

October 22, 2019

**Listing Department**

**National Stock Exchange of India Limited**

Exchange Plaza, Plot no. C/1, G Block,

Bandra-Kurla Complex, Bandra (E),

Mumbai - 400 051

**Department of Corporate Services -Listing**

**BSE Limited**

Phiroze Jeejeebhoy Towers,

Dalal Street,

Fort, Mumbai – 400 001

Trading Symbol: ORIENTELEC

Scrip Code: 541301

**Sub.: Outcome of the Board Meeting held on Tuesday, October 22, 2019**

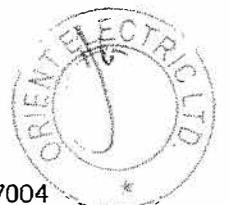
Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we hereby wish to inform you that the Board of Directors of the Company at their meeting held today, i.e. October 22, 2019, *inter-alia* considered and approved the Un-Audited Financial Results of the Company for the quarter and half year ended September 30, 2019. These Financial Results were subjected to Limited Review by the Statutory Auditors of the Company.

Copy of the Un-Audited Financial Results pursuant to Regulation 33 of the Listing Regulations for the quarter and half year ended September 30, 2019 alongwith Limited Review Report of the Statutory Auditors thereon and Investors Presentation on these Financials are enclosed herewith.

Further, Board of Directors has approved transfer of fan manufacturing operations from its Guwahati facility to other manufacturing locations of the Company with effect from February 01, 2020. Fixed Assets at this facility had a written down value of Rs. 6.98 crores as on September 30, 2019. The sale from this plant for Financial Year 2018-19 was not significant as a share of business of the Company. The Company does not anticipate any material impact on the operations and the financial results from such transfer.

Further, Mr. Desh Deepak Khetrpal, Non-Executive Director of the Company, has been designated as Non-Executive Vice Chairman of the Company with effect from October 22, 2019.



The Board of Directors' meeting commenced at 12:30 PM and concluded at 3:25 P.M.

You are requested take the above information and enclosed documents on your record.

Thanking you,

Yours Sincerely,

**For Orient Electric Limited**

A handwritten signature in black ink, appearing to read 'Hitesh Kumar Jain', is written over a circular embossed stamp. The stamp contains the text 'ORIENT ELECTRIC LIMITED' around its perimeter.

Hitesh Kumar Jain

**Company Secretary**

Encl.: as above

**Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended****Review Report to  
The Board of Directors  
Orient Electric Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Orient Electric Limited (the "Company") for the quarter ended September 30, 2019 and year to date from April 1, 2019 to September 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/P300005



per Vishal Sharma

Partner

Membership No.: 096766

UDIN: 19096766AAAAGT1842

Place: New Delhi

Date: October 22, 2019



**ORIENT ELECTRIC LIMITED**

[Regd. Office : Unit VII, Plot 7, Bhojnagar, Bhubaneswar - 751012 (Odisha)]  
Tel:(0674)2396930 /2392947,Fax(0674) 2396364, E-mail:investor@orientelectric.com  
CIN: L31100OR2016PLC025892

**Statement of Financial Results for the Quarter and Half year ended September 30, 2019**

(All amounts in Rupees Crores, unless otherwise stated)

