

HOLD

TP: Rs 310 | ▲ 14%

ORIENT ELECTRIC

Consumer Durables

04 July 2022

Annual report analysis: Strategic initiatives paying off

- Targeting key growth drivers such as greater reach in South India, channel diversification and innovation-led product development
- Cost initiatives drove savings of Rs 0.4bn (1.8% of FY22 sales). Balance sheet healthy with net cash at Rs 1.4bn, D/E at 0.1x, ROE at 25.4%
- Management confident of gradual premiumisation but we prefer HAVL and CROMPTON. Maintain HOLD, TP revised to Rs 310 (vs. Rs 350)

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Key takeaways from our analysis of ORIENTEL's FY22 annual report:

Overview: ORIENTEL discusses strategic initiatives such as 'Consumer-Centricity' and 'Digital Enablement' that have transformed its operations and helped innovate products. Project Sanchay resulted in Rs 451mn in cost savings (1.8% of FY22 revenue). Despite macroeconomic headwinds, the company experienced healthy growth driven by value selling and calibrated pricing. Efforts to broaden reach by expanding and fortifying the distribution network, particularly in South India, have continued. The balance sheet remains strong with net cash standing at Rs 1.4bn.

Walking a tight rope: Inflation has dampened overall demand. The market is currently not in a position to absorb price increases, and hence ORIENTEL has not taken any recent price action. FY22 saw some volume growth as a result of distribution footprint expansion, product launches, traction in B2B, and a demand shift from the unorganised to organised sector. The ECD space did see price increases of 14-15%, with volume growth in the upper single digits. In the case of lighting, the company hiked prices by 6-7% and posted volume growth of over 20%.

Strategic growth drivers: With the goal of reaching Rs 50bn in revenue in the medium term, management has identified the following major drivers: (i) stronger go-to-market strategy – increasing distribution reach and depth, with a focus on expansion in the south given encouraging results in Tamil Nadu; (ii) channel proliferation – limited reliance on the distribution model and a focus on growing through e-commerce; (iii) targeting the B2C space in lighting with a thrust on façade lighting; and (iv) a deeper focus on innovation-led product development.

Healthy balance sheet; maintain HOLD: Net cash stood at Rs 1.4bn, D/E at 0.1x and ROIC/ROE at 38.1%/25.4% for FY22. Management is confident of gradual premiumisation but we prefer HAVL and CROMPTON in the space. Maintain HOLD on ORIENTEL with a revised TP of Rs 310 as we lower our P/E multiple from 40x to 35x given inflationary headwinds for discretionary sectors.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ORIENTEL IN/Rs 271
Market cap	US\$ 728.5mn
Free float	61%
3M ADV	US\$ 1.0mn
52wk high/low	Rs 408/Rs 244
Promoter/FPI/DII	39%/8%/26%

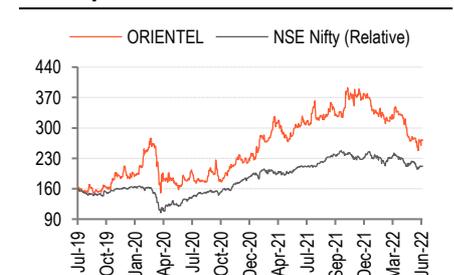
Source: NSE | Price as of 4 Jul 2022

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	24,484	29,230	33,567
EBITDA (Rs mn)	2,313	2,951	3,474
Adj. net profit (Rs mn)	1,266	1,514	1,903
Adj. EPS (Rs)	6.0	7.1	8.9
Consensus EPS (Rs)	6.0	8.5	10.1
Adj. ROAE (%)	25.4	25.4	26.3
Adj. P/E (x)	45.5	38.1	30.3
EV/EBITDA (x)	24.7	19.0	16.2
Adj. EPS growth (%)	46.7	19.6	25.6

