

CK BIRLA GROUP



Orient Electric Limited

Investor Release

Q4 & FY22



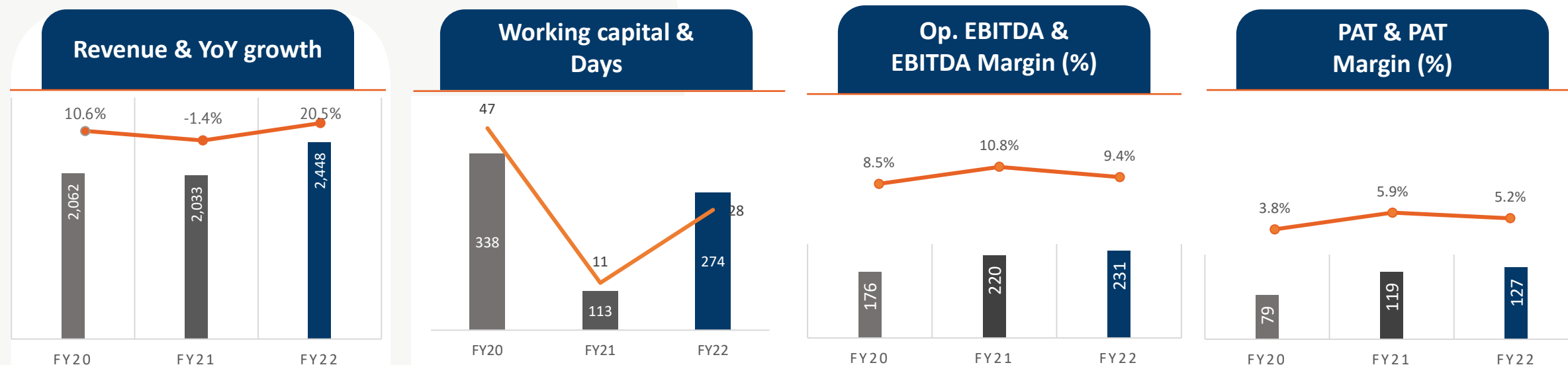
FY22 – Result Snapshot

Market Share Gains, New Product Launches & Innovations kept FY22 steady

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₹ in crore



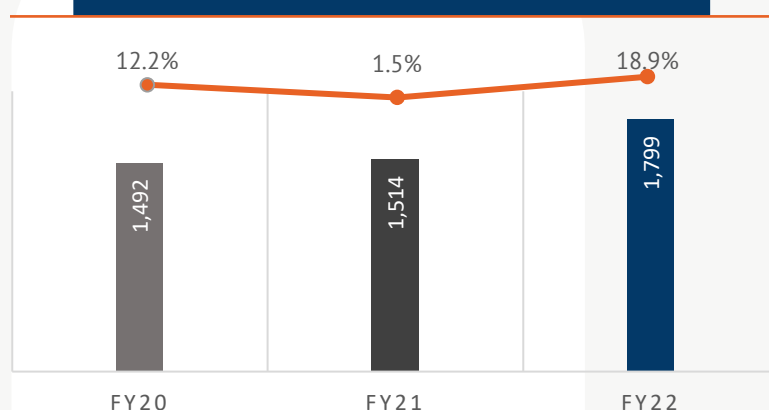
- FY22 has been a year of consumer demand revival. Revenue growth of 20.5% YoY is testimony to Orient's continuous response to macro headwinds such as the 3rd Covid Wave, geopolitical conflicts, semiconductor shortages, and raw material inflation.
- Orient has continuously expanded its geographical reach via its wide Distribution network. It has further deepened its footprint in Southern India. the Company has integrated its digital initiatives into its overall distribution framework, which is having a multiplier response.
- Orient's focus on Customer-Centricity and Digital Enablement have helped in developing new and innovative products. Value selling & tactical price revisions have helped it in garnering better quality growth for FY22, in terms of average realisations and market share gains.
- FY22 has been a strong year for Orient's Lighting & Switchgear (L&S) segment, with encouraging growth momentum and increasing its share of Orient's overall Revenue pie. Contribution of L&S increased to 26.5% in FY22 (from 25.5% in FY21).
- The Electric Consumer Durables (ECD) segment witnessed a strong demand revival, which Orient used to capture further market share from the unorganised market. Orient introduced various innovation-led products, with better realisations on premium products. H2FY22 witnessed seasonal uplift, which further enabled channel inventory clearance.
- Working Capital as of FY22 increased by 17 days from an eroded base of FY21, due to a higher inventory at the year-end caused by the delay in stocking up for the season by channel partners.