Sl. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-19 (Unaudited)	30-Jun-19 (Unaudited)	30-Sep-18 (Unaudited)	30-Sep-19 (Unaudited)	30-Sep-18 (Unaudited)	31-Mar-19 (Audited)
1	<b>Income</b>						
	(a) Revenue from Operations	434.65	568.34	373.05	1,002.99	806.26	1,864.40
	(b) Other Income	0.87	0.52	2.77	1.39	4.69	9.53
	<b>Total Income (a+b)</b>	<b>435.52</b>	<b>568.86</b>	<b>375.82</b>	<b>1,004.38</b>	<b>810.95</b>	<b>1,873.93</b>
2	<b>Expenses</b>						
	(a) Cost of raw materials and components consumed	150.80	191.70	116.33	342.50	295.38	702.27
	(b) Purchase of traded goods	168.12	162.84	115.37	330.96	243.17	558.98
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(33.04)	27.18	21.96	(5.88)	1.14	(38.07)
	(d) Employee Benefits Expense	49.16	48.67	40.93	97.83	82.58	172.68
	(e) Finance Costs	5.06	6.79	5.26	11.85	10.53	22.86
	(f) Depreciation and Amortisation Expense	9.90	9.24	5.55	19.14	10.62	23.05
	(g) Other Expenses	77.75	93.83	61.36	171.58	140.35	327.26
	<b>Total Expenses</b>	<b>427.75</b>	<b>540.26</b>	<b>386.76</b>	<b>968.00</b>	<b>783.77</b>	<b>1,769.03</b>
3	<b>Profit before Tax (1-2)</b>	<b>7.77</b>	<b>28.61</b>	<b>9.06</b>	<b>36.38</b>	<b>27.18</b>	<b>104.90</b>
4	<b>Income Tax expenses</b>						
	a) Current Tax	4.18	12.17	3.79	16.35	10.83	44.11
	b) Adjustment of tax relating to earlier periods	-	-	-	-	-	0.48
	c) Deferred Tax charged [charge/(credit)]	(1.33)	(2.43)	(1.60)	(3.76)	(2.58)	(9.00)
	<b>Total Tax Expenses</b>	<b>2.85</b>	<b>9.74</b>	<b>2.19</b>	<b>12.59</b>	<b>8.25</b>	<b>35.59</b>
5	<b>Profit for the period (3-4)</b>	<b>4.92</b>	<b>18.87</b>	<b>6.87</b>	<b>23.79</b>	<b>18.93</b>	<b>69.31</b>
6	<b>Other comprehensive income not to be reclassified to Profit and Loss in subsequent periods</b>						
	Re-Measurement gain/(losses) on defined benefit Plans	(0.16)	(0.17)	(0.41)	(0.33)	(0.81)	(0.67)
	Income Tax effect [(charge)/credit]	0.06	0.06	0.14	0.12	0.28	0.23
	Other comprehensive income (net of tax)	(0.10)	(0.11)	(0.27)	(0.21)	(0.53)	(0.44)
7	<b>Total comprehensive income for the period (5+6)</b>	<b>4.82</b>	<b>18.76</b>	<b>6.60</b>	<b>23.68</b>	<b>18.40</b>	<b>68.87</b>
8	<b>Paid-up equity share capital (Face value per share : Re.1/-)</b>	<b>21.22</b>	<b>21.22</b>	<b>21.22</b>	<b>21.22</b>	<b>21.22</b>	<b>21.22</b>
9	<b>Earning per Equity Share of face value of Re.1/- each (Not Annualised)</b>						
	Basic EPS (in Rs.)	0.23	0.89	0.32	1.12	0.89	3.27
	Diluted EPS (in Rs.)	0.23	0.89	0.32	1.12	0.89	3.27

**Notes :-**

- The above financial results of the Company were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at their respective meetings held on October 22, 2019.
- These financial results have been prepared in accordance with Indian Accounting Standards (IND-AS) as prescribed under Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended).
- The Company has adopted IND AS 116 "Leases" effective April 1, 2019 and applied the Accounting Standard to its Leases using the modified retrospective approach. On transition, the adoption of new standard resulted in recognition of Right-of-Use asset of Rs. 65.30 crores and corresponding lease liability of Rs. 55.30 crores. The effect on profit and earnings per share for the quarter and previous quarter is insignificant due to adoption of said standard.
- As per IND AS 108 - Operating segments, the Company has two reportable segments namely Electrical Consumer Durables and Lighting & Switchgear. The financial information for these segments are appearing in the financial results as per IND AS 108 - Operating Segments.
- The Board of Directors has approved for transfer of the fan manufacturing operations from its Guwahati facility to the other manufacturing locations of the company with effect from February 1, 2020. Fixed assets at this facility has a written down value of Rs. 6.98 crores as on September 30, 2019. The Company does not anticipate any material impact to the profit and loss arising from such transfer.
- Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 (Ordinance), the Company is evaluating the option to avail available concessional income tax rate considering factors including existing tax benefits, future plans, etc.
- Previous quarter/ period ended/ year ended figures have been regrouped/restated wherever necessary.

