



BOARD OF DIRECTORS

PAMELA ANNA MATHEW
Chairman & Managing Director

ANTONY ALEXANDER

B. JYOTHIKUMAR

RAJESH NAMBIAR

K.V. SIVADAS

SUNELA SARAH MATHEW

T. THOMAS

venu NALLUR

STATUTORY AUDITORS:

VARMA & VARMA

LEGAL ADVISORS:

MENON & PAI

BANKERS:

BANK OF INDIA LTD.

IDBI BANK LTD.

AXIS BANK LTD.

REGISTERED OFFICE:

VYTTILA, P.B. No. 1952

KOCHI - 682 019, KERALA, INDIA

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CIN : U31200KL1968PLC002169

Email : cs@oenindia.com, Website: www.oenindia.com

FACTORIES:

ELECTROGIRI, MULANTHURUTHY

KOCHI, KERALA, PIN - 682 314

PLOT NO. B 16 & 17, CHAKAN INDUSTRIAL AREA,

PHASE II, MIDC, TALUK KHED,

PUNE, MAHARASHTRA, PIN - 410 501

GAT NO. 365/2, KHARABWADI, AMBETAN ROAD,

TALUK KHED, PUNE, MAHARASHTRA, PIN - 410 501

POONITHURA, KANNANKULANGARA

TRIPUNITHURA, KOCHI, KERALA, PIN - 682 301

PLOT NO. SDF 17, 1ST FLOOR, THRIKKAKKARA,

KAKKANAD, KOCHI, KERALA, PIN - 682 037

Social obligations of business

We believe that there are four primary social obligations of business namely

1. Creation of wealth- in the form of goods and services required by the community, of good quality and at reasonable prices.
2. Creation of economic activity - provide employment to those who are equipped and need jobs, which results in creating economic activity in the community.
3. To pay dues - Payment of various taxes such as Sales Tax, GST, Excise, Import Duty, personal and corporate Income Taxes, which will enable the Government to secure our borders and provide the infrastructure necessary for our well being.
4. To create surplus, to adequately reward the risk takers (investors) and to leave sufficient balance to ensure continued growth of the institution, to guarantee security to those who work in the institution and to create job opportunities for the growing population.

The under mentioned figures illustrate how we have fulfilled these:

	2018-19	2017-18
	(Rupees in Millions)	
1. Value Added	559.195	598.183
2. Total number of employees	433	428
3. Employee Benefits (Salaries, allowances etc.)	423.014	426.406
4. Sales Tax (both State & Central)	-	9.740
5. Goods and Services Tax (GST)	304.452	289.121
6. Excise Duty	-	32.866
7. Import Duty	101.697	96.624
8. Service Tax	-	2.273
9. Corporate and Personal Income Tax	34.193	50.755
10. Retained Earnings	145.806	137.132

Performance at a glance

	2018-19	2017-18
	Rs.	Rs.
Gross Income	1578560678	1620336874
Net income before depreciation and taxation	224346110	256095476
Depreciation	66669284	61141678
Net sales	1414063885	1472420810
Net profit after depreciation	157676826	194953798
% of net profit after depreciation to net sales	11.15%	13.24%
Net profit After Tax	125581817	147565317
% of Net Profit to net sales	8.88%	10.02%
Net Income after tax per share	24.63	28.94
Net worth per share	286.01	263.80
Capital expenditure	126240483	96775856
Stock of materials, components, stores, spares etc. as at the close of the year	254583435	210097312
Debtors outstanding at the close of the year	279527182	393609595
Cost of materials / components consumed	737482177	716202139
Wages, Salaries and Benefits	423013612	426405813

Directors' Report to the Shareholders

The Board of Directors is pleased to present the 51st Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2019.

The Company was able to achieve a Sales Turnover of Rs. 141.41 crores in 2018-19 - just a shade below the turnover of Rs. 147.24 crores achieved in the previous year - despite the industry passing through a period of adverse challenges. In tandem, Profit Before Tax for the year at Rs.15.77 crores dipped by 19.12 percent compared to Rs.19.50 crores of the previous year, largely due to the disproportionate increase in cost of inputs, reflecting the trend in global commodity prices, volatile exchange rates as well as the internal increase in manpower cost, while intense competition in the market pre-empted possibilities of effectively transmitting such cost increases to customers through pricing. Correspondingly, Profit After Tax fell by 14.90 percent to Rs.12.56 crores from Rs.14.76 crores in the previous year.

Despite our better product offering and increased multi-locational production capacity, it was the significant downtrend in the automotive industry coupled with subdued industrial activity in the country over the latter part of the last financial year that affected our performance. However, anticipating better times, we continue to introduce improvements in our operational efficiency by optimizing utilization of existing assets and leveraging our resources to be able to sustain anticipated growth, while, at the same time, streamlining Sourcing, Value Engineering, Supply Chain Management and introducing Lean Manufacturing practices to control costs.

For strategic reasons and for improved logistics, it would be at the new plant at MIDC, Pune that we would be setting up additional production lines and gearing up manufacturing activities to cater to the inevitable increase in customer demand. As a result of improved dispersion of our manufacturing to multiple sites, especially our MIDC plant, currently, around 35 percent of our revenue is generated from locations outside Electrogiri.

Apart from optimizing production capacity, we continue to focus on rapid implementation of automation and installing state-of-the-art equipment at all locations to achieve greater consistency of quality to match customer expectations as well as for improving productivity. It is a matter of satisfaction that we continue to be successful in our strategies and remain leaders in our identified market segments.

Indian Industry

The industrial situation in India is beset by a consumption slowdown as reflected in the falling sales of everything from automobiles to consumer durables and even fast-moving consumer goods. Passenger vehicle sales grew at a mere 2.7 percent in 2018-19, the slowest in five years. While automotive sales reflect demand, Commercial Vehicle sales are a good proxy for business activity, which continues to be subdued.

The Index of Industrial Production, which is a measure of manufacturing, grew by 3.6 percent in 2018-'19, the slowest in three years, falling from 4.4 percent (2017-'18). Unemployment hit a 45-year high of 6.1% in 2017-18 according to the Centre for Monitoring of Indian Economy. Agriculture was not particularly strong in 2018-'19 and continues to grow below the trend-line. Other indicators like railway freight movement and exports all continue to be muted. Merchandise exports have been flat, reflecting the slowdown in domestic manufacturing, making the economy inward-looking.

On the more positive side, inflation, though edging higher, continues below target and oil prices are expected to remain benign if the political scene in the Middle-East does not flare up. Recent reforms have been in the right direction - the introduction of the Goods and Services Tax (GST) was a major step, followed by the Insolvency and Bankruptcy Code - though the inevitable initial hiccups and irritants of implementation need to be resolved. While the momentum created by past reforms may appear to have run out of steam, what is now needed are fresh structural reforms designed to make the system more robust and competitive.

The 'Make in India' initiative of the Government has set an ambitious target of increasing the contribution of manufacturing output from the current level of 16 percent of GDP to 25 percent of GDP by 2025, offering immense potential for the Indian industry. Apart from that, the challenges that confront China like their on-going tariff war with the United States, their rapidly increasing labour costs, decreasing Government subsidies and transition from exports-led growth to consumption-led growth open up fresh opportunities for other Asian countries, especially India.

Consequently, with increasing localization as a part of the 'Make in India' initiative and the Governmental thrust on development of infrastructure, the Company's prospects promise to turn positive in the current year and in the foreseeable future for the markets that we cater to.

Economic Situation

With GDP growth in the last financial year declining to 5.8 percent in the fourth quarter of 2018-19, pulling down the growth for the fiscal to a five-year low of 6.8 percent, the country is passing through an economic slowdown, resulting from flattening corporate results, lower private consumption, increased unemployment, lower than expected tax revenues and tepid growth in fixed investment.

Global gross product growth is now expected to moderate from 3.0 percent in 2018 to 2.7 percent in 2019 and rise to 2.9 percent in 2020, reflecting a downward revision from World Economic Situation and Prospects (WESP) 2019 Mid-year Update released in January, 2019. Apace with slowing industrial production, international trade activity has discernibly weakened, partially reflecting the unresolved trade disputes between the US and China. India, being integrated into the world economy, any dramatic slowdown in world trade, like what is being seen, will necessarily have some impact on the Indian economy. The report projects that with major downside risks prevailing, there is a significant possibility of a sharper slowdown or more prolonged weakness in the global economy that could impact both short and medium-term global growth prospects.

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Accelerating economic growth must be on top of the agenda of the new government since it is only a fast-growing economy that can generate employment as well as the surpluses required to address many of our socio-economic problems. However, growth necessarily depends on revival of demand in some sectors. For instance, the off-take of consumer goods is partly affected by the slowdown in rural demand, caused by agrarian distress as a result of a modest 2.9 percent growth in agriculture last fiscal. Apart from governmental investments and support, the agricultural sector also needs a good monsoon this year to bounce back.

Again, for faster growth, what is critically needed is higher public investment, which can catalyze fresh private investment. However, while government spending, which used to keep the economy afloat, was cut back in the last quarter of 2018-19 to meet the fiscal deficit target of 3.4 percent, private investment remains subdued. Tax revenues continue well below Budget estimates, squeezing possibilities for investment by the Government and, in turn, the private sector.

Though credit flow seems to have recovered, banks are still under the stress of excessive Non-Performing Assets, with the situation compounded by the liquidity problems facing many Non-Banking Financial Companies. In the absence of term-lending financial institutions, banks need to get back to lending at a significant pace to ensure that capital is available for capacity creation. The Reserve Bank had attempted to provide a fillip to the growth impulse through easing of bank liquidity and repeated cuts in the repo rate, which have not found proportionate transmission to the effective rates in the market.

Economic activity, triggered by faster growth and greater investments, is the key to greater employment. Companies like ours make investments based on expectations of future earnings - like an act of faith in the economy. For this to be justified social and political tranquility are essential.

Company's Plans

We continue to retain our leadership position in the Indian market for Relays, addressed both to the Automotive and Non-Automotive market segments. We plan to continue pursuing our two-pronged strategy to increase focus on Non-Automotive and Industrial Relays with a wider product portfolio, and, at the same time, strengthen our leadership in the Automotive segment with new products and product-enhancements. We will keep adding variants and hybrid electronic solutions as well as move up the value-chain by offering assemblies incorporating our products.

We also see opportunities in the Defence segment, an area that we had left unexplored in recent years, and have been able to secure entry through contracts that promise significant future growth.

Our projections reflect optimism with the growth prospects in the market, despite the recent downtrend and near-term shortfalls as well as the intensifying global competition that confronts us. We have to look at the promising potential that the burgeoning middle-class opens up and the low base-effect of the existing market.

Despite the current challenges we plan to capture increasing shares of the evolving potential market, both in India and abroad, with our technical superiority, widening portfolio of products, quicker responses for deliveries and service, strategies for cost reduction, improved product reliability and durability, enhanced multi-locational production capacities and competitive pricing as well as our thrust into new businesses.

Financial Results

The Company's financial performance during the year 2018-19 as compared to the previous year 2017-18 is summarized below:

(Rs.in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Total Revenue	15785.61	16203.37
Total Expense	13542.15	13642.42
Gross Profit before Depreciation	2243.46	2560.95
Deduction therefrom:		
Depreciation	666.69	611.42
Provision for Tax:		
- Current Tax	265.00	409.00
- Deferred Tax	21.28	8.06
- Prior years	34.67	56.82
Profit / (Loss) after Tax	1255.82	1475.65
Appropriations :		
Dividend	101.99	86.69
Tax on dividend	20.96	17.64
Transfer to General Reserve	1100.00	1200.00
Profit brought forward from Previous Year	325.19	153.87
Balance Profit carried to Balance Sheet	358.06	325.19

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Extracts of Annual Return: S.134(3)a

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure 1 and is attached to this Report.

Number of Board and Committee Meetings conducted during the financial year under review: S. 134(3) b

a. Board Meetings

The Company had four Board meetings, ie. on 14-06-2018, 21-09-2018, 22-11-2018 and 07-01-2019 during the financial year under review. Attendance details of Directors in the Board Meetings:

Name	DIN	Held during tenure	Attended
D. Babu Paul	00103047	4	4
Antony Alexander	07488463	4	4
B. Jyothikumar	02403654	4	3
Pamela Anna Mathew	00742735	4	4
Sunela Sarah Mathew	01673840	4	1
Thomas Thomas	00743978	4	3
Venu Nallur	00004873	4	4

b. Audit Committee Meetings:

The Audit Committee met four times, ie. on 14-06-2018, 21-09-2018, 22-11-2018 and 07-01-2019. The attendance details of Members of Committee are as follows:

Name	DIN	Held during tenure	Attended
D. Babu Paul	00103047	4	4
Pamela Anna Mathew	00742735	4	4
Venu Nallur	00004873	4	4

c. CSR Committee Meetings:

The CSR Committee met on 14-06-2018 during the financial year under review. The attendance details are as follows:

Name	DIN	Held during tenure	Attended
D. Babu Paul	00103047	1	1
Pamela Anna Mathew	00742735	1	1
B. Jyothikumar	02403654	1	1

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d. Nomination and Remuneration Committee Meeting:

A meeting of the Nomination and Remuneration Committee was held on 22nd November 2018. The attendance details are as follows:

Name	DIN	Held during tenure	Attended
D. Babu Paul	00103047	1	1
Venu Nallur	00004873	1	1
Sunela Sarah Mathew	01673840	1	0

Directors Responsibility Statement: S.134(3)c

In accordance with the provisions of section 134(5) of the Companies Act, 2013 your Directors confirm that:-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a 'going concern' basis; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of fraud reported by Auditors under S.143(12) other than reported to Central Government: S.134(3)(ca)

Auditors have not reported any fraud u/s 143(12) of the Companies Act, 2013.