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance

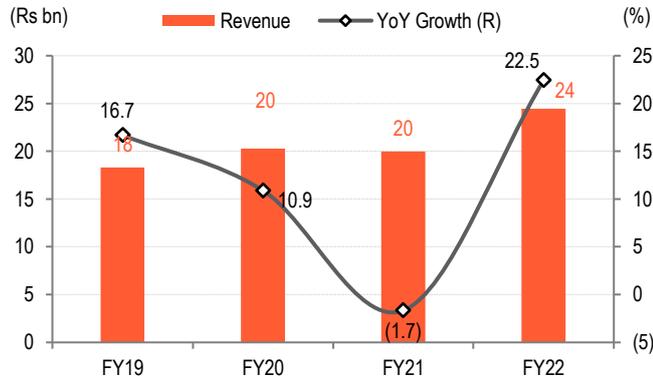


Source: NSE



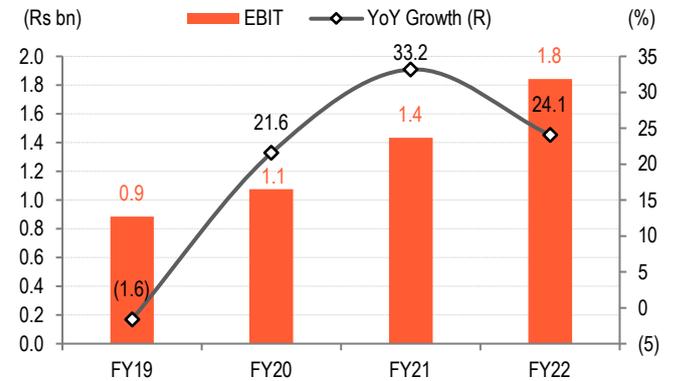
FY22 performance

Fig 1 – Revenue growth



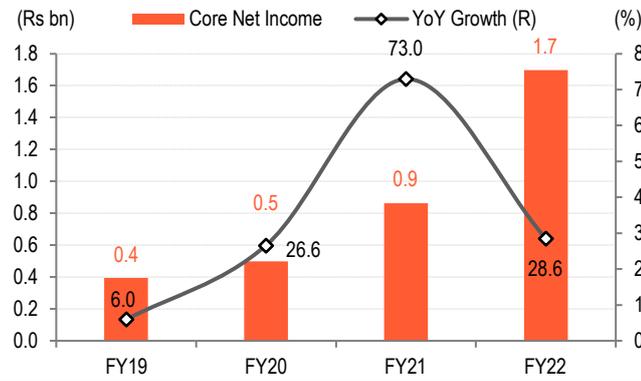
Source: Company, BOBCAPS Research

Fig 2 – EBIT growth



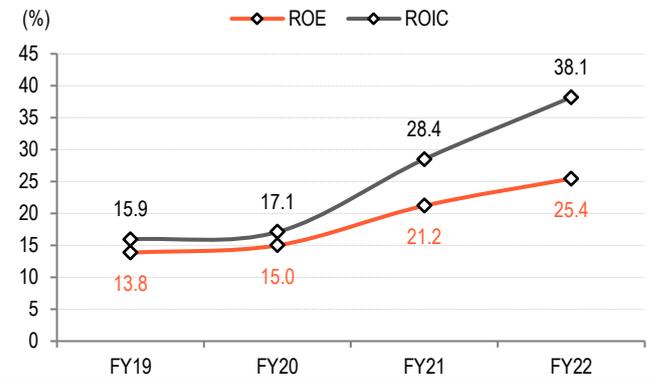
Source: Company, BOBCAPS Research

Fig 3 – PAT growth



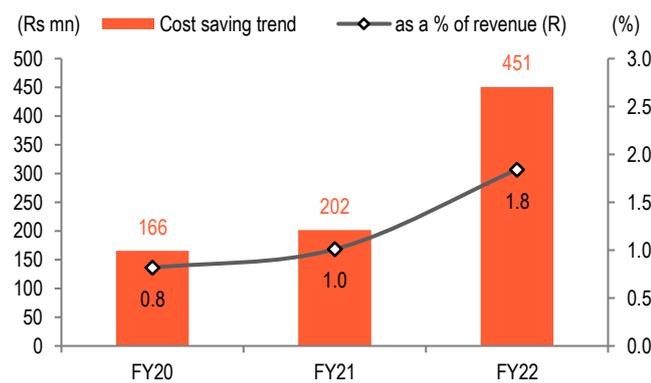
Source: Company, BOBCAPS Research

Fig 4 – Return ratios



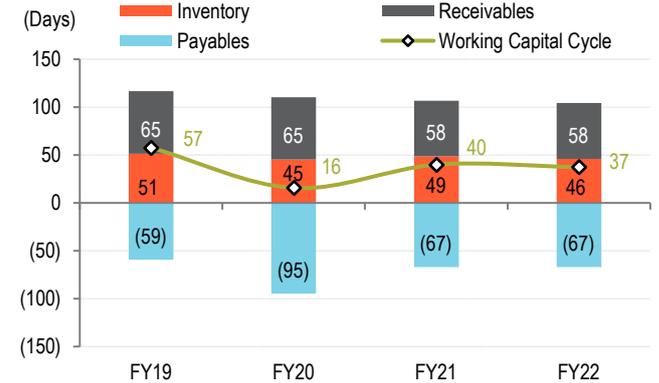
Source: Company, BOBCAPS Research

Fig 5 – Cost savings



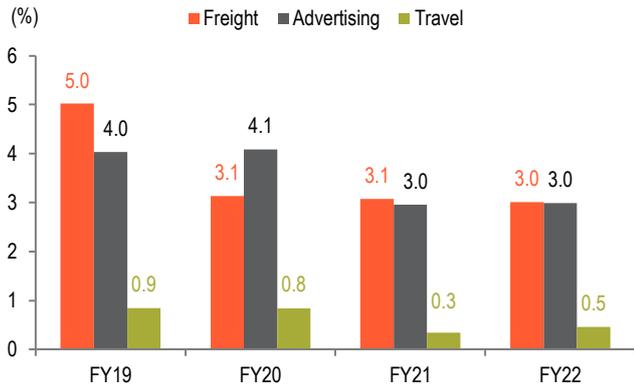
Source: Company, BOBCAPS Research | Cost savings through Project Sanchay