Date: October 22, 2019  
Place: New Delhi



For and on behalf of the Board  
Orient Electric Limited

*Rakesh Khanna*  
Rakesh Khanna  
Managing Director & CEO

Segment wise Revenue, Results, Assets and Liabilities

(All amounts in Rupees Crores, unless otherwise stated)

Sl. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Segment Revenue :</b>						
	a) Electrical Consumer Durables	283.22	429.10	243.47	712.32	569.17	1,329.61
	b) Lighting & Switchgear	151.43	139.24	129.58	290.67	237.09	534.79
	<b>Total</b>	<b>434.65</b>	<b>568.34</b>	<b>373.05</b>	<b>1,002.99</b>	<b>806.26</b>	<b>1,864.40</b>
	Less : Inter segment revenue	-	-	-	-	-	-
	<b>Net sales/income from operations</b>	<b>434.65</b>	<b>568.34</b>	<b>373.05</b>	<b>1,002.99</b>	<b>806.26</b>	<b>1,864.40</b>
2	<b>Segment Results (Profit (+)/Loss(-) before interest &amp; tax from each segment) :</b>						
	a) Electrical Consumer Durables	26.44	43.46	24.84	69.90	56.06	150.79
	b) Lighting & Switchgear	10.91	13.88	8.37	24.79	19.75	58.76
	<b>Total</b>	<b>37.35</b>	<b>57.34</b>	<b>33.21</b>	<b>94.69</b>	<b>75.81</b>	<b>209.55</b>
	Less :						
	(i) Finance costs (un-allocated)	4.80	6.36	5.26	11.16	10.53	22.86
	(ii) Other un-allocable expenditure net of un-allocable income	24.78	22.37	18.89	47.15	38.10	81.79
	<b>Profit Before Tax</b>	<b>7.77</b>	<b>28.61</b>	<b>9.06</b>	<b>36.38</b>	<b>27.18</b>	<b>104.90</b>
3	<b>Segment Assets :</b>						
	a) Electrical Consumer Durables	419.53	452.44	429.19	419.53	429.19	565.69
	b) Lighting & Switchgear	314.46	287.87	253.27	314.46	253.27	269.95
	c) Unallocated	109.98	86.28	32.91	109.98	32.91	53.13
	<b>Total</b>	<b>843.97</b>	<b>826.59</b>	<b>715.37</b>	<b>843.97</b>	<b>715.37</b>	<b>888.77</b>
4	<b>Segment Liabilities :</b>						
	a) Electrical Consumer Durables	224.56	272.23	182.20	224.56	182.20	305.31
	b) Lighting & Switchgear	154.72	133.23	88.90	154.72	88.90	116.12
	c) Unallocated	145.39	94.83	175.42	145.39	175.42	160.76
	<b>Total</b>	<b>524.67</b>	<b>500.29</b>	<b>446.52</b>	<b>524.67</b>	<b>446.52</b>	<b>582.19</b>



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**Statement of Unaudited Financial Results for the period ended September 30, 2019**

**Statement of Assets and Liabilities:**

(All amounts in Rupees Crores, unless otherwise stated)