Declaration given by Independent Directors under sub-section (6) of Section 149: S.134(3)d

Dr. D Babu Paul and Mr. Venu Nallur were appointed as Independent Directors on 30th June 2016 on the Board of the Company. They have given their independent declarations under 149(6) and (7) of the Companies Act, 2013 and the rules made there under. In the opinion of the Board, the Independent Directors fulfill the conditions relating to their status as Independent Directors as specified in Section 149 of the Companies Act, 2013 and the rules made there under.

Policy on appointment and remuneration of Directors and Key Managerial Personnel (KMP) in case Company is having a Nomination and Remuneration Committee: S.134(3)e

Nomination and Remuneration Committee, consisting of three Directors, with Dr. D Babu Paul as Chairman and Mr. Venu Nallur and Ms. Sunela Sarah Mathew as Members, was constituted on 30th June 2016. The Committee recommends the appointment of Directors to the Board and Key Managerial Personnel. It shall identify and ascertain the integrity, qualification, expertise and experience of a person for appointment as Director or KMP and recommend his / her appointment, as per Company's Policy.

i) Appointment of Managing Director/Whole-time Director:

The Company shall not appoint or continue the employment of any person as Managing / Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution. The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

ii) Appointment of Independent Director:

An Independent Director shall be a person duly qualified to be appointed as such as per the provisions of the Companies Act, 2013 and the applicable Rules thereunder and shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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No Independent Director shall hold office for more than two consecutive terms up to maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of an Independent Director it should be ensured that number of Boards of companies on which such Independent Director has been appointed is restricted to the maximum permissible under Section 165 of the Companies Act, 2013.

The Committee shall carry out evaluation of performance of Directors and KMP yearly or at such intervals as may be considered necessary.

iii) Remuneration to Managing Director / Whole-time Directors:

The Remuneration, perquisites, etc. to be paid to Managing Director / Whole-time Director, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company. The Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

iv) Remuneration to Non-Executive / Independent Directors:

- a) The Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Committee and approved by the Board of Directors.
- b) All the remuneration of the Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling / limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Committee and approved by the Board of Directors or shareholders, as the case may be. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- c) Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, which are determined by the Board, based on applicable regulatory prescriptions. Non-Executive Directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals.

Any remuneration paid to Non- Executive / Independent Directors for services rendered, which are professional in nature, shall not be considered as part of the remuneration for the purposes of clause (b) and (c) above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the Director possesses the requisite qualification for the practice of that profession.

v) Remuneration to KMP's:

The remuneration to KMP's shall consist of salary and perquisites in compliance with the provisions of the Companies Act, 2013 and as decided by the Board of Directors of the Company from time to time. The remuneration package may include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund and other statutory dues, if any, as decided from time to time.

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors and the practicing Company Secretary in their reports: S.134(3)f

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

Particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013: S.134(3)g

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

Particulars of contracts or arrangements made with related parties: S.134(3)h

The Company has not entered into any Contract or Arrangement with related parties pursuant to Section 188 during the financial year under review except transactions with R Engineering, a partnership firm in which the Company is a partner.

State of Company's Affairs: S.134(3)i

Despite the turbulence in the industry, the Company was able to achieve a Sales Turnover of Rs. 141.41 crores in 2018-19 - just a shade below the turnover of Rs.147.24 crores in the previous year. Profit Before Tax for the year at Rs.15.77 crores decreased by 19.12 percent from Rs.19.50 crores in the previous year. Correspondingly, Profit After Tax fell by 14.90 percent to Rs.12.56 crores as against Rs.14.76 crores in the previous year.

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The operational profit of the Company was impacted largely due to the disproportionate increase in cost of inputs, reflecting the trend in global commodity prices, volatile exchange rates as well as the internal increase in manpower cost. Intense competition in the market pre-empted possibilities of effectively transmitting the increases in cost of inputs to customers through pricing due to which margins continued to be under pressure. On the other hand, we were able to limit their impact with rigorous cost restructuring exercises and efficiency improvements through Value Engineering and process improvements resulting in significant savings. Continued focus on cost controls, yield improvement, productivity enhancement and Lean Manufacturing have yielded desired results, with the Company's performance reflecting profitability despite the severe cost pressures. Aggressive cost reduction continues to be a focus area to offset the increased input costs and to continuously improve margins. The Company is also actively pursuing opportunities in the International markets. We are confident that our strong business fundamentals, the investments we are currently making and our capabilities will enable us to make rapid progress in the coming years.

Transfer to Reserves: S.134(3)j

Out of the current year's Profit, an amount of Rs.11 Crores has been transferred to General Reserve Account. The total balance in Reserves and Surplus as on 31-03-2019 stood at Rs.140.75 crores.

Dividend: S.134(3)k

Your Directors are pleased to recommend a dividend of Rs.1.50 per share @ 15 percent of the face value of Rs.10/- per share, on the equity capital, for the Financial Year 2018-19, for the approval of the Company in the General Meeting. The total outflow on account of dividend, inclusive of Corporate Tax on dividend would be Rs. 92.21 Lakhs.

During the year, unclaimed dividend Rs.2125.50/- pertaining to the year ended 31st March, 2011, was transferred to the Investor Education & Protection Fund after giving due notice to the concerned Members.

Material changes and commitments if any affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the report: S.134(3)l

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo: S.134(3)m

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 2 and is attached to this report.

Development and implementation of Risk Management Policy: S.134(3)n

The development of a Risk Management Policy and its implementation is to enable the Company to proactively manage unforeseen changes and uncertainty in its business and its internal and external environment. The objective of this policy is to ensure adequate levels of stability for sustainable business growth and to pro-actively evaluate, report and resolve associated risks.

i) Adverse Economic & Business Environment:

Track actual and projected Industrial and market growth rates to enable dynamically scaling up or down of operations to match trends. Market conditions are continuously monitored and reviewed with rolling plans laid out for procurement, production and billing.

ii) Competition:

To sustain its leadership position the Company places due importance on not only retaining current business by offering the best in quality at competitive prices, backed by engineering support, but focusing on new product introduction and identification of new business to ensure growth.

iii) Market Volatility:

Relatively higher dependence on market segments that suffer volatility has to be balanced by developing greater presence in multiple segments, as well as planned diversification. We are enhancing share of relays in the Industrial segment and have started actively working on fresh business in the Power and Defence segments.

iv) Variations in Commodity Prices and Exchange Rates:

The Company faces unavoidable dependence on imported precious metals and on commodities like copper and its alloys, soft magnetic iron, silver alloys, etc., good proportions of which also results in exposure to the effects of exchange rate fluctuations.

We are working with suppliers to spread out supplies after booking the necessary quantities of the relevant materials at the best possible market prices to limit the effects of volatility to the extent possible.

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v) Technology Changes:

The industry is dynamic and technology trends need to be constantly tracked and adopted. New product introduction to keep pace with market requirements is a focus area for Marketing and R&D and monitored closely by Management through regular reports and meetings.

vi) Environment Controls:

We ensure compliance to Pollution Control Board's requirements and conform to ISO 14001 for Environmental Management Systems.

The Board of Directors of the Company shall periodically review and evaluate the Risk Management Policy of the Company so that the Management has adequate levels of control over the risks through properly defined systems and processes.

This policy shall be reviewed every year to ensure it meets the requirements and needs of the Company.

Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives: S.134(3)o

Your Company has formulated a well-structured CSR Policy aimed at providing more focus and direction to the various CSR activities being undertaken by the Company, including through the charitable trust, K. A. Mathew Foundation. The projects undertaken by the Company are in the areas of a) Restoration and beautification of city, town, village, etc., b) Eradicating hunger, poverty and malnutrition, c) Scholarship/ Promotion for education, d) Health care, e) Public recreation, etc. These projects are in accordance with Schedule VII of the Companies Act, 2013. The Annual Report on Company's CSR activities is furnished as Annexure 3 attached to this report. The policy is available on the website of the Company.

Annual Evaluation: S.134(3)p - NOT APPLICABLE

Disclosure under other provisions of Companies Act, 2013

i) Section 43 read with Rule 4(4) of the Companies (Share Capital & Debentures) Rules, 2014

The Company has not issued any equity shares with differential voting rights, during the financial year under review.

ii) Section 54 read with Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014

The Company has not issued any sweat equity shares during the financial year under review.

iii) Section 62(1) read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

The Company has not issued any shares under ESOP scheme.

iv) Disclosure u/s 177 of Companies Act 2013

In terms of Section 177 of the Act, the Company constituted an Audit Committee on 30th June 2016. The Committee comprises of Dr. D Babu Paul, Independent Director, as Chairman, and Ms. Pamela Anna Mathew, Managing Director and Mr. Venu Nallur, Independent Director, as Members. Each Member of the Committee has got relevant experience in the field of Finance.

The Terms of reference of the Committee are as follows:

- (a) investigate any activity within its terms of reference;
- (b) seek any information that it requires from any employee of the Company;
- (c) all employees are directed to co-operate with any request made by the Committee;
- (d) obtain outside legal or independent professional advice, at the Company's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The duties of the Committee shall be:

Financial Review

- (a) to review, and challenge where necessary, the actions and judgment of Management, in relation to the Company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to, and approval by, the Board, and before clearance by the Auditors. Particular attention should be paid to:

1. critical accounting policies and practices and any changes in them;
2. decisions requiring a significant element of judgment;

3. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
4. the clarity of disclosures;
5. significant adjustments resulting from the audit;
6. the going concern assumption; and
7. compliance with accounting standards;

(b) to consider other topics, as required by the Board from time to time.

Internal Audit

- (a) Review on a regular basis the adequacy of internal audit function, approval of the audit plan and its execution, reporting structure, budget, coverage and frequency of Internal Audit;
- (b) Review the appointment, removal, performance and other terms of the Internal Auditor;
- (c) Review the regular internal reports to Management prepared by the Internal Audit Department as well as Management's response thereto;
- (d) Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board. Discuss with Internal Auditors any significant findings and follow up thereon;
- (e) Review Internal Audit Reports relating to the internal control weaknesses;
- (f) Review with the Management, External and Internal Auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues;
- (g) Review Management letters / letters of internal control weaknesses issued by Statutory / Internal Auditors;
- (h) Review Management's report on internal control and External Auditor's attestation/observations on Management's assertion;
- (i) Evaluation of Internal Financial Controls.

External Audit

- (a) to oversee the company's relations with the External Auditor;
- (b) to consider, and make recommendations on the appointment, reappointment and removal of the External Auditor;
- (c) to approve the terms of engagement and the remuneration to be paid to the External Auditor in respect of audit services provided;
- (d) to assess the qualification, expertise and resources, effectiveness and independence of the External Auditors annually;
- (e) to discuss with the External Auditor, before the audit commences, the nature and scope of the audit;
- (f) to review with the External Auditor, the findings of its work, including, any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgments; levels of errors identified during the audit, obtaining explanations from Management and, where necessary the External Auditors, as to why certain errors might remain unadjusted;
- (g) to review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;
- (h) to assess, at the end of the audit cycle, the effectiveness of the audit process;
- (i) to review and monitor the content of the External Auditor's Management letter, in order to assess whether it is based on a good understanding of the Company's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon;
- (j) to develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the Auditor and ensure that the provision of such services does not impair the External Auditor's independence or objectivity.

Related party transactions

- (a) Review the statement of significant related party transactions, if any, submitted by the Management, including the 'significant' criteria/thresholds decided by the Management.

Risk Management

- (a) Evaluate Risk Management System.
- (b) Discuss with the Management, the Company's policies with respect to risk assessment and risk management, including appropriate guidelines to govern the process, as well as the Company's major financial risk exposures, including policy for foreign exchange and derivative transactions and the steps Management has undertaken to control them.

Reporting

- (a) The Audit Committee will report and update the Board, periodically, on various matters that it has considered as well as on the independence of the Auditors;
- (b) The Annual Report of the Company shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of Members, Chairperson, meetings and attendance;
- (c) The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders;
- (d) Reporting regularly to the Board with respect to:
 - (1) The quality of the Company's financial statement;
 - (2) The Company's compliance with legal or regulatory requirements;
 - (3) The performance of the External Auditor as well as the Internal Audit Function; and
 - (4) The findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature.

The Committee met four times during the year under review. The attendance details are given elsewhere in this report.

General Manager (Finance) was an invitee at the Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee was present at the last AGM.

v) Details of the employee(s) of the Company as required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Not applicable since the Company is not listed.

vi) Disclosure in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates:

NOT APPLICABLE

vii) Disclosure about receipt of any commission by MD/WTD from the company and also receiving commission/remuneration from its holding or subsidiary: - NOT APPLICABLE

viii) Corporate Governance Certificate (clause 49 of listing agreement)

The Company is not a listed Company. Hence Corporate Governance as stipulated in Clause 49 of the Listing agreement is not applicable.