Fig 6 – Working capital management



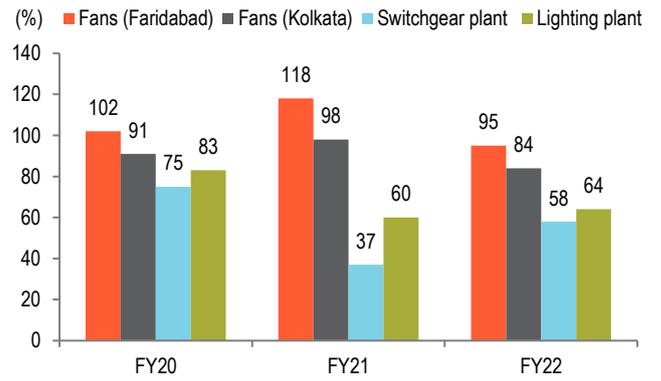
Source: Company, BOBCAPS Research

Fig 7 – Key expenses



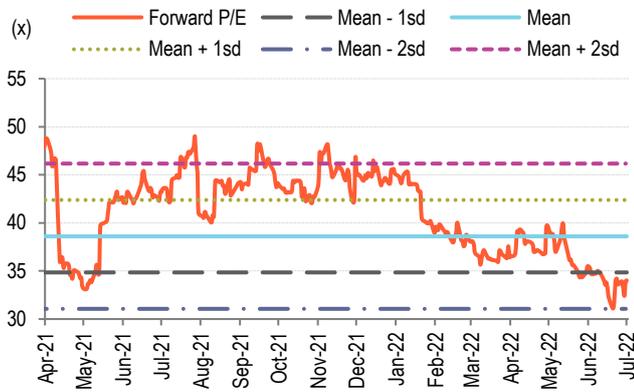
Source: Company, BOBCAPS Research

Fig 8 – Capacity utilisation



Source: Company, BOBCAPS Research

Fig 9 – 1Y fwd P/E valuation



Source: Bloomberg, BOBCAPS Research

Annual report: Key takeaways

ORIENTEL's growth in FY22 was aided by value selling and tactical price revision. Sanchay, the company's flagship cost-cutting programme, saved Rs 451mn (1.8% of revenue) by negotiating and structuring deals with sourcing and business partners, developing alternative specifications, alternate sourcing, regulating inventory levels for bulk discounts and locking prices, as well as developing new products. Inflationary cost pressures prompted channel partners to be more conservative in delaying seasonal inventory build-up, resulting in an increase in working capital days.

The company took a strategic step toward expanding its reach in Southern and Eastern India by overhauling the distribution framework, which increased efficiency in inventory management, logistics, and service levels. In the future, the company intends to launch Phase II of the 'e-Wings' digitisation program, which will focus on developing new digital manufacturing capabilities and providing deeper business analytical insights. Further, management remains optimistic about FY23 due to the company's expanded distribution reach, tight control over the supply chain through alternate sourcing, and strategic cost-cutting initiatives that would thwart any disruptions.

Fig 10 – Strategic initiatives underway



Source: Company, BOBCAPS Research

Fig 11 – R&D initiatives



Energy Conservation

A key area from our ESG goals perspective is energy conservation. The Company developed a new advanced PUFF chemical which has better insulation properties and helps convert existing four-star water heaters into a five-star grade without any additional PUFF requirements. This resulted in power savings for consumers by up to 10%.



EPS-less Packaging

The Company also conducts research and development to remove EPS from product packaging. As a non-biodegradable material, EPS is a significant concern for the environment. To substitute this, the Company considered using pulp packaging as an option. This is biodegradable and was successfully adopted for instant water heaters. Currently, we have the potential to alleviate the consumption of ~20,000 Kgs of EPS per year and produce meaningful cost savings for the Company.



Streetlighting Projects

In FY2022, the Company used R&D to solve problems and deliver specific requirements in its street lighting projects business. These included:

- ▣ The introduction of astrotimers to enable on and off switching based on latitude and longitude coordinates
- ▣ The maintenance of continuity in the supply of semiconductors amidst a severe global shortage by changing the designs for in-house made LED bulbs
- ▣ The careful selection of lens and LEDs to meet NHA's stringent LUX specifications
- ▣ The introduction of two-stage drivers for 70-110W streetlights to meet the low ripple requirements of the EESL specifications



Fans

The Company used its in-house R&D prowess to achieve several objectives for its Fans business. These included the development of new blender motors; inlay mould design-based trim and deco rings; new material-based winding in BLDC motor/fans; new concepts of BLDC fans operated both remotely and via regulators; new paint technology; 8-slot induction motors.

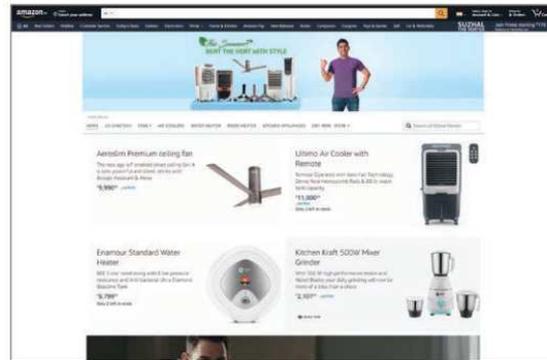


Coil Winding

The Company's R&D centre also focuses on technology absorption. For example, it developed mixer grinders with a hybrid motor, including a blend of balanced coil-type winding. This has facilitated a cost reduction of 5 to 7% depending on sizes and models. Furthermore, with this technology, the product's performance has improved significantly.

