net)                      | 3.91            | 12.20           |
| <b>Revenue from contract with customers</b> | <b>2,029.38</b> | <b>2,058.64</b> |



## Notes to the financial statements for the year ended March 31, 2021

### 37. Revenue from Contracts with Customers- Ind AS 115 (Contd.)

37.4 The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at March 31, 2021 are, as follows:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars             | March 31, 2021 | March 31, 2020 |
|-------------------------|----------------|----------------|
| Advances from customers | 9.16           | 8.29           |
| Deferred revenue        | 16.11          | 12.20          |

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

In some contracts, the Company provides warranty to the customers as per the contract. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied based on time elapsed.

### 38. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| <b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year</b>   |                |                |
| Principal amount due to micro, small and medium enterprises   | 88.32          | 34.29          |
| Interest due on above   | -              | -              |
|   | <b>88.32</b>   | <b>34.29</b>   |
| 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 principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents and security deposits that derives directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, borrowings, etc.

## Notes to the financial statements for the year ended March 31, 2021

### 39. Financial risk management objectives and policies (Contd.)

#### Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of electronic items and therefore require a continuous supply of copper and aluminium being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Copper and aluminium, the Company has entered into various purchase contracts for these material for which there is an active market. The Company maintain the level of these stocks as per the requirement of businesses and market which are discussed by the management on regular basis. Company operates in the way that saving/impact due to change in commodity price are pass on to the customers and therefore impact on profit due to change in price of commodity is unascertainable.

#### Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

#### Interest rate risk exposure

The exposure of the Company's borrowings to interest rate changes at the end of reporting period are as follows:

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars              | March 31, 2021 | March 31, 2020 |
|--------------------------|----------------|----------------|
| Variable rate borrowings | 7.25           | 98.51          |
| Fixed rate borrowings    | -              | -              |
|                          | <b>7.25</b>    | <b>98.51</b>   |

#### 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.

(All amounts in Rupees Crores, unless otherwise stated)

|                | Increase/ decrease in basis points* | Effect on profit before tax |
|----------------|-------------------------------------|-----------------------------|
| March 31, 2021 | 50 basis points                     | 0.04                        |
| March 31, 2020 | 50 basis points                     | 0.49                        |

\* loss in case of increase and gain in case of decrease.

#### Foreign currency risk

The Company's exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with Indian rupees (INR). Set out below is the impact of a 5% change in the INR on profit and equity arising as a result of the revaluation of the Company's foreign currency financial instruments. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates as increase in profit or equity where the INR strengthens by 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable negative/positive impact on the profit or equity, as applicable.

(All amounts in Rupees Crores, unless otherwise stated)

| March 31, 2021 | Change in rate | Unhedged Foreign Currency (Net) |                         | Effect on Profit before Tax |
|----------------|----------------|---------------------------------|-------------------------|-----------------------------|
| INR vs USD     | 5%             | 10.51                           | Trade receivable (gain) | 0.53                        |
| INR vs AED     | 5%             | 5.21                            | Trade receivable (gain) | 0.26                        |
| INR vs USD     | 5%             | 9.09                            | Trade payable (loss)    | 0.45                        |
| INR vs EURO    | 5%             | 0.27                            | Trade payable (loss)    | 0.01                        |

**Notes to the financial statements** for the year ended March 31, 2021**39. Financial risk management objectives and policies** (Contd.)

| March 31, 2020 | Change in rate | Unhedged Foreign Currency (Net) |                         | Effect on Profit before Tax |
|----------------|----------------|---------------------------------|-------------------------|-----------------------------|
| INR vs USD     | 5%             | 7.30                            | Trade receivable (gain) | 0.37                        |
| INR vs AED     | 5%             | 6.62                            | Trade receivable (gain) | 0.33                        |
| INR vs USD     | 5%             | 5.33                            | Trade payable (loss)    | 0.27                        |
| INR vs EURO    | 5%             | 0.09                            | Trade payable (loss)    | 0.00                        |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

**The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.**

(All amounts in Rupees Crores, unless otherwise stated)

|                                 | < 30 days | 31 - 90 Days | 91 to 180 days | > 180 days | Total  |
|---------------------------------|-----------|--------------|----------------|------------|--------|
| <b>Trade Receivable (Gross)</b> |           |              |                |            |        |
| March 31, 2021                  | 254.21    | 99.28        | 11.49          | 47.21      | 412.19 |
| March 31, 2020                  | 141.95    | 168.58       | 58.00          | 47.23      | 415.76 |

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in the risk free bank deposits. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company. The Company's maximum exposure relating to financial assets is noted in liquidity table below.

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| <b>Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)</b> |                |                |
| Cash and other bank balances  | 257.55         | 7.48           |
| Other non current financial assets  | 9.46           | 7.45           |
| Other current financial assets  | 0.88           | 1.00           |
|   | <b>267.89</b>  | <b>15.93</b>   |
| <b>Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)</b> |                |                |
| Trade receivables (net)   | 383.79         | 388.89         |
|   | <b>383.79</b>  | <b>388.89</b>  |

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

## Notes to the financial statements for the year ended March 31, 2021

### 39. Financial risk management objectives and policies (Contd.)

The following table summarizes the change in loss allowance measured using the life time expected credit loss model:

| Particulars                                  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| <b>At the beginning of year</b>              | 26.87          | 20.08          |
| Impairment allowance created during the year | 1.54           | 7.45           |
| Bad debts written off during the year        | 0.01           | 0.66           |
| <b>At the end of year</b>                    | <b>28.40</b>   | <b>26.87</b>   |

#### Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

#### Maturity profile of Financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(All amounts in Rupees Crores, unless otherwise stated)

| Financial Liabilities               | 0-1 year      | 2-5 year     | Above 5 years | Total         |
|-------------------------------------|---------------|--------------|---------------|---------------|
| <b>March 31, 2021</b>               |               |              |               |               |
| Borrowings                          | 13.53         | 1.74         | -             | 15.27         |
| Lease liabilities                   | 13.35         | 28.27        | 4.52          | 46.14         |
| Interest on long term borrowings    | 0.13          | 0.20         | -             | 0.33          |
| Trade Payables                      | 519.13        | -            | -             | 519.13        |
| Other current financial liabilities | 33.70         | -            | -             | 33.70         |
| <b>Total</b>                        | <b>579.84</b> | <b>30.21</b> | <b>4.52</b>   | <b>614.57</b> |
| <b>March 31, 2020</b>               |               |              |               |               |
| Borrowings                          | 94.70         | -            | -             | 94.70         |
| Lease liabilities                   | 13.65         | 32.91        | 10.12         | 56.68         |
| Interest on long term borrowings    | 0.21          | -            | -             | 0.21          |
| Trade Payables                      | 330.48        | -            | -             | 330.48        |
| Other current financial liabilities | 38.30         | -            | -             | 38.30         |
| <b>Total</b>                        | <b>477.34</b> | <b>32.91</b> | <b>10.12</b>  | <b>520.37</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.