PARTICULARS	As at Sep 30, 2019 (Unaudited)	As at Mar 31, 2019 (Audited)
<b>I) ASSETS</b>		
<b>1) NON-CURRENT ASSETS</b>		
a) Property, plant and equipment	164.18	112.00
b) Capital work-in-progress	3.38	4.30
c) Intangible assets	4.22	4.57
d) Financial assets		
(i) Trade receivables	16.00	12.39
(ii) Other financial assets	7.04	6.85
e) Deferred tax asset	23.41	19.65
f) Other non current assets	6.82	5.36
<b>(A)</b>	<b>225.05</b>	<b>165.12</b>
<b>2) CURRENT ASSETS</b>		
a) Inventories	260.78	263.96
b) Financial assets		
(i) Trade receivables	280.53	392.35
(ii) Cash and cash equivalents	19.36	31.51
(iii) Bank balances other than (ii) above	0.13	0.10
(iv) Other financial assets	0.82	0.83
c) Current tax assets	10.82	
d) Other current assets	46.48	34.90
<b>(B)</b>	<b>618.92</b>	<b>723.65</b>
<b>TOTAL ASSETS</b>	<b>(A)+(B)</b>	<b>888.77</b>
<b>II) EQUITY AND LIABILITIES</b>		
<b>1) EQUITY</b>		
a) Equity Share Capital	21.22	21.22
b) Other Equity	298.08	285.36
<b>TOTAL EQUITY</b>	<b>(C)</b>	<b>306.58</b>
<b>2) LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
a) Financial Liabilities		
(i) Borrowings	44.53	25.09
b) Long term provisions	17.93	12.94
<b>(D)</b>	<b>62.46</b>	<b>38.03</b>
<b>CURRENT LIABILITIES</b>		
a) Financial Liabilities		
(i) Borrowings	86.10	99.94
(ii) Trade Payables		
- dues of micro, small and medium enterprises	42.79	76.99
- dues of other than micro, small and medium enterprises	230.28	273.89
(iii) Other current financial liabilities	53.32	40.32
b) Provisions	27.57	26.55
c) Other current liabilities	22.15	24.45
d) Current tax liabilities	-	2.02
<b>(E)</b>	<b>462.21</b>	<b>544.16</b>
<b>TOTAL LIABILITIES (F)</b>	<b>(D)+(E)</b>	<b>582.19</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(C)+(F)</b>	<b>888.77</b>



*[Handwritten Signature]*

**Statement of Unaudited Financial Results for the period ended September 30, 2019**

**Cash Flow Statement:**

(All amounts in Rupees Crores, unless otherwise stated)

	For the half year ended Sep 30, 2019 (Unaudited)	For the half year ended Sep 30, 2018 (Unaudited)
<b>(A) Operating Activities :</b>		
Profit before tax	36.38	27.18
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation and amortisation expense	19.14	10.62
Finance costs	11.85	10.53
Loss on sale of property, plant & equipment (net)	0.13	0.08
Bad debts / advances written off (net of reversals)	0.20	0.20
Provision for warranty claims (net)	21.39	10.85
Provision for doubtful debts & advances	5.09	0.79
Unspent liabilities and unclaimed balances written back	(0.18)	(3.13)
Employee stock option expenses	1.93	-
Fair valuation impact of security deposit (net)	(0.05)	-
Interest income	(0.89)	(1.45)
Unrealised exchange (gain)/loss	0.42	-
<b>Working capital adjustments :</b>		
Increase/(Decrease) in trade payables	(77.95)	(69.52)
Increase/(Decrease) in financial liabilities	5.74	(4.83)
Increase/(Decrease) in non financial liabilities	(2.30)	5.01
Increase/(Decrease) in provisions	(15.71)	(6.95)
(Increase)/Decrease in inventories	3.18	(0.73)
(Increase)/Decrease in trade receivables	102.82	106.53
(Increase)/Decrease in financial assets	(0.13)	(0.08)
(Increase)/Decrease in non financial assets	(11.35)	(2.77)
<b>Cash generated from operations</b>	<b>99.71</b>	<b>82.34</b>
Income tax paid	(29.07)	(15.38)
<b>Net cash flow from operating activities</b>	<b>70.64</b>	<b>66.96</b>
<b>(B) Investing Activities :</b>		
Purchase of property, plant and equipment and intangibles (including work in progress and capital advances)	(11.67)	(17.25)
Proceeds from sale of property, plant and equipment	0.22	0.07
Proceeds/(Payments) for/to term deposits with banks	-	0.30
Interest received	0.90	1.46
<b>Net Cash Flows From/ (Used) In Investing Activities</b>	<b>(10.55)</b>	<b>(15.42)</b>
<b>(C) Financing Activities :</b>		
Repayment of long term borrowings	(33.76)	(11.20)
Repayment of short term borrowings (net)	(13.84)	(18.19)
Finance cost paid	(11.85)	(10.47)
Dividends paid (including dividend distribution tax)	(12.79)	(12.79)
<b>Net Cash Flows From / (Used In) Financing Activities</b>	<b>(72.24)</b>	<b>(52.65)</b>
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(12.15)</b>	<b>(1.12)</b>
Cash & Cash Equivalents at the beginning of the year	31.51	30.50
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>19.36</b>	<b>29.38</b>
<b>Non cash Investing &amp; Financing transaction</b>		
Acquisition of property, plant and equipment by means of a finance lease	54.73	

Note:

The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7, "Statement of Cash Flows".