FY22 – ECD Segment Performance

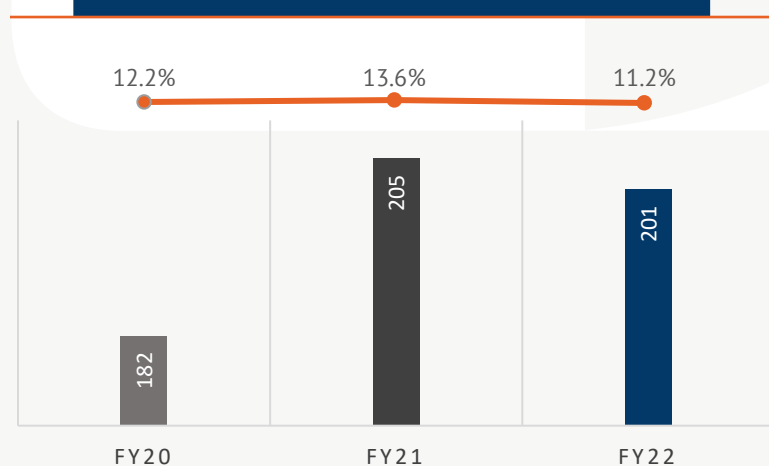
Maintaining the equilibrium

₹ in crore

Revenue & YoY Growth (%)



EBIT & EBIT Margin (%)