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Cash and cash equivalents (Refer note 9)                     | 140.06         | 7.06           |
| Other Bank Balances (Refer note 10)                          | 117.49         | 0.42           |
| <b>Total (a)</b>   | <b>257.55</b>  | <b>7.48</b>    |
| Non-current Borrowings (Refer note 14)                       | 1.74           | -              |
| Current Borrowings (Refer note 14)                           | 13.53          | 94.70          |
| Current maturities of non-current borrowings (Refer note 18) | -              | 3.81           |
| <b>Total Borrowings (b)</b>                                  | <b>15.27</b>   | <b>98.51</b>   |

## Notes to the financial statements for the year ended March 31, 2021

### 40. Capital management (Contd.)

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars                 | March 31, 2021 | March 31, 2020 |
|-----------------------------|----------------|----------------|
| <b>Net Debt (c = b-a)*</b>  | <b>0.00</b>    | <b>91.03</b>   |
| Total Equity (d)            | 455.66         | 359.39         |
| <b>Gearing Ratio (c/d)*</b> | <b>0.00</b>    | <b>0.25</b>    |

\*Borrowings does not include lease liability.

\*Cash &amp; bank balances is greater than borrowings, hence debt is considered as nil.

### 41. Dividend paid and proposed

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| <b>Dividend paid and declared during the year</b>  |                |                |
| Final dividend paid for the year ended March 31, 2020 ₹0.50 per share<br>(March 31, 2019: ₹0.50)             | 10.61          | 10.61          |
| Dividend distribution tax on final dividend  | -              | 2.18           |
| Interim dividend paid for the year ended March 31, 2021 ₹0.75 per share<br>(March 31, 2020: ₹0.65 per share) | 15.91          | 13.79          |
| Dividend distribution tax on interim dividend  | -              | 2.84           |
|  | <b>26.52</b>   | <b>29.42</b>   |
| <b>Proposed dividend on equity shares *</b>  |                |                |
| Final dividend for the year ended March 31, 2021 ₹1.25 per share<br>(March 31, 2020: ₹0.50 per share)        | 26.52          | 10.61          |
|  | <b>26.52</b>   | <b>10.61</b>   |

\* Proposed dividends on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at March 31, 2021.

### 42. Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, read alongwith the Rules made thereunder and Schedule VII thereto, the Company has to incur at least 2% of average net profits, as per section 198 of the Companies Act, 2013, of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, the Company has spent a sum of ₹3.25 crores (March 31, 2020: ₹1.55 crores) towards CSR activities as approved by the Board of Directors on the recommendations of CSR committee of the Company. This amount has been charged to the Statement of Profit And Loss.

(All amounts in Rupees Crores, unless otherwise stated)

(All amounts in Rupees Crores, unless otherwise stated)

| Details of CSR Expenditure:             |  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |                |
|---|--|------------------------------|------------------------------|----------------|
| a)                                      | Gross amount required to be spent by the Company during the year | 2.22                         | 1.55                         |                |
| b)                                      | Amount spent during year ended:                                  |                              |                              |                |
| Particulars                             | Amount spent   |                              | Amount yet to be spent       |                |
|   | March 31, 2021   | March 31, 2020               | March 31, 2021               | March 31, 2020 |
| (i) Construction/ acquisition of assets | -  | -                            | -                            | -              |
| (ii) Contribution to Trust/Universities | -  | 1.55                         | -                            | -              |
| (iii) On Purpose other than above       | 3.25   | -                            | -                            | -              |

## Notes to the financial statements for the year ended March 31, 2021

### 43. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(All amounts in Rupees Crores, unless otherwise stated)

| Financial instruments by category                | Carrying value |                | Fair value     |                |
|--|----------------|----------------|----------------|----------------|
|  | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| <b>Financial assets (at amortised cost)</b>      |                |                |                |                |
| Trade Receivables (non-current)                  | 28.61          | 25.16          | 28.61          | 25.16          |
| Other Financial assets (non-current)             | 9.46           | 7.45           | 9.46           | 7.45           |
| Trade Receivables (current)                      | 355.18         | 363.73         | 355.18         | 363.73         |
| Cash and other bank balances (current)           | 257.55         | 7.48           | 257.55         | 7.48           |
| Other Financial assets (current)                 | 0.88           | 1.00           | 0.88           | 1.00           |
|  | <b>651.68</b>  | <b>404.82</b>  | <b>651.68</b>  | <b>404.82</b>  |
| <b>Financial Liabilities (at amortised cost)</b> |                |                |                |                |
| Borrowings (non-current)                         | 1.74           | -              | 1.74           | -              |
| Lease liabilities (non-current)                  | 32.79          | 43.03          | 32.79          | 43.03          |
| Borrowings (current)                             | 13.53          | 94.70          | 13.53          | 94.70          |
| Lease liabilities (current)                      | 13.35          | 13.65          | 13.35          | 13.65          |
| Trade Payables (current)                         | 519.13         | 330.48         | 519.13         | 330.48         |
| Other financial liabilities (current)            | 33.70          | 38.23          | 33.70          | 38.23          |
|  | <b>614.24</b>  | <b>520.09</b>  | <b>614.24</b>  | <b>520.09</b>  |

The management assessed that bank balances, trade receivables, trade payables, short term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The fair values of the interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2021 was assessed to be insignificant.
2. Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2021, are as shown below

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.



