

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 41 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



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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	How our audit addressed the key audit matter
Revenue recognition	
For the year ended March 31, 2021, the Company has recognized revenue from contracts with customers amounting to Rs. 2,029.38 crores.	Our audit response consisted of the following procedures:
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.	<ul style="list-style-type: none">- We evaluated the Company's revenue recognition accounting policies and its compliance in terms of Ind AS 115 'Revenue from contracts with customers';- 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;- 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;
In view of above, we have identified revenue recognition as a key audit matter.	<ul style="list-style-type: none">- 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;- We performed monthly analytical reviews to identify any unusual sales trends;- Assessed the relevant disclosures made in respect of revenue from contracts with customers within the Ind AS financial statements.

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 judgements 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;



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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements Refer Note 32 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Amit Gupta

Partner

Membership Number: 501396

LDIN: 21501396AAAAAV4131

Place: Faridabad

Date: May 12, 2021



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(ii) (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.



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(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	Rs. 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
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



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Name of the statute	Nature of the dues	Rs. in Crore *	Period to which the amount relates	Forum where the dispute is pending
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.



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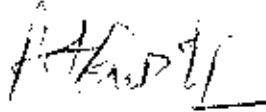
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- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Amit Gupta

Partner

Membership Number: 501396

UDIN: 21501396AAAAAV4131

Place: Faridabad

Date: May 12, 2021



**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



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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.

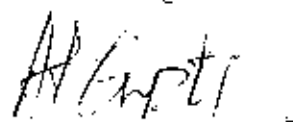
Opinion

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

Membership Number: 501396

UDIN: 21501396AAAAV4131

Place: Faridabad

Date: May 12, 2021



Orient Electric Limited

Balance Sheet

(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
I) ASSETS			
A NON-CURRENT ASSETS			
a) Property, plant and equipment	3	129.84	120.56
b) Capital work-in-progress	3	2.51	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	25.35
(ii) Other financial assets	5	9.40	7.45
g) Deferred tax asset (net)	16	26.29	21.40
h) Other non-current assets	6	4.41	5.75
	(A)	<u>265.97</u>	<u>260.07</u>
B CURRENT ASSETS			
a) Inventories	7	249.15	266.50
u) Financial assets			
(i) Trade receivables	8	355.18	363.73
(ii) Cash and cash equivalents	9	140.05	7.06
(iii) Bank balances other than (ii) above	10	117.49	9.42
(iv) Other financial assets	5	0.88	1.00
c) Current tax assets	13	3.32	8.84
d) Other current assets	6	30.30	32.82
	(B)	<u>896.99</u>	<u>700.37</u>
TOTAL ASSETS	(A)+(B)	<u>1,162.96</u>	<u>960.44</u>
II) EQUITY AND LIABILITIES			
C EQUITY			
a) Equity share capital	12	21.72	21.22
b) Other equity	13	434.44	338.12
	(C)	<u>455.56</u>	<u>359.39</u>
LIABILITIES			
D NON-CURRENT LIABILITIES			
a) Financial liabilities			
(i) Borrowings	14	1.70	-
(ii) Lease liabilities	36	32.79	43.03
b) Long term provisions	15	13.69	17.08
c) Other non-current liabilities	19	8.97	19.48
	(D)	<u>57.14</u>	<u>79.59</u>
E CURRENT LIABILITIES			
a) Financial liabilities			
(i) Borrowings	14	13.53	94.70
(ii) Lease liabilities	36	13.35	18.65
(iii) Trade payables	17		
- total outstanding dues of micro, small and medium enterprises		86.32	34.20
- 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
	(E)	<u>642.56</u>	<u>530.46</u>
F TOTAL LIABILITIES	(D)+(E)	<u>206.70</u>	<u>601.05</u>
TOTAL EQUITY AND LIABILITIES	(C)+(F)	<u>1,162.96</u>	<u>960.44</u>

Significant accounting policies

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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: 3010838 / 8500035
Chartered Accountants

Per Amit Gupta
Partner
Membership No.: 501396



Place: Faridabad
Date: May 12, 2021

For and on behalf of the Board of Directors

G.K. Bala
Chairman
and Director
(DIN 60116473)
Place: London

G.K. Bala
Chief Financial Officer
Place: Ghaziabad
(ACA 51373)

Rakesh Khanna
Managing Director
and Chief Executive
Officer
(DIN 60265132)
Place: New Delhi

Hemant Kumar Jain
Company Secretary
Place: Ghaziabad
(F-6241)



Orient Electric Limited
Statement of Profit and Loss

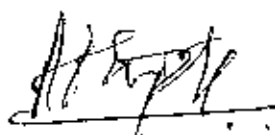
(All amounts in Rupees Crores, unless otherwise stated)

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
A) INCOME			
Revenue from operations	20	2,032.60	2,061.82
Other Income	21	8.27	4.09
Total Income (A)		2,038.87	2,065.91
B) EXPENSES			
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	34.60	(34.00)
Employee benefits expense	24	179.17	198.43
Finance costs	25	20.73	26.12
Depreciation and amortisation expense	26	43.15	40.12
Other expenses	27	712.97	277.57
Total expenses (B)		1,876.92	1,951.64
C) Profit before tax (A)-(B)		161.90	114.27
D) Tax expense	28		
Current Tax		46.92	37.36
Deferred tax (charge)/(credit)		(4.76)	(1.71)
		42.16	35.65
E) Profit for the year (C)-(D)		119.74	78.62
F) Other comprehensive income/(loss)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-Measurement gains/(losses) on defined benefit plans		(0.53)	(0.15)
Income tax effect [(change)/credit]		0.53	0.04
Other comprehensive income/(loss), net of tax		(0.40)	(0.11)
G) Total comprehensive income for the year (E)+(F)		119.34	78.51
Basic Earnings per equity share	29	5.64	3.71
Diluted Earnings per equity share		5.63	3.70
(Nominal value of share Rs. 1 (Previous year: Rs. 1))			
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For S.R. Batliboi & Co., LLP
Firm registration number: 301293Z / E300005
Chartered Accountants

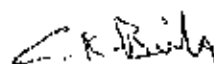
For and on behalf of the Board of Directors



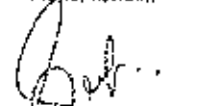
Per Anil Gupta
Partner
Membership No.: 501396

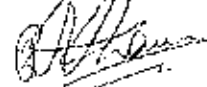
Place: Faridabad
Date: May 12, 2021





C.K. Birla
Chairman
and Director
(DIN 60118473)
Place: London


Sangeeta
Chief Financial Officer
Place: Ghaziabad
(ACA 54373)



Rakesh Khosla
Managing Director
and Chief Executive
Officer
(DIN 00265123)
Place: New Delhi


Nilesh Kumar Jain
Company Secretary
Place: Ghaziabad
(F 6241)



Orient Electric Limited
Statement of Changes in Equity

(All amounts in Rupees Crores, unless otherwise stated)

a) Equity Share Capital

 Equity Shares of Re. 1 each issued,
 subscribed and fully paid
 As at March 31, 2021
 As at March 31, 2020