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# Investor Release

Q2, Financial Year 2019-20



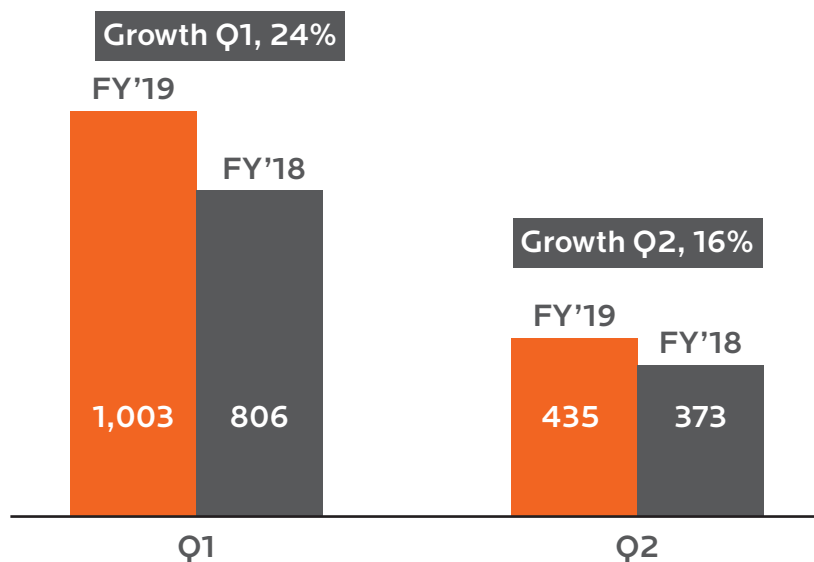


## Industry overview

General slowdown in consumption during the quarter had set negative sentiments in the market, after a robust seasonal uptick in earlier quarter for summer products. This was further evidenced by sluggish IIP trends, weaker GST collections, global headwinds and adverse growth impact particularly in auto, housing and several other sectors. The slew of governmental interventions announced are yet to see the light of the day on ground to get the negative sentiments converted to positive consumer demand and spending.

## Key Highlights Q2FY20

### Revenue-OEL



Rs. in Crores

### Key events of the period:

#### 1. New launches:

- Launch of “EyeLuv” range of Flicker-Control LED lights
- Launch of IoT & voice controlled Coolers and Water Heaters

#### 2. Scratch and Win Consumer Scheme for Fans



## OEL Business performance in Q2

Amidst the economic turbulence that surged in Q2'FY20, OEL clocked a double-digit growth owing to distribution expansion across segments, marketing initiatives like “scratch card” in fans, Eye luv campaign in lighting, launch & success of new cooler products, continuous go-to-market of new products, besides, increased orders from lighting tender business. OEL reported a revenue growth of 16.5% during the quarter and 24% during H1 'FY20 on y-o-y basis. EBITDA margin for the quarter posted at 5.0% of revenue registering a 27.8% growth and H1'FY20 EBITDA margin posted at 6.6% grew 51% on y-o-y basis.