Source: Company, BOBCAPS Research

Fig 12 – Widening channel spectrum

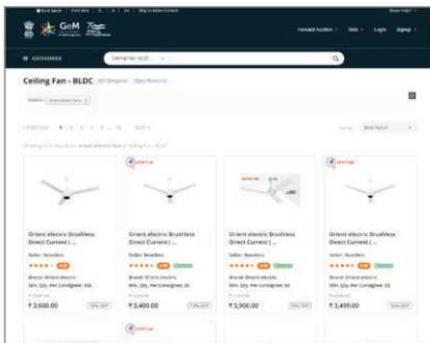


Smart Shops

OEL projects its products through a chain of Smart Shops nationwide. These stores feature an enhanced look and feel with a far more appealing store façade, inside ambience, superior service levels and broader product ranges and placement. The company also initiated pincode-based social and digital marketing initiative to generate product and location awareness.

E-Comm Channels

E-commerce is gradually transforming how business is done in India. Growing at a YoY rate of 5 percent, the e-commerce market in India is expected to become the second-largest by 2034, surpassing that of the United States. At Orient Electric, we are embracing e-commerce to be future-ready. We have begun marketing some of our essential products through major e-comm channels, such as Flipkart and Amazon, backed by concerted marketing campaigns.



Government E-Marketplace

Orient Electric changed seamlessly to meet the government's buying shift from traditional channels to online procurement. These days Orient Electric is a significant participant in GeM & E-procurement portals with a presence in all relevant electrical categories and having a pan India presence with channel partners. The company proudly serves key Government departments such as Indian Railways, the Military Engineering Services (including the Indian Army, Navy & Airforce), multiple PSUs, and various State Government authorities.

Warehousing & Logistics

As a critical function in the journey of a shipment from the manufacturing factory to the last-mile consumer, our well-organized, technology-driven warehousing help facilitate sustainable inventory management, efficient order picking, error-free processes, timely order shipping and deliveries, and cost-effectiveness, all of which make for a superior consumer (B2C) and customer (B2B) experience. We leave no stone unturned at Orient Electric for technology adoption and regular workforce training.

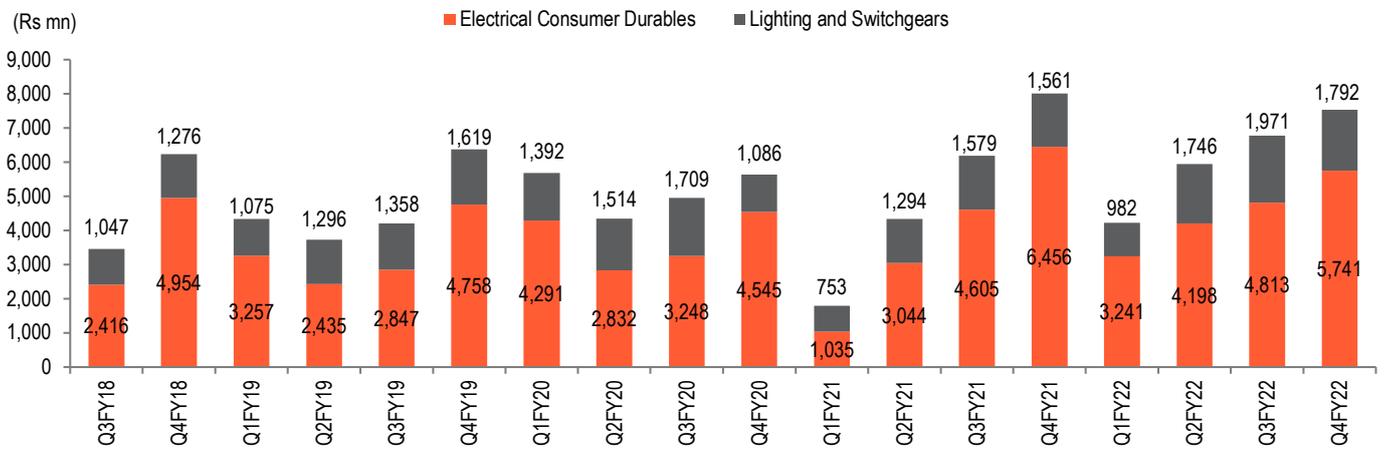
Channel Engagement

To strengthen Orient Electric's relationship with the fan's distributors, an 'All India Sales Excellence Awards' was conducted virtually, with nearly 200 winning dealers' participating pan India. Reputed actress Vidya Balan was invited to be the keynote speaker and engage with dealers over a live session.