No. in Crores	Amount
21.22	21.22
21.22	21.22

b) Other Equity

Particulars	Reserves and Surplus				Total
	Capital Reserve	General Reserve	Retained Earnings	Share based payment reserves	
As at March 31, 2019	0.05	209.83	75.44	0.04	285.36
Profit for the year	-	-	78.62	-	78.62
Other comprehensive income for the year	-	-	-	-	-
Re-measurement gains / (losses) on defined benefit plans net of tax	-	-	(0.11)	-	(0.11)
Total Comprehensive Income for the year	-	-	78.51	-	78.51
Transfer to general reserve	-	15.00	(15.00)	-	-
Addition to employee stock option	-	-	-	3.72	3.72
Final equity dividend (Refer Note 41)	-	-	(10.51)	-	(10.51)
Interim equity dividend (Refer Note 41)	-	-	(13.79)	-	(13.79)
Dividend distribution tax (Refer Note 41)	-	-	(5.02)	-	(5.02)
As at March 31, 2020	0.05	224.83	209.53	3.76	438.17
Profit for the year	-	-	119.74	-	119.74
Other comprehensive income for the year	-	-	-	-	-
Re-measurement gains / (losses) on defined benefit plans net of tax	-	-	(0.40)	-	(0.40)
Total Comprehensive Income for the year	-	-	119.34	-	119.34
Transfer to general reserve	-	15.00	(15.00)	-	-
Addition to employee stock option (net)	-	-	-	3.45	3.45
Final equity dividend (Refer Note 41)	-	-	(10.51)	-	(10.51)
Interim equity dividend (Refer Note 41)	-	-	(15.91)	-	(15.91)
As at March 31, 2021	0.05	239.83	187.95	7.21	434.44

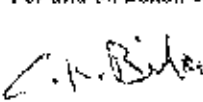
 The accompanying notes form an integral part of the financial statements.
 As per our report of the even date.

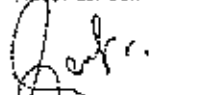
 For S.R. Dattilal & Co. LLP
 Firm registration number: 301003E / E300085
 Chartered Accountants



 Per Anil 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


 Anil Gupta
 Chief Financial Officer
 Place: Ghaziabad
 (ACA 54373)


 Rakesh Khanna
 Managing Director and Chief
 Executive Officer
 (DIN 00266132)
 Place: New Delhi


 Ritesh Kumar Jais
 Company Secretary
 Place: Ghaziabad
 (F 6241)


(A) OPERATING ACTIVITIES :

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	29.56
Provision for doubtful debts & advances	1.54	7.46
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)	(3.72)
Unrealised exchange (gain)/loss	0.55	0.31
Operating profit before working capital changes	247.54	219.71
Working capital adjustments :		
Increase/(Decrease) in trade payables	198.17	(20.05)
Increase/(Decrease) in financial liabilities	(0.30)	3.13
Increase/(Decrease) in non financial liabilities	3.01	10.10
Increase/(Decrease) in provisions	(13.35)	(23.19)
(Increase)/Decrease in inventories	37.54	(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	7.46
Cash generated from operations	468.68	177.46
Income tax paid	(41.40)	(46.22)
Net cash flow from operating activities	427.28	129.24

(B) INVESTING ACTIVITIES :

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
Net Cash Flows From / (Used In) Investing Activities	(150.63)	(50.83)

(C) FINANCING ACTIVITIES :

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)	(61.17)	(5.24)
Finance cost paid	(21.32)	(25.66)
Dividends paid (including dividend distribution tax)	(25.32)	(29.32)
Net Cash Flows From / (Used In) Financing Activities	(143.65)	(102.85)

Net Increase / (Decrease) In Cash & Cash Equivalents (A+B+C)

Cash & Cash Equivalents at the beginning of the year	133.90	(24.45)
Cash & Cash Equivalents at the end of the year (Refer note 9)	7.96	31.51

Non Cash Investing & Financing Transactions

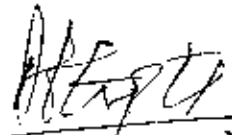
Acquisition of Right of Use Asset	2.75	54.85
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Notes:

(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

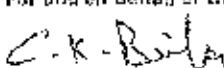
For S.R. Batliboi & Co. LLP
Firm registration number: 3010032 / E000005
Chartered Accountants


Per Amit Gupta
Partner
Membership No.: 531396


Place: Faridabad
Date: May 12, 2021




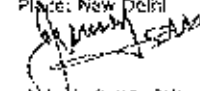
For and on behalf of the Board of Directors


C.K. Bala

Chairman
and Director
(DIN 00118473)
Place: London


Sagar Son Gupta
Chief Financial Officer
Place: Ghaziabad
(ACA 54273)


Rekesh Khanna
Managing Director
and Chief Executive
Officer
(DIN 00265132)
Place: New Delhi


Mohan Kumar Jati
Company Secretary
Place: Ghaziabad
(F 6241)



Orient Electric Limited
Notes to the financial statements

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, Bhojnagar, Bhubaneswar, 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



Orient Electric Limited
Notes to the financial statements

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:



Orient Electric Limited
Notes to the financial statements

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.

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.



Orient Electric Limited

Notes to the financial statements

(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.

(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 in substance 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 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



Orient Electric Limited
Notes to the financial statements

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.

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



Orient Electric Limited

Notes to the financial statements

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.

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



Orient Electric Limited

Notes to the financial statements

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.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

m. Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.



ii. Other long-term employee benefit obligations

- Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each financial year. The Company's gratuity fund scheme is managed by trust maintained with Insurance companies to cover the gratuity liability of the employees and premium paid to such insurance companies is charged to the statement of profit and loss.

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

- Provident fund and Superannuation fund

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

- Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.



n. Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as employee benefits expense in the statement of profit and loss together with a corresponding increase in other equity as 'Share based payments reserve' in lines with requirement as per Ind AS 102 (Share based payments), over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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



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substantively enacted at the reporting date. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilised during the specified period, i.e., the period for which such credit is allowed to be utilised.

p. Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



r. Provisions and contingent liabilities

- General Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

- Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on technical estimates by the management based on past trends. The estimate of such warranty-related costs is revised annually

- Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

s. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t. Financial instruments

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

i. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction



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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.

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.



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- **Cash flow characteristics test:** The contractual terms of the Debt Instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognised in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity Investment

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
- the Company has transferred the rights to receive cash flows from the financial assets or
- the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the



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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 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.



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ii. Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payables, trade deposits, retention money, and liabilities towards services, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortized cost using EIR method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or 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



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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:

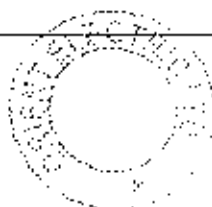
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

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.

The following table shows various reclassification and how they are accounted for:

Original Classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost



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Original Classification	Revised classification	Accounting treatment
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to P&L at the reclassification date.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges (if any), which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

u. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable



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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:



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



Orient Electric Limited
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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 31.

- **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.