The Segmental performance for the period ended Sep'19 has been as follows:

Rs Cr.	Quarter Ended				Half Year Ended		
	Q2 19-20	YOY %	Q1 19-20	Q2 18-19	H1 19-20	YOY %	H1 18-19
<b>ECD</b>							
Revenue	283	16.3%	429	243	712	25.2%	569
PBIT	26	6.4%	43	25	70	24.7%	56
<b>Lighting &amp; Switchgear</b>							
Revenue	151	16.9%	139	130	291	22.6%	237
PBIT	11	30.3%	14	8	25	25.5%	20
<b>OEL</b>							
Revenue	435	16.5%	568	373	1,003	24.4%	806
PBIT	37	12.5%	57	33	95	24.9%	76

## Electrical Consumer Durables

ECD (Electrical Consumer Durables) segment, essentially comprised of summer products, has grown @ 15% for the quarter y-o-y. Satisfactory demand was seen in Coolers, Water Heaters and in Fans as well. Whilst the new IoT enabled Coolers and water heater range with a good thrust on distribution coupled with e-commerce pull enabled the demand, on the other hand the consumer “scratch card scheme” in Fans pulled out a favourable double-digit growth in the quarter.

### Fans

There was noteworthy progress of our presence in the market as per third Party sell-out data available, wherein during H1, we were the fastest growing brand, well ahead of industry growth. Orient Electric also seemed to dominate the premium space in Fans with a near-50% market share. Even with sluggish market conditions, Fans continued its double-digit growth rate with similar secondary sales trend. DSOs came down by around 10 days for the quarter y-o-y.



## Home Appliances

Steep off-season growth in Cooler business and high growth in Water Heater and Kitchen appliances led the momentum in Appliances business. The growth in Appliances increased its share of business for the quarter.

Accelerated disposal of slow-moving stocks with a minor impact on margins and careful planning of inventory during the quarter, resulted in better managed supply chain to support sales and despatches.



## De'Longhi

Orient Electric entered into a partnership with Italy-based DeLonghi Group to expand premium brands of DeLonghi, Braun and Kenwood in India. As of today, we have presence in top premium outlets across 15 cities in India. The aim is to gradually expand the reach upto the Tier II cities. The response so far had been quite encouraging; however we are taking calibrated steps to grow and nurture a long standing sustainable & profitable business.

## Lighting & Switchgear

Lighting & Switchgear segment clearly experienced the heat of industry-wide price depression paired with the liquidity challenges in the market. Yet the segment managed to record a 14% growth y-o-y for the quarter.

### Lighting

LED Lamps business continued to be challenged with high competitive intensity leading to price erosion. To add worries to the woes, the import curbs in components earlier in the year had also aggravated the issue. Yet, our overall Consumer luminaires business has outpaced the growth run followed by very good traction from the Professional luminaires business including street lighting.

This quarter marked the pan-India launch of "EyeLuv" flicker-Control LED lights by the company, which is gradually attracting the attention of consumers. We further expanded the product portfolio for EyeLuv range of products for the B2B business. It will take a little time for consumers to be aware and experience the change till it occupies a place of significance in the market.

Further, the street lighting supplied through the Govt-aided Tender Business propelled the growth of the quarter. This product and the channel are currently on a fast track. With execution of current orders at hand, our supplies have maintained a high double-digit growth.



### Switchgear

This segment continued to clock a steep double-digit y-o-y growth on a much lower base gaining traction in the market. The expansion of product portfolio & distribution footprint is going as per plan.



## Financial performance for Q2

Rs Cr.	Quarter Ended				Half Year Ended		
	Q2 19-20	Q1 19-20	Q2 18-19	YOY %	H1 19-20	H1 18-19	YOY %
Revenue	434.7	568.3	373.1	16.5%	1,003	806	24.4%
Gross Margin	148.8	186.6	119.4	24.6%	335	267	25.8%
Gross Margin %	34.2%	32.8%	32.0%		33.4%	33.1%	
EBITDA	21.9	44.1	17.1	27.8%	66.0	43.6	51.2%
EBITDA %	5.0%	7.8%	4.6%		6.6%	5.4%	
PBT	7.8	28.6	9.1	-14.2%	36.4	27.2	33.8%
PBT %	1.8%	5.0%	2.4%		3.6%	3.4%	
PAT	4.8	18.8	6.6	-27.0%	23.6	18.4	28.2%
PAT %	1.1%	3.3%	1.8%		2.4%	2.3%	

**EBITDA:** Characteristically skewed as a lower delivery quarter together with economic downturns, OEL has succeeded in delivering a net profit of Rs. 5 cr. for the quarter. This profit was influenced by EBITDA expansion, lower interest burden owing to repayment of loans, increased for in lease accounting principles w.e.f. 1st Apr'19 and higher tax expense due to higher allowable expenditure in the base last year.