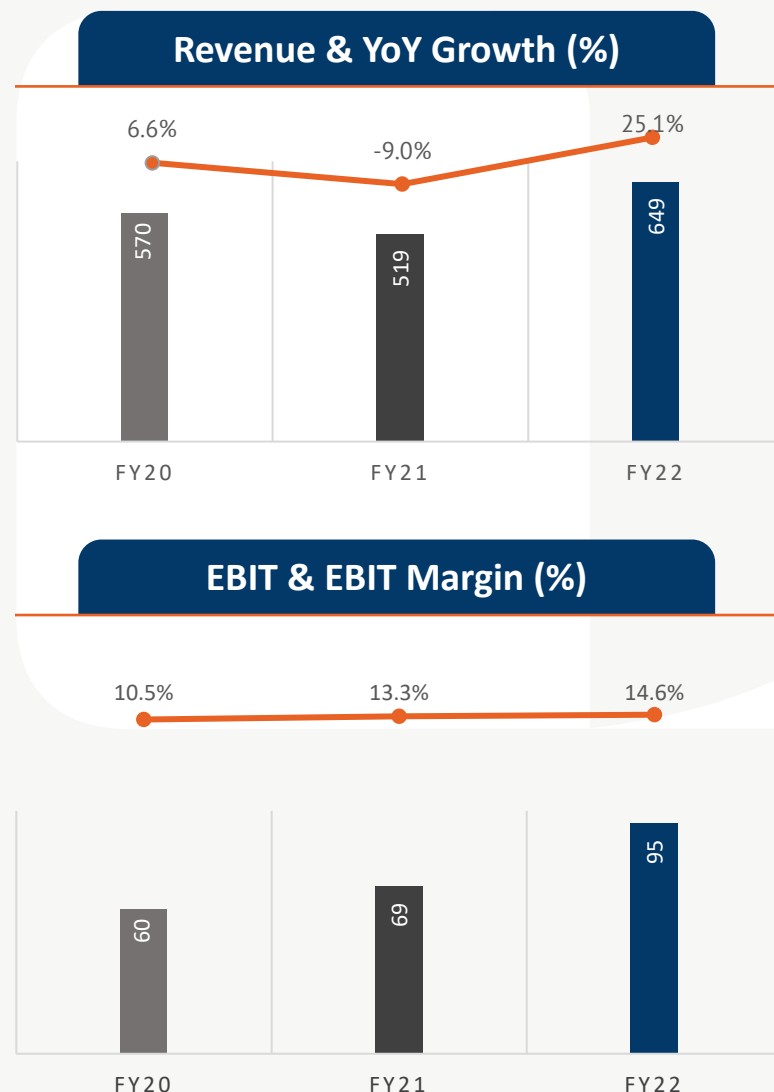


- In FY22, the **ECD segment** demonstrated a very positive performance, despite facing many headwinds, including raw material inflationary pressures, depressed festivals, geo-political concerns and consumption setbacks caused by covid disruptions.
- **Fans :** Over the past two years, despite the onset of the pandemic and a tough market environment, Orient was able to breakthrough into markets dominated by unorganized players, especially in T2/T3 cities and rural areas. Unorganised players found the headwinds caused by raw materials inflation and shortages, triggered by global supply chain disruptions and the Russia-Ukraine conflict, difficult to manage. Orient on the other hand, navigated these rough waters rather well.
- New product launches, based on a Consumer centricity led innovative product approach, have helped the company in multiple ways. Besides gaining market share, Orient has also strengthened its position in the decorative and premium segment category.
- **APPLIANCES:** The introduction of multiple new products, such as Glassline Water Heaters, Modular Metal Coolers, and range expansion in Desert Coolers. enabled Orient to garner moderate sales growth within Appliances. the Company has successfully been consolidating its market presence across a wide range of product categories. However, the dull festive seasons and the negative sentiments inflicted by the Omicron waves impacted the channel inventory filling for coolers, which slowed Orient's overall growth momentum.
- Along with its existing distribution model, the Company has been expanding its omnichannel presence, which is expected to root further into Orient's growth strategy going ahead.
- Unconducive market conditions caused the EBIT of ECD to de-grow by 2.1% YoY. Despite volatile commodities prices, the Company was able to control its costs to some extent, by altering the input mix and efficiently using its resources.

FY22 – Lighting & Switchgear Segment Performance

The new engine for growth

₹ in crore

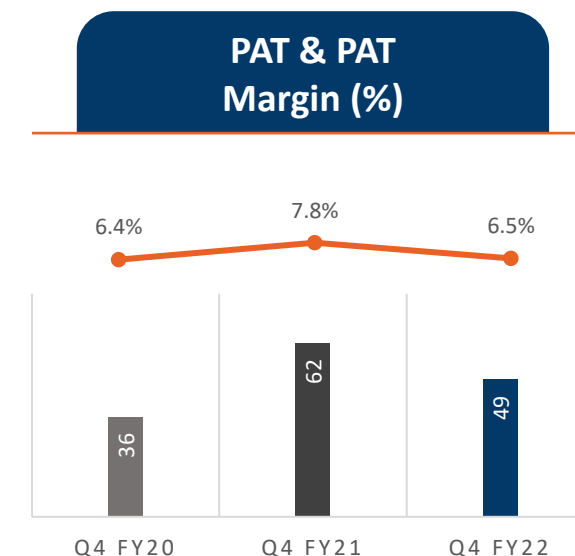
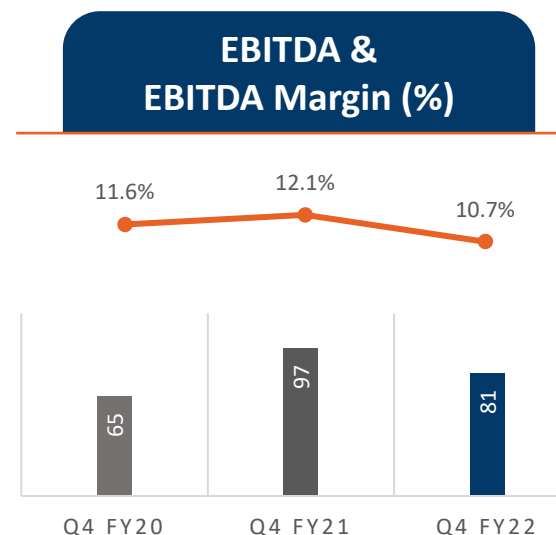
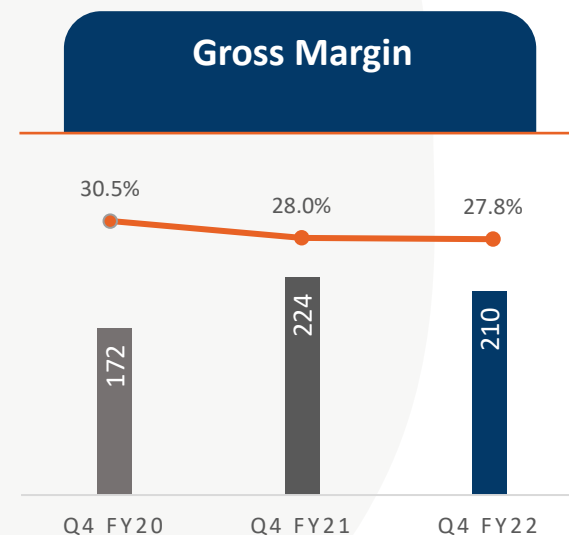
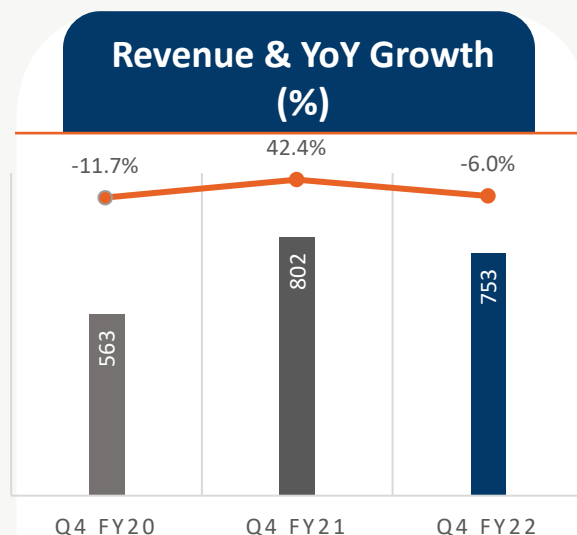