Orient Electric Limited

Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Factory Building (a)	Non Factory Building (a)	Plant & Machinery	Office Equipments	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
Cost									
As at April 01, 2019	0.10	23.02	2.69	163.64	14.20	1.31	17.85	220.81	4.30
Additions	15.92	-	1.09	21.39	2.36	0.71	1.07	42.94	3.33
Disposals	-	-	-	(4.97)	(0.11)	(0.62)	(0.07)	(5.77)	-
Adjustments	16.02	23.02	4.78	180.06	16.55	1.40	18.85	260.50	(4.17)
As at March 31, 2020	-	-	-	-	-	-	-	-	-
Depreciation									
As at April 01, 2019	-	7.58	0.61	95.46	9.08	1.04	1.04	111.81	-
Charge during the year	-	1.00	0.42	59.01	2.19	0.08	3.91	24.61	-
Disposed	-	-	-	(4.32)	(0.11)	(0.45)	(0.07)	(5.00)	-
As at March 31, 2020	-	8.58	1.03	150.15	11.16	0.67	4.88	175.47	-
Net book value									
As at April 01, 2020	16.02	15.44	3.75	78.96	5.69	0.73	9.97	129.56	3.46
As at April 01, 2020	16.02	23.02	4.78	180.06	16.85	1.40	18.85	260.98	3.46
Additions	15.1	4.29	-	16.28	2.49	-	1.04	26.61	2.21
Disposals	-	-	-	(1.01)	(2.46)	(0.28)	(0.16)	(3.89)	-
Adjustments	16.53	27.31	4.78	195.33	16.88	1.14	19.73	283.70	(3.03)
As at March 31, 2021	-	-	-	-	-	-	-	-	-
Depreciation									
As at April 01, 2020	-	8.58	1.03	150.15	11.16	0.67	4.88	175.47	-
Charge during the year	-	1.94	0.43	20.53	2.11	0.10	1.79	26.06	-
Disposed	-	-	-	(0.32)	(2.31)	(0.25)	(0.14)	(3.02)	-
As at March 31, 2021	-	9.62	1.46	169.77	10.96	0.52	6.53	197.86	-
Net book value									
As at April 01, 2021	16.53	17.69	3.32	74.56	5.92	0.62	9.20	128.84	3.61

a. Factory buildings include gross block of Rs. 3.47 crores (March 31, 2020: Rs. 3.39 crores) (Accumulated depreciation Rs. 2.51 crores (March 31, 2020: Rs. 2.07 crores), Net book Rs. 0.96 crores (March 31, 2020: Rs. 1.32 crores)) in respect of leasehold improvements and non factory building includes gross block of Rs. 2.97 crores (March 31, 2020: Rs. 2.97 crores) (Accumulated depreciation Rs. 3.11 crores (March 31, 2020: Rs. 3.11 crores), Net book Rs. 1.86 crores (March 31, 2020: Rs. 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.



4. Intangible assets

	Software	Technical know how	Total
Cost			
As at April 01, 2019	7.52	7.51	15.03
Additions	2.78	-	2.78
As at March 31, 2020	10.30	7.51	17.81
Amortisation			
As at April 01, 2019	7.37	3.09	10.46
Charge during the year	0.35	0.75	1.10
As at March 31, 2020	7.72	3.84	11.56
Net book value	2.58	3.67	6.25
Cost			
As at April 01, 2020	10.30	7.51	17.81
Additions	9.70	-	9.70
As at March 31, 2021	20.00	7.51	27.51
Amortisation			
As at April 01, 2020	7.72	3.84	11.56
Charge during the year	0.87	3.75	4.62
As at March 31, 2021	8.59	4.59	13.18
Net book value	11.41	2.92	14.33

5. Other financial assets

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good, except otherwise stated		
Non-current		
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	-
	9.46	7.45
Current		
Interest accrued on loans and deposits	0.42	0.03
Insurance claim receivables	0.45	0.81
Other receivables	-	0.15
	0.88	1.00
Total other financial assets	10.34	8.45



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(All amounts in Rupees Crores, unless otherwise stated)

6. Other assets

		As at March 31, 2021	As at March 31, 2020
Non-current			
Unsecured, considered good, except otherwise stated			
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)	4.41	5.75
Current			
Unsecured, considered good, except where otherwise stated			
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)	30.30	32.82
Total other assets	(A+B)	34.71	38.57

7. Inventories

	As at March 31, 2021	As at March 31, 2020
Valued at lower of cost and net realisable value		
Raw materials & components	65.61	65.57
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
At net realisable value		
Scrap	0.37	0.52
	249.16	286.50
The above inventory includes stock in transit:		
Raw materials	1.03	0.53
Traded goods	10.02	4.10
Finished goods	15.13	10.10
	26.18	15.13

a) During the year ended March 31, 2021, Rs. 1.64 crores (March 31, 2020: Rs. 0.47 crores) was recognized 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.



8. Trade receivables

	As at March 31, 2021	As at March 31, 2020
Non Current		
Unsecured, considered good	28.61	25.16
	28.61	25.16
Current		
Secured, considered good	29.77	27.48
Unsecured, considered good	325.41	336.23
Credit impaired	28.40	26.87
	383.58	390.60
Less : Provision for credit impaired	28.40	28.87
	355.18	361.73

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 Rs. 0.03 crores (March 31, 2020 : Rs. 0.38 crores) (Refer note 33)

9. Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
On current accounts	13.40	6.02
Cash on hand	0.02	0.02
Deposits with original maturity for less than 3 months	96.64	1.02
	110.06	7.06

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 Rs 48.26 crores (31. March 2020:Nil)

Changes in liabilities arising from financing activities

	Lease Liabilities	Long Term Borrowings	Short Term Borrowings	Total liabilities from financing 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	0.73	4.70	9.57
Interest Paid	(4.64)	(0.23)	(4.79)	(9.57)
Balance as at March 31, 2021	46.14	2.24	13.53	61.91

10. Other bank balances

	As at March 31, 2021	As at March 31, 2020
Bank Deposits with original maturity for more than 3 months but less than 12 months	115.72	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
	116.49	0.42

* Company can utilise the balance only towards settlement of unclaimed dividend.

11. Current tax assets

	As at March 31, 2021	As at March 31, 2020
Advance payment of income tax and tax deducted at source (net of provisions)	3.32	3.84
	3.32	3.84



12. Equity Share Capital

	As at March 31, 2021		As at 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 Re 1/- each (March 31, 2020: 21,21,85,502 equity shares of Re 1/- each)				
	21.22	21.22	21.22	21.22

a) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The 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
Equity shares of Re. 1 each fully paid				
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%
Shakti Vati Investments and Trade's Limited	1.28	6.05%	1.28	6.01%

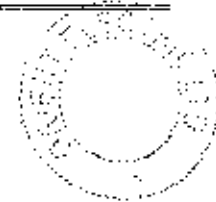
As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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:

	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
	No. in crores	No. in crores	No. in crores	No. in crores
Equity shares issued	-	-	-	21.22

13. Other Equity

	As at March 31, 2021	As at March 31, 2020
Capital Reserve	0.05	0.05
General reserve		
Opening balance	224.83	209.83
Additions during the year	15.00	15.00
Closing balance	239.83	224.83
Share based payment reserves (Refer note 35)		
Opening balance	3.76	0.34
Additions during the year	3.65	3.72
Less: Lapsed during the year	0.40	-
Closing balance	7.21	3.76
Retained Earnings		
	As at March 31, 2021	As at March 31, 2020
Opening Balance	159.53	75.44
Add: Profit for the year	119.74	76.62
Less: Transferred to General Reserve	15.00	15.00
Less: Interim Equity Dividend for the year ended March 31, 2021 (Amount per share Re. 0.75) (March 31, 2020: Re. 0.85 per share) (Refer note 41)	15.91	13.75
Less: Final Equity Dividend (Amount per share Re. 0.50 for the year ended March 31, 2020 (March 31, 2019: Re. 0.50)) (Refer note 41)	10.61	10.61
Less: Tax on equity dividend	-	5.04
Add: Other comprehensive income for the year, net of tax	(0.40)	(0.11)
Closing Balance	187.35	109.53
Total	434.44	338.17



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Nature and description of reserve

- a. Capital Reserve:** The Company recognized profit or loss on cancellation of Companies own equity instruments to capital reserve.
- b. 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.
- c. 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.
- d. 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.