Source: Company, BOBCAPS Research

Healthy segmental performance

Fig 13 – Segment financial snapshot

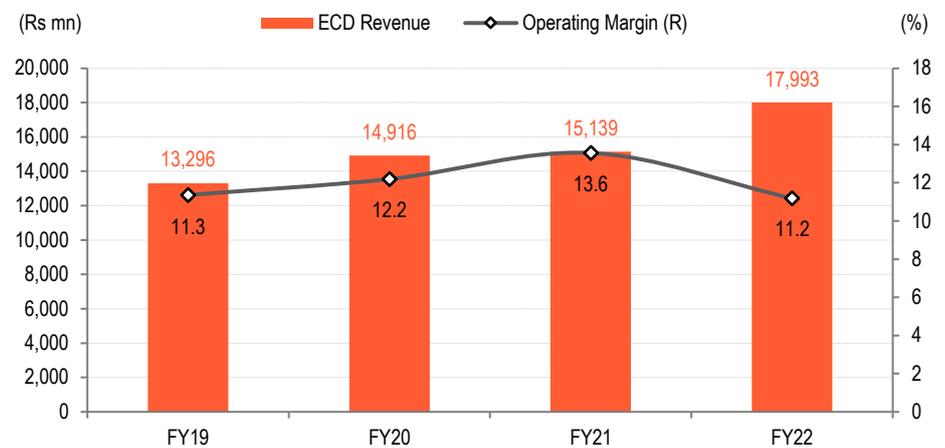


Source: Company, BOBCAPS Research

Electric Consumer Durables (ECD)

Surging inflation dampened demand to some extent in FY22. Nevertheless, growth was sustained due to key initiatives such as broadening the reach in Southern and Eastern India, digitisation and a consumer-centric approach in product development. A shift from the unorganised to organised sector fueled demand in the entry-level segment, where the company saw volumes surge and market share gains.

Fig 14 – ECD performance



Source: Company, BOBCAPS Research

In FY22, the ECD segment posted revenues of Rs 18bn, up by 18.9% YoY, and an EBIT of Rs 2bn. Key business highlights include:

Fans

- The fans division benefited from several new product introductions based on ORIENTEL's consumer-centric approach to innovation. During FY22, the company improved its market position and market share in the decorative and premium categories.
- The company commenced making inroads into the Southern and Eastern Indian markets, adding to its strong presence in the North and the West.
- ORIENTEL's various grassroots efforts, such as the use of 'Orient Connect', 'Sales Force Automation' and 'Dealer Management System', strengthened the distribution channel, with a sharper focus on secondary markets and market share expansion.
- The company conducted digital campaigns, especially focused schemes and new product launches, to capture market share across channels in the BLDC segment.

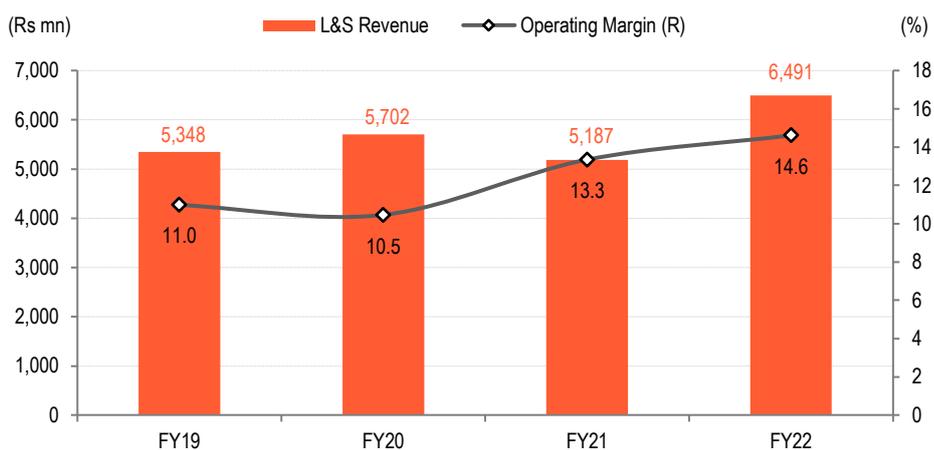
Home Appliances

- The water heaters business picked up pace in the Covid recovery period during the second and third quarters of FY22.
- ORIENTEL introduced new products such as Glassline Water Heaters and Modular Metal Coolers, besides range expansion in Desert Coolers, which enabled the company to sustain moderate sales growth in appliances.
- Steep raw material inflation due to a sharp surge in commodity prices impacted margins for the entire year.
- Sales through e-commerce channels were softer than expected due to the lacklustre response to festive season sales.
- The withdrawal of many unorganised players from the market fueled demand for the entry-level segment, where ORIENTEL saw volumes surge and market share gains.
- The exports business made steady inroads in air coolers in certain target markets.
- ORIENTEL was recognised as a 'Superbrand' in air coolers during FY22.

Lighting & Switchgear (L&S)

Increased demand for consumer luminaires, enabled by distribution expansion and product introductions, led to high double-digit growth despite headwinds in LED lamps and competitive pricing. The company's new launch – Stella switches – has received a good response. The enquiry pipeline was also healthy in façade lighting and B2G (through the Govt e-Marketplace platform). Smart street lighting on highways has also seen good traction.

Fig 15 – L&S performance



Source: Company, BOBCAPS Research

In FY22, the company's L&S business posted revenues of Rs 6.5bn, up by 25% YoY, and an EBIT of Rs 0.95bn, up by 37% YoY. Some of the key highlights include:

- ORIENTEL was able to largely circumvent component shortages by using alternative integrated circuits and other components from new suppliers.
- The company won the prestigious Dwarkadhish highway bridge lighting project (NHAI), along with other large façade lighting projects.
- Its exports business has done well in switchgear and lighting products, which are expected to grow over time.
- The company was recognised as a 'Superbrand' in lighting in FY22.
- ORIENTEL was awarded the prestigious National Energy & Conservation Award 2021 under the category "Most Energy Efficient Appliance of the Year - LED Bulb" for its 9W self-ballasted LED bulb.