- **Lighting segment** has been reporting an encouraging growth with every passing year. Heightened focus and growth of Consumer Luminaries, enabled by distribution expansion, new product introductions, product mix improvements, digital adoption, and optimised brand campaigns, led to high double-digit growth for Orient in the lighting business.
- The Company's strong market presence in LEDs is increasingly evident from its growth trajectory. This segment's double-digit growth is quite inspiring considering the variety of challenges in the availability of integrated circuits (ICs) and PP due to the ongoing global supply chain issues for semiconductors.
- Orient is increasingly optimistic about its Façade lighting range as the next growth driver for its L&S segment. Higher government spending in infrastructure and urbanisation are leading growth drivers for this segment. The Company has executed prestigious projects in Façade lighting like Dwarkadhish Highway, the Bhakra Nangal Dam, and the Aligarh Smart City, making this segment more promising for forthcoming years.
- **Orient's Switchgear segment** delivered double-digit growth over 50% during FY22. the Company's new range of switches, catering to the mass-premium segment, is being well received by channels and consumers alike. The launch of the "Stella" series of switches earlier in the quarter showed encouraging response, with repeat orders flowing in. Volumes for the new lines continue to pick up pace consistently.
- The switchgear category of the Company demonstrated a turnaround of the business, facilitated by the restoration of market hygiene, capability building, product quality strengthening, increased traction in the B2B segment, and breakthroughs in the initial export efforts to European markets. These factors were the primary triggers for shaping the business's turnaround, with high double-digit revenue and profit growth in FY22.
- EBIT for the L&S segment increased by 37.7% YoY, due to healthy growth in revenue along with the benefits of favourable product mix and efficient cost management.

Q4 FY22 – Result Snapshot

All eyes are on the intense heat of the summer ahead

₹ in crore



- Orient's Revenue degrew by 6% YoY, due to the degrowth in the ECD segment by 11% YoY. This was due to the challenging macro environment, beset by a negative sentiment caused by the Omicron wave and efforts to protect margins through price increase. This also contrasted against the higher base of last year caused by pent up demand. The L&S segment demonstrated resilience against adverse macro headwinds, and grew by 15%. As ECD constituted 76% of

overall revenue, its muted business environment kept Orient's total performance for Q4 somewhat constrained.

- Key Raw Materials (RM) saw a sharp spike in input costs, such as steel (+17%), aluminium (+34%) and polymers (crude +40%). However Gross Margins remained flattish at -13bps. RM inflation is expected to continue over the medium term, against which Orient's gradual price revisions and systematic cost

reductions should cushion the inflationary impact.