14. Borrowings

	As at March 31, 2021	As at March 31, 2020
Non-current borrowings		
Term loans (Secured)		
From banks	1.74	-
	<u>1.74</u>	<u>-</u>
Current maturity of long term borrowings		
From others	-	3.81
	<u>-</u>	<u>3.81</u>
Total non-current borrowings * - (A)	<u>1.74</u>	<u>3.81</u>
Less : Amount disclosed under the head "other current financial liabilities"	-	3.81
Net non-current borrowings - (B)	<u>1.74</u>	<u>-</u>
Current borrowings		
From banks (Secured)		
Cash credit from banks	-	34.70
Working capital demand loan	-	50.00
Buyer's Credit	5.51	-
	<u>5.51</u>	<u>-</u>
From others (Unsecured)		
Trade Acceptances	8.02	-
	<u>8.02</u>	<u>-</u>
Total current borrowings - (C)	<u>13.53</u>	<u>94.70</u>
Total borrowings (Incl. current maturities) (A+C)	<u>15.27</u>	<u>98.51</u>

*Net of unamortised borrowing cost of Rs 0.00 crores (March 31, 2020: Rs. 0.07 Crores)

Note:

1. 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: Rs. 1.74 crores, carrying interest @ 7.70% to 7.75% p.a. (March 31, 2020: Rs Nil) and the same is repayable in 14 quarterly instalments over a maximum of 6 quarters from the date of first drawdown. 1st instalment is payable in September 2022.
2. Term loan from others outstanding as at March 31, 2021: Nil (March 31, 2020 : Rs 3.81 crores) carries interest @ 11.25% p.a. as at March 31, 2020.
3. Cash credit, Working Capital Demand Loan and Buyer's Credit from bank are secured against hypothecation of stock in process, stock in progress, raw materials, stores and consumables, book debts and other current assets of the Company and second charge on immovable 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 @ 8.13% 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 @ 1.00% to 1.12% p.a. (March 31, 2020 : Nil).
4. During the year, the Company has availed the facility of Trade Acceptances or Trade Receivable Discounting System (TRDDS) and carries interest @ 4.45 % to 7.00% p.a. and outstanding is repayable within a period of 45 days from the due date.
5. (a) 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-66, at Industrial Estate Faridabad has been received from Haryana State Industrial and Infrastructure Development Corp. Ltd. (HSIIDC).
- (b) Deed of transfer of Kolkata properties has been registered in the name of Company.
- (c) Creation of charge is in accordance in favour of Term lender and Working Capital Lenders.



Orient Electric Limited
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(All amounts in Rupees Crores, unless otherwise stated)

15. Provisions

	As at March 31, 2021	As at March 31, 2020
Non-current		
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
	13.69	17.08
Current		
Provision for leave liabilities	9.32	7.92
Provision for warranties	30.95	21.41
	40.31	29.33

Provision for warranties

A provision is recognised for expected warranty claims on product sold under warranty as per the technical estimates made by the management based on historical trends. It is expected that most of this cost will be incurred over the warranty terms. The table below gives information about movement in warranty provisions.

	As at March 31, 2021	As at March 31, 2020
Opening balance	33.78	33.14
Arise during the year (net)	20.45	29.96
Utilised during the year	18.37	29.32
Closing balance	35.86	33.78

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 & CFO 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.

	As at March 31, 2021	As at March 31, 2020
Opening balance	3.32	-
Arise during the year (net)	3.42	3.32
Lapsed during the year	0.46	-
Closing balance	6.28	3.32

16. Deferred Tax Asset/(Liability)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Difference between book value and tax base of Property, Plant & Equipments and Intangible Asset	0.42	(1.42)
Items disallowed under Section 43B of the Income tax Act, 1961 on payment basis	4.16	3.85
Impact of deferred revenue	4.05	3.08
Provision for doubtful debts and advances	7.13	6.26
Provision for warranties	9.02	8.50
Others	1.12	0.51
Net deferred tax asset	26.29	21.30

Reconciliation of deferred tax asset/(liability)

	As at March 31, 2021	As at March 31, 2020
Opening balance	21.40	19.65
Deferred tax (charged)/credited during the year		
to the statement of profit and loss	4.74	1.71
- to other comprehensive income	0.15	0.94
Closing balance	26.29	21.40



Orient Electric Limited
Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

17. Trade payables

	As at March 31, 2021	As at March 31, 2020
Trade payables including Acceptances		
-total outstanding dues of micro, small and medium enterprises (refer note 18 for details of dues to micro, small and medium enterprises)	88.32	34.23
-total outstanding dues of creditors other than micro, small and medium enterprises	430.81	205.19
	519.13	339.48

a) Trade payables are non interest bearing and normally settled on 0 to 90 day terms.

b) Trade Payables include due to related parties Rs. 2.62 crores (March 31, 2020 : Rs. 2.21 crores) (Refer note 33)

c) Trade payables includes acceptances of Rs. 143.83 Crores (March 31, 2020: Rs. 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 90 days.

18. Other financial liabilities (at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Current		
Payables against purchase of property, plant and equipment	1.35	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	31.18	31.86
Unpaid dividend *	0.24	0.16
	33.70	38.23

* 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

	As at March 31, 2021	As at March 31, 2020
Non current		
Deferred revenue (Refer note 37)	8.92	10.45
	8.92	10.45
Current		
Advances from customers	9.16	9.25
Statutory dues payable	13.15	14.16
Deferred revenue (Refer note 37)	7.15	1.72
	29.54	24.67

Deferred revenue

	As at March 31, 2021	As at March 31, 2020
Opening balance	12.20	-
Arisen during the year	5.63	12.20
Recognized during the year	1.72	-
Closing balance	15.11	12.20



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(All amounts in Rupees Crores, unless otherwise stated)

20. Revenue from operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contracts with customers		
Sale of products & services (refer note below)		
Finished goods	1,016.33	1,168.80
Traded goods	1,003.99	951.70
Sale of services	3.54	3.87
	2,079.90	2,120.97
Less: Cash discount, rebates, incentives etc.	82.65	88.15
	1,997.25	2,032.82
Other operating revenue		
Scrap sales	33.13	25.62
Revenue from contracts with customers - (A)	2,029.38	2,058.44
Other operating revenue - Export Incentive - (B)	3.22	3.16
Revenue from operations - (A+B)	2,032.60	2,061.62

Note: Refer note 37 for disclosure of revenue from contract with customers under Ind AS 115.

21. Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income from financial assets at amortised cost (note)		
Bank deposits	1.49	0.32
Unwinding of interest on security deposits	0.20	0.20
Customers and others	1.33	1.43
Insurance and other claims	0.92	0.32
Unspent liabilities and undrawn balances written back	1.73	1.05
Exchange fluctuation (net)	0.33	
Miscellaneous income	0.48	0.89
	6.27	4.09

22. Cost of raw materials and components consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	68.57	78.57
Add: Purchases and job work charges	659.49	766.23
	726.06	845.77
Less: Sales	5.25	5.98
Less: Inventory at the end of the year	85.51	66.57
Cost of raw material and components consumed	655.20	773.22

23. Changes in inventory of finished goods, work in progress and traded goods

	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year		
Work-in-progress	5.40	3.57
Finished goods	90.91	110.21
Traded goods	93.62	91.68
Scrap	0.37	0.52
	189.30	214.98
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	0.56
	214.98	180.98
(Increase)/ decrease in stocks	34.50	(34.00)



Orient Electric Limited
Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

24. Employee benefits expense

	For the year ended March 31, 2021	For the year ended 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	6.33	6.53
Gratuity expenses (Refer note 36)	2.31	1.90
Staff welfare expenses	3.35	5.22
	179.77	198.48

25. Finance costs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest:		
- on debts and borrowings	4.93	11.09
- on lease liability (Refer note 36)	4.54	4.95
- on Security Deposits & Advances	3.57	2.81
Bill Discounting	4.43	4.88
Other finance charges	2.15	2.35
	20.73	26.12

26. Depreciation and amortization expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant & equipment (Refer note 3)	26.05	24.51
Depreciation on Right of use assets (Refer note 35)	15.47	14.41
Amortization of intangible assets (Refer note 4)	1.62	1.16
	43.15	40.12

27. Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	6.23	7.50
Power and fuel	7.63	10.52
Freight & forwarding charges	49.35	53.23
Rent and hire charges	1.23	3.53
Rates and taxes	0.55	0.35
Insurance	1.29	0.57
Repairs and maintenance		
Plant and machinery	1.56	2.39
Buildings	0.39	1.41
Others	0.40	0.78
Advertising and sales promotion	39.11	90.01
Commission on sales	2.83	4.50
Payment to auditors		
Audit fee (including limited review)	0.49	0.47
Tax audit fee	0.05	0.03
Other services	0.03	0.03
Reimbursement of expenses	-	0.08
Warranty and claims (net)	20.45	29.96
Traveling and conveyance	6.74	17.16
Professional and consultancy charges	11.68	10.62
Bad debts written off (net of reversals)	0.19	0.06
Development Expense	2.98	2.23
Carrying & forwarder charges	12.17	10.46
Exchange fluctuation (net)		0.83
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)	3.05	1.55
Miscellaneous expenses	19.93	22.59
	112.97	177.57



Orient Electric Limited
Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

28. Income tax

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Income tax expense in the Statement of Profit and Loss comprises:		
Current tax	45.92	37.36
Deferred tax charge/(credit)	(4.75)	(1.71)
Income tax expense reported in the Statement of Profit and Loss	42.16	35.65
b) Other comprehensive income		
Re-Measurement gains/(losses) on defined benefit plans	0.13	0.04
Income tax related to items recognised in OCI during the year:	0.13	0.04

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:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before income tax	151.93	114.27
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	40.75	29.76
Impact on deferred tax asset due to adoption of new income tax rate	-	5.49
Corporate social responsibility expense	0.82	0.38
Others	0.59	1.01
Income tax expense at effective tax rate	42.16	35.65



29. Earnings per share (EPS)

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

	March 31, 2021	March 31, 2020
Profit attributable to the equity shareholders of the Company used for calculation of basic and diluted EPS	119.74	78.62
	119.74	78.62
Basic earning per share		
Weighted average number of equity shares used in calculating basic EPS	21.22	21.22
Basic Earnings per equity share (Nominal value of share Re. 1)	5.64	3.71
Diluted earning per share		
Weighted average number of equity shares used in calculating basic EPS	21.22	21.22
Effect of Dilution		
Share options (No. of options in crores)	0.05	0.05
Weighted average number of equity shares outstanding (Nos.) during the year adjusted for the effect of dilution	21.27	21.27
Diluted Earnings per equity share (Nominal value of share Re. 1)	5.63	3.70

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

	March 31, 2021	March 31, 2020
Obligations at beginning of the year	13.88	12.06
Current service cost	1.90	1.52
Interest expense	0.94	0.67
Amount recognised in profit or loss	2.84	2.80
Remeasurements		
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	(0.84)	(0.33)
Amount recognised in other comprehensive income	0.37	0.21
Benefits paid	(1.85)	(1.19)
Obligations at year end	15.20	13.88

ii. Fair Value of Plan Assets

	March 31, 2021	March 31, 2020
Plan assets at beginning of the year, at fair value	12.50	12.67
Interest income	0.85	0.81
Amount recognised in profit or loss	0.85	0.81
Remeasurements		
Return on plan assets, excluding amount recognised in interest income	(0.16)	0.06
Amount recognised in other comprehensive income	(0.16)	0.06
Employers contribution	1.38	0.05
Benefits paid	(1.89)	(1.19)
Plan assets at year end, at fair value	12.68	12.50



iii. Assets and Liabilities recognized in the Balance Sheet

	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
Net (asset) / liability	2.52	1.38

Note: provision for gratuity in Note 15 is inclusive of Rs. 0.02 crore (March 31, 2020 - Rs. 0.01 Crore) for branch's employee.

iv. Defined benefit obligations cost for the year

	March 31, 2021	March 31, 2020
Amount recognised in profit and loss account		
Service cost	1.90	1.93
Interest cost (Net)	0.69	(0.04)
Amount recognised in other comprehensive income		
Actuarial (gain)/loss	0.53	0.15
Net benefit expense	2.52	2.04

Note: gratuity expense in Note 24 is inclusive of Rs. 0.02 crore (March 31, 2020 - Rs. 0.01 Crore) for branch's employee.

v. Investment details of Plan Assets

The details of investments of plan assets are as follows:

	March 31, 2021	March 31, 2020
Investments with insurer	100%	100%

vi. Actuarial assumptions:

	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.

vii. Expected Contribution to the Fund in the next year

	March 31, 2021	March 31, 2020
Gratuity	4.81	3.58
	4.81	3.58

viii. Maturity profile of the defined benefit obligation (undiscounted amount)

	0-1 year	1-2 years	2-3 year	3-4 year	Above 5 years	Total
Expected benefit payments for the period ending						
March 31, 2021	1.20	0.94	1.07	0.98	28.27	32.40
March 31, 2020	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 Sensitivity level	March 31, 2021		March 31, 2020	
	Discount rate		Discount rate	
	1%	1%	1%	1%
	increase	decrease	increase	decrease
(Decrease)/Increase in gratuity defined benefit obligation	(1.32)	1.52	(1.15)	1.33

Assumptions Sensitivity level	Future salary increase		Future salary increase	
	1%	1%	1%	1%
	increase	decrease	increase	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 Rs. 20,00,000).