Details to be given in accordance with rule 8 of the Companies (accounts) Rules, 2014

- a) Financial Performance- Rule 8(1):
Disclosed elsewhere in this report.
- b) Contracts or arrangements with related parties- Rule 8(2):
No transaction with related parties during the financial year under review.
- c) Conservation of energy, Technology absorption, Foreign exchange earnings and outgo- Rule 8(3):
FURNISHED AS ANNEXURE 2
- d) Annual evaluation Report made by the Board- Rule 8(4):
Not applicable

O/E/N India Limited

Disclosures under Rule 8(5) of Companies Act, 2013

(i) Financial summary

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

Rupees in crores

Particulars	2018-2019	2017-2018
Turnover :		
Relays	126.015	133.308
Switches	4.991	7.027
Others	0.241	1.309
Purchased Goods	-	0.002
Exports :		
Relays	9.931	8.541
Switches	0.228	0.336
Profit before Depreciation & Tax	22.435	25.609
<i>Less:</i> Depreciation	6.667	6.114
Profit before Taxation	15.768	19.495
<i>Less:</i> Provision for Taxation	3.210	4.739
Net Profit after Tax	12.558	14.756
Dividend (including Interim if any and final)	1.229	1.043
Net Profit after dividend and Tax	11.329	13.713
Amount transferred to General Reserve	11.000	12.000
Earning per share (Basic & Diluted)	24.630	28.940
Financial position:		
Current Assets	66.604	67.585
Current Liabilities	27.072	31.001
Net Current Assets	39.532	36.584
Fixed Assets	72.792	66.767
Investments	42.511	41.850
Long term loans & Advances	2.292	2.362
Other Non-current Assets	1.857	1.776
Net Tangible Assets	158.984	149.339
<i>Less:</i> Long term borrowings & provisions	9.465	11.361
Deferred Tax Liability	3.674	3.462
Shareholders' Funds:		
Equity	5.099	5.099
Reserves & Surplus	140.746	129.417

O/E/N India Limited

(ii) **Change in the nature of Business if any:** Nil

(iii) **Directors**

a) Mr. T Thomas, who retires at this Annual General Meeting, and being eligible, offers himself for re-election.

(iv) **The Company has no subsidiaries / joint ventures / associates other than the investment made in the partnership firm M/s. R. Engineering**

(v) **Details of deposit etc:**

(a) Accepted during the year: Nil

(b) Remained unclaimed as at the end of the year: Nil

(c) Default in repayment of deposit or payment of interest (Number of cases and amount involved): Nil

(vi) **The details of deposits which are not in compliance with the requirements of Chapter V of the Act.** - Nil

(vii) **Significant orders by Regulators impacting the going concern status of the company etc.**

There is no order from any regulators / Govt. Agencies which impact the going concern status of the Company.

Adequacy of internal financial controls:

The Company had implemented the ORACLE ERP system, which integrates Accounting, Production, Procurement, Sales and other functions. This improves productivity, utilization of resources and brings transparency, accountability and efficiency across the entire organization. Apart from Statutory Audit, Internal Audit is carried out every quarter by an independent firm of Chartered Accountants and observations are reported to Management. All significant audit observations are discussed in Management Meetings and immediate steps taken to rectify discrepancies. The adequacy of Internal Control System is periodically reviewed at the Board level. Moreover internal financial controls are reviewed by an independent firm of Chartered Accountants and the observations made in their reports are discussed in the Board Meeting and corrective action taken.

Quality Initiatives:

The Company continues to be qualified to ISO 9001 for our Quality Management Systems and our Automotive Production Lines are further qualified to ISO/TS 16949.

Our Environmental Management Systems are covered by approval to ISO 14001 & our Occupational Health & Safety Management Systems are approved to OHSAS 18001.

Minimizing or eliminating use of specified substances of concern has become a global issue and our company already complies with the relevant RoHS directives for products being exported. Other products will also be rapidly covered by RoHS in the near future.

To maintain our market leadership and to remain a global player it is imperative that we exceed expectations of the customer and the market. We continue to do this successfully.

Borrowings:

The term loan of Rs.15 crores availed from Kerala State Industrial Development Corporation (KSIDC) has been repaid to the extent of Rs. 2.53 crores during the year. Balance outstanding in the above term loan account as on 31st March 2019 is Rs. 10.40 crores.

Industrial Relations:

Industrial relations with employees at Electrogiri and CSEZ in Cochin and MIDC and Chakan in Pune remain reasonably cordial and peaceful.

The Board records its appreciation for the commitment and co-operation extended by employees at all levels and looks forward to their total involvement. Employees continue to participate in the training and development programmes initiated by Management for productivity and quality improvements.

Global Compact:

As has been reported earlier, the Company had signed up to promote the United Nations Global Compact, which lays down ten key principles to specifically address issues in the areas of human rights, labour standards, environment and corruption. The Company is committed to uphold and promulgate these ten principles of Global Compact. The underlying emphasis will be on

a) Sensitizing Corporate Social Responsibility.

b) Highlighting initiatives in business ethics, environmental policies, community development, etc.

c) Aligning sustainability through development programmes.

O/E/N India Limited

Statutory Auditors:

M/s Varma & Varma, Chartered Accountants, were appointed as Statutory Auditors for a period of five years at the Annual General Meeting held on 27-09-2014.

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

The Company has formulated an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Work place (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees of the Company are covered under this policy.

No. of complaints received - Nil

No. of cases disposed off - Nil

Acknowledgements:

The Directors of the Company gratefully acknowledge the support extended by the principal bankers, Bank of India, IDBI Bank Ltd. and Axis Bank Ltd. We also acknowledge the continued patronage of our esteemed customers and loyalty of the large family of the Company's stockists, suppliers and shareholders. The Company's mission of enhancing customer satisfaction, while simultaneously increasing shareholder value, has made it possible to report satisfactory performance.

We record our appreciation to Kerala State Industrial Development Corporation Ltd. for their continuing support. We take this opportunity to thank all trade-related associations with which we have interacted. The dedication and preparedness of the Company's leadership and employees have remained at a high level, resulting in their being able to exploit opportunities meaningfully and respond smartly to the dynamic business scenario. We thank our employees for their sincere efforts, which helped the Company to achieve satisfactory results.

On behalf of the Board

Sd/-

(PAMELA ANNA MATHEW)
MANAGING DIRECTOR
DIN: 00742735

Sd/-

(VENU NALLUR)
DIRECTOR
DIN: 00004873

6th July 2019

**FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31/03/2018**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

CIN	U31200KL1968PLC002169
Registration Date	8-03-1968
Name of the Company	O/E/N India Ltd
Category/sub category	Indian non-governmental company limited with shares
Address of the Registered office	PB No.1952, Vytilla, Kochi - 682 019
Whether Company listed	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turn over of the company
1	Manufacture of relays and switches	2710	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

NOT APPLICABLE

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	2539496	2539496	49.80	-	2539496	2539496	49.80	
b) Central Govt									
c) State Govts									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-	-	2539496	2539496	49.80	-	2539496	2539496	49.80	
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub Total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	2539496	2539496	49.80	-	2539496	2539496	49.80	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Co.s									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others									
Sub Total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	1279678	1279678	25.10	218	1279460	1279678	25.10	
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	506711	506711	9.94	8764	470033	478797	9.39	(0.55)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	773375	773375	15.16	69799	731490	801289	15.71	0.55
c) Others									
Sub-total (B)(2):-	-	2559764	2559764	50.20	78781	2480983	2559764	50.20	
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	2559764	2559764	50.20	78781	2480983	2559764	50.20	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total A+B+C	-	5099260	5099260	100.00	-	5099260	5099260	100.00	

O/E/N India Limited

(i) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1.	Pamela Anna Mathew	2539496	49.80	NIL	2539496	49.80	NIL	NIL
	Total	2539496	49.80	NIL	2539496	49.80	NIL	NIL

(ii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	2539496	49.80		
2	At the end of the year	2539496	49.80	2539496	49.80

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year:				
1	KSIDC	1274607	25.00	1274607	25.00
2	Ms. Annamma George & Mr. K.O. George	56414	1.11	56414	1.11
3	Mr. Zibi Jose P.P.	53499	1.05	69799	1.36
4	Ms. Suja George John	46972	0.92	46972	0.92
5	Ms. Alekutty George	38220	0.75	38220	0.75
6	Mr. Kodiat Jacob Cherian	37150	0.73	37150	0.73
7	Ms. Chinnamma Daniel	32502	0.64	32502	0.64
8	Mr. John Mathew	31849	0.62	31849	0.62
9	Ms. Susan Mary George	31242	0.61	31242	0.61
10	Mr. Mathew Varghese	29973	0.59	29973	0.59
	Datewise Increase / Decrease in Shareholding: Mr. Zibi Jose P.P. Purchase on 14-06-2018	16300			
	At the end of the year	69799			

O/E/N India Limited

(iv) Shareholding of Directors and Key Managerial Personnel:

No.	Name of Director / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Pamela Anna Mathew	2539496	49.80	2539496	49.80
	Datewise increase or decrease in shareholding	No change			
	At the end of the year	2539496	49.80	2539496	49.80
2	Sunela Sarah Mathew	100935	1.98	100935	1.98
	Datewise increase or decrease in shareholding	No change			
	At the end of the year	100935	1.98	100935	1.98
3	T Thomas	300	0.01	300	0.01
	Datewise increase or decrease in shareholding	No change			
	At the end of the year	300	0.01	300	0.01
4	Antony Alexander	6476	0.13	6476	0.13
	Purchase:				
	14-06-2018	2740	0.05	9216	0.18
	At the end of the year	9216	0.18	9216	0.18

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	129329948	NIL	NIL	129329948
i) Principal Amount	129329948	NIL	NIL	129329948
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	129329948	NIL	NIL	129329948
Change in Indebtedness during the financial year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	25335986	NIL	NIL	25335986
Net Change	25335986	NIL	NIL	25335986
Indebtedness at the end of the financial year				
i) Principal Amount	103993962	NIL	NIL	103993962
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	103993962	NIL	NIL	103993962

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Pamela Anna Mathew (Managing Director)	Antony Alexander (Whole time Director)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions u/s 17(1) of the Income-tax Act, 1961	2832871	2142000	4974871
	(b) Value of perquisites u/s17(2) of the Income-tax Act, 1961	520735	-	520735
	(c) Profits in lieu of salary u/s17(3) of the Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	4078201	743181	4821382
5.	Others			
	Total (A)	7431809	2885181	10316990
	Ceiling as per the Act	7431809	2885181	14863618

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	- Fee for attending Board/Committee meetings	D. Babu Paul Venu Nallur	81000 78000
	- Commission	NIL	NIL
	- Others	NIL	NIL
	Total (1)		159000
2.	Other Non-Executive Directors		
	- Fee for attending Board/Committee meetings	Sunela Sarah Thomas B. Jyothikumar (KSIDC)	15000 43000
	- Commission	NIL	NIL
	- Others	NIL	NIL
	Total (2)		58000
	Total (B)=(1+2)		217000
	Total Managerial Remuneration (A+B)		10533990
	Overall Ceiling as per the Act		16349980

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD - Not Applicable**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:-**

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority	Appeals if any
A. COMPANY					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				
B. DIRECTORS					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment	NIL				
Compounding	NIL				

On behalf of the Board

Sd/-

(PAMELA ANNA MATHEW)
MANAGING DIRECTOR
DIN: 00742735

Sd/-

(VENU NALLUR)
DIRECTOR
DIN: 00004873

6th July 2019

STATEMENT CONTAINING PARTICULARS PURSUANT TO RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF DIRECTORS' REPORT**A. Conservation of Energy:**

- (i) The steps taken that have impact on conservation of energy;

The Company has constantly been emphasizing on optimization of energy consumption in every possible area in its units. Various avenues are being explored at periodic intervals and, after careful analysis and planning, measures are initiated to minimize the consumption of energy by optimum utilization of energy consuming equipment. Energy consumed by equipment and manufacturing processes are directly linked to production levels. The two main areas of energy consumption where control is possible are air-conditioning and lighting.

Electricity is one of the major inputs in the manufacturing process for maintaining the required ambient at 22+2°C and hence conservation of electrical energy is always given utmost importance. The following steps were taken for the conservation of energy:

- a) Commissioned the Dedicated Underground cabling from Sub-station, Kandanad, during July 2018. This has resulted in significant reduction of power interruptions and associated losses (power availability is increased to more than 90 percent from less than 50 percent earlier), and, thereby, diesel consumption for generators is reduced;
- b) The Power Factor is maintained continuously between 0.98 and 0.99 at the Electrogiri plant by utilizing a Capacitor Bank and securing an average monthly incentive of Rs.68,000/- in the electricity bills. The same control and monitoring is exercised in Pump house as well as the plant at Special Economic Zone and thereby, the Company is able to save on the cost of electricity consumed;
- c) All street / tower lights within the factory were replaced with LED lights of lower power rating. Old tube lights were replaced with LED lights in most areas of Assembly Plants 1 and 2 and other common areas like Canteen, Corridors, etc, Total connected load has been reduced by 20KW as a result of this activity alone;
- d) New plant facility on the 3rd floor has been operational since November 2018, with complete LED lights, Section-wise control with exclusive MCBs, underdeck insulation, Sun Control film for windows and Double Window to increase effectiveness of Air-conditioning, besides reduction in dust particles. Also provided Variable Frequency Drive (VFD) for enhancing conservation of power for Air Conditioning. This is in addition to VFDs fixed at five other locations, like first floor of the office, R&D, Switch Assembly Line, General Services and Quality Assurance Departments in the previous years;
- e) Automatic Switch-Off control of Motors in stamping presses in Fabrication have been provided;
- f) Re-winding of High Capacity Motors has been discontinued to avoid approximately 30 percent increase of energy consumption. New ones will be procured instead;
- g) Old Split Air Conditioners have been replaced with Inverter type ACs;
- h) Air leaks at multiple locations have been eliminated;
- i) Rain Water Harvesting: Three projects have been completed: 1) Surface tank capacity is increased to 3.5 Lakhs litres. from 2 Lakhs litres; 2) New tarpaulin-lined pond with capacity of 25 Lakhs litres has been constructed which will collect rain water from the entire roof of the scooter shed; 3) 20 KL Capacity tank near R&D has been made operational.