Consumer-centric approach

e-Wings, a proxy to digitisation, has helped fast-track the company’s digital adoption. It has also added digital traceability to various products, which allows for the automatic identification, tracking, and servicing of multiple items across the supply chain using QR codes.

In FY23, the company plans to begin Phase II of the e-Wings digitisation programme, which will focus on developing new capabilities in digital manufacturing and providing deeper business analytical insights.

Fig 16 – e-Wings



Source: Company, BOBCAPS Research

Key schedules

Fig 17 – Trend in key expenses

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22
Revenue	15,703	18,327	20,328	19,993	24,484
Consumption of stores and spares	79	91	75	63	67
as a % of revenue	0.5	0.5	0.4	0.3	0.3
Power and fuel	103	115	106	76	94
as a % of revenue	0.7	0.6	0.5	0.4	0.4
Freight & forwarding charges	812	920	532	494	578
as a % of revenue	5.2	5.0	2.6	2.5	2.4
Rent and hire charges	178	193	37	13	26
as a % of revenue	1.1	1.1	0.2	0.1	0.1
Advertising and sales promotion	709	738	830	591	732
as a % of revenue	4.5	4.0	4.1	3.0	3.0
Commission on sales	44	48	45	28	48
as a % of revenue	0.3	0.3	0.2	0.1	0.2
Payment to auditors	4	5	6	6	6
as a % of revenue	0.0	0.0	0.0	0.0	0.0
Warranty and claims (net)	247	328	300	205	177
as a % of revenue	1.6	1.8	1.5	1.0	0.7
Travelling and conveyance	132	156	172	67	112
as a % of revenue	0.8	0.9	0.8	0.3	0.5
Professional and consultancy charges	89	120	136	119	210
as a % of revenue	0.6	0.7	0.7	0.6	0.9
Bad debts written off (net of reversals)	12	14	7	2	0
as a % of revenue	0.1	0.1	0.0	0.0	0.0
Development Expense			22	30	30
as a % of revenue			0.1	0.1	0.1
Carrying & forwarding charges			104	122	159
as a % of revenue			0.5	0.6	0.7
Provision for doubtful debts	3	110	75	15	2
as a % of revenue	0.0	0.6	0.4	0.1	0.0
Miscellaneous expenses	360	435	330	300	346
as a % of revenue	2.3	2.4	1.6	1.5	1.4
Total	2,770	3,273	2,776	2,130	2,586

Source: Company, BOBCAPS Research

Fig 18 – Contingent liabilities

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22
Excise and Custom Duty	22	22	22	22	16
Sales Tax (incl. GST & entry tax)	21	110	140	148	153
Worker compensation under dispute	-	-	-	3	2
Entry tax	Amount Unascertainable				
Environment Compensation (paid 50% demand under protest)	-	-	-	5	5
Others	3	3	3	-	-
Total	46	135	165	178	177
Net worth	2,633	3,066	3,594	4,557	5,413
CL as a % of Net worth	1.8	4.4	4.6	3.9	3.3

Source: Company, BOBCAPS Research

Fig 19 – Working capital management

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22
Inventories	2,091	2,640	2,865	2,492	3,261
Inventory days	49	53	51	45	49
Receivable	3,864	3,924	3,637	3,552	3,904
Receivable days	90	78	65	65	58
Payable	2,762	3,509	3,305	5,191	4,495
Payable days	64	70	59	95	67
Cash conversion cycle	74	61	57	16	40

Source: Company, BOBCAPS Research

Fig 20 – Trade receivables ageing schedule (non-current)

Particulars (Rs mn)	Outstanding for following periods from due date of payment						Total
	Not Due	<6M	6M-1Y	1-2Y	2-3Y	>3Y	
Trade receivables – considered goods	255	-	-	-	-	-	255

Source: Company, BOBCAPS Research

Fig 21 – Trade receivables ageing schedule (current)

Particulars (Rs mn)	Outstanding for following periods from due date of payment						Total
	Not Due	<6M	6M-1Y	1-2Y	2-3Y	>3Y	
Undisputed							
Trade receivables – considered good	3,027	793	28	17	29	9	3,904
Trade receivables credit impaired	0	2	4	3	3	10	22
Disputed							
Trade receivables credit impaired	-	-	1	1	52	175	228
Total	3,027	795	32	21	84	194	4,154

Source: Company, BOBCAPS Research

Fig 22 – Trade payables ageing schedule

Particulars (Rs mn)	Outstanding for following periods from due date of payment					Total
	Not Due	<1Y	1-2Y	2-3Y	>3Y	
MSME	737	2	-	-	-	739
Others	3,051	660	11	19	15	3,756
Total	3,788	662	11	19	15	4,495

Source: Company, BOBCAPS Research

Fig 23 – Capital management

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22
Cash and cash equivalents	305	315	71	1,401	1,500
Other Bank Balances	-	1	4	1,175	5
Total	305	316	75	2,576	1,505
Non-current Borrowings	562	251	-	17	-
Current Borrowings	1,298	1,099	985	135	147
Total Borrowings	1,859	1,349	985	153	147