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:

	March 31, 2021	March 31, 2020
Contribution to provident / pension funds	5.63	6.10
Contribution to superannuation fund	0.40	0.43
	6.03	6.53

31. Capital and other commitments

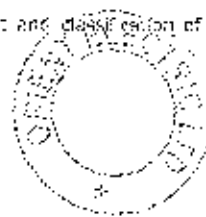
	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	15.06	17.54
Bank guarantee provided against performance obligation under contracts with customer	94.31	93.57

32. Contingent liabilities

	March 31, 2021	March 31, 2020
A. Demands/claims by various Government authorities and others not acknowledged as debts and contested/to be contested by the Company:		
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***		
5. Environment Compensation (paid 50% demand under protest)****	0.45	-
	17.81	16.60

Notes :-

* The demand raised by the tax authorities is mainly towards disallowance of avancement 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 Rs. 3.42 crores (11 GST implementation date). The Company also has received a demand for interest of Rs.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.

*** 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 Airc Logistics Pvt. Ltd. (formerly Apollo Hage Integrated Logistics Pvt. Ltd.) for recovery of outstanding amount of Rs 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 1975 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 Rs. 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.

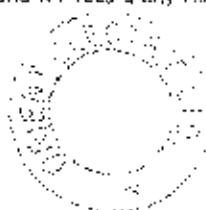
3. Other than above, the Company has certain litigations under Section 138 of Negotiable Instruments Act, 2018 and has been provided for.

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.



33. Related party transactions

A. 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
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 Khatripal, 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 Morechan 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. Nimala Birla
ii. Ms. Amila 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 plan 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) Others related entities

- i. CK Birla Corporate Services Limited
ii. Birlasoft Limited
iii. National Engineering Industries Limited
iv. GNMCO Limited
v. AVTEC Limited
vi. HIL Limited
vii. CK Birla Healthcare Private Limited
viii. Bharucha & Partners, Advocates & Solicitors



Orient Electric Limited

Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

13. Related party transactions and balances

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 Board or Director/AMP (having 2% shareholding in the Company)		Post employment benefit plan for the benefit of employees		Others 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
Transactions during the year														
Sale of goods	-	-	0.04	0.03	-	-	-	-	-	-	-	-	0.04	0.03
Orient Power & Industries Limited	-	-	0.02	0.03	-	-	-	-	-	-	-	-	0.02	0.03
Orient Cement Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.02	0.03
National Engineering Industries Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.04
GMCC Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.31	0.31
ASTEC Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.12	0.12
PVA Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.01	0.01
CKB India Corporate Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
M/S. Sakshi Alia via	-	-	-	-	0.00	0.00	-	-	-	-	-	-	0.00	0.00
M/S. Sakshi Gargula	-	-	-	-	0.00	0.00	-	-	-	-	-	-	0.00	0.00
M/S. Avanti Bio	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Purchase of goods	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
-JL Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Isent	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Orient Paper & Industries Limited	-	-	0.14	0.14	-	-	-	-	-	-	-	-	0.14	0.14
Professional and Consultancy Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CK Bala Corporate Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	6.40	6.40
Bilvaan Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.66	0.66
Bhaskar & Partners, Associates & Solicitors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	0.85	0.85
CK Bala Corporate Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.85	0.85
Contribution to fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rel. Industries Provident Fund	-	-	-	-	-	-	-	-	-	-	-	-	1.89	1.89
Employee benefit expenses (Refer note 1 below)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M/S. Avanti Bio	-	-	-	-	-	-	-	-	-	-	-	-	0.99	0.99
							0.95	1.02						



Mail amounts in Respect to Ceres, unless otherwise stated

The results of related parties transactions entered into by the Company for the year ended March 31, 2021 and March 31, 2020 are as follows:



Orient Electric Limited
Notes to the Financial Statements

(All amounts in Rupees Crores, unless otherwise stated)

22. Related party transactions and balances

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 Board of Director/KMP (having 2% shareholding in the Company)		Post employment benefit plan for the benefit of employees		Others 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
Amounts outstanding														
Trade receivables														
Orient Paper & Industries Limited	-	-	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.02
Orient Cement Limited (Provided for doubtful debt Rs. 0.01 till March 31, 2020)	-	-	0.01	0.04	-	-	-	-	-	-	-	-	0.01	0.04
Rs. 0.00 Crores														
Goodwill Engineering Solutions Limited	-	-	-	-	-	-	-	-	-	-	0.01	-	-	0.01
AVTEC Limited	-	-	-	-	-	-	-	-	-	-	6.01	0.25	0.01	0.24
OK Solis Conduite Services Limited	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
OK Solis Highline Private Limited	-	-	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
HNI Limited	-	-	-	-	-	-	-	-	-	-	0.00	0.02	0.02	0.02
Ms. Nishi & Co	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Other assets														
HNI Limited	-	-	-	-	-	-	-	-	-	-	0.00	-	-	0.00
Trade payables														
CC Sam Materials Services Limited	-	-	-	-	-	-	-	-	-	-	1.25	1.05	1.26	1.04
Orient Paper & Industries Limited	-	-	0.13	-	-	-	-	-	-	-	0.22	0.19	0.22	0.19
B. Gupta Limited	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.42	0.32
M. C.R. Roca	-	-	-	-	0.00	0.14	-	-	-	-	-	-	0.14	0.14
M. N. R. Rongarajan	-	-	-	-	0.05	0.11	-	-	-	-	-	-	0.16	0.12
M. K. Paddeep Choudha	-	-	-	-	0.05	0.11	-	-	-	-	-	-	0.16	0.12
Mrs. Akh. Harazan Khanjha	-	-	-	-	0.21	0.11	-	-	-	-	-	-	0.16	0.12
Mrs. Dush Deepa Khetrami	-	-	-	-	0.21	0.15	-	-	-	-	-	-	0.21	0.10

23. The amount of assets above are in Rupees of Crores.

Note 1: The remuneration to the key managerial personnel/holders 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 compensation transactions included above relates to fair value of options granted to Key Management Personnel under the ESOP scheme, that is ascertained in the right & left during the grant period until the vesting of the shares as per the scheme. (Refer Note 12a)



34. Segment information

The segment reporting of the Company has been prepared in accordance with Ind AS-103, "Operating Segment" (specified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act).

Operating segments are defined as components of an enterprise for which discrete financial information so available is evaluated regularly by Chief Operating Decision Maker (CODM), in deciding how to allocate resources and assessing performance. Accordingly, the Company has identified two reportable business segments based on its product and services as follows:

- i **Electrical Consumer Durables** – Consists of manufacture / purchase and sale of electric Fans - ceiling, portable and air-flow, along with components and accessories thereof, and Appliances- coolers, geysers and home appliances etc.
- ii **Lighting & Switchgear**- Consists of manufacture / purchase and sale of Lights & 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.