**Notes to the financial statements** for the year ended March 31, 2021**43. Fair value measurements** (Contd.)**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2021**

(All amounts in Rupees Crores, unless otherwise stated)

| Particulars   | Carrying Value | Fair Value |         |         |
|---|----------------|------------|---------|---------|
|   | March 31, 2021 | Level 1    | Level 2 | Level 3 |
| <b>Assets carried at amortised cost for which fair value are disclosed</b>      |                |            |         |         |
| Trade Receivables (non-current)   | 28.61          | -          | -       | 28.61   |
| Other Financial assets (non-current)  | 9.46           | -          | -       | 9.46    |
| Trade Receivables (current)   | 355.18         | -          | -       | 355.18  |
| Cash and other bank balances (current)  | 257.55         | -          | -       | 257.55  |
| Other Financial assets (current)  | 0.88           | -          | -       | 0.88    |
| <b>Liabilities carried at amortised cost for which fair value are disclosed</b> |                |            |         |         |
| Borrowings (non-current)  | 1.74           | -          | -       | 1.74    |
| Lease liabilities (non-current)   | 32.79          | -          | -       | 32.79   |
| Borrowings (current)  | 13.53          | -          | -       | 13.53   |
| Lease liabilities (current)   | 13.35          | -          | -       | 13.35   |
| Trade Payables  | 519.13         | -          | -       | 519.13  |
| Other financial liabilities (current)   | 33.70          | -          | -       | 33.70   |

**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2020**

| Particulars   | Carrying Value | Fair Value |         |         |
|---|----------------|------------|---------|---------|
|   | March 31, 2020 | Level 1    | Level 2 | Level 3 |
| <b>Assets carried at amortised cost for which fair value are disclosed</b>      |                |            |         |         |
| Trade Receivables (non-current)   | 25.16          | -          | -       | 25.16   |
| Other Financial assets (non-current)  | 7.45           | -          | -       | 7.45    |
| Trade Receivables (current)   | 363.73         | -          | -       | 363.73  |
| Cash and other bank balances (current)  | 7.48           | -          | -       | 7.48    |
| Other Financial assets (current)  | 1.00           | -          | -       | 1.00    |
| <b>Liabilities carried at amortised cost for which fair value are disclosed</b> |                |            |         |         |
| Borrowings (non-current)  | -              | -          | -       | -       |
| Lease liabilities (non-current)   | 43.03          | -          | -       | 43.03   |
| Borrowings (current)  | 94.70          | -          | -       | 94.70   |
| Lease liabilities (current)   | 13.65          | -          | -       | 13.65   |
| Trade Payables  | 330.48         | -          | -       | 330.48  |
| Other financial liabilities (current)   | 38.23          | -          | -       | 38.23   |

## Notes to the financial statements for the year ended March 31, 2021

44. The global pandemic outbreak had impacted the Company's business in early part of the financial year 2020-2021. However, the Company has been able to recover the business in course of the year. Basis the current year results and best estimates of revenue, expenses and current assets, as on the date of reporting, the Company does not anticipate any material impact on the recoverability of the carrying value of its assets. The management has also estimated future cash flows for the Company and believes that there is no impact on its ability to continue as going concern and meeting its liabilities as and when they fall due. However, considering the unpredictability of the pandemic and inherent uncertainty on the potential future impact of the COVID 19 pandemic, the Company's financial statements may differ from that estimated as on the date of approval of these financial results.

45. The figures have been rounded off to the nearest crore of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than ₹50,000/-.

46. The comparative figures have been regrouped/ rearranged wherever considered necessary to make them comparable with current year numbers.

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As per our report of even date attached.

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

Firm registration number: 301003E / E300005

*Chartered Accountants*

**Per Amit Gupta**

*Partner*

Membership No.: 501396

Place: Faridabad

Date: May 12, 2021

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

**C.K. Birla**

*Chairman and  
Director*

(DIN 00118473)

Place: London

**Saibal Sengupta**

*Chief Financial Officer*

Place: Ghaziabad

(ACA 54373)

**Rakesh Khanna**

*Managing Director and  
Chief Executive Officer*

(DIN 00266132)

Place: New Delhi

**Hitesh Kumar Jain**

*Company Secretary*

Place: Ghaziabad

(F 6241)



## ORIENT ELECTRIC LIMITED

CIN: L31100OR2016PLC025892

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012

Tel: 0674-2396930, Fax: 0674 – 2396364

Corporate Office: 240, Okhla Industrial Estate, Phase – III, Okhla, New Delhi -110020

E-mail: investor@orientelectric.com, Website: www.orientelectric.com

## NOTICE

**NOTICE** is hereby given that the fifth Annual General Meeting ('AGM' / 'Meeting') of the shareholders of ORIENT ELECTRIC LIMITED (the 'Company') will be held on **Thursday, the 29<sup>th</sup> day of July 2021 at 3:00 PM (IST)** through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM') to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of Board of Directors and Auditors' thereon.
2. To declare final dividend of ₹1.25 (125%) per equity share of face value of ₹1 each for the financial year ended March 31, 2021 and to confirm the interim dividend of ₹0.75 (75%) per equity share, already paid during the financial year 2020-21.
3. To appoint a Director in place of Mr. Desh Deepak Khetrpal (DIN: 02362633), who retires by rotation and being eligible, offers himself for re-appointment and in this regard 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, Mr. Desh Deepak Khetrpal (DIN: 02362633), who retires by rotation at this AGM, and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.'

### SPECIAL BUSINESS

4. **To increase remuneration of Ms. Avani Birla, President – Strategy, of the Company.**

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, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and other applicable provisions, if any, (including any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee, Audit Committee and Board of Directors of the Company, consent of the shareholders of the Company be and is hereby accorded for increasing the annual remuneration of Ms. Avani Birla, who has been redesignated as President - Strategy, a relative of Mr. Chandra Kant Birla, Chairman and Non-Executive Director of the Company, for the financial year 2021-22, to ₹2,00,08,600 which shall consist of basic salary, HR allowance, special allowance, annual bonus / variable pay, other allowances, contribution to provident fund, superannuation fund and gratuity apart from other benefits, amenities and facilities, commensurate with her qualification, knowledge, experience and responsibilities as per rules and policies of the Company.

**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 hereby authorised to alter / vary / revise the annual remuneration of Ms. Avani Birla, President - Strategy, from time to time, by such amount as may be considered appropriate, provided that her annual remuneration after such revision in remuneration, not to exceed ₹5,00,00,000/- any time inclusive of all the benefits, perquisites, allowances, amenities and facilities as per rules and policies of the Company but exclusive of Long-Term Cash Incentive which was approved by the shareholders at the Annual General Meeting held on July 16, 2019 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 revision 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.'

**5. Payment of remuneration to Cost Auditors for the financial year ending March 31, 2022.**

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 remuneration of Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.- 5343) as approved by the Board of Directors and set out in the Statement annexed to the Notice, to

be paid to him as Cost Auditor, appointed by the Board of Directors, to conduct the audit of cost records of the Company for the financial year ending March 31, 2022, be and is hereby ratified.'