The following future projects are planned for conservation of energy:

- 1) Solar Water Heaters for Canteen (1000 KL) and Plating shop (2000 KL);
- 2) A Bio-Gas Plant of 200 Kg capacity has just been completed and is operational now;
- 3) Solar Power Plants of 100 KW capacity to be set up
- 4) Steam-Cooking Plant for the Canteen;
- 5) Solar Street-lights.

As a result of the continuous efforts, like those mentioned above and monitoring and controlling the section-wise monthly consumption, the electricity charges have been contained in spite of the increase in the manufacturing activities and increase in tariff by KSEB.

By changing over to the modern Chiller-type A/C plants the consumption of non-eco-friendly refrigerant, used for topping up to compensate for leakage, is completely eliminated.

Installation of RO Plant, enabling reuse of a portion of the treated plating effluent, reduces energy consumption and helps in preserving water, one of the precious natural resources.

- (ii) The steps taken by the company for utilizing alternate sources of energy;

The company has installed a 11 KW solar plant, obtaining 50 units of electricity per day. Additional installation of a 100 KW solar plant is planned this year for increased utilization of renewable energy.

- (iii) Capital investment on energy conservation equipment: Rs.3,22,24,598/-

B. Technology Absorption

- i) Efforts made towards technology absorption, adaptation and innovation in brief:

The focus on technology absorption, adaptation and innovation include efforts made in new process development; alternate sourcing of imported parts and materials; application of Value Engineering techniques; measures aimed at improving productivity and material utilization through optimised tool design and development of moulds having more cavities; selection of better and more contemporary machinery; improved processes, including process automation and multiple process automation. Lean Manufacturing concepts are being introduced. First steps to deploy Six Sigma methodology have also been adopted.

- ii) Benefits derived as a result of the above efforts include product improvement, cost reduction, product development and import substitution.

Benefits in different areas are:

- a) *Product improvement:*

Increased Customer Satisfaction by ensuring enhanced product reliability; improved performance and capabilities; quality enhancement; superior processes for production; higher rating in quality; etc.

- b) *Cost reduction:*

Achieved through alternate sourcing; change in material selection; re-design of parts as a part of Value Engineering; introduction of higher cavity moulds and tools; optimizing strip layout; introduction of process automation; simple and lean methods of production; lower inventory levels; etc.

- c) *Product development:*

New and contemporary products to enhance product range; better mix of specifications; custom-engineered products; design for automation and improved manufacturing; value-added products; etc.

- d) *Import substitution:*

Introduction of new products in the market result in foreign exchange savings for the country; in-house development of contemporary technologies result in avoiding payment in foreign exchange for imported technologies; customers benefit by better logistics and shorter lead-times when imports are avoided; lower inventory carrying levels; fulfillment of 'Make in India' objectives; etc.

- iii) In case of imported technology (imported during the last threeyears reckoned from the beginning of the financial year)

- a) The details of technology imported: Nil
b) The year of import; Nil
c) Whether the technology has been fully absorbed; Not Applicable
d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

- iv) Research and Development (R&D)

The expenditure incurred on Research and Development:

	Rs.
a) Capital Equipment	1,53,72,735
b) Revenue Expenditure	2,63,64,679
Total	<u>4,17,37,414</u>

- c) Sales of pilot products from R&D during the year 2018-19: Rs.8.60 lakhs
d) Revenue during the year from sale of products developed by R&D during past three years: Rs.763.85 lakhs
e) Total R&D expenditure as a percentage of total Turnover: 2.95%

C. Foreign Exchange Earnings and outgo:

Particulars with regard to Foreign Exchange earnings and outgo are detailed in the Accounts and hence not separately dealt with.

On behalf of the Board

Sd/-
(PAMELA ANNA MATHEW)
MANAGING DIRECTOR
DIN: 00742735

Sd/-
(VENU NALLUR)
DIRECTOR
DIN: 00004873

6th July 2019

Corporate Social Responsibility (CSR)

[Pursuant to clause(o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

As per the requirement of Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII (Activities to be included in the CSR Policies), the Company has constituted a CSR Committee at the Board level to monitor the CSR Activities.

The Company understands its responsibility towards society and environment in which it operates, and identified the strategic areas to achieve its corporate and social objectives. The Company has actively supported various initiatives in the areas of health, education and environment over the years. A CSR Policy was also framed detailing Policy statement, Scope of CSR Activities, CSR funds, modalities of execution of each selected project, how to monitor the activities, and various other matters relating to CSR and the policy is available on the Company's website www.oenindia.com. The CSR Policy was aimed at providing more focus and direction to the various activities on CSR being undertaken by the Company including through the Charitable Trust, K.A. Mathew Foundation, a Charitable trust having an established track record of more than 30 years in undertaking charitable activities. The projects undertaken by the Company were in the areas of a) Restoration and beautification of city, town, village etc, b) Eradicating hunger, poverty and malnutrition, c) Scholarship/promotion for education, d) Healthcare, e) Public recreation etc. These projects are in accordance with Schedule VII of the Companies Act, 2013.

2. The Composition of the CSR Committee

The CSR Committee was constituted by the Board in its meeting held on 27-06-2014 to formulate a CSR policy, recommend the amount of expenditure to be incurred and to monitor the CSR activities of the Company. Dr. D. Babu Paul acted as Chairman of the Committee and Mr. B. Jyothikumar and Ms. Pamela Anna Mathew are the members.

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

The Average net profit of the company for last three financial years amounts to Rs.21,21,47,660/-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

Prescribed CSR Expenditure for the Company was estimated at Rs.42,42,953/-, being 2% of the average net profit of the Company for last three financial years.

5. Details of CSR spent during the financial year

a) The company has spent Rs.42,43,999/- during the Financial Year 2018-19 against the CSR Project/activities identified and approved by the CSR Committee.

b) Amount unspent, if any and reason for not spending:

The Company spent a total amount of Rs.42,43,999/- during the Financial Year 2018-2019 as against Rs.42,42,953/-, the prescribed CSR Expenditure.

O/E/N India Limited

(c) Manner in which the amount was spent during the financial year is detailed below.

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget): Project or programs wise	Amount spent on the projects or programs		Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
			(1) Local area or other	(2) Specify the State and District where projects or programs was undertaken		(1) Direct expenditure on projects or programs	(2) Over heads		
2	For meeting medical expenses of inmates of hospital	Health Care	Local	Ernakulam, Kerala	180000	180000	-	180000	Direct
3	For purchasing medicines for inmates of Charitable Society	Health Care	Local	Ernakulam, Kerala	90000	90000	-	90000	Direct
4	Pain & Palliative Care	Health Care	Local	Ernakulam, Kerala	420000	420000	-	420000	Direct
5	Panchayath Water project	Rural development	Local	Ernakulam, Kerala	100000	100000	-	100000	Direct
6	Construction of old age home	Setting up of oldage home	Local	Ernakulam, Kerala	2200000	2200000	-	2200000	K A Mathew Foundation
7	Medical aid for treatment of various diseases	Health Care activities	Local	Ernakulam, Kerala	772000	772000	-	883000	K A Mathew Foundation
8	Rural development	Rural development	Local	Ernakulam, Kerala	171000	171000	-	171000	Direct
9	National Safety Council Agency	Disaster Management	Local	Ernakulam, Kerala	100000	100000	-	100000	Direct

6. The CSR Committee hereby submits its responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company and the Companies Act, 2013 and Companies (Corporate Social Responsibility) Rules, 2014.

On behalf of the Board

Sd/-

(PAMELA ANNA MATHEW)
MANAGING DIRECTOR
DIN: 00742735

Sd/-

(B. JYOTHIKUMAR)
DIRECTOR
DIN: 02403654

6th July 2019

Independent Auditors' Report

The Members,
O/E/N INDIA LIMITED
Cochin - 682 019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of O/E/N India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 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 opinion.

Information Other than the Financials Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to the Director's Report in the Annual Report of the Company for the financial year 2018-19, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other Information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

O/E/N India Limited

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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 Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 and by the management in respect of the Chairman of the Company who passed on 13.04.2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls system with reference to financial statements reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. As stated in Note No 2.29.1 to the financial statements, consequent to re-appointment of Managing Director w.e.f 10.12.2018, the remuneration paid/ payable to the Managing Director includes Rs. 31,25,804/- (relating to the period from 10.12.2018 to 31.03.2019), in respect of which approval of the Shareholders under the Companies Act, 2013 is being sought for at the ensuing Annual General Meeting.
- (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, 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 financial statements - Refer Note 2.8.1, 2.8.2, 2.30.1 and 2.30.2 to the 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.

Place : Kochi - 682 019
Date : 6th July 2019

For VARMA & VARMA
(FRN:004532S)
Sd/-
(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Memb. No. 22703
UDIN: 19022703AAAAAA1816

“ANNEXURE A” REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF O/E/N INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

1. a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) We are informed that the company has a regular programme of physical verification of its assets whereby all its fixed assets are verified by management during the year, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets and that no material discrepancies have been noticed on such verification.
c) According to the information and explanations given to us, the records of the company examined by us and the confirmation from financial lender in respect of title deeds/lease deeds deposited with them and based on the details of land and buildings furnished to us by the company, we report that the lease deeds/ title deeds of immovable properties are held in the name of the Company.
2. We are informed that the physical verification of inventory (other than goods held by others for job works which is not regarded as material) has been conducted by the management at the end of the year, the frequency of which in our opinion is reasonable, having regard to the size of the Company and the nature of its business and that no material discrepancies were noticed on such verification.
3. According to the information and explanations given to us and the records of the company examined 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 reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.
4. According to the information and explanations given to us and the records of the company examined by us, the company has not granted any loans or given any guarantee or security for which the provisions of sections 185 and 186 of the Act are applicable and in respect of investments made by it, the applicable provisions of section 186 of the Act have been complied with.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to it.
6. 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 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues, as applicable to the Company, with the appropriate authorities during the year. Payment of undisputed statutory dues of Sales Tax, Service Tax, Duty of Excise and Value Added Tax is not applicable to the company during the year.

There are no arrears of undisputed statutory dues of a material nature outstanding as on the last day of the financial year for a period of more than six months from the date on which they become payable.

O/E/N India Limited

- b) According to the information and explanations given to us and the records of the Company examined by us, the following disputed demands of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax have not been deposited with the authorities as at 31st March 2019:

Name of the statute	Nature of the dues	Amount (in Rs.)	Period to which the amount relates (Financial year)	Forum where the dispute is pending
The Customs Act, 1962	Customs Duty	22,507,351	From 1974-75 to 1995-96	Customs, Excise and Service Tax Appellate Tribunal
		60,885	2010-11	
The Central Sales Tax Act, 1956	Sales Tax	101,657	1991-92	Kerala Value Added Tax/ Agricultural Income Tax and Sales Tax Appellate Tribunal
		96,644	1990-91	Kerala Value Added Tax/ Agricultural Income Tax and Sales Tax Appellate Tribunal
The Kerala General Sales Tax Act, 1963	Sales Tax	70,314	1991-92	Kerala Value Added Tax/ Agricultural Income Tax and Sales Tax Appellate Tribunal
		86,289	1990-91	Kerala Value Added Tax/ Agricultural Income Tax and Sales Tax Appellate Tribunal
The Kerala Value Added Tax Act, 2003	Value Added Tax	402,357	2010-11	Asst. Commissioner (Appeals), Kerala Value Added Tax
The Kerala Value Added Tax Act, 2003	Value Added Tax	1,27,85,339	2011-12 [#]	Deputy Commissioner (Appeals), Kerala Value Added Tax
The Finance Act, 1994	Service Tax	23,761,208 (Net of Rs.717,685/- paid under protest)	From 2006-07 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
		4,034,794 (Net of Rs.128,786/- paid under protest)	2012-13	Commissioner of Central Excise (Appeals)
Income-Tax Act, 1961	Income Tax	318,280 (Net of Rs.350,000/- paid under protest)	2010-11	Commissioner of Income Tax (Appeals)
Income-Tax Act, 1961	Income Tax	2,618,000 (Net of Rs.983,600/- paid under protest)	2011-12	Commissioner of Income Tax (Appeals)
Income-Tax Act, 1961	Income Tax	537,345 (Net of Rs.95,000/- paid under protest)	2012-13	Commissioner of Income Tax (Appeals)
Income-Tax Act, 1961	Income Tax	1,49,14,094	2015-16	Commissioner of Income Tax (Appeals)

Appeal filed subsequent to 31.03.2019

O/E/N India Limited

8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans and borrowings to the financial institution. The company has not taken any loans or borrowing from Bank and Government or raised any money by way of issue of debentures.
9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the company have been applied for the purpose for which the loans were obtained.
10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have been informed of such case by the Management.
11. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 and as stated in Note No 2.29.1 to the financial statements in respect of the re-appointment of Managing Director w.e.f 10.12.2018, the remuneration paid/payable includes Rs. 31,25,804/- in respect of which approval of the Shareholders under the Companies Act, 2013 is being sought for at the ensuing Annual General Meeting, as required under section 196(4) of the Companies Act, 2013.
12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of the paragraph 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all 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 Note No 2.29 to the Financial Statements as required by the applicable Accounting Standard.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the reporting requirements under clause (xiv) of paragraph 3 of the Order are not applicable.
15. The company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirements under clause (xv) of the paragraph 3 of the Order are not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of the paragraph 3 of the Order is not applicable.