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

	March 31, 2021	March 31, 2020
A Business Segment		
i Revenue from operations		
Electrical Consumer Durables	1,513.88	1,491.64
Lighting & Switchgear	518.72	570.18
	<u>2,032.60</u>	<u>2,061.82</u>
Less: Inter segment	-	-
Total revenue from operations	<u>2,032.60</u>	<u>2,061.82</u>
ii Results		
Segment results		
Electrical Consumer Durables	205.20	181.75
Lighting & Switchgear	69.23	59.66
Segment operating profit	<u>274.43</u>	<u>241.41</u>
Unallocated income / (Expenses) (net of unallocable expenses/income)	(92.81)	(102.31)
Operating profit	<u>181.62</u>	<u>139.10</u>
Finance costs	19.72	24.83
Profit before tax	<u>161.90</u>	<u>114.27</u>
Income tax expense	42.16	35.65
Profit after tax	<u>119.74</u>	<u>78.62</u>
iii Segment Assets		
Electrical Consumer Durables	535.18	514.78
Lighting & Switchgear	264.09	330.23
Segment operating assets	<u>799.27</u>	<u>844.51</u>
Unallocated assets:		
Property, plant and equipment (including capital work-in-progress)	15.73	18.40
Intangible assets (including assets under development)	20.17	9.40
Right of use asset	33.28	42.53
Cash & Bank Balances	247.58	8.02
Other Current Assets	46.38	39.58
Total Assets	<u>1,162.35</u>	<u>950.44</u>



	<u>March 31, 2021</u>	<u>March 31, 2020</u>
iv Segment Liabilities		
Electrical Consumer Durables	436.18	298.39
Lighting & Switchgear	190.58	138.97
Segment operating liabilities	626.76	437.36
Unallocated liabilities:		
Borrowings	15.27	58.51
Lease liabilities	36.90	40.85
Provisions	14.95	10.89
Current Liabilities	12.81	13.44
Total Liabilities	706.70	601.05
v Capital Expenditure including capital advances		
Electrical Consumer Durables	20.50	42.05
Lighting & Switchgear	3.04	15.12
	23.54	57.17
Other unallocated	15.69	67.82
	39.23	124.99
vi Depreciation and amortisation expenses		
Electrical Consumer Durables	13.38	18.82
Lighting & Switchgear	6.66	8.95
	20.04	27.77
Other unallocated	23.11	12.35
	43.15	40.12

8 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.

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Revenue from external customers		
Within India	1,922.60	1,956.92
Outside India	110.00	104.90
	2,032.60	2,061.82
Other segment information		
Segment assets		
Within India	1,137.97	941.49
Outside India #	24.39	18.95
	1,162.36	960.44

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.



US Share based payments

On January 13, 2015, resolutions and implemented instant Electric Employees Stock Option Scheme 2015 ("ESOP Scheme"), the terms and broad framework of the ESOP Scheme have been approved by the Board of Directors of the Company at their meeting held on January 26, 2015. Pursuant to the provisions of Section 63(1)(a) and all other applicable provisions, "ESOP" of the Companies Act, 2013 (the "Act") and the Companies (Share Capital and Management) Rules, 2012 read along with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2005 ("SEBI ESOP Regulations"), the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2015 ("SEBI ESOP Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Memorandum and Articles of Association of the Company is authorized to implement and administer the ESOP Scheme. The ESOP Scheme is being formulated in accordance with the SEBI ESOP Regulations.

Under the 2007 Statement, the 2007 Shareholders will be treated as follows: Stock Options will be exercisable until the end of the term of the Company, but the 2007 Statement will not be exercisable until the end of the term of the Company.

Detailed description of the USGS schematic

- vesting at 100% over a period of 3 years from grant and 50% of options will vest after 3 years from grant and 50% of options will vest after 4 years from grant.

During the 2007-2008 school year, the state of Georgia reported that 10% of the state's students were at risk of dropping out of school, while 1.3% of the state's students were at risk of dropping out of school.

Particulars of Options outstanding as on March 31, 2022 is as follows:

Particulars	March 31, 2021				March 31, 2020			
	Grant 1 Vesting Period-1	Vesting Period-2	Grant 2 Vesting Period-1	Vesting Period-2	Grant 1 Vesting Period-1	Vesting Period-2	Grant 2 Vesting Period-1	Vesting Period-2
On exercising stock options (amount) at the beginning of the year	7,411,130	11,11,696	-	-	66,521	39,781	7,39,324	11,18,045
Options granted during the year	-	-	-	-	-	-	-	-
Options expired during the year	1,59,294	-	-	-	-	-	14,193	87,784
Options vested during the year	-	-	-	-	-	-	-	-
Options cancelled during the year	-	-	-	-	-	-	-	-
Options exercised at the end of the year	5,89,757	12,11,696	9,656	14,485	66,521	39,781	7,31,131	11,11,698
Options outstanding at the end of the year	1,41,130	144,110	155,266	155,260	184,300	184,300	1,44,110	144,110
Exercise Price	April 01, 2021	April 01, 2021	August 01, 2021	August 01, 2021	December 31, 2022	December 31, 2022	April 01, 2021	April 01, 2021
Weighted Ave	2021	2021	2021	2021	2022	2022	2021	2021

air value of Options granted during the financial year 2020-21, has been determined using Black-Scholes model with following inputs:

[illegible]

Summary of the expenses recognised in the statement of profit and loss:

Particulars	March 31, 2021	March 31, 2020
Amounts owing from equity settled share-based payment plan	3.45	1.12



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:

	Leasehold Properties	Other	Total
Gross Block			
As at April 01, 2019	-	-	-
Additions	69.49	2.24	71.73
Deletion	(3.62)	(0.16)	(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	0.19	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

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	March 31, 2021	March 31, 2020
Balance as at beginning of the year	58.68	-
Additions	3.46	70.73
Accretion of interest	4.64	4.99
Payments	(18.13)	(15.69)
Deletion	(0.51)	(0.16)
Balance as at end of the year	46.14	58.68
Current	11.35	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 2021-2025.

The following are the amounts recognised in profit or loss:

	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 Rs. 18.13 crores in March 31, 2021 (March 31, 2020: Rs. 15.69 crores). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 3.46 crores as at March 31, 2021 (March 31, 2020: Rs. 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:

Segment	March 31, 2021		Total
	Electrical Consumer Durables	Lighting & Switchgear	
Type of goods			
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
Total revenue from contracts with customers	1,510.72	518.66	2,029.38
India	1,409.95	512.65	1,922.60
Outside India	100.77	6.01	106.78
Total revenue from contracts with customers	1,510.72	518.66	2,029.38
Timing of revenue recognition			
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
Total revenue from contracts with customers	1,510.72	518.66	2,029.38

Segment	March 31, 2020		Total
	Electrical Consumer Durables	Lighting & Switchgear	
Type of goods			
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
Total revenue from contracts with customers	1,488.49	570.15	2,058.64
India	1,389.85	567.07	1,956.92
Outside India	98.64	3.08	101.72
Total revenue from contracts with customers	1,488.49	570.15	2,058.64
Timing of revenue recognition			
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
Total revenue from contracts with customers	1,488.49	570.15	2,058.64