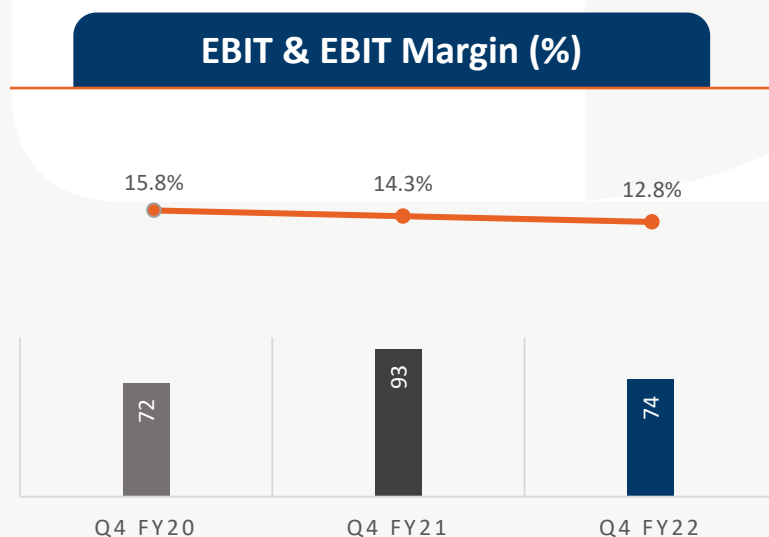
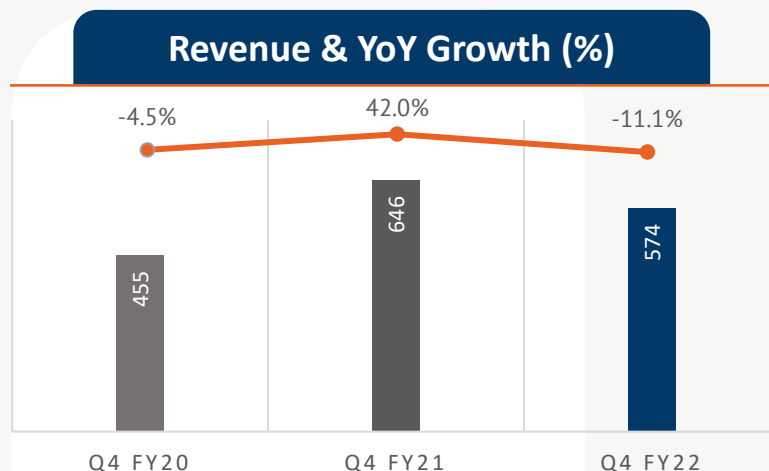
- Traditional stock filling by channel partners for the ongoing summer season during Q4FY22 fell short of expectations. Negative sentiments relating to the 3rd Covid wave postponed buying decisions. Higher channel inventory levels should resume as the summer season's heat intensity returns.
- During Q4FY22, the Company

transitioned its distribution approach for its Fans segment in the target markets of Odisha and Bihar, with a direct-to-dealer approach from its traditional approach of selling via master distributors. This change is assisting Orient in directly influencing the retail channel and also increasing its market share in these underpenetrated areas.