Kochi - 682 019
Date : 6th July 2019

For VARMA & VARMA
(FRN:004532S)
Sd/-
(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Memb. No. 22703
UDIN: 19022703AAAAAA1816

"ANNEXURE B" REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF O/E/N INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

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 system with reference to financial statements reporting of O/E/N India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls system with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 system with reference to financial statements reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements reporting.

Meaning of Internal Financial Controls with reference to Financial Statements reporting

A company's internal financial controls system with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls system with reference to financial statements reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting

Because of the inherent limitations of internal financial controls system with reference to financial statements reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements 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.

Kochi - 682 019
Date : 6th July 2019

For VARMA & VARMA
(FRN:004532S)
Sd/-
(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Memb. No. 22703
UDIN: 19022703AAAAAA1816

Balance Sheet as at 31st March, 2019

Particulars	Note No.	As at 31.3.2019 Rs.	As at 31.3.2018 Rs.
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	2.1	50,992,600	50,992,600
b. Reserves and Surplus	2.2	1,407,461,255	1,294,174,294
2 Non-current Liabilities			
a. Long Term Borrowings	2.3	78,993,962	104,329,948
b. Deferred Tax Liabilities (Net)	2.4	36,743,996	34,616,277
c. Long Term Provisions	2.5	15,661,148	9,277,107
3 Current Liabilities			
a. Trade Payables	2.6		
(1) Total outstanding dues of Micro Enterprises and Small Enterprises [Refer Note 2.6.1]		-	-
(2) Total outstanding dues of creditors other than Micro Enterprises and small enterprises		135,914,989	180,620,690
b. Other Current Liabilities	2.7	41,622,347	59,214,805
c. Short Term Provisions	2.8	93,181,252	70,176,469
		<u>1,860,571,549</u>	<u>1,803,402,190</u>
II. ASSETS			
1 Non-current Assets			
a. Fixed Assets	2.9		
i. Property, Plant & Equipment		691,883,532	649,660,607
ii. Intangible Assets		1,151,043	1,613,934
iii. Capital Work-in-Progress		24,524,583	16,400,741
iv. Intangible Assets under Development		10,360,000	-
b. Non Current Investments	2.10	188,899,224	140,622,480
c. Long Term Loans and Advances	2.11	22,924,094	23,620,248
d. Other Non Current Assets	2.12	18,572,629	17,757,612
2 Current Assets			
a. Current Investments	2.13	236,214,269	277,876,371
b. Inventories	2.14	254,583,435	210,097,312
c. Trade Receivables	2.15	279,527,182	393,609,595
d. Cash and Cash Equivalents	2.16	77,300,501	20,258,215
e. Short Term Loans and Advances	2.17	48,920,601	47,804,869
f. Other Current Assets	2.18	5,710,456	4,080,206
		<u>1,860,571,549</u>	<u>1,803,402,190</u>
Significant Accounting Policies and Notes on Accounts	1&2		

The accompanying notes are an integral part of the financial statements.

As per our separate report of even date attached

For VARMA AND VARMA
(FRN:004532S)

Sd/-

(R. RAJASEKHARAN)

Partner

CHARTERED ACCOUNTANTS
Memb. No. 22703

Place : Kochi - 682 019

Date : 6th July 2019

For and on behalf of Board of Directors

PAMELA ANNA MATHEW Sd/-
Managing Director [DIN : 00742735]

VENU NALLUR Sd/-
Director [DIN : 00004873]

SAJU VARGHESE Sd/-
General Manager - Finance

NISHA T.P. Sd/-
Company Secretary [Memb. No. A38197]

Statement of Profit and Loss for the year ended 31st March, 2019

Particulars	Note No.	For the year ended 31.3.2019 Rs.	For the year ended 31.3.2018 Rs.
I. Revenue from Operations (Net)	2.19	1,487,161,067	1,543,110,730
II. Other Income	2.20	91,399,611	77,226,144
III. Total Revenue		1,578,560,678	1,620,336,874
IV. Expenses:			
a. Cost of materials consumed	2.21	735,922,796	715,295,843
b. Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	(19,151,375)	(9,984,090)
c. Employee benefits expense	2.23	401,518,555	403,228,883
d. Finance costs	2.24	10,790,935	12,776,218
e. Depreciation and amortisation expense	2.9	66,669,284	61,141,678
f. Other Expenses	2.25	240,281,587	256,264,721
		1,436,031,782	1,438,723,253
Less: Expenditure allocated to capital jobs [Refer Note 2.9.4]		15,147,930	13,340,177
Total Expenses		1,420,883,852	1,425,383,076
V. Profit Before Tax (III - IV)		157,676,826	194,953,798
VI. Tax expense:			
a. Current Tax		26,500,000	40,900,000
b. Tax for earlier years		3,467,290	5,682,032
c. Deferred Tax		2,127,719	806,449
VII. Profit for the period (V - VI)		125,581,817	147,565,317
VIII. Earnings Per Equity Share:			
Nominal value of share Rs.10/- (Rs.10/-)	2.26		
(Basic & Diluted)		24.63	28.94
Significant Accounting Policies and Notes on Accounts	1&2		
The accompanying notes are an integral part of the financial statements.			

As per our separate report of even date attached
For VARMA AND VARMA
(FRN:004532S)
Sd/-
(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Memb. No. 22703

Place : Kochi - 682 019
Date : 6th July 2019

For and on behalf of Board of Directors

PAMELA ANNA MATHEW Sd/-
Managing Director [DIN : 00742735]
VENU NALLUR Sd/-
Director [DIN : 00004873]
SAJU VARGHESE Sd/-
General Manager - Finance
NISHA T.P. Sd/-
Company Secretary [Memb. No. A38197]

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2019

PARTICULARS	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	157,676,826	194,953,798
Adjustments for :		
Depreciation & Amortisation Expense	66,669,284	61,141,678
Interest Income	(2,555,464)	(1,648,436)
(Profit)/Loss on Sale of Assets	1,189,803	(203,567)
(Profit)/Loss on Sale of Investments	(19,574,637)	(13,540,589)
Income from Partnership Firm	(48,276,744)	(41,359,660)
Irrecoverable Debts written off (Net)	108,060	8,845,101
Loss on Scrapped Assets written off	3,008,533	-
Interest expense	10,535,714	12,386,306
Unrealised (Gain) / Loss in foreign exchange	(196,090)	1,695,049
Sundry balances written back	(28,845)	(160,778)
Operating profit before working capital changes	168,556,440	222,108,902
<i>Adjustments for working capital changes:</i>		
(Increase) / Decrease in Trade and other receivables	110,573,855	(64,582,531)
(Increase) / Decrease in Inventories	(44,486,123)	(10,273,462)
Increase / (Decrease) in Trade Payables and other liabilities	(29,898,161)	47,524,246
Cash generated from operations	204,746,011	194,777,155
Direct Taxes (paid) / Refund Received	(23,270,519)	(52,485,731)
Net cash from/(used) in Operating Activities	181,475,492	142,291,424
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant & Equipment	(127,120,470)	(104,190,023)
Adjustments to Capital Work in Progress and intangible assets under development	(18,483,842)	(561,211)
Sale of Fixed Assets	5,488,987	230,700
Purchase of Investments	(214,478,140)	(381,413,963)
Income from Partnership Firm	48,276,744	41,359,660
Sale of Investments	275,714,878	374,404,255
Drawings from / (Investments in) Partnership Firm (Net)	(48,276,744)	(16,359,660)
Interest received	2,555,464	1,648,436
Net cash from/(used) in Investing Activities	(76,323,123)	(84,881,806)

O/E/N India Limited

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from / (Repayment of) Long Term Borrowings	(25,335,986)	(20,635,603)
Interest paid on Long-Term Borrowings	(10,535,714)	(12,386,306)
Dividends and Corporate Dividend Tax paid	(12,294,856)	(10,433,525)
Unclaimed Dividend of prior years*	58,599	72,666
Unclaimed Dividend transferred to Investor Education & Protection Fund*	(2,126)	(2,129)
Net cash from/(used) in Financing Activities	(48,110,083)	(43,384,897)

* Funds held in separate Bank Accounts

SUMMARY

Net cash from/(used) in Operating Activities	181,475,492	142,291,424
Net cash from/(used) in Investing Activities	(76,323,123)	(84,881,806)
Net cash from/(used) in Financing Activities	(48,110,083)	(43,384,897)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	57,042,286	14,024,721
Cash & Cash Equivalents at the beginning of the year	20,258,215	6,233,494
Cash & Cash Equivalents at the end of the year	77,300,501	20,258,215
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS DURING THE YEAR	57,042,286	14,024,721

- Note : 1) Cash and cash equivalents at the end of the year includes Rs.257,660/- (Rs.196,187/-) deposited in unclaimed dividend account which is earmarked for payment of dividend.
- 2) Balance with banks in Deposit Accounts include Rs.45,546,454/- (Rs.Nil) having a maturity period of less than 12 months as at the year end and Rs.20,240,744/- (Rs.Nil) having a maturity period of more than 12 months as at the year end.
- 3) The cash flow statement has been prepared under indirect method, as per the Accounting Standard 3 Cash Flow Statements.

As per our separate report of even date attached
For VARMA AND VARMA
(FRN:004532S)
Sd/-
(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Memb. No. 22703

Place : Kochi - 682 019
Date : 6th July 2019

For and on behalf of Board of Directors

PAMELA ANNA MATHEW Sd/-
Managing Director [DIN : 00742735]
VENU NALLUR Sd/-
Director [DIN : 00004873]
SAJU VARGHESE Sd/-
General Manager - Finance
NISHA T.P. Sd/-
Company Secretary [Memb. No. A38197]

Significant accounting policies and Notes on accounts for the financial year ended 31st March, 2019

1. Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

c. Revenue Recognition

- a) Sales are recognised on transfer of title of goods to the customers.
- b) Income from services are recognised under the Completed Service Contract Method.
- c) Export incentives are recognised on exports on accrual basis, based on the estimated realisable value of such entitlements.
- d) Interest and share of profit/ loss from a firm in which the company is a partner is recognized based on the financial statements of the firm for the year ending on the date of the Balance Sheet.
- e) Other incomes are recognised on accrual basis except when there are significant uncertainties.

d. Tangible Assets (Property, Plant and Equipment)

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non – refundable purchase taxes, after deducting trade discounts and rebates), other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

e. Intangible Assets

Intangible Assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

f. Depreciation/Amortisation

1. Depreciation is provided:
 - a) On buildings, plant and machinery (other than items specified in (b) below) on Straight Line Method over the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end. Tools costing below Rs.50,000/- are depreciated at 100%, on the basis of technical evaluation by the management.
 - b) On other assets (including vehicle, furniture, fixtures and equipments) under Written Down Value method over the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.
2. Costs of Software is treated as intangible asset and is amortised over a period of five years.
3. Value of Leasehold Land is depreciated (amortised) over the period of lease.

g. Investments

Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for. Current Investments are carried at lower of cost and fair value as on the date of the Balance Sheet.

h. Inventories

Inventories are valued at lower of cost computed as stated below or estimated net realisable value.

- a) Cost of other bought out materials on Weighted Average Method.
- b) Cost of trading items on Specific Identification Method.
- c) Cost of finished goods and manufactured components includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The net realisable value of bought out inventories is taken at their current replacement value.

i. Research & Development

Capital expenditure on Research & Development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company. The revenue expenditure on Research & Development is charged to the Statement of Profit and Loss in the year in which it is incurred.

j. Employee Benefits

i. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

ii. Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund, Superannuation Fund, Employee's State Insurance and other Employee Welfare Funds. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

iii. Defined Benefit Plans

Payment of Gratuity to employees is covered by the O/E/N Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the Projected Unit Credit Method, as adjusted for unrecognised past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Statement of Profit & Loss for the period in which they occur.

iv. Long Term Employee Benefits

Compensated Absences:

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the Projected Unit Credit Method. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

v. Termination Benefits

Termination benefits are recognized in the Statement of Profit and Loss for the period in which the same accrue.

k. Taxes on Income

Income Tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which include Current Taxes and Deferred Taxes. Provision for Current Tax is made in accordance with the provisions of The Income Tax Act, 1961. Deferred Tax assets/liabilities representing timing differences between accounting income and taxable income are recognized to the extent considered capable of being reversed in subsequent years by applying tax rate substantively enacted as at the end of the year. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that Deferred Tax Assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax in respect of timing differences which originate and reverse during the tax exemption period are not recognized to the extent the gross total income is subject to the deduction during the tax exemption period.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

l. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss. Non-monetary items outstanding at the Balance Sheet date are reported using the exchange rate prevailing on the date of each transaction.

m. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

n. Earnings Per Share

Basic / diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.

o. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Statement of Profit and Loss of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

p. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognized nor disclosed in the accounts.