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.'

By Order of the Board of Directors

**Hitesh Kumar Jain**

*Company Secretary*

(Membership No.: F6241)

**Registered Office:** Unit VIII,

Plot No. 7, Bhoinagar,

Bhubaneswar – 751012, Odisha

**CIN:** L31100OR2016PLC025892

Place: New Delhi

Date: May 12, 2021

## NOTES

1. In view of the ongoing extraordinary circumstances due to COVID-19 pandemic, social distancing is a norm to be strictly followed by every individual. Therefore, Ministry of Corporate Affairs ('MCA'), vide its circular dated January 13, 2021 read with earlier circulars dated May 05, 2020, April 13, 2020 and April 08, 2020 (collectively referred to as 'MCA Circulars'), permitted the companies to hold the Annual General Meeting ('AGM' / 'Meeting') through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM'), without the physical presence of the shareholders at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Deemed venue of the AGM shall be the Registered Office of the Company at Unit VIII, Plot No. 7, Bhoynagar, Bhubaneswar – 751012, Odisha.
2. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to certain ordinary business and the special businesses to be transacted at the 5<sup>th</sup> AGM is annexed hereto.
3. Since the AGM will be held through VC/ OAVM, pursuant to the MCA Circulars, physical attendance of the shareholders is not required at the AGM, and attendance of the shareholders through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act. Route map of the venue of the Meeting is accordingly not annexed hereto.
4. Pursuant to the provisions of Section 105 of the Act and Regulation 44(4) of the Listing Regulations, a shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/ her behalf and the proxy need not be a shareholder of the Company. Since this AGM is being held through VC/OAVM pursuant to the applicable MCA and SEBI Circulars, physical attendance of shareholders has been dispensed with. Accordingly, the facility for appointment of Proxies by the shareholders will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Corporate/Institutional Shareholders are entitled to appoint authorised representatives to attend the AGM through VC/OAVM on their behalf and cast their votes through remote e-voting or through e-voting at the AGM. Corporate/Institutional Shareholders intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutiniser at e-mail ID [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com) with a copy marked to the Company at [investor@orientelectric.com](mailto:investor@orientelectric.com), authorising its representative(s) to attend and vote through VC/ OAVM on their behalf at the Meeting, pursuant to Section 113 of the Act.
6. In compliance with the MCA Circulars and the Securities and Exchange Board of India ('SEBI') circular dated January 15, 2021 read with circular dated May 12, 2020 ('SEBI Circulars'), owing to the difficulties involved in dispatching of physical copies of the Annual Report for the financial year 2020-21 including financial statements (along with Board's Report, Auditor's Report or other documents required to be attached therewith), Notice of the 5<sup>th</sup> AGM along with the Annual Report for the financial year 2020-21 is being sent only through electronic mode to those shareholders whose email addresses are registered with the Depositories/ Company / Registrar and Share Transfer Agent of the Company. Notice alongwith Annual Report for the financial year 2020-21 will also be available on the website of the Company at [www.orientelectric.com](http://www.orientelectric.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and also on the website of Kfin Technologies Private Limited, Registrar and Share Transfer Agent ('RTA') of the Company at <https://evoting.kfintech.com>.
7. For enabling the shareholders to participate at the 5<sup>th</sup> AGM through the VC / OAVM, the Company has appointed M/s KFin Technologies Private Limited, the Registrar and Share Transfer Agent ('KFin Tech' or 'RTA'), to provide VC/ OAVM facility and e-voting facility for the AGM. Participation at the AGM through VC / OAVM shall be allowed on a first-come-first-served basis.
8. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.
9. At the first AGM held on August 09, 2017, the shareholders approved 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 for a period of five years from the conclusion of that AGM till the conclusion of the sixth AGM, subject to ratification of their appointment by shareholders at every AGM, as was required under

the Act. The requirement to place the matter relating to the appointment of Statutory Auditors for ratification by shareholders at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of Statutory Auditors at the 5<sup>th</sup> AGM.

10. Shareholders seeking any information with regard to the Financial Statements, or any other matter to be placed at the AGM, are requested to write to the Company **on or before July 20, 2021** on **investor@orientelectric.com**. The Company will respond to the shareholder suitably. Please note that the shareholders' questions will be answered only if the shareholder continues to hold the shares as of the cut-off date i.e. Thursday, July 22, 2021.
11. Registers of Directors & Key Managerial Personnel and their shareholding, Register of Contracts, Certificate from the Statutory Auditors on the implementation of ESOP Scheme would be available for inspection by the shareholders electronically on VC/ OAVM platform during the AGM, and other relevant documents referred to in the accompanying Notice calling the AGM would be available for inspection electronically on the website of the Company from the date of circulation of Notice till the date of this AGM.
12. The details of the Director seeking re-appointment at the 5<sup>th</sup> AGM are provided in **Annexure A** of this Notice. The Company has received the requisite consent/ declarations for the re-appointment under the Act, and the rules made thereunder.
13. As per Regulation 40(1) of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019, except in case of transmission or transposition of securities. In view of the above and to eliminate risk associated with physical shares and to avail various benefits of dematerialisation, shareholders are advised to dematerialise their shares held in physical form. Shareholders are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact RTA to seek guidance in the demat procedure. Shareholders may also visit web site of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited viz. <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the demat procedure.

14. Shareholders are requested to:

- i. intimate to RTA, changes, if any, in their registered addresses, in case of shares are held in physical form;
- ii. intimate to the respective Depository Participant, changes, if any, in their registered addresses, in case of shares are held in dematerialised form;
- iii. quote their folio numbers/Client ID/DP ID in all correspondence;
- iv. register their Permanent Account Number ('PAN') with their Depository Participants, in case of shares are held in dematerialised form and with RTA / Company, in case of shares are held in physical form, as directed by SEBI.

15. **Procedure for updating / registering the email address and mobile numbers for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate for receipt of dividend:**

#### **Shareholders holding shares in Physical Form:**

Shareholders who have not registered their e-mail address and in consequence to which are not receiving communications from the Company electronically (viz. the Annual Report, Notice of AGM, e-voting details, etc.) may get their email address and mobile number registered by providing the same to the Company's RTA, by clicking the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> for receiving such communications electronically. Shareholders are requested to follow the process as provided in the link for updating their email address and mobile number for receiving the notice(s), Annual reports, other communications and e-voting instructions along with the User ID and Password in future over e-mail. In case of any query on registering the email addresses and mobile number, the shareholder may write to RTA at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

Alternatively, shareholders may send a request to the RTA at their address mentioned hereinafter, alongwith following details / documents for registering / validating / updating their information in database viz. Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN) and AADHAR (self-attested scanned copy of Aadhar).