Set out below, is the reconciliation of the revenues from contracts with customers with the amounts disclosed in the segment information (Note 36):

	March 31, 2021		March 31, 2020	
	Electrical Consumer Durables	Lighting & Switchgear	Electrical Consumer Durables	Lighting & Switchgear
Revenue as per segment information	1,510.88	518.77	1,491.64	570.18
Less: Export incentive	0.66	0.96	3.15	0.03
Total revenue from contracts with customers	1,510.72	518.66	1,488.49	570.15

37.2 Contract balances

	March 31, 2021	March 31, 2020
Trade receivables (net)	383.79	268.89
Contract assets	-	-
Contract liabilities		
Advance from customers	9.15	8.29
Deferred revenue	19.11	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 arising 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

	March 31, 2021	March 31, 2020
Revenue as per contracted price	2,188.55	2,247.58
Adjustments		
Cash discount, rebates, incentives etc.	80.65	88.14
Sales return	74.61	88.57
Deferred revenue (net)	3.91	12.20
Revenue from contract with customers	2,029.38	2,058.64



37.4 The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at March 31, 2021 are, as follows:

	March 31, 2021	March 31, 2020
Advances from customers	5.16	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

	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro, small and medium enterprises	85.32	34.29
Interest due on above		
	85.32	34.29

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.

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of electronic parts 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 savings/income 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:

	March 31, 2021	March 31, 2020
Variable rate borrowings	7.25	98.51
Fixed rate borrowings	-	-
	7.25	98.51

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:

	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 an 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.

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%	6.09 Trade payable (loss)	0.45
INR vs EURO	5%	0.27 Trade payable (loss)	0.01
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%	5.35 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.

Trade Receivable (Gross)	< 30 days	31 - 90 Days	91 to 180 days	> 180 days	Total
March 31, 2021	254.2	93.28	11.40	47.21	412.19
March 31, 2020	141.95	160.58	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 amount. 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.

Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)

	March 31, 2021	March 31, 2020
Cash and other bank balances	257.35	7.45
Other non current financial assets	9.46	7.45
Other current financial assets	0.88	1.00
	267.69	15.90

Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)

Trade receivables (net)	383.79	380.99
	383.79	380.99

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The following table summarizes the change in loss allowance measured using the life time expected credit loss model:

	March 31, 2021	March 31, 2020
At the beginning of year	26.87	20.08
Impairment allowance created during the year	1.54	7.45
Bad debts written off during the year	0.00	0.66
At the end of year	28.41	28.19

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.

Financial Liabilities	0-1 year	2-5 year	Above 5 years	Total
March 31, 2021				
Borrowings	13.53	1.74	-	15.27
Lease liabilities	13.55	28.27	4.52	46.34
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
Total	579.04	30.21	4.52	614.77
March 31, 2020				
Borrowings	94.70	-	-	94.70
Lease liabilities	13.65	32.91	19.12	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
Total	477.34	32.91	19.12	529.37



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.

Particulars	March 31, 2021	March 31, 2020
Cash and cash equivalents (Refer note 9)	140.05	7.06
Other Bank Balances (Refer note 10)	117.48	0.42
Total (a)	257.53	7.48
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
Total Borrowings (b)	15.27	98.51
Net Debt (c = b-a)*	0.00	91.03
Total Equity (d)	455.66	359.39
Gearing Ratio (c/d)*	0.00	0.25

*Borrowings does not include lease liability.

*Cash & bank balances is greater than borrowings, hence debt is considered as nil.

41. Dividend paid and proposed

	March 31, 2021	March 31, 2020
Dividend paid and declared during the year		
Final dividend paid for the year ended March 31, 2020 (Re. 0.50 per share (March 31, 2019: Re. 0.50))	10.61	10.51
Dividend distribution tax on final dividend	-	7.18
Interim dividend paid for the year ended March 31, 2021 (Re. 0.75 per share (March 31, 2020: Re. 0.65 per share))	15.91	13.79
Dividend distribution tax on interim dividend	-	2.84
	26.52	29.42
Proposed dividend on equity shares *		
Final dividend for the year ended March 31, 2021 (Re. 1.25 per share (March 31, 2020: Re. 0.50 per share))	26.52	10.61
	26.52	10.61

* 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 Rs. 3.25 crores (March 31, 2020: Rs. 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.

Details of CSR Expenditure:

Details of CSR Expenditure:		Year ended		Year ended	
		March 31, 2021		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:					
		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 Trusts/Universities		-	1.55	-	-
(iii) On Purpose other than above		3.25	-	-	-



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:

Financial instruments by category	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets (at amortised cost)				
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)	257.35	7.48	257.35	7.48
Other Financial assets (current)	0.88	1.00	0.88	1.00
	651.68	404.82	651.68	404.82
Financial liabilities (at amortised cost)				
Borrowings (non-current)	1.74	-	1.74	-
Lease liabilities (non-current)	32.79	43.03	32.79	43.03
Borrowings (current)	13.53	34.70	13.53	34.70
Lease liabilities (current)	13.35	13.65	13.35	13.65
Trade Payables (current)	519.13	330.48	519.13	236.48
Other financial liabilities (current)	33.70	33.23	33.70	33.23
	614.24	520.09	614.24	520.09

The management assessed that bank balances, trade receivables, trade payables, short term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The fair values of the interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 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.

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2021

	Carrying Value	Fair Value		
	March 31, 2021	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
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)	257.35	-	-	257.35
Other Financial assets (current)	0.88	-	-	0.88
Liabilities carried at amortised cost for which fair value are disclosed				
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

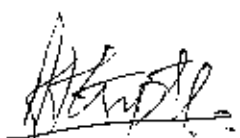
	Carrying Value	Fair Value		
	March 31, 2020	Level 1	Level 2	Level 3
Assets carried at amortised cost for which fair value are disclosed				
Trade Receivables (non-current)	25.10	-	-	25.10
Other Financial assets (non-current)	7.45	-	-	7.45
Trade Receivables (current)	363.73	-	-	363.73
Cash and other bank balances (current)	7.48	-	-	7.48
Other Financial assets (current)	1.00	-	-	1.00
Liabilities carried at amortised cost for which fair value are disclosed				
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

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 Rs. 50,000/-.

46. The comparative figures have been regrouped/ rearranged wherever considered necessary to make them comparable with current year numbers.

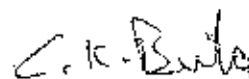
As per our report of even date
For S.R. Batliboi & Co. LLP
Firm registration number : 3010035/E300005
Chartered Accountants


per Amit Gupta
Partner
Membership No.: 501395



Place: Faridkot
Date: May 12, 2021

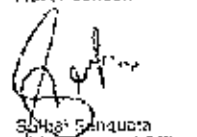
For and on behalf of Board of Directors



C.K. Birla
Chairman
and Director
(DIN 00218473)
Place: London



Rakesh Khanna
Managing Director and Chief
Executive Officer
(DIN 00266132)
Place: New Delhi


Sahar Sinquora
Chief Financial Officer
Place: Gurgaon
(ACA 54373)


Rakesh Kumar Jain
Company Secretary
Place: Gurgaon
S-6241