O/E/N India Limited

2. Notes on Accounts

2.1 Share Capital

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Authorized:		
10,000,000 (10,000,000) Equity Shares of Rs.10/- each	100,000,000	100,000,000
Issued, Subscribed and fully paid:		
5,099,260 (5,099,260) Equity Shares of Rs.10/- each	50,992,600	50,992,600
Total	50,992,600	50,992,600

2.1.1 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number of shares	(Rs.)	Number of shares	(Rs.)
No. of shares as at the beginning of the financial year	5,099,260	50,992,600	5,099,260	50,992,600
No. of shares as at the end of the financial year	5,099,260	50,992,600	5,099,260	50,992,600

2.1.2 Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.1.3 Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31.03.2019		As at 31.03.2018	
	%	No. of shares	%	No. of shares
Ms. Pamela Anna Mathew	49.80	2,539,496	49.80	2,536,706
M/s. Kerala State Industrial Development Corporation Ltd.	25.00	1,274,607	25.00	1,274,607

2.2 Reserves and Surplus

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Capital Reserve	64,933	64,933
Capital Redemption Reserve	3,602,740	3,602,740
General Reserve		
Opening Balance	1,257,987,324	1,137,987,324
Add: Transfer from Surplus for the year	110,000,000	120,000,000
Closing Balance	1,367,987,324	1,257,987,324
Surplus		
Opening Balance	32,519,297	15,387,505
Net Profit for the period	125,581,817	147,565,317
Amount available for Appropriation	158,101,114	162,952,822
Less: Appropriations		
Transfer to General Reserve	110,000,000	120,000,000
Dividend paid for the Financial Year 2017-18 [Refer Note 2.2.1]	10,198,520	8,668,742
Tax on Dividend paid	2,096,336	1,764,783
Closing Balance	35,806,258	32,519,297
Total	1,407,461,255	1,294,174,294

O/E/N India Limited

2.2.1 Represents final dividend for financial year 2017-18, declared and paid during the financial year 2018-19.

The Board of Directors of the company has proposed final dividend of Rs 1.50/- (Rs. 2/-) per share for the financial year 2018-19, which is subject to approval by the share holders at the ensuing Annual General Meeting and hence not included to the appropriation for the financial year 2018-19.

2.3 Long-Term Borrowings

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Term Loan - Secured		
- From other parties		
- M/s Kerala State Industrial Development Corporation Ltd.	78,993,962	104,329,948
Total	78,993,962	104,329,948

2.3.1 Terms of the Term Loan :

Name of the Lender	Security	Repayment Terms
M/s Kerala State Industrial Development Corporation Ltd (KSIDC)	(1) Charge over the fixed assets of the unit setup at Pune. (2) The Leasehold rights on the total extent of land allotted to the company in Chakan Industrial Area, Pune by Maharashtra Industrial Development Corporation (MIDC) are mortgaged to KSIDC and; (3) First charge in respect of 5 acres of land of the company at Vadavukode-Puthencruz Panchayat, Ernakulam District.	(1) The principal amount is repayable in 24 quarterly installments as under: - Twenty Four installments of Rs.62,50,000/- starting from 1st October, 2017. (2) Interest is payable on quarterly basis, on 31st March, 30th June, 30th September and 31st December. Interest rate is 8.75% compounded quarterly.

2.3.2 Current maturities of Long-Term borrowings are disclosed under the head Other Current Liabilities [Refer Note 2.7 below]

2.4 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
A. Deferred Tax Liability		
On excess of net book value over Income Tax Written Down Value of Property, Plant & Equipment	60,113,944	53,909,128
B. Deferred Tax Assets		
On Provisions/other disallowances	23,369,948	19,292,851
Deferred Tax Liabilities (Net) (A-B)	36,743,996	34,616,277

2.5 Long-Term Provisions

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Provision for Employee Benefits [Refer Note 2.8 and 2.27.b & c]	15,661,148	9,277,107
Total	15,661,148	9,277,107

2.5.1 Provision for liability payable over next twelve months.

2.6 Trade Payables

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Trade Payables [Refer Note 2.6.1]		
(1) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(2) Total outstanding dues of creditors other than Micro Enterprises and small enterprises	135,914,989	180,620,690
Total	135,914,989	180,620,690

O/E/N India Limited

2.6.1 The company is in the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2019, disclosures relating to the amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

2.7 Other Current Liabilities

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Current maturities of long term debts [Refer Note 2.3.2]	25,000,000	25,000,000
Unpaid Dividend [Refer Note 2.16.1]	252,661	196,187
Other Payables		
- Statutory Dues	7,982,009	18,502,551
- Advance from Customers	6,342,065	3,237,193
- Creditors for Capital Goods	2,045,612	12,278,874
Total	41,622,347	59,214,805

2.8 Short-Term Provisions

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Provision for employee benefits [Refer Note 2.8.2 and 2.27.c]	28,049,523	13,116,480
Others		
- Income Tax (Net)	12,535,045	5,838,273
- Other taxes [Refer Note 2.8.1]	52,596,684	51,221,716
Total	93,181,252	70,176,469

2.8.1 Details of Provisions towards other taxes

(Amount in Rs.)

Nature of Provision	Balance as at 01.04.2018	Additional Provision/adjustments during the year	Amounts used/ charged during the year	Unused amounts reversed	Balance as at 31.03.2019
a) Customs Duty (See Note i)	22,609,086	40,850	-	-	22,568,236
	(22,603,379)	(11,897)	(6,190)	(-)	(22,609,086)
b) Excise Duty (See Note ii)	-	-	-	-	-
	(866,422)	(-)	(-)	(866,422)	(-)
c) Service Tax (See Note ii)	27,737,893	904,580	-	-	28,642,473
	(26,404,024)	(1,333,869)	(-)	(-)	(27,737,893)
d) Sales Tax including Value Added Tax (See Note iii)	874,737	511,238	-	-	-
	(874,737)	(-)	(-)	(-)	(874,737)
Total	51,221,716	1,456,668	-	-	52,596,684
Previous Year	(50,748,562)	(1,345,766)	(6,190)	(866,422)	(51,221,716)

Note :

- Includes Rs.22,507,351/- (Rs.22,507,351/-) being demands towards customs duty on import of materials relating to earlier years. The Hon'ble Supreme Court of India had set aside the order and restored the appeal to Customs Excise and Service Tax Appellate Tribunal (CESTAT) for fresh disposal according to law which is pending. The company has maintained the provision already made in the accounts in respect of the said sums. Other demands raised by customs authorities Rs.60,885/- (Rs.1,01,735/-) have also been disputed by the company in respect of which provisions have been made as a matter of prudence.
- Service Tax authorities have raised demands aggregating to Rs.28,642,473/- (Rs.27,737,893/-) which have been disputed by the company before various appellate authorities. Though the company is hopeful of favourable decisions provision has been created in the accounts as a matter of abundant caution.
- Sales Tax authorities have raised demands aggregating to Rs.1,385,975/- (Rs.874,737/-) which have been disputed by the company before various appellate authorities. Though the company is hopeful of favourable decisions, provision has been created in the accounts as a matter of abundant caution.
- Unused amounts reversed represents the amount written back in respect of the disputes, on the basis of favourable appellate order received by the company.

O/E/N India Limited

2.8.2 Provision for employee benefits:

(Amount in Rs.)

Nature of Provision	Balance as at 01.04.2018	Additional Provision during the year	Amounts used/ charged during the year	Unused amounts reversed	Balance as at 31.03.2019
a) Provision for employee benefits (See Note below)	13,000,000 (10,400,000)	- (2,600,000)	- (-)	- (-)	13,000,000 (13,000,000)
Total	13,000,000	-	-	-	13,000,000
Previous Year	(10,400,000)	(2,600,000)	(-)	(-)	(13,000,000)

Note:

The company has discontinued operations at the Peenya Unit, Bangalore with effect from 10th November 2017 and the said unit does not constitute a separate major line of business or geographical area of operations of the company. The plant & machinery at the unit has been substantially transferred to the Electrogiri Unit, Kerala and the company is exploring possibilities to utilise the land and factory building for alternate business purpose. The employees at the unit have been retrenched as per the provisions of the Industrial Dispute Act 1947 and the compensation paid amounting to Rs 16,606,570/- has been charged to Statement of Profit and Loss in the previous year together with other statutory benefits payable as per law. Further, as a matter of abundant caution, based on the estimate of the management, the company is carrying a provision, towards claims raised by the employees during earlier years, not accepted by the company which is pending before the appellate authority.

2.9 Fixed Assets

Description	Gross Block (At cost)				Depreciation				Net Block	
	As at 31-3-2018	Additions/ Transfers	Sales/ Adjustments	As at 31-3-2019	As at 31-3-2018	For the Year	Sales/ Adjustments	As at 31-3-2019	As at 31-3-2019	As at 31-3-2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Tangible Assets (Property, Plant & Equipment)										
Land & Development	9,075,177 (9,075,177)	- (-)	- (-)	9,075,177 (9,075,177)	- (-)	- (-)	- (-)	- (-)	9,075,177 (9,075,177)	9,075,177 (9,075,177)
Leasehold Land	72,396,260 (72,396,260)	- (-)	- (-)	72,396,260 (72,396,260)	3,857,345 (3,093,667)	763,678 (763,678)	- (-)	4,621,023 (3,857,345)	67,775,237 (68,538,915)	68,538,915 (69,302,593)
Buildings	236,328,350 (236,328,350)	- (-)	3,000,000 (-)	233,328,350 (236,328,350)	51,303,148 (44,276,956)	6,873,224 (7,026,192)	- (-)	58,176,372 (51,303,148)	175,151,978 (185,025,202)	185,025,202 (192,051,394)
Plant & Equipment	907,820,583 (816,205,645)	112,497,427 (92,284,370)	56,648,152 (669,432)	963,669,858 (907,820,583)	528,395,305 (481,024,988)	52,859,811 (48,014,988)	49,980,845 (644,671)	531,274,271 (528,395,305)	432,395,587 (379,425,278)	379,425,278 (335,180,657)
Furniture & Fixtures	19,680,749 (18,839,234)	662,799 (888,963)	57,160 (47,448)	20,286,388 (19,680,749)	16,933,327 (16,068,132)	953,054 (910,271)	54,437 (45,076)	17,831,944 (16,933,327)	2,454,444 (2,747,422)	2,747,422 (2,771,102)
Motor Vehicles	10,788,234 (10,788,234)	1,809,296 (-)	- (-)	12,597,530 (10,788,234)	9,569,867 (9,118,812)	875,596 (451,055)	- (-)	10,445,463 (9,569,867)	2,152,067 (1,218,367)	1,218,367 (1,669,422)
Office Equipment	40,541,107 (38,487,023)	3,147,119 (2,054,084)	515,867 (-)	43,172,359 (40,541,107)	36,910,861 (33,744,269)	3,881,030 (3,166,592)	498,574 (-)	40,293,317 (36,910,861)	2,879,042 (3,630,246)	3,630,246 (4,742,754)
TOTAL	1,296,630,460	118,116,641	60,221,179	1,354,525,922	646,969,853	66,206,393	50,533,856	662,642,390	691,883,532	649,660,607
Previous Year	(1,202,119,923)	(95,227,417)	(716,880)	(1,296,630,460)	(587,326,824)	(60,332,776)	(689,747)	(646,969,853)	(649,660,607)	(614,793,099)
(ii) Intangible Assets										
Software	15,623,147 (15,407,307)	- (215,840)	- (-)	15,623,147 (15,623,147)	14,009,213 (13,200,311)	462,891 (808,902)	- (-)	14,472,104 (14,009,213)	1,151,043 (1,613,934)	1,613,934 (2,206,996)
TOTAL	15,623,147	-	-	15,623,147	14,009,213	462,891	-	14,472,104	1,151,043	1,613,934
Previous Year	(15,407,307)	(215,840)	(-)	(15,623,147)	(13,200,311)	(808,902)	(-)	(14,009,213)	(1,613,934)	(2,206,996)
GRAND TOTAL	1,312,253,607	118,116,641	60,221,179	1,370,149,069	660,979,066	66,669,284	50,533,856	677,114,494	693,034,575	651,274,541
Previous Year	(1,217,527,230)	(95,443,257)	(716,880)	(1,312,253,607)	(600,527,135)	(61,141,678)	(689,747)	(660,979,066)	(651,274,541)	(617,000,095)

2.9.1 Details of Capital Expenditure on Research and Development [Refer Note 2.25.3.B]

Particulars	2018-19 Rs.	2017-18 Rs.
Capital Equipments	<u>15,372,735</u>	<u>9,658,769</u>
Total	<u>15,372,735</u>	<u>9,658,769</u>

O/E/N India Limited

2.9.2 Capital Commitments:

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance)	16,914,100	7,191,393
Total	16,914,100	7,191,393

2.9.(iii) Capital Work in Progress

Nature of Work	Opening Balance (Rs.)	Additions (Rs.)	Capitalised during the year (Rs.)	Closing Balance (Rs.)
(i) Building under Construction	- (-)	4,823,743 (-)	- (-)	4,823,743 (-)
(ii) Tools/Assets under Construction [Refer Note 2.9.(iv)]	16,400,741 (15,068,142)	37,230,520 (40,824,246)	33,930,421 (39,491,647)	19,700,840 (16,400,741)
Total	16,400,741	42,054,263	33,930,421	24,524,583
Previous Year	(15,068,142)	(40,824,246)	(39,491,647)	(16,400,741)

2.9.(iv) Capital Work in Progress

Additions to tools / assets under construction incurred during the year includes

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
(a) Cost of materials consumed	22,082,590	27,484,069
(b) Other Expenditure Allocated	15,147,930	13,340,177
Total	37,230,520	40,824,246