Following additional details need to be provided in case of registration / updation in Bank Account details viz. Name and Branch of the Bank in which the shareholders wish to receive the dividend, Type of Bank Account, Bank Account

Number allotted by their banks after implementation of Core Banking Solutions, 9 digit MICR Code Number, 11 digit IFSC Code and scanned copy of the cancelled cheque bearing the name of the first shareholder.

#### Shareholder holding shares in Dematerialized Form:

Please contact your Depository Participants and register / update, as the case may be, your email address, mobile number and bank account details in your demat account, as per the process advised by your Depository Participants.

#### 16. Payment of Dividend:

The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, **July 23, 2021** to Thursday, **July 29, 2021** (both days inclusive) for annual closing and for determining the entitlement of the shareholders to the final dividend for the financial year 2020-21, if approved at the AGM.

- i. The dividend on equity shares, if approved at the AGM, will be paid, subject to deduction of tax at source, through electronic transfer (RTGS/NEFT/ECS) in the bank accounts, as per MCA Circulars and SEBI Circular, on or before Friday, August 27, 2021 to those shareholders:
  - a. in respect of shares held in physical form, after giving effect of the valid transmission or transposition requests lodged with the Company / RTA, whose names shall appear on the Company's Register of Members as on the close of business hours on Thursday, **July 22, 2021**, as per the bank details registered with the RTA;
  - b. in respect of the shares held in dematerialized form, whose names are furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') as beneficial owners as on the close of business hours on Thursday, **July 22, 2021** as per the bank details registered against their respective depository accounts as provided by NSDL and CDSL. The Company or the RTA cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Shareholders holding shares in electronic form are, therefore, requested to intimate any change in bank mandate to their Depository Participants.
- ii. For shareholders whose bank details are not available for electronic transfer of dividend, the Company will, pursuant to MCA circulars and SEBI Circular,

send dividend demand draft(s) /warrant(s)/cheque(s) through post only after the situation, currently impacted by COVID-19 pandemic, normalises.

#### iii. TDS on Dividend:

Pursuant to Income-Tax Act, 1961, as amended by the Finance Act, 2020, dividend income is taxable in the hands of shareholders with effect from April 01, 2020 and therefore, the Company shall be required to deduct tax at source ('TDS') at the prescribed rates from dividend paid to shareholders. For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

For Resident Shareholders, TDS shall be deducted under Section 194 of the Income-Tax Act, 1961 @ 10% on the amount of Dividend declared and paid by the Company during the financial year 2021-22 provided PAN is provided by the shareholder. **If PAN is not submitted to the Company / RTA (in case shares are held in physical mode) / updated in their demat account (in case shares are held in demat mode), TDS would be deducted @ 20% as per Section 206AA of the Income-Tax Act, 1961.**

However, no TDS shall be deducted on the Dividend payable to a resident Individual if the total dividend to be received during the financial year 2021-22 does not exceed ₹5,000.

A resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source. Further, in terms of newly inserted Section 206AB effective from July 1, 2021 by the Finance Act, 2021, TDS deducted shall be higher of the following i.) Twice the rate specified in the relevant provision of the Income-Tax Act; or ii) Twice the rate or rates in force; or iii) the rate of 5%; in case a person has not filed his/her Return of Income for each of the two preceding financial years and the aggregate of TDS in his/her case is ₹50,000 or more in each of these two financial years which shall not be limited to TDS only on dividend income received by the shareholder but will include all TDS transactions of the shareholder during the relevant financial year.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency



Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits.

Shareholders may submit the aforementioned documents by sending an email to **einward.ris@kfintech.com** or by uploading the self-attested documents at **<https://ris.kfintech.com/form15/>** on or before Saturday, July 24, 2021 in order to enable the Company to determine and deduct appropriate tax. No communication on the tax determination / deduction shall be entertained post Saturday, July 24, 2021. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the shareholders, there would still be an option available with the shareholders to file the return of income and claim an appropriate refund, if eligible.

Shareholders may download the TDS certificate from the Income Tax Department's website **<https://www.incometax.gov.in/>** (refer to Form 26AS). If any shareholder need assistance in obtaining the TDS certificate, may write to the Company at **investor@orientelectric.com** or to RTA at **einward.ris@kfintech.com**.

A separate email communication informing the shareholders regarding this change in the Income-Tax Act, 1961 as well as the relevant procedure to be adopted for submission of necessary declarations / documents by them to avail the applicable tax rate has been sent by the Company at the registered email IDs of the shareholders.

17. Shareholders are requested to address all correspondences, including for dividends, to the RTA of the Company, at Kfin Technologies Private Limited, Unit: Orient Electric Limited, Kary Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 or via email at **einward.ris@kfintech.com**.
18. Shareholders who have not so far encashed their dividend paid by the Company upto and during the financial year ended March 31, 2021, may immediately approach the Company / RTA for claiming dividend amount. Information in respect of the unclaimed dividend as on March 31, 2021, will be uploaded on the website of Investor Education and Protection Fund ('IEPF') of the Government (**[www.iepf.gov.in](http://www.iepf.gov.in)**) and on the website of the Company (**[www.orientelectric.com](http://www.orientelectric.com)**) after the AGM. Dividends, if not encashed for a consecutive period of 7 years, from the date of transfer to Unpaid/Unclaimed Dividend Account of the Company, are liable to be transferred to IEPF. Further,

the shares of a shareholder who does not encash his/her dividend for a continuous period of 7 years, are also liable to be transferred to the demat account of IEPF Authority. In view of this, shareholders, who have not yet claimed their dividend, are requested to claim their dividends from the Company / RTA, within the stipulated timeline. The shareholders, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same as well as the corresponding dividend by making an application to the IEPF Authority, in Form No. IEPF-5 available on **[www.iepf.gov.in](http://www.iepf.gov.in)**. The shareholder can file only one consolidated claim in a financial year as per the IEPF Rules.

19. Shareholders can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Act. Shareholders, holding shares in physical form, desiring to avail of this facility, may send their nomination in the prescribed Form No. SH-13 duly filled-in to RTA. Shareholders holding shares in electronic form may contact their respective Depository Participants for availing this facility.