Source: Company, BOBCAPS Research

Fig 24 – Maturity profile of financial liabilities

Particulars (Rs mn)	0-1Y	2-5Y	>5Y	Total
March 31, 2022				
Borrowings	147	-	-	147
Lease liabilities	151	298	80	528
Trade Payables	4,495	-	-	4,495
Other current financial liabilities	332	-	-	332
Total	5,125	298	80	5,502
March 31, 2021				
Borrowings	135	17	-	153
Lease liabilities	134	283	45	461
Interest on long term borrowings	1	2	-	3
Trade Payables	5,191	-	-	5,191
Other current financial liabilities	337	-	-	337
Total	5,798	302	45	6,146

Source: Company, BOBCAPS Research

Fig 25 – Remuneration of key management personnel (KMP)

Particulars (Rs mn)	Designation	FY19	FY20	FY21	FY22
EBIT		885	1,076	1,433	1,842
Mr. Rakesh Khanna	MD & CEO	31	34	33	39
as a % of EBIT		3.5	3.1	2.3	2.1
Mr. Saibal Sengupta	CFO	17	19	18	21
as a % of EBIT		1.9	1.7	1.2	1.1

Source: Company, BOBCAPS Research

Fig 26 – Forex earnings and outgo

Particulars (Rs mn)	FY18	FY19	FY20	FY21	FY22
Foreign Currency Earnings	1,130	854	943	892	1,245
Foreign Exchange Outgo	959	1,409	1,095	674	932

Source: Company, BOBCAPS Research

Valuation methodology

We maintain HOLD with a revised TP of Rs 310 (vs. Rs 350) as we lower our target P/E multiple from 40x to 35x, given inflationary headwinds being faced by discretionary sectors.

Fig 27 – Key assumptions

Particulars (Rs bn)	FY23E	FY24E
Revenue	29.2	33.6
EBITDA	3.0	3.5
EBIT	2.4	2.8
Pretax Income	2.0	2.5
Net Income	1.5	1.9
EPS (Rs)	7.1	8.9

Source: Bloomberg, BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- above-expected growth in fans due to market share gains or higher ASP driven by an increased share of premium/BLDC fans,
- increased export opportunities for fans, and
- entry into new consumer product categories.

Key downside risks to our estimates are:

- a drop in volumes due to a weak market or loss of market share,
- continued raw material inflation which could dent demand, and
- increased freight and logistics cost which could impact export opportunities.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Amber Enterprises	AMBER IN	1.0	2,386	3,500	HOLD
Blue Star	BLSTR IN	1.1	884	1,200	HOLD
Crompton Greaves	CROMPTON IN	2.8	350	500	BUY
Dixon Technologies	DIXON IN	2.7	3,591	4,600	BUY
Havells India	HAVL IN	9.0	1,133	1,500	BUY
Orient Electric	ORIENTEL IN	0.7	271	310	HOLD
Polycab India	POLYCAB IN	4.1	2,150	3,000	BUY
V-Guard Industries	VGRD IN	1.2	223	250	HOLD
Voltas	VOLT IN	4.0	966	1,250	BUY
Whirlpool India	WHIRL IN	2.5	1,556	2,901	BUY

Source: BOBCAPS Research, NSE | Price as of 4 Jul 2022

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Total revenue	20,328	19,993	24,484	29,230	33,567
EBITDA	1,477	1,864	2,313	2,951	3,474
Depreciation	(401)	(432)	(471)	(576)	(634)
EBIT	1,076	1,433	1,842	2,375	2,840
Net interest inc./(exp.)	(242)	(179)	(203)	(413)	(362)
Other inc./(exp.)	22	35	58	58	58
Exceptional items	287	331	0	0	0
EBT	1,143	1,619	1,698	2,019	2,537
Income taxes	(357)	(422)	(431)	(505)	(634)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	786	1,197	1,266	1,514	1,903
Adjustments	(287)	(334)	0	0	0
Adjusted net profit	499	863	1,266	1,514	1,903

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Accounts payables	3,305	5,191	4,495	5,366	6,162
Other current liabilities	3,598	5,594	4,800	5,671	6,467
Provisions	171	137	226	226	226
Debt funds	1,514	614	675	2,314	397
Other liabilities	276	226	370	370	370
Equity capital	212	212	212	212	212
Reserves & surplus	3,382	4,344	5,201	6,291	7,740
Shareholders' fund	3,594	4,557	5,413	6,503	7,953
Total liab. and equities	9,604	11,624	11,883	15,483	15,811
Cash and cash eq.	75	2,576	1,505	4,093	3,357
Accounts receivables	3,637	3,552	3,904	4,660	5,352
Inventories	2,865	2,492	3,261	3,684	4,230
Other current assets	427	345	280	280	280
Investments	0	0	0	0	0
Net fixed assets	1,838	1,716	1,900	1,750	1,592
CWIP	0	0	0	0	0
Intangible assets	131	230	234	234	234
Deferred tax assets, net	214	263	263	263	263
Other assets	418	451	536	519	503
Total assets	9,604	11,624	11,883	15,483	15,811