2.9.(v) Intangible Assets under Development

Nature of Work	Opening Balance (Rs.)	Additions (Rs.)	Capitalised/transferred during the year (Rs.)	Closing Balance (Rs.)
(i) Computer Software	- (771,388)	10,360,000 (-)	- (771,388)	10,360,000 (-)
Total	-	10,360,000	-	10,360,000
Previous Year	(771,388)	(-)	(771,388)	(-)

2.10 Non Current Investments

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Long Term Unquoted (Trade):		
(i) 2001 (2001) shares of Rs.10/- each fully paid up in O/E/N Electrocom Private Limited	20,010	20,010
(ii) 20,000 (20,000) shares of Rs.10/- each fully paid up in Kerala Enviro Infrastructure Limited	200,000	200,000
(iii) Investment in Capital of Partnership Firm - R Engineering [Refer Note 2.10.2]	188,679,214	140,402,470
Aggregate amount of unquoted investments	188,899,224	140,622,480

2.10.1 For Method of Valuation of Investment, Refer Note 1(g) of Significant Accounting Policies.

2.10.2 (a) The Company is partner in a partnership firm, M/s R Engineering. Details regarding investment in the said firm are as under:

Name of Partners	Share of Profit/Loss (%)		Capital Account Balance (Rs.)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
a) O/E/N India Limited	95%	95%	188,679,214	140,402,470
b) O/E/N Electrocom Private Limited	5%	5%	6,222,536	3,987,816

O/E/N India Limited

(b) Details of capital account balance of the Company

Particulars	As on 31.03.2019 (Rs.)	As on 31.03.2018 (Rs.)
Opening	140,402,470	124,042,810
Amount invested / (withdrawn) during the year	-	(25,000,000)
Add: Interest on Capital	12,636,222	10,751,353
Add: Share of Profit	35,640,522	30,608,307
Closing	188,679,214	140,402,470

2.11 Long-Term Loans and Advances

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Unsecured (Considered Good)		
Capital Advance	10,845,303	12,074,736
Others		
- Staff Loans	5,259,280	5,363,002
- Prepaid Expenses	764,850	43,312
- Deposits	6,054,661	6,139,198
Total	22,924,094	23,620,248

2.12 Other Non-Current Assets

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Balance with bank in Deposit Account [Refer Note 2.12.1]	18,572,629	17,757,612
Total	18,572,629	17,757,612

2.12.1 Deposits held as security against bank guarantee which are not expected to be withdrawn within next twelve months.

2.13 Current Investments

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Units	(Rs.)	No. of Units	(Rs.)
Unquoted (Non Trade):				
Investment In Mutual Funds :				
a) ICICI Short Term Plan (Growth)	3,151,879.39	55,292,578	2,038,424.89	60,632,124
b) ICICI Long Term Plan (Growth)	468,414.79	10,000,000	468,414.79	10,000,000
c) Franklin India Short Term Income Plan (Growth)	4,378.67	13,020,172	4,378.67	13,020,172
d) Franklin India Low Duration Fund (Growth)	1,337,108.00	25,000,000	1,337,108.00	25,000,000
e) Aditya Birla Sunlife Corporate Bond Fund (Growth) - Regular Plan	1,141,659.52	64,866,348	1,141,659.52	64,866,348
f) IDFC Cash Fund (Growth)	-	-	5.74	12,035
g) IDFC Corporate Bond Fund (Growth)	2,564,672.60	30,000,000	2,564,672.60	30,000,000
h) IDBI Debt Opportunities Fund (Growth) (OFGP)	-	-	1,757,746.89	19,345,692
i) IDBI Short Term Bond Fund (Growth)	-	-	2,281,583.66	35,000,000
j) HDFC Liquid Fund (Growth)	4,949.43	18,035,171	-	-
k) HDFC Medium Term Opportunities Fund	1,126,578.06	20,000,000	1,126,578.06	20,000,000
Aggregate amount of unquoted investments	9,799,640.46	236,214,269	12,720,572.80	277,876,371
Aggregate Net Asset Value of unquoted investments	-	280,834,663	-	318,663,716

2.13.1 Method of Valuation of Investment - Refer Note 1(g) of Significant Accounting Policies.

O/E/N India Limited

2.14 Inventories

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
In Hand :		
a) Materials and Components	199,897,337	174,326,032
b) Stores and Spares	4,329,689	4,289,357
c) Manufactured components	26,386,852	15,359,646
d) Finished Goods	21,363,903	13,202,429
e) Packing materials	950,689	1,227,578
f) Stock in Trade	1,654,965	1,692,270
Total	254,583,435	210,097,312

2.14.1 Method of Valuation of Inventories - Refer Note 1(h) of Significant Accounting Policies.

2.15 Trade Receivables

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	329,001	2,955,422
Unsecured, Considered Doubtful	417,158	482,566
	746,159	3,437,988
Less: Provision for Doubtful Debts	417,158	482,566
	329,001	2,955,422
Others (Unsecured, Considered Good)	279,198,181	390,654,173
Total	279,527,182	393,609,595

2.16 Cash and Cash Equivalents

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Balance with Banks		
In Current Accounts [Refer Note 2.16.1]	11,475,788	20,221,933
In Deposit Accounts [Refer Note 2.16.2]	65,787,199	-
Cash on hand	37,514	36,282
Total	77,300,501	20,258,215

2.16.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs.252,661/- (Rs.196,187/-) and cannot be used for any other purpose.

2.16.2 Balance with banks in Deposit Accounts include Rs.45,546,455/- (Rs.Nil) having maturity period of less than 12 months as at the year end and Rs.20,240,744/- (Rs.Nil) having a maturity period of more than 12 months as at the year end, but available for use if needed within twelve months.

2.17 Short-Term Loans and Advances

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
(Unsecured, Considered Good)		
Others:		
- Advances recoverable in cash or in kind or for value to be received	22,679,156	41,345,932
- Staff loans	1,376,360	1,319,336
- Income Tax Refund Receivable	3,139,948	3,139,948
- Deposits	1,963,565	1,925,439
- Balances with Central Excise, Customs etc.	19,761,572	74,214
Total	48,920,601	47,804,869

O/E/N India Limited

2.18 Other Current Assets

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
Export Entitlements Receivable	5,337,119	3,747,076
Others	373,337	333,130
Total	5,710,456	4,080,206

2.19 Revenue from operations

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Sale of Products		
Gross Sales	1,414,063,885	1,505,239,362
Less : Excise Duty Recovered on Domestic Sales	-	32,818,552
Net Sales	1,414,063,885	1,472,420,810
Other Operating Revenues		
Sale of Scrap	68,694,057	67,363,906
Job Charges	-	29,187
Export Entitlements	4,072,977	4,411,411
Miscellaneous Income	330,148	188,575
	73,097,182	71,993,079
Less: Excise Duty Recovered on Sale of Scrap	-	1,303,159
	73,097,182	70,689,920
Total	1,487,161,067	1,543,110,730

Consequent to introduction of Goods and Services Tax (GST) w.e.f 1st July 2017, revenue for the year ended March 31, 2018 is presented net of GST in compliance with Accounting Standard 9 - "Revenue Recognition". The gross revenue from operations for the year ended March 31, 2019 is not comparable with the gross revenue from operations for the year ended March 31, 2018 since it is inclusive of excise duty for period upto 30th June 2017 only.

2.20 Other Income

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Lease Rent Received	9,892,624	9,237,980
Sale of Wind Energy	3,119,159	3,625,491
Net gain on foreign exchange transactions/translations	5,406,161	5,065,004
Interest	2,556,599	1,649,550
Profit on Sale of Investments	19,574,637	13,540,589
Profit on Sale of Assets (Net)	-	203,567
Income from Partnership Firm [Refer Note 2.10.2]		
- Interest on Capital	12,636,222	10,751,353
- Share of Profit	35,640,522	30,608,307
Excise Duty on Stock Differential	-	848,198
Provisions no longer payable written back [Refer Note 2.8.1]	-	866,422
Miscellaneous Income	2,573,687	829,683
Total	91,399,611	77,226,144

O/E/N India Limited

2.21 Cost of materials consumed

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Opening Stock	174,326,032	174,736,502
Add : Purchases	761,494,101	714,885,373
	935,820,133	889,621,875
Less : Closing Stock	199,897,337	174,326,032
Total	735,922,796	715,295,843

2.22 Change in Inventories

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Closing Stock		
- Finished Goods	21,363,903	13,202,429
- Manufactured Components	26,386,852	15,359,646
- Stock in Trade	1,654,965	1,692,270
	49,405,720	30,254,345
Opening Stock		
- Finished Goods	13,202,429	5,852,920
- Manufactured Components	15,359,646	12,654,534
- Stock in Trade	1,692,270	1,762,801
	30,254,345	20,270,255
Increase in Inventory	19,151,375	9,984,090

2.23 Employee Benefit Expenses

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Salaries & Wages (including compensated absences payable on retirement)	343,248,236	347,664,744
Contribution to Provident and Other Funds	17,567,611	18,736,731
Staff Welfare Expenses	40,702,708	36,827,408
Total	401,518,555	403,228,883

2.24 Finance Costs

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Interest Expense	10,535,714	12,386,306
Other Borrowing Cost	255,221	389,912
Total	10,790,935	12,776,218

O/E/N India Limited

2.25 Other Expenses

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Consumption of Stores, Spares & Consumables	17,674,865	14,822,885
Packing Materials Consumed	20,757,783	19,455,466
Power & Fuel	43,810,238	42,614,136
Repairs		
- Building	22,038,932	17,940,564
- Plant & Machinery	29,567,626	29,057,674
- Others	4,428,601	5,743,894
Insurance	3,313,769	3,430,559
Rent [Refer Note 2.25.1]	3,688,415	3,935,862
Rates & Taxes	2,526,584	2,237,313
Postage & Telephone	2,606,316	2,773,210
Printing & Stationery	3,332,056	3,365,249
Travelling & Conveyance	7,352,096	8,034,717
Provision for Duties/Taxes [Refer Note 2.8.1]	1,374,968	1,345,766
Payments to the Auditor [Refer Note 2.25.2]	1,131,662	1,016,073
Advertisement & Publicity	284,221	220,780
Discount & Commission on Sales	2,541,076	3,265,763
Professional & Consultancy charges	6,863,243	4,183,562
Bank Charges	963,343	938,445
Job Work Charges	616,512	1,501,516
Research & Development Expense [Refer Note 2.25.3.A]	25,504,107	25,748,456
Irrecoverable Debts Written Off [Net]	108,060	8,845,101
Freight & Forwarding Charges [Net]	10,057,655	7,964,190
Expenses on Corporate Social Responsibility Activities [Refer Note 2.25.4]	4,243,999	3,683,924
Loss on sale of fixed assets (Net)	1,189,803	-
Miscellaneous Expenses [Refer Note 2.25.5]	24,305,657	44,139,616
Total	<u>240,281,587</u>	<u>256,264,721</u>

2.25.1 Leases

The company has taken certain premises under rental arrangements, which are in the nature of cancellable operating leases. The lease rentals for the year Rs.3,688,415/- (Rs.3,935,862/-) have been charged to the Statement of Profit & Loss.

2.25.2 Payments to the Auditor

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
a. Statutory Audit Fees	750,000	690,000
b. Other Services		
Taxation Matters (Including Tax Audit)	367,000	309,500
Statutory Certifications	-	10,100
Reimbursement of Expenses	14,662	6,473
Total	<u>1,131,662</u>	<u>1,016,073</u>

O/E/N India Limited

2.25.3 Research & Development Expense

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
A. Revenue Expenditure		
Cost of materials consumed	1,559,381	906,296
Salaries & Wages	18,916,905	20,640,365
Contribution to Provident and Other Funds	1,535,476	1,398,608
Staff Welfare Expenses	1,042,676	1,137,958
Travelling & Conveyance	1,373,466	838,308
Others	1,936,775	1,975,205
	<u>26,364,679</u>	<u>26,896,740</u>
Sale of New Products from Research & Development :		
Gross Sales	860,572	1,196,116
Less : Excise Duty Recovered	-	47,832
Net Sales	<u>860,572</u>	<u>1,148,284</u>
Total	<u>25,504,107</u>	<u>25,748,456</u>
B. Capital Expenditure		
Particulars	2018-19 (Rs.)	2017-18 (Rs.)
Addition to Capital Equipments	<u>15,372,735</u>	<u>9,658,769</u>
Total	<u>15,372,735</u>	<u>9,658,769</u>

2.25.4 Details of expenses on Corporate Social Responsibility Activities :

- a. Gross amount required to be spent by the company during the year Rs.4,242,953/- (3,787,899/-)
b. Amount spent during the year on :

Particulars	For the year ended 31.03.2019 (Rs.)		For the year ended 31.03.2018 (Rs.)	
	In Cash	Yet to be paid in cash	In Cash	Yet to be paid in cash
i) Construction/acquisition of any asset	-	-	-	-
ii) On purposes other than (i) above	4,243,999	-	3,683,924	-
Total	<u>4,243,999</u>	<u>-</u>	<u>3,683,924</u>	<u>-</u>

2.25.5 Includes Rs.1,578,125/- (Rs.27,607,547/-) towards laying of additional power transmission lines through public roads and related restoration charges.