## 20. VOTING THROUGH ELECTRONIC MEANS:

- i. The businesses as set out in the Notice may be transacted through electronic voting system and the Company will provide a facility for voting through electronic means. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended), Secretarial Standard - 2 on General Meetings issued by Institute of Companies Secretaries of India and Regulation 44 of Listing Regulations, the Company is pleased to provide to its shareholders, the facility to exercise their right to vote on the resolutions proposed to be considered at the AGM by electronic means and the business mentioned in the Notice may be transacted through remote e-voting. The facility of e-voting shall be provided by the RTA.
- ii. The e-voting period begins on **Monday, July 26, 2021 (9:00 AM) (IST)** and ends on Wednesday, **July 28, 2021 (5:00 PM) (IST)**. During this period, shareholders of the Company, holding shares, either in physical form or in dematerialized form, as on the cut-off date of Thursday, **July 22, 2021**, may cast their vote electronically either through remote e-voting or at AGM. The remote e-voting module shall be disabled by the RTA for voting thereafter. Once the vote on a resolution is cast by the shareholder, then s/he shall not be allowed to change it subsequently.

- iii. Shareholders who have acquired shares of the Company after the dispatch of this Notice and holding shares as on the cut-off date / shareholder who has forgotten the User ID and Password, may approach the Company / RTA for issuance of User ID and Password for exercising their right to vote by electronic means as explained in e-Voting instructions.
- iv. The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
- v. The shareholders present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting, shall be eligible to vote during the AGM through Insta Poll.
- vi. A shareholder can opt for only single mode of voting i.e., through remote e-voting or Insta Poll. If a shareholder casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the AGM shall be treated as 'INVALID'.
- vii. The voting rights of shareholders 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. **Thursday, July 22, 2021.**

- viii. **Mr. Atul Kumar Labh, Practising Company Secretaries (Membership No. FCS 4848), of M/s. A.K. Labh & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting process for the AGM, in a fair and transparent manner.**

#### INSTRUCTIONS FOR SHAREHOLDERS FOR VOTING ELECTRONICALLY ARE AS UNDER:

##### I) FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT:

As per the SEBI circular dated December 9, 2020 on e-voting facility provided by listed companies, Individual shareholders holding shares of the Company in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants/ websites of the Depositories/ Depositories Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding shares in demat mode, as devised by the Depositories / Depository participants, is given below:

| NSDL  | CDSL  |
|---|---|
| <b>1. User already registered for IDeAS facility of NSDL:</b> <ol style="list-style-type: none"> <li>i. Type in the browser / click on the e-Services link: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii. Click on the 'Beneficial Owner' icon under 'IDeAS' section.</li> <li>iii. A new page will open. Enter your User ID and Password. Post successful authentication, click on 'Access to e-Voting' under 'Value Added Services'.</li> <li>iv. Click on 'Active E-Voting Cycles' option under e-Voting.</li> <li>v. Click against Company name ('Orient Electric Limited') or e-Voting service provider ('Kfintech') and you will be re-directed to e-Voting page of service provider i.e. Kfintech for casting the vote during the remote e-Voting period. You can now cast your vote without any further authentication.</li> </ol> | <b>1. User already registered for IDeAS facility of CDSL:</b> <ol style="list-style-type: none"> <li>i. Type in the browser / click on any of the following links: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii. Click on <b>New System Myeasi / Login to My Easi</b> option under Quick Login.</li> <li>iii. Enter your User ID and Password for assessing Easi / Easiest.</li> <li>iv. Click against Company name ('Orient Electric Limited') or e-Voting service provider ('Kfintech') and you will be re-directed to e-Voting page of service provider i.e. Kfintech for casting the vote during the remote e-Voting period. You can now cast your vote without any further authentication.</li> </ol> |

| NSDL  | CDSL   |
|---|--|
| <p><b>2. User not registered for IDeAS e-Services facility of NSDL:</b></p> <ul style="list-style-type: none"> <li>i. To register type in the browser /click on, any of the following e-Service link: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a><br/>Or<br/><a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>ii. Select '<b>Register Online for IDeAS</b>'</li> <li>iii. Proceed to complete your registration using your DP ID, Client ID, Mobile number and other required details.</li> <li>iv. After successful registration, follow the steps mentioned under Para 1 above to cast your vote.</li> </ul> <p><b>3. User may directly access the e-Voting website of NSDL:</b></p> <ul style="list-style-type: none"> <li>i. Type in the browser /click on the following link: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>ii. Click on the icon 'Login' which is available under '<b>Shareholder/Member</b>' section.</li> <li>iii. Enter User ID (i.e. 16-digit demat account number held with NSDL starting with IN), Password/OTP and a Verification Code as shown on the screen.</li> <li>iv. Post successful authentication, you will be redirected to e-Voting page on NSDL website.</li> <li>v. Click on '<b>Active E-Voting Cycles / VC or OAVMs</b>' option under e-Voting.</li> <li>vi. Click against Company name ('<b>Orient Electric Limited</b>') or e-Voting service provider ('<b>Kfintech</b>') and you will be re-directed to e-Voting page of service provider i.e. Kfintech for casting the vote during the remote e-Voting period. You can now cast your vote without any further authentication.</li> </ul> | <p><b>2. User not registered for Easi/Easiest facility of CDSL:</b></p> <ul style="list-style-type: none"> <li>i. To register type in the browser /click on the following link: <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>ii. Proceed to complete your registration using your DP ID, Client ID, Mobile number and other required details.</li> <li>iii. After successful registration, follow the steps mentioned under Para 1 above to cast your vote.</li> </ul> <p><b>3. User may directly access the e-Voting website of CDSL:</b></p> <ul style="list-style-type: none"> <li>i. Type in the browser /click on the following link: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>ii. Click on E-Voting and enter your DP ID &amp; Client ID and PAN.</li> <li>iii. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>iv. After successful authentication, you will enter e-voting module of CDSL.</li> <li>v. Click against Company name ('<b>Orient Electric Limited</b>') or e-Voting service provider ('<b>Kfintech</b>') and you will be re-directed to e-Voting page of service provider i.e. Kfintech for casting the vote during the remote e-Voting period. You can now cast your vote without any further authentication.</li> </ul> |

#### Procedure to Login through Demat accounts of shareholders

**Individual shareholders (holding shares in demat mode) may also login through their Depository Participants** using the login credentials of their demat account with Depository Participant registered with NSDL/ CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/ CDSL Depository site after successful authentication. Click against Company name ('**Orient Electric Limited**') or e-Voting service provider ('**Kfintech**') and you will be re-directed to e-Voting page of service provider i.e. Kfintech for casting the vote during the remote e-Voting period. You can now cast your vote without any further authentication.