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Cash flow from operations	1,292	4,273	114	2,137	2,398
Capital expenditures	(526)	(359)	(427)	(409)	(461)
Change in investments	0	0	0	0	0
Other investing cash flows	1	(1,169)	1,176	(1,170)	0
Cash flow from investing	(525)	(1,529)	749	(1,579)	(461)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	1,639	(1,917)
Interest expenses	0	0	0	(385)	(385)
Dividends paid	(294)	(265)	(424)	(424)	(453)
Other financing cash flows	(440)	(906)	52	(829)	2,755
Cash flow from financing	(734)	(1,171)	(372)	0	0
Chg in cash & cash eq.	(245)	1,330	99	1,418	(736)
Closing cash & cash eq.	75	2,576	2,675	4,093	3,357

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22A	FY23E	FY24E
Reported EPS	3.7	5.6	6.0	7.1	8.9
Adjusted EPS	2.3	4.1	6.0	7.1	8.9
Dividend per share	1.2	2.0	2.0	2.1	2.7
Book value per share	16.9	21.5	25.5	30.6	37.5

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22A	FY23E	FY24E
EV/Sales	2.9	2.9	2.3	1.9	1.7
EV/EBITDA	39.7	31.5	24.7	19.0	16.2
Adjusted P/E	115.6	66.8	45.5	38.1	30.3
P/BV	16.0	12.6	10.6	8.8	7.2

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22A	FY23E	FY24E
Tax burden (Net profit/PBT)	58.3	67.0	74.6	75.0	75.0
Interest burden (PBT/EBIT)	79.5	89.9	92.1	85.0	89.3
EBIT margin (EBIT/Revenue)	5.3	7.2	7.5	8.1	8.5
Asset turnover (Rev./Avg TA)	219.9	188.4	208.3	213.6	214.5
Leverage (Avg TA/Avg Equity)	2.8	2.6	2.4	2.3	2.2
Adjusted ROAE	15.0	21.2	25.4	25.4	26.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22A	FY23E	FY24E
YoY growth (%)					
Revenue	10.9	(1.7)	22.5	19.4	14.8
EBITDA	32.4	26.2	24.1	27.6	17.7
Adjusted EPS	26.3	73.0	46.7	19.6	25.6
Profitability & Return ratios (%)					
EBITDA margin	7.3	9.3	9.4	10.1	10.4
EBIT margin	5.3	7.2	7.5	8.1	8.5
Adjusted profit margin	2.5	4.3	5.2	5.2	5.7
Adjusted ROAE	15.0	21.2	25.4	25.4	26.3
ROCE	27.8	30.4	32.6	33.1	34.0
Working capital days (days)					
Receivables	65	65	58	58	58
Inventory	51	45	49	46	46
Payables	59	95	67	67	67
Ratios (x)					
Gross asset turnover	8.4	7.3	8.0	8.4	8.6
Current ratio	1.3	1.4	1.6	1.7	1.8
Net interest coverage ratio	4.4	8.0	9.1	5.7	7.9
Adjusted debt/equity	0.4	0.1	0.1	0.4	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

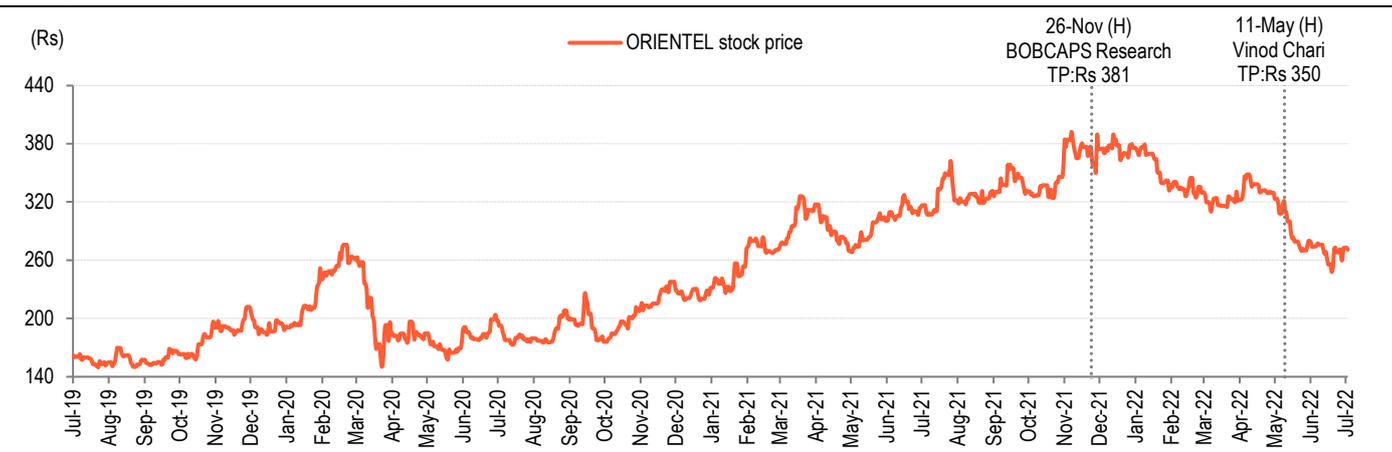
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ORIENT ELECTRIC (ORIENTEL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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