2.26 Earnings Per Equity Share

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Profit for the period (after tax) (Rs.)	125,581,817	147,565,317
Weighted Average Number of Equity Shares of Rs.10/- each (fully paid-up)	5,099,260	5,099,260
Earnings Per Equity Share - Basic & Diluted (Rs.)	24.63	28.94

2.27 Disclosures required under Accounting Standard 15 - "Employee Benefits"

a. Defined Contribution Plans

During the year the following amounts have been recognised in the Statement of Profit and Loss on account of defined contribution plans:

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Employers contribution to Provident Fund	11,483,906	12,641,759
Employers contribution to Employee's State Insurance	4,348,691	4,379,479
Superannuation Fund	3,270,490	3,114,101
Employees Welfare Fund	43,696	36,320

O/E/N India Limited

b. Defined Benefit Plans - Gratuity: Funded Obligation

i. Actuarial Assumptions	For the year ended 31.03.2019	For the year ended 31.03.2018
Discount Rate (per annum)	7.5% p.a.	7.5% p.a.
Expected return on plan assets	8% p.a.	8% p.a.
Salary escalation rate*	4% p.a.	4% p.a.
Mortality rate	Indian Assured Lives Mortality 1994-96 (Ultimate Table)	Indian Assured Lives Mortality 1994-96 (Ultimate Table)

*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii. Reconciliation of present value of obligation	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Present value of obligation at the beginning of the year	30,791,117	40,786,409
Current Service Cost	2,444,077	2,205,615
Interest Cost	2,400,986	3,141,691
Actuarial (gain)/ loss	3,464,466	20,765,311
Benefits Paid	(2,610,190)	(36,107,909)
Present value of obligation at the end of the year	36,490,456	30,791,117
iii. Reconciliation of fair value of plan assets	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Fair value of plan assets at the beginning of the year	30,931,794	38,454,331
Expected return on plan assets	2,474,543	3,076,346
Actuarial gain/(loss)	(192,047)	(677,900)
Contributions	908,295	26,186,926
Benefits paid	(2,610,190)	(36,107,909)
Assets distributed on settlement (if applicable)	-	-
Fair value of plan assets at the end of the year	31,512,395	30,931,794

iv. Description of Plan Assets	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)			
Insurer Managed Funds (LIC of India)	31,512,395	30,931,794			
v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2018-19 (Rs.)	2017-18 (Rs.)	2016-17 (Rs.)	2015-16 (Rs.)	2014-15 (Rs.)
Present value of obligation at the end of the year	36,490,456	30,791,117	40,786,409	49,232,144	44,624,411
Fair value of plan assets at the end of the year	31,512,395	30,931,794	38,454,331	37,746,216	34,358,717
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	4,978,061	(140,677)	2,332,078	11,485,928	10,265,694

vi. Expenses recognized in the Statement of Profit and Loss	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Current Service Cost	2,444,077	2,205,615
Interest Cost	2,400,986	3,141,691
Actuarial (gain) / loss recognized in the period	3,656,513	21,443,211
Past Service Cost (if applicable)	-	-
Expected return on plan assets	(2,474,543)	(3,076,346)
Total expenses recognized in the Statement of Profit and Loss for the year	6,027,033	23,714,171
Actual return on plan assets	2,474,543	3,076,346

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

The above does not include gratuity to the Managing Director calculated on undiscounted basis : Rs.3,244,073/- (Rs.3,041,834/-).

O/E/N India Limited

c. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i. Actuarial Assumptions	For the year ended 31.03.2019	For the year ended 31.03.2018
Discount Rate (per annum)	7.5% p.a.	7.5% p.a.
Salary escalation rate*	4% p.a.	4% p.a.
Mortality rate	Indian Assured Lives Mortality 1994-96 (Ultimate Table)	Indian Assured Lives Mortality 1994-96 (Ultimate Table)

*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

ii. Reconciliation of present value of obligation	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Present value of obligation at the beginning of the year	6,492,430	6,946,317
Current Service Cost	6,277,361	5,373,757
Interest Cost	722,333	722,489
Actuarial (gain) / loss	(5,613,377)	(6,004,849)
Benefits Paid	(221,131)	(545,284)
Present value of obligation at the end of the year	7,657,616	6,492,430

iii. Net (Asset) / Liability recognized in the Balance Sheet as at year end	2018-19 (Rs.)	2017-18 (Rs.)	2016-17 (Rs.)	2015-16 (Rs.)	2014-15 (Rs.)
Present value of obligation at the end of the year	7,657,616	6,492,430	6,946,317	7,233,519	6,527,991
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of unfunded obligation recognized as (asset) / liability in the Balance Sheet	7,657,616	6,492,430	6,946,317	7,233,519	6,527,991

iv. Expenses recognized in the Statement of Profit and Loss	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Current Service Cost	6,277,361	5,373,757
Interest Cost	722,333	722,489
Actuarial (gain) / loss recognized in the period	(5,613,377)	(6,004,849)
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	1,386,317	91,397

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

2.28 Segment Information

The Company is substantially engaged in the business of manufacture and dealing of electromechanical relays in India and hence has only a single reportable segment.

2.29 Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting standards) Rules, 2006.

A. Related parties and nature of relationship

- i) Key Management Personnel
 - Ms. Pamela Anna Mathew - Managing Director
 - Mr. Antony Alexandar - Whole-Time Director
- ii) Relative of Key Management Personnel - Ms. Sunela Sarah Thomas
- iii) Enterprise controlled by the Company - R. Engineering (Partnership Firm)
- iv) Trust in which Key Management Personnel is a Trustee - K.A. Mathew Foundation

B. Description of Transactions

(Amount in Rs.)

Nature of Transaction	Key Management Personnel	Relative of Key Management Personnel	Enterprise controlled by the company	Trust in which Key Management Personnel is a Trustee	Total
1 Remuneration Paid [Refer Note 2.29.1]	10,316,990 (12,852,153)	- (-)	- (-)	- (-)	10,316,990 (12,852,153)
2 Sale of Relays	- (-)	- (-)	13,075,010 (13,795,102)	- (-)	13,075,010 (13,795,102)
3 Purchase of Relays	- (-)	- (-)	446,275 (718,415)	- (-)	446,275 (718,415)
4 Dividend paid	5,097,424 (4,328,152)	201,870 (171,589)	- (-)	- (-)	5,299,294 (4,499,741)
5 Directors Sitting Fees	- (-)	15,000 (10,000)	- (-)	- (-)	15,000 (10,000)
6 Share of Profit	- (-)	- (-)	35,640,522 (30,608,307)	- (-)	35,640,522 (30,608,307)
7 Corporate Social Responsibility Expense	- (-)	- (-)	- (-)	3,083,000 (2,565,500)	3,083,000 (2,565,500)
8 Interest on Capital	- (-)	- (-)	12,636,222 (10,751,353)	- (-)	12,636,222 (10,751,353)
9 Drawings during the year	- (-)	- (-)	- (25,000,000)	- (-)	- (25,000,000)
Closing balance					
Investment	- (-)	- (-)	188,679,214 (140,402,470)	- (-)	188,679,214 (140,402,470)
Receivables	- (-)	- (-)	1,723,835 (5,852,056)	- (-)	1,723,835 (5,852,056)
Payables	4,821,382 (10,428,610)	- (-)	110,400 (205,824)	- (-)	4,931,782 (10,634,434)

2.29.1 Consequent to re-appointment of Managing Director w.e.f. 10.12.2018, the remuneration paid/payable to Managing Director includes Rs.3,125,804/- in respect of which approval of shareholders under the Companies Act, 2013 is being sought for at the ensuing Annual General Meeting as required under Section 196(4) of the Companies Act, 2013.

O/E/N India Limited

2.30 Contingent Liabilities and Other Commitments

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
1. Disputed Sales Tax Demand [Refer Note 2.30.1]	12,785,339	-
2. Disputed Income Tax Demand	11,446,804	-
3. Counter Guarantees issued by the company for the guarantees issued by the banks	13,004,692	11,154,570
4. Other Commitments : Towards Service Providers	-	3,084,453
Total	37,236,835	14,239,023

2.30.1 The above demands of sales tax are disputed by the Company and the matters are pending in appeals before appellate authorities. The Company has been legally advised that these demands are not tenable in law and the company is hopeful of getting full relief and hence no provision has been made thereof.

2.31.1 Particulars of Materials consumed during the year

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
a) Raw Materials	307,912,564	319,103,661
b) Winding Wire	84,476,550	75,592,186
c) Precious Materials	21,492,591	16,704,694
d) Components	247,997,987	248,766,612
e) Other items	74,043,104	55,128,690
Total	735,922,796	715,295,843

The above does not include materials consumed for Research & Development.

2.31.2 Particulars of CIF Value of Imports purchased

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
a) Raw Materials & Components	455,462,140	430,100,368
b) Spares	1,496,982	263,153
c) Capital Goods	53,356,569	21,318,262
Total	510,315,691	451,681,783

2.31.3 Materials & Spares Consumed

Particulars		For the year ended 31.03.2019 (Rs.)		For the year ended 31.03.2018 (Rs.)
	%		%	
Materials				
a) Imported	61	450,892,754	63	448,531,516
b) Indigenous	39	285,030,042	37	266,764,327
Total	100	735,922,796	100	715,295,843
Spares				
a) Imported	9	1,578,665	2	335,948
b) Indigenous	91	16,096,200	98	14,486,937
Total	100	17,674,865	100	14,822,885

The above does not include materials and spares consumed for Research & Development.

O/E/N India Limited

2.31.4 Particulars of Finished Goods

Particulars	Sales (Rs.)	Closing Inventory (Rs.)		Opening Inventory (Rs.)	
		Finished Goods	Manufactured Components	Finished Goods	Manufactured Components
a) Switches	52,190,068 (72,319,555)	55,017 (135,437)	375,475 (447,311)	135,437 (7,211)	447,311 (381,890)
b) Relays	1,359,456,830 (1,386,992,258)	21,308,886 (13,066,992)	26,011,377 (14,912,335)	13,066,992 (5,845,709)	14,912,335 (12,272,644)
c) Stock in Trade	- (23,608)	1,654,965 (1,692,270)	- (-)	1,692,270 (1,762,801)	- (-)
d) Others	2,416,987 (13,085,389)	- (-)	- (-)	- (-)	- (-)
Total	1,414,063,885	23,018,868	26,386,852	14,894,699	15,359,646
Previous Year	(1,472,420,810)	(14,894,699)	(15,359,646)	(7,615,721)	(12,654,534)

2.31.4.1 The above does not include sale of finished goods from Research & Development.

2.31.5 Expenditure in foreign currency on account of

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Discount and commission on sales	560,445	1,693,230
Product Testing	494,201	442,096
Travel	801,704	23,251
Royalty	132,243	36,020
Total	1,988,593	2,194,597

2.31.6 Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2019 (Rs.)	For the year ended 31.03.2018 (Rs.)
Export of goods calculated on FOB basis (Net of write off)	101,555,815	79,700,131
Commission	671,366	486,409
Total	102,227,181	80,186,540

2.31.7 In the opinion of the Directors, Loans and Advances and Other Current Assets have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

2.31.8 Dividend to Non-Resident Shareholders

	2018-19	2017-18
i) Number of Non-Resident Shareholders	18	18
ii) Number of shares held by them	295275	295275
iii) Year to which the dividend related	2017-2018	2016-2017
iv) Dividend remitted in Foreign Currency during the year	Nil	Nil

2.32 Figures have been rounded off to the nearest rupee. Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

As per our separate report of even date attached

For VARMA AND VARMA
(FRN:004532S)

Sd/-

(R. RAJASEKHARAN)

Partner

CHARTERED ACCOUNTANTS
Memb. No. 22703

Place : Kochi - 682 019

Date : 6th July 2019

For and on behalf of Board of Directors

PAMELA ANNA MATHEW
Managing Director [DIN : 00742735] Sd/-

VENU NALLUR
Director [DIN : 00004873] Sd/-

SAJU VARGHESE
General Manager - Finance Sd/-

NISHA T.P.
Company Secretary [Memb. No. A38197] Sd/-

Progress through the years

	(In millions of Rupees)									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
WHAT THE COMPANY OWNED:										
FIXED ASSETS:										
Gross Block	606.374	657.229	703.829	822.326	867.702	965.257	1140.851	1233.367	1328.654	1405.033
Less: Depreciation	332.535	371.125	406.508	442.880	483.226	525.777	552.625	600.527	660.979	677.114
Net Block	273.839	286.104	297.321	379.446	384.476	439.480	588.226	632.840	667.675	727.919
CURRENT ASSETS:										
Current Assets, Loans and advances	303.683	343.991	409.234	356.636	383.596	419.442	517.475	636.745	717.228	707.540
Less: Current Liabilities & Provisions	131.765	156.150	177.390	160.328	187.731	205.783	246.326	259.363	294.289	261.380
Net Current Assets	171.918	187.841	231.845	196.308	195.865	213.659	271.149	377.382	422.939	446.160
INVESTMENT	43.342	95.347	142.891	168.889	234.966	254.669	296.580	381.589	418.499	425.113
TOTAL ASSETS (NET)	489.099	569.292	672.057	744.643	815.307	907.808	1155.955	1391.811	1509.113	1599.192
Less: WHAT THE COMPANY OWED:										
BORROWINGS:										
From Banks/ Financial Institutions	–	–	–	–	–	–	100.000	149.966	129.330	103.994
From others	24.963	11.903	20.975	14.315	2.781	–	–	–	–	–
TOTAL BORROWINGS	24.963	11.903	20.975	14.315	2.781	–	100.000	149.966	129.330	103.994
DEFERRED TAX LIABILITY	29.381	23.152	20.025	13.806	19.991	18.268	22.450	33.810	34.616	36.744
NET WORTH	434.755	534.237	631.057	716.522	792.535	889.540	1033.505	1208.035	1345.167	1458.454