Q4 FY22 – ECD Segment Performance

Inventory channel filling picks momentum towards the end of Q4

₹ in crore



- Demand for Electrical Durable remained subdued in January, due to negative sentiment surrounding the 3rd Covid wave, the Eastern European conflict, and thereafter remained stagnant till Mid March. However, secondary sales continued as anticipated, which resulted in the inventory drawdown on the Distributors' front.
- Towards end of March, market sentiment started witnessing a positive momentum, and primary sales showed an uptick. With concerns of the Omicron variant reducing, the onset of severe summer heat and reducing channel inventories towards March end provides some optimism for Q1FY23.
- The Company issued strategic price revisions to negate the cost pressure of inflated raw material prices. However, given challenging macro headwinds and competitive pressures, price increases had to be carefully managed. The Company also took several cost curtailment measures, which cushioned the raw material price inflation to a certain extent on the margins front.
- Decorative, premium and Luxury fans continued their satisfactory performance, albeit within a challenging macro environment. Along with weak macro indicators, the higher base of last year, led by pent up demand, kept the growth momentum muted. Export sales were impacted on account of geopolitical and economic emergencies in countries such as Ukraine, Russia, Sudan and Sri Lanka.
- The silver lining in this overall challenging quarter was the intense heat picking up post-Holi, accompanied by reduced channel inventories. This gives an optimistic outlook for Q1FY23. Coolers off-take remained muted due to Omicron related disruptions. However, regular inventory filling for coolers is expected to pick up in Q1FY23 for the summer season, as channel inventory gets further depleted.
- The Company transitioned its distribution approach for its Fans segment in the target markets of Odisha and Bihar, with the direct-to-dealer approach as against its traditional approach of entering via master distributors. This approach is assisting in increasing Orient's market share in these areas.
- The EBIT margin declined by 153 basis points YoY to 12.8%, mainly due to a relentless increase in commodity prices during the year, which is expected to continue to keep margin under pressure over the medium term.

Q4 FY22 – Lighting & Switchgear Segment Performance

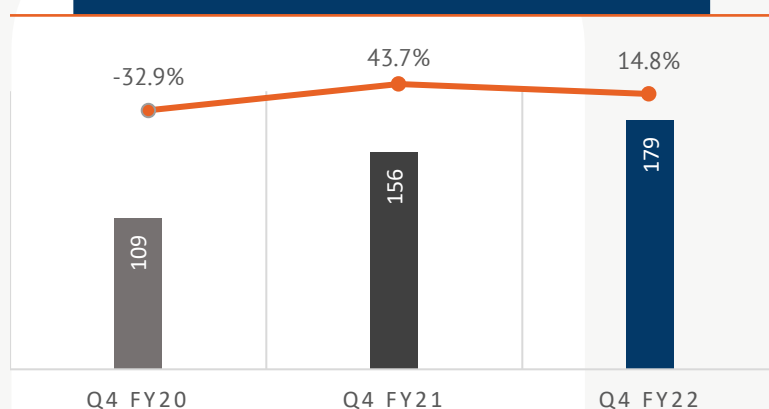
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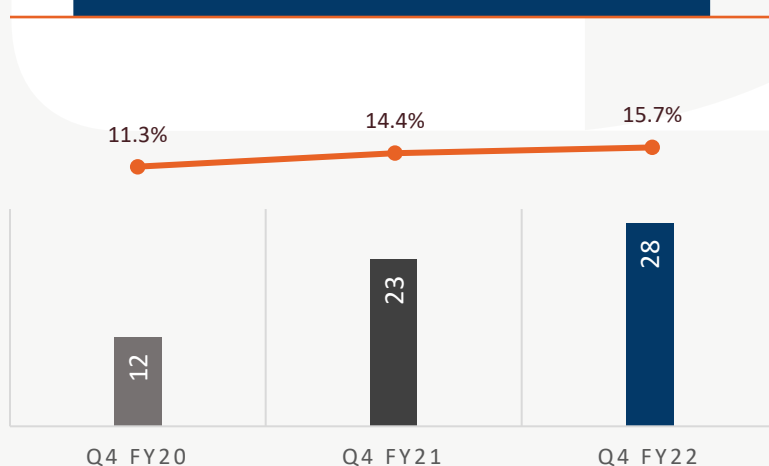
Emerging Stronger as it continues to grow steadily and firmly

₹ in crore

Revenue & YoY Growth (%)



EBIT & EBIT Margin (%)



- The Lighting & Switchgear (L&S) segment reported revenue growth of 14.8% for Q4 YoY. The lighting and Switchgear division remained buoyant and showed great resilience to macro headwinds.
- The Lighting business had a strong growth of 9.6% YoY as the segment continued to display encouraging growth, led by Consumer Lamps and Luminaries enjoying strong demand from homes, small offices and showrooms.
- Government spending has started picking up, which will keep the order book of the lighting segment encouraging. Façade lighting orders have been witnessing good traction and the Company remains optimistic about its prospects going ahead with a healthy enquiry pipeline.
- Switchgear segment continues to deliver growth as the Company's new range of switches catering to the mass-premium segment, is being very well received by channels and consumers alike and volumes continue to pick up the pace.
- New product launches and the ability to swiftly change the product mix brings in great agility in this segment.
- The continued and focused efforts in expanding distribution through digital enablement have helped in increasing the share of this segment in the overall revenue pie.
- EBIT margin increased by 125 bps YoY. The EBIT increased by 25% YoY, in line with the increase in sales volumes.