EBITDA for Q2FY20 grew by 27.8% y-o-y expanding by 40 bps from 4.6% last year Q2 to 5.0% in current year Q2. Primarily, the EBITDA gain was influenced by :

1. Higher gross margins,
2. Advertising and promotion spend grew disproportionately over last year on the back of new product launches and consumer promotions.
3. Employment expenses for the quarter grew by 20% due to increase in feet-on-street since last year, ESOP & LTI provisions and annual increments.
4. One-time impact of provision for doubtful debts for Rs. 4.6 cr.

Without the one-time impact of the provision mentioned above and despite the enhanced brand and sales promotion investments, our normative EBITDA stood at 6.1% of revenue (grown at 55% over LY) and normative net profit recorded flattish at 1.8% (grown by 18% y-o-y).

**Gross Margin** also grew by 24% expanding by 220 bps, from 32% last year Q2 to 34.2% this year Q2. This resulted due to:

- Favourable mix as compared to last year in all businesses, marginally tapered by price erosion in Lighting.
- Lighting was able to protect and/or marginally increase margins despite price erosion in lamps due to recovery through Street lighting and Consumer luminaires.
- Besides, enhancement of gross margin in fans was due to better mix of Deco+premium range as compared to Q2 last year.
- Quicker opportunistic sale of slow-moving stocks at discounted prices in home appliances and tighter hygiene measures led to partial offset of the gross margin increase due to Coolers and Water heaters.

**Income Tax:** Tax expenses growth was 30% in the quarter and 52% for the H1. This was due to base effect of higher allowances of expenses last year in Sep'18, coupled with impact of leased assets capitalisation in current year. Besides, higher effective tax rate was also due to lower profit before tax for current year.

The company is currently assessing its position to opt for lower rates of taxation as per the Ordinance passed by the Ministry of Finance, Govt. of India and therefore has retained its tax provision for the quarter at prevailing marginal rates.

**Working capital** has increased by Rs. 19 cr. over LY and reduced by Rs. 25 cr. from March'19, whereas cash conversion cycle improved by 7 days over LY. Strategic inventory build-up and higher tender business impacted the working capital for the period ended Sep'19. The company has internally generated operating cash from business in the first half of the year to the tune of Rs. 70 cr. as against Rs. 67 cr. same period last year (increased by 4%).

During the 6-months ended 30th Sep'19, OEL has been able to reduce total debts by Rs. 43 cr. through prepayments out of internal cash generation.

All operating ratios, leverage ratios and RoI ratios has improved Y-o-y.

		Q2 19-20	Q2 18-19	H1 19-20	H1 18-19
<b>PROFITABILITY &amp; GROWTH</b>	EBITDA % to Revenue	5.0%	4.6%	6.6%	5.4%
	PAT % to Revenue	1.1%	1.8%	2.4%	2.3%
	ROCE	34%	31%	34%	31%
	EPS	0.23	0.32	1.12	0.89
<b>SOLVENCY</b>	Debt to Equity	0.29	0.44	0.29	0.44
	TOL / TNW	1.64	1.90	1.64	1.90

## Awards and Accolades

We are pleased to inform the investors of the impressive line up of industry recognition received by the Orient Electric.



India's Best Design Project 2019 for Ultimo Tower Cooler



Asia's Most Promising Brand 2019



India Content Leadership Award 2019



Frost & Sullivan - New Product Innovation Leadership Award for Coolers

## Achievers during the period



Mr. Anshuman Chakravarty (Head of Brand & Communication) has been listed amongst 'Super 30' – CMO Honor Roll 2019 by Internet & Mobile Association of India (IAMAI)



Mr. Anupam Roop Rai (Head Recruitment) has been conferred Zee Business presents "North India's HR Super Achiever"



Ms. Pratibha Bajpai (Head L&D) has been conferred with the "Innovative Woman Leader of the Year" award by UBS Forums in the Consumer Goods sector

## Actions During the Quarter & Future Growth Levers

### Innovation:

During the quarter we have introduced the flicker controlled LED lighting “EyeLuv” series which is the first of its kind introduction in the country on the platform of “health centric lighting”. Prior to this, we launched our Aero serious range of Fans & IoT enabled Air Coolers both with IoT & voice controls aided by Google assistant & Amazon Alexa. In our commitment to challenge the status quo and innovate, we will continue to introduce disruptive and smart products in all our consumer centric segments. In this endeavour the company is also working with innovative startups to develop consumer-centric smart products.

