



# switch to smart



Orient Electric Limited Annual Report 2017-18

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#### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Orient Electric Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.

# CORPORATE INFORMATION

#### **BOARD OF DIRECTORS**

Mr. Chandra Kant Birla (Chairman)

Mr. Rakesh Khanna (Managing Director & CEO)

Mr. Desh Deepak Khetrapal (Non-Executive Director)

Mr. K Pradeep Chandra (Independent Director)

Mr. TCA Ranganathan (Independent Director)

Ms. Alka Marezban Bharucha (Independent Director)

#### **KEY MANAGERIAL PERSON**

Mr. Rakesh Khanna (Managing Director & CEO)

Mr. Saibal Sengupta (Chief Financial Officer)

Mr. Hitesh Kumar Jain (Company Secretary)

#### STATUTORY AUDITORS

#### M/s S. R. Batliboi & Co. LLP

Chartered Accountants,

22, Camac Street, Block C, 3rd Floor, Kolkata -700016

# REGISTRAR AND SHARE TRANSFER AGENT

#### M/s MCS Share Transfer Agent Limited

12/1/5, Manoharpukur Road, Ground floor, Kolkata-700 026 (WB)

#### **BANKERS**

State Bank of India

HDFC Bank Ltd.

HDFC Ltd.

IndusInd Bank Ltd

Tata Capital Financial Services Ltd.

ICICI Bank Ltd.

Standard Chartered Bank Ltd.

#### **REGISTERED OFFICE**

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

#### **CORPORATE OFFICE**

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

#### MANUFACTURING PLANT

#### Kolkata

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

#### **Faridabad**

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

#### Noida

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

#### Guwahati

Plot No. 96, Brahmaputra Industrial Park, Amingaon, North, Guwahati – 781031, Assam.

# CORPORATE IDENTIFICATION NUMBER

U31100OR2016PLC025892

#### ISIN

INE142Z01019

#### **SCRIP CODE**

BSE - 541301

NSE - ORIENTELEC

#### WEBSITE

www.orientelectric.com





Orient Electric: One Team One Dream

## ORIENT ELECTRIC ANTHEM

Falak se unchi nazar rakhi hai. Manzil se aage daud lagi hai, Dil ke junoon ko awaaz banake, Naye sapnon ki goonj hui hai, Iraade aise hain Har mushkil lage ab kum, Mujse hum hain Hum se Orient.

Imaan ko apni mashaal banaya, Duniya mein desh ka parcham lehraya, Giri hain deewarein jab bhi badhe kadam, Muise hum hain Hum se Orient.

Bharose ki naav par khushiyon ko sajaya, Samjhauton ko raste se hataaya, Chahe aaye koi toofan saath challenge hum, Muise hum hain Hum se Orient, Switch to Smart.

We set our sight beyond the horizon Sprinting out to breach the limits, Igniting passion in our hearts that resonates in our dreams, With a firm resolve such that belittles difficulties Here, "I" become "We" and we define "Orient".

Integrity is the torch for our way Raising the flag high in the world for our country to say We overcome our hurdles at every step each day

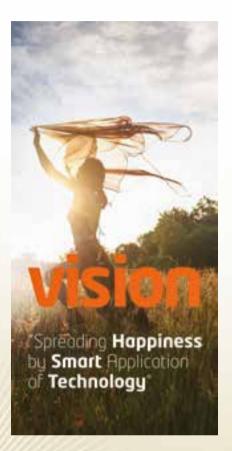
Here, "I" become "We" and we define "Orient".

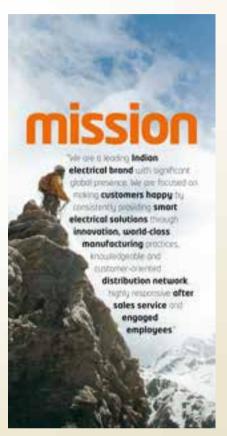
We build our happiness on the bed of trust Leaving no room for compromise However big the challenge may stand We will face it, hand in hand

Here, "I" become "We" and we define "Orient".