## IMPORTANT NOTE:

Shareholders who are unable to retrieve User ID/ Password are advised to use **Forget User ID** and **Forget Password** option available at above mentioned websites.

### Contact details of NSDL – In case shareholders face any technical issue

Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30

### Contact details of CDSL – In case shareholders face any technical issue

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 or 022- 23058542-43.

## II) FOR NON-INDIVIDUAL SHAREHOLDERS AND SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

Login method for non-individual shareholders and shareholders holding shares in physical form are given below:

### A. In case a shareholder receives an e-mail from the Company / Kfintech (RTA) [for shareholders whose e-mail addresses are registered with the Company / Depository Participant(s)]:

- i. Launch internet browser by typing the URL: **https://evoting.kfintech.com**.
- ii. Enter the login credentials (i.e., user-id and password) mentioned in the email communication. The e-Voting Event Number and your Folio Number or Your DP ID Client ID will be your User- ID.

#### User – ID: For shareholders holding shares in Demat form:

For NSDL: 8 Character DP ID starting with IN followed by 8 Digits Client ID

For CDSL: 16 digits beneficiary ID

#### User – ID: For shareholders holding shares in Physical Form: EVEN 5960 followed by Folio No. registered with the Company/ RTA.

Password: Your unique password is sent via e-mail forwarded through the electronic notice.

Captcha: Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii. After entering these details appropriately, Click on 'LOGIN'.
- iv. If you are logging for the first time, you will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-

Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the E-Voting Event Number 'EVEN' i.e., **Orient Electric Limited**.
- vii. On the voting page you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents the number of votes) as on the cut-off date under 'FOR / AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ABSTAIN. If the shareholder does not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
- viii. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folios / demat accounts.
- ix. You may then cast your vote by selecting an appropriate option and click on 'Submit'.
- x. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your

vote. During the voting period, shareholders can login any number of times till they have voted on the resolution(s).

**B. In case of a shareholder whose e-mail address is not registered / updated with the Company / RTA / Depository Participant(s), please follow the following steps to generate your login credentials:**

- i. Shareholders **holding shares in physical mode**, who have not registered / updated their email addresses with the Company, are requested to register / update the same by clicking on <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> or by providing necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy), AADHAR (self-attested scanned copy) by email to [evoting@kfintech.com](mailto:evoting@kfintech.com) or [investor@orientelectric.com](mailto:investor@orientelectric.com).
- ii. Shareholders **holding shares in dematerialised mode**, shall provide Demat account details (CDSL - 16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy), AADHAR (self-attested scanned copy) by email to [evoting@kfintech.com](mailto:evoting@kfintech.com) or [investor@orientelectric.com](mailto:investor@orientelectric.com).
- iii. After due verification, the Company / KFinTech will forward your login credentials at your registered e-mail address.
- iv. Follow the instructions at II.(A). (i) to (x) to cast your vote

**III) Information and instructions for Insta Poll during AGM:**

Facility to cast vote through Insta Poll, for those shareholders who have not cast their votes earlier, will also be made available on the Video Conferencing screen during the AGM, ('VOTE' icon at the bottom left on the Meeting Screen) and will remain active till the expiry of 15 minutes after the conclusion of the AGM.

**IV) In case of any queries, please visit 'Help' and 'Frequently Asked Questions' (FAQs) section / E-voting user manual available through a dropdown menu in the 'Downloads' section available at RTA's website <https://evoting.kfintech.com> or call at toll free no. 18003094001. Any grievance relating to e-voting / AGM may be addressed to Mr. S V Raju, Deputy General Manager, at e-mail id: [emeetings@kfintech.com](mailto:emeetings@kfintech.com).**

**21. INSTRUCTIONS FOR SHAREHOLDERS FOR ATTENDING THE AGM THROUGH VC / OAVM:**

- i. Facility to attend the AGM through VC / OVAM platform and voting through e-voting during the AGM, is being provided through RTA of the Company. Shareholders will be able to attend the AGM through VC / OAVM at <https://emeetings.kfintech.com/> under shareholders / members login by using the e-voting credentials.
- ii. Shareholders are requested to follow the procedure given below:
  - Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>.
  - Enter the login credentials (i.e., User ID and password for e-voting).
  - After logging in, click on 'Video Conference' option
  - Then click on camera icon appearing against AGM EVEN 5960 of **Orient Electric Limited** to attend the AGM.
- iii. **Please note that the shareholder who does not have the User ID and Password for e-Voting or has forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned above.**
- iv. The facility of joining the AGM through VC / OVAM platform shall open 15 minutes before the time scheduled for the AGM and will be closed on expiry of 15 minutes from the schedule time of the AGM. The facility will be made available for 1,000 Shareholders on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.
- v. Shareholders are encouraged to join the AGM through computer / laptops with Google Chrome for a better experience.
- vi. While all efforts will be made to make the VC/ OAVM meeting smooth, participant connecting from Mobile Devices or Tablets or through computer connecting via Mobile Hotspot may have an experience of Audio/ Video loss due to fluctuation in their respective network.

It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

- vii. Shareholders who would like to express their views/ask questions during the AGM may register themselves as Speaker Shareholder at <https://emeetings.kfintech.com/> by clicking on the 'Speaker Registration' option available on the screen after login in. Shareholders may also post their queries/views/questions in the window provided by mentioning the name, demat account number/ folio number, email id, mobile number. Speaker Registration will be open from **Monday, July 26, 2021 (9:00 A.M. IST) to Wednesday, July 28, 2021 (5:00 P.M. IST)**. Only those shareholders who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of speakers, number of questions and time for each speaker depending upon the availability of time for smooth conduct of the AGM, and therefore, the opportunity to speak at the AGM would be dependent upon the availability of time inspite of registration as speaker.
- viii. A video guide assisting the members attending the AGM either as a speaker or participant is available for quick reference at: <https://emeetings.kfintech.com/video/howitworks.aspx>
- ix. Shareholders who need technical assistance before or during the AGM, can contact the RTA at [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com) or Toll Free helpline No. - **1800 309 4001**.
22. The recorded transcript of the 5<sup>th</sup> AGM shall also be made available on the website of the Company, **www.orientelectric.com** in the Investor's section, as soon as possible after the AGM is over.
23. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast during the meeting and thereafter count the votes cast through remote e-voting and shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any officer of the Company so authorized by the Board. Result of the voting shall be declared forthwith, but within two working days of the conclusion of the AGM. 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 RTA, <https://evoting.kfintech.com>. The Company shall simultaneously forward the results to NSE and BSE, where the shares of the Company are listed.
24. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of AGM, i.e. Thursday, July 29, 2021.
25. Shareholders are requested to fill in and submit the Feedback Form available in the 'Investor' section on the Company's website **www.orientelectric.com** and also provided in the Annual Report, to aid the Company in its constant endeavour to enhance the standards of service to its shareholders.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 4