New product launches

Appliances

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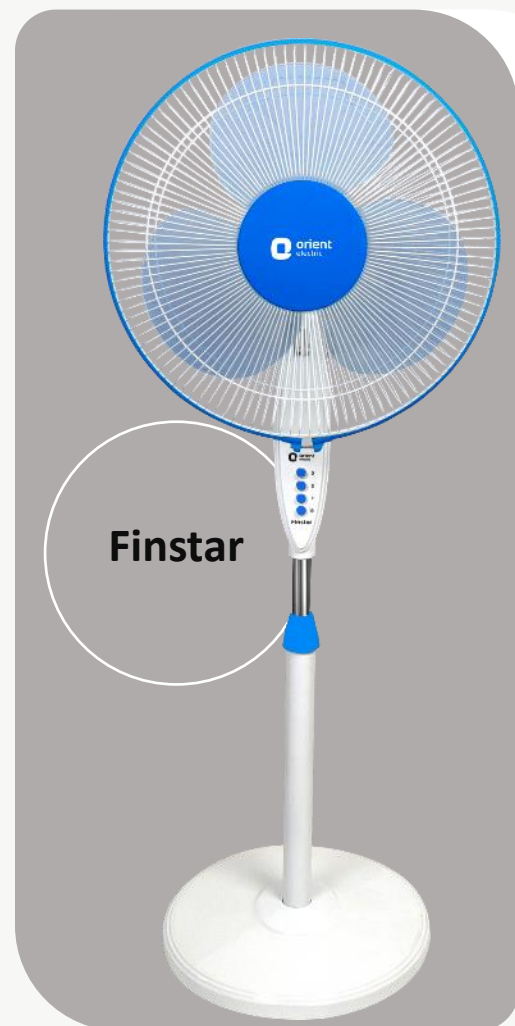
orient
electric



New product launches

Fans

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Finstar



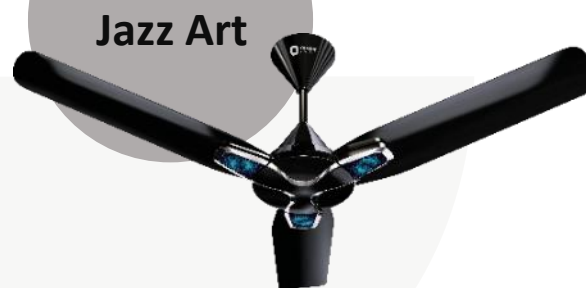
Ecotech Pro

i-Series Fans
POWERED BY INTELLIGENT BLDC



i-Tome

i-Series Fans
POWERED BY INTELLIGENT BLDC



Jazz Art



Norton

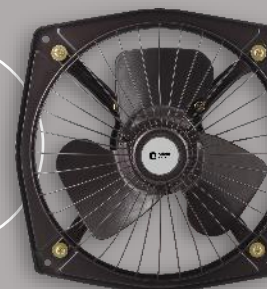
Smart Air Neo



Smart Air LSH



Air Flow



New product launches

LED Lights & Modular Switch Plates

LED COB Downlighter Mini
(3W)



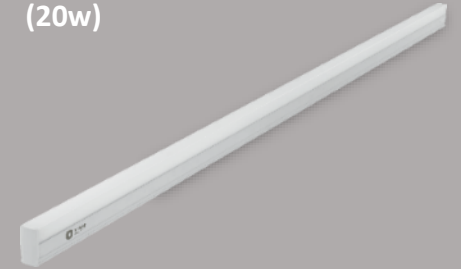
LED COB Downlighter Deep
(3W to 24W)



LED Recess Downlighter
Rainbow (12w)



Emergency LED Batten
(20w)