### Profitable Growth:

All strategic actions taken by us are directed towards achieving a long term sustainable and profitable growth. On a normative basis without consideration of one-time impact, we have been consistently expanding our EBITDA margins y-o-y even after recognising accelerated investments on brand and operations.

### Digitisation:

At Orient Electric Limited, we are now on the cusp of entering a new era. We have stepped into the next phase of our ambitious journey towards Digitisation program titled “e-Wings”, which is aimed at driving culture change through new ways of working. We have defined the roadmap of many projects encompassing all the key business and support processes which is scheduled for a phase-wise rollout and adoption in the next 2-3 years. The implementation plan has already kicked off for the initial phase.

### Talent:

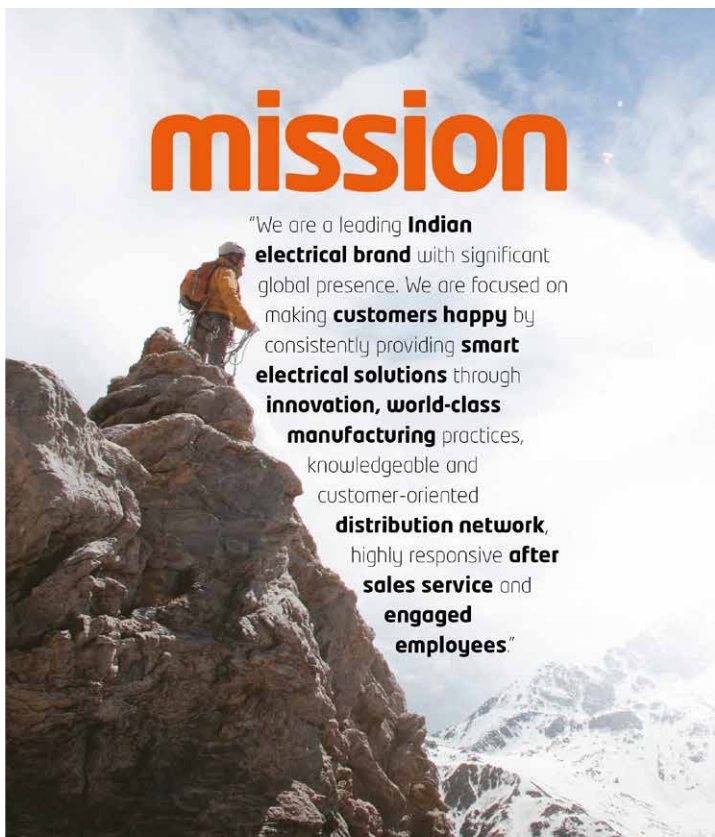
In order to create a future-ready and motivated organisation, we have rolled out a leadership development program for Level 2 Managers across the organisation, during the quarter. Besides, we have also unleashed an entity-wide training and development program.

### Governance:

Maintaining strict discipline and adherence of regulations, our control processes has evolved as a way of life with zero tolerance on compliance. We are continuously streamlining our policies and processes to enable agility with embedded governance rigor.

#### DISCLAIMER: Cautionary statement regarding forward-looking statements

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## our values

### Excellence

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

### Integrity

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

### Collaboration

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

### Trust

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

### Care

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



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#### Orient Electric Limited

(a CK Birla Group company)  
240, Okhla Industrial Estate, Phase-III,  
New Delhi-110020

Email: investor@orientelectric.com

#### Registered Office Address

Unit- VIII, Plot No.7, Bhoingar, Bhubaneswar-751012, Odisha  
CIN: L311000R2016PLC025892

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