Shareholders of the Company at the Annual General Meeting held on July 16, 2018, 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 ('Rules') and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, had approved the payment of remuneration to Ms. Avani Birla, relative of Mr. Chandra Kant Birla, Non-Executive Chairman of the Board, holding an office or place of profit in the Company. The shareholders had also authorised the Board of Directors (including any committee thereof) to increase her annual remuneration from time to time, by such amount as may be considered appropriate, subject to her total remuneration after such increase not to exceed ₹1,50,00,000 per annum inclusive of all benefits, perquisites, allowances, amenities and facilities.

Considering the qualification, knowledge, expertise, and the responsibilities being handled by Ms. Avani Birla, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee and Audit Committee, re-designated Ms. Avani Birla as President – Strategy and subject to the approval of shareholders, increased her annual remuneration for the financial year 2021-22 to ₹2,00,08,600/- which shall consist of basic salary, HR allowance, special allowance, annual bonus/variable pay, other allowances, contribution to provident fund, superannuation fund and gratuity apart from other benefits, amenities and facilities as per rules and policy of the Company. Since the aforesaid increase in her annual remuneration exceeds the previously approved limit of ₹1,50,00,000/-, therefore, in terms of the provisions of Section 188(1)(f) of the Act read with Section 2(76), Rule 15 of Rules and Listing Regulations, approval of the shareholders is being sought for such increase in her annual remuneration along with further authorisation to the Board of Directors (including any committee thereof) to alter / vary / revise her annual remuneration, from time to time, by such amount as may be considered appropriate provided that her annual remuneration after such revision in

remuneration shall not exceed ₹5,00,00,000/- inclusive of all the benefits, perquisites, allowances, amenities, and facilities as per rules and policies of the Company, but exclusive of Long-Term Cash Incentive, which was already approved by the shareholders at the Annual General Meeting held on July 16, 2019.

The details required as per Rule 15 of the Rules:

- 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 Non-Executive 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 and in the appended resolution.

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 the Resolution set out at Item No. 4 of the Notice.

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 shareholders as an Ordinary Resolution.

### Item no. 5

The Board of Directors on the recommendation of Audit Committee, appointed Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-5343), as Cost Auditor of the Company for conducting the audit of the cost records of the Company for the financial year 2021-22, at a remuneration of ₹65,000/- (Rupees sixty five thousand) excluding tax and out of pocket expenses which shall be reimbursed on actual basis.



In accordance with the provisions of Section 148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the shareholders of the Company.

Accordingly, the shareholders are requested to approve the remuneration of the Cost Auditor for the financial year 2021-22 as set out above 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 the Resolution set out at Item No. 5 of the Notice.

The Board of Directors of the Company recommends the resolution set forth at Item no. 5 of the accompanying Notice, for the approval of the shareholders as an Ordinary Resolution.

By Order of the Board of Directors

**Hitesh Kumar Jain**

*Company Secretary*

(Membership No.: F6241)

**Registered Office:** Unit VIII,

Plot No. 7, Bhoinagar,

Bhubaneswar – 751012, Odisha

**CIN:** L31100OR2016PLC025892

Place: New Delhi

Date: May 12, 2021

## Annexure -A

DETAILS OF DIRECTOR SEEKING APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS:

|   |   |
|---|---|
| <b>Name</b>   | <b>Mr. Desh Deepak Khetrapal</b>  |
| <b>Date of Appointment</b>  | January 19, 2018  |
| <b>Age</b>  | 65  |
| <b>Last gross remuneration</b><br>(Paid during the financial year 2020-21)                          | ₹ 0.38 crores<br>(Sitting fees and commission)  |
| <b>Qualifications &amp; expertise in specific functional area</b>                                   | Mr. Desh Deepak Khetrapal 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. Mr. Desh Deepak Khetrapal has rich experience in industrial, consumer and retail businesses. |
| <b>Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</b> | Nil   |
| <b>Number of Meetings of the Board attended during the financial year 2020-21</b>                   | 6   |
| <b>Directorships held in other Public Limited Companies in India</b>                                | a. Orient Cement Limited<br>b. HIL Limited  |
| <b>Chairmanship / Membership of Committees in other public limited companies in India.*</b>         | a. Orient Cement Limited - Audit Committee – Member and Stakeholder's Relationship Committee – Member<br>b. HIL Limited - Audit Committee – Member  |
| <b>Shareholding in the Company (No. of shares)</b>  | Nil   |

\*Committees considered for this purpose are those prescribed in Regulation 26 of the Listing Regulations, viz. Audit Committee and Stakeholders' Relationship Committee.

## Shareholder's Feedback Form

Name of First / Sole Shareholder\*

DP ID and Client ID or Folio Number\*

Mobile Number\*

Email ID\*

### Rating for the services provided by the shareholders:

|   | Excellent                    | Good                        | Needs Improvement        |
|---|------------------------------|-----------------------------|--------------------------|
| Satisfactory response to queries / complaints                     | <input type="checkbox"/>     | <input type="checkbox"/>    | <input type="checkbox"/> |
| Details / information available on the website of the Company     | <input type="checkbox"/>     | <input type="checkbox"/>    | <input type="checkbox"/> |
| Presentation of details / documents on the website of the Company | <input type="checkbox"/>     | <input type="checkbox"/>    | <input type="checkbox"/> |
| Annual Report Quality and content                                 | <input type="checkbox"/>     | <input type="checkbox"/>    | <input type="checkbox"/> |
| Overall rating of our investor service                            | <input type="checkbox"/>     | <input type="checkbox"/>    | <input type="checkbox"/> |
| Any grievance pending so far                                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> |                          |

Any Suggestion on Improvement of Investor Services







### ORIENT ELECTRIC LIMITED

240, Okhla Industrial Estate, Phase - III  
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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