#### 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

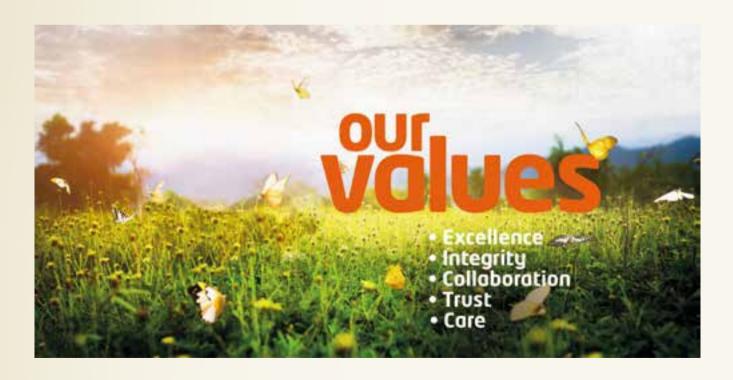
#### Trust

 We foster a culture of belief and trust

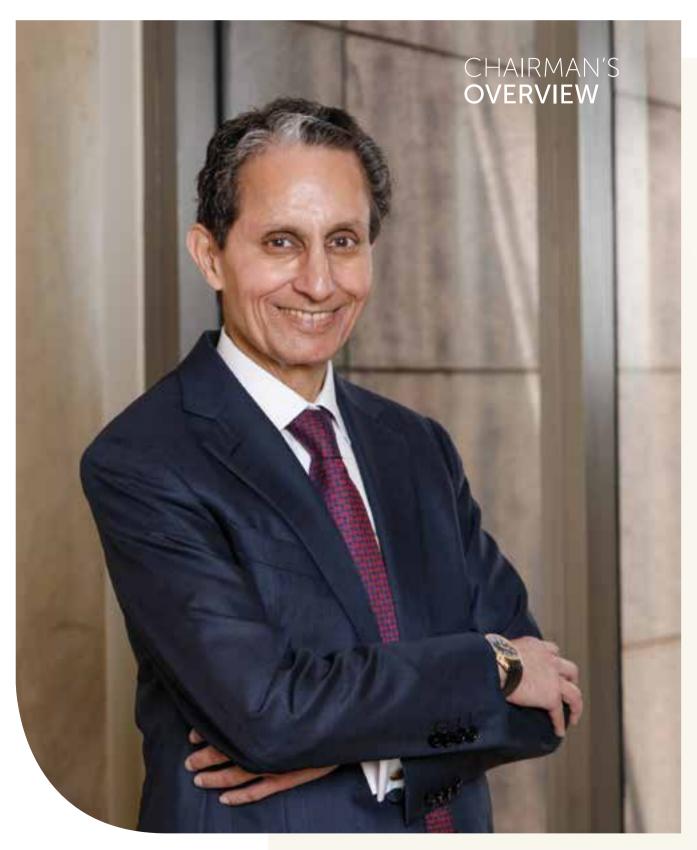
- We are open and transparent in sharing relevant information to all stakeholders
- We are an open organization which values everyone's point of view regardless of one's position in the hierarchy
- We provide enough freedom and space for people to deliver on their commitments

#### 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







### I am happy to present the first Annual Report of Orient Electric Limited, demerged from Orient Paper & Industries Limited.

In such an opportunity-driven environment, I am optimistic that our innovation and consumer-centric approach provides a superior consumer proposition, aptly summarised as 'Switch to Smart'

This demerger will unlock the true potential of our consumer electric business and will enhance shareholder value. This is yet another significant milestone in the continuous growth journey of the business and has placed Orient Electric at the cusp of a high growth trajectory.

Orient Electric has come into existence at a moment when we are in the midst of exciting times in this business space. The markets for our products are likely to become larger, consumption patterns are expected to change and opportunities are slated to widen.

In such an opportunity-driven environment, I am optimistic that our innovation and consumercentric approach provides a superior consumer proposition, aptly summarised as 'Switch to Smart', in a market marked by brand clutter.

Our new corporate office in Okhla defines the new culture of 'smart working' with cabinless and paperless working. Connecting with open minds and stretching out for the impossible is the new way at Orient Electric.

The Company is driven by passion as much as it is driven by products; the Company is driven as much by the need to infuse the next level of growth by offering better solutions to customers.

We are confident that the commencement of our journey in an independent avatar will translate into sustainable growth for all our stakeholders.

#### CK Birla,

Chairman





# MD & CEO'S OPERATIONAL REVIEW

By Mr Rakesh Khanna, MD & CEO



he Company performed well across all product categories and gained market shares in most of the product segments and geographic areas, giving us confidence that we are progressing in the right direction towards improved profitability.

#### Drivers of profitable growth

Despite the initial primary sale slowdown during the GST transition phase, the year under review ended on a positive note. The country's macro-economics remained favourable, consumer aspirations increased and buyers spent more on consumer durables and electrical products.

Consumption patterns are changing and product replacement cycles are becoming shorter; even as Orient Electric is addressing first-time consumers, it is also stimulating replacement demand by offering new and substantially improved products. Besides, rural India is being exposed to increased incomes and a wider media, thus evolving lifestyle aspirations.

Coupled with the government's thrust on housing sector and rural electrification, the demand for electrical products in rural sector is likely to see substantial growth.

#### Premiumization

Orient Electric steadily focussed on improving the design and quality of its products and service to address the new age Indian consumer who is more informed and demanding. The Company's distinctive R&D capability enabled the introduction of some disruptive products like Aero series in fans, Outdoor coolers, and Modular switches with 3AB technology, all of which were well received by consumers and the trade.

#### Fans business reinforced and reinvented

The Fans business of Orient Electric outperformed the estimated industry growth as the Company graduated from 'selling higher quantity' to 'selling higher value'. To break the price barrier in a highly commoditised space, the Company looked at the value proposition and examined virtually everything that went into the making of a fan. With consumer insight, the Company decided to focus on a largely overlooked aspect by the industry: that of noise. The Company redefined product design, profile, material and aerodynamics. The result is that our Aero series emerged as perhaps the most exciting sectoral development in a long time, opening a completely new price point. With range enhancement coupled with augmented features and highest air delivery of 300 CMM (around 15% higher air delivery than competing models), the Aero Series range created a new category niche.