Bliss Modular Plates



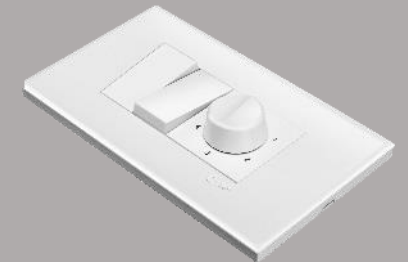
Bliss Modular Plates



Bliss Modular Plates



Bliss Modular Plates



Q4 & FY22 Results Profit & Loss Statement

Particular (₹ in Crore)	Q4 FY22	Q4 FY21	YoY %	Q3FY22	QoQ%	FY22	FY21	YoY %
Revenue from Operations	753.3	801.7	-6.0%	678.4	11.1%	2,448.4	2,032.6	20.5%
COGS	543.7	577.5	-5.9%	491.2	10.7%	1,766.6	1,421.0	24.3%
Gross Profit	209.7	224.2	-6.5%	187.2	12.0%	681.8	611.7	11.5%
Gross Margin %	27.8%	28.0%	-13bps	27.6%	24bps	27.8%	30.1%	-225bps
Employee Expenses	46.0	47.7	-3.7%	48.7	-5.5%	190.5	179.2	6.3%
Other Expenses	83.1	79.7	4.3%	72.1	15.2%	260.0	213.0	22.1%
EBITDA	80.6	96.8	-16.7%	66.5	21.4%	231.3	219.5	5.4%
EBITDA Margin %	10.7%	12.1%	-137bps	9.8%	91bps	9.4%	10.8%	-135bps
Depreciation	11.9	10.9	9.0%	11.8	0.6%	47.1	43.2	9.1%
Financial Cost	6.0	5.4	10.4%	4.6	29.9%	20.3	20.7	-2.1%
Other Income	2.7	4.0	-32.8%	0.9	201.1%	5.8	6.3	-7.3%
Profit Before Tax (PBT)	65.5	84.5	-22.5%	50.9	28.5%	169.8	161.9	4.9%
Other comprehensive income	0.6	-0.4	-	-0.1	-	0.2	-0.5	-
Tax	16.8	21.7	-22.4%	12.8	31.4%	43.2	42.0	2.7%
Profit After Tax (PAT)	49.2	62.3	-21.1%	38.0	29.6%	126.8	119.3	6.2%
PAT Margin %	6.5%	7.8%	-124bps	5.6%	93bps	5.2%	5.9%	-69bps
Earning Per Share in Rs.	2.29	2.95	-22.2%	1.79	28.1%	5.95	5.63	5.7%

FY22 Balance Sheet

Particular (₹ in Crore)	FY22	FY21
Equities & Liabilities		
Equity and Share Capital	21.2	21.2
Other Equity	520.1	434.4
Total Equity	541.3	455.7
Non-Current Liabilities		
Financial Liabilities		
Borrowings	-	1.7
Lease liabilities	37.8	32.8
Long term provisions	22.6	13.7
Other Non-Current liabilities	13.5	8.9
Total Non-Current Liabilities	73.8	57.1
Current Liabilities		
Financial Liabilities		
Borrowings	14.7	13.5
Lease liabilities	15.1	13.4
Trade Payables	449.5	519.1
Other Current Financial Liabilities	33.2	33.7
Short term provisions	30.5	40.3
Other Current Liabilities	29.3	29.5
Current Tax Liabilities	-	-
Total current liabilities	572.2	649.6
Total Equity & Liabilities	1,187.4	1,162.4

Particular (₹ in Crore)	FY22	FY21
Assets		
Non-Current Assets		
Property, Plant and Equipment	142.4	129.8
Capital work in progress	1.5	2.6
Intangible Assets	21.9	14.3
Intangible Assets under development	1.6	8.7
Right of use asset	47.7	41.7
Financial Assets		
Trade Receivables	25.5	28.6
Other Financial Assets	9.8	9.5
Deferred Tax Assets (net)	26.3	26.3
Non current tax assets	10.9	3.3
Other non current assets	4.9	4.4
Total non-current assets	292.4	269.3
Current Assets		
Inventories	326.1	249.2
Trade Receivables	390.4	355.2
Cash & Cash equivalents	150.0	140.1
Bank balances other than cash and cash equivalents	0.5	117.5
Other Financial Assets	0.1	0.9
Current Tax Assets	-	-
Other Current Assets	28.0	30.3
Total current assets	895.0	893.1
Total Assets	1,187.4	1,162.4



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