

July 29, 2021

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.: Investors' Release – Un-Audited Financial Results – June 30, 2021

Dear Sir / Madam,

This is in continuation of our earlier letter of today's date and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), please find enclosed herewith the copy of Investors' Release on the Un-Audited Financial Results of the Company for the quarter ended June 30, 2021.

Investors' Release will also be available on the website of the Company, www.orientelectric.com.

You are requested to take the above enclosed document on your record.

Thanking you,

Yours Sincerely,

For **Orient Electric Limited**

Hitesh Kumar Jain

Company Secretary

Encl.: as above

INVESTOR RELEASE

Q1, Financial Year
2021-22

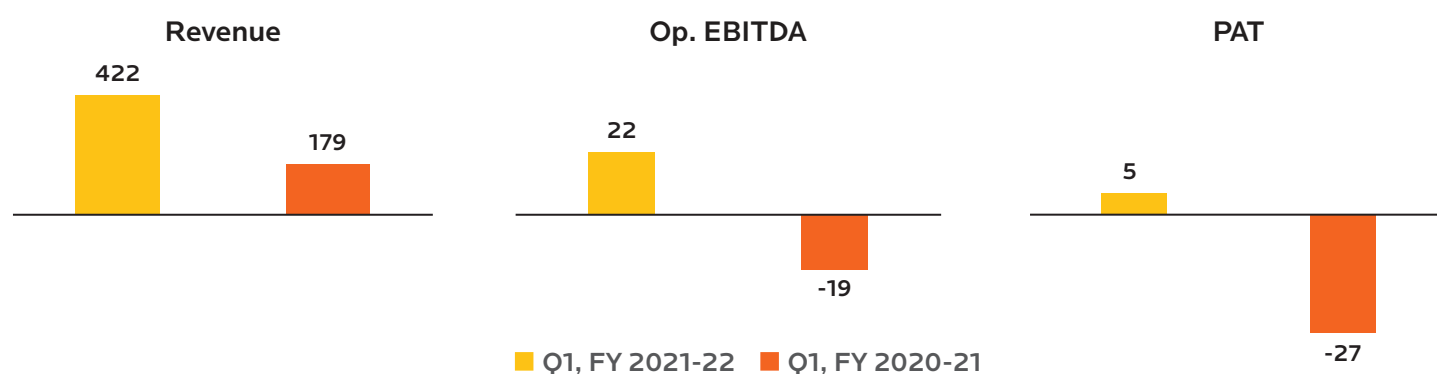
Health risk dominates the quarter with subdued consumer sentiments

The resurgence of Covid in its second wave, with increased fatality and infection rates, heightened the health risks and substantially overshadowed the business sentiments. The outreach and spread across all parts of the country, including the semi urban and rural, compelled the local authorities to impose closure of markets and logistics. As a result, once again, the summer season got impacted, significantly impacting summer products industries. For Consumer durables, the business volumes remained below the pre-Covid levels, though it grew against last year's eroded base. Increasing commodity price and availability constraints kept the margins under pressure.

Orient steers through the crisis

Within the given constraints, business operations continued even during lockdown and Customer Service remained uninterrupted. The curfew restrictions imposed in almost all the states restrained operations, furthermore suppressed consumer demand slowed down the secondary revenues. With peak summer season disrupted for the second year in a row, coupled with the high health risks and loss of precious lives, we also witnessed channel hesitancy in stocking up. Under the given circumstances, the company stood by the distributors to control their exposures. Except for Coolers, the trade inventory was maintained at optimum levels to service the market as demand picked up. On the other hand, the manufacturing and procurement activities were kept at normal levels during the quarter, even at the cost of lower revenues and carrying inventory to ensure readiness of supplies. Continuous cost increases of metals, plastics, and electronic components, outpacing every price increase, posed a challenge for sales realisations and margins protection.

Key Highlights Q1'FY22



Key Ratios Q1'FY22

		Q1 21-22	Q4 20-21	Q1 20-21
PROFITABILITY AND GROWTH	ROCE (Post-Tax)	35%	46.1%	9.9%
	Debt to Equity	0.04	0.03	0.34
SOLVENCY AND LIQUIDITY	Current Ratio	1.57	1.38	1.37

Commodity-induced cost push impacting margins on summer products

Gross Margin:

Gross Margin has reduced by 140 bps YoY for the quarter from 28.7% to 27.3%, mainly due to steep input price increase, wherein ECD segment is the most affected. Besides, share of business for ECD business increased from 58% last year to 77% this year in Q1. Whilst Lighting & Switchgear share of business has reduced YOY from 42% last year to 23% in Qtr1, the gross margin has expanded 230 bps influenced by the high growth of consumer business.

“Sanchay” program, that cuts across the company as a cost saving initiative culture, helped to offset the steep cost increase impact to the tune of 0.5% of Revenue during the quarter.

Expenses:

With lockdowns and low levels of activity during the quarter, the discretionary spends have been lower than normal but was increased 4x of last year. With increase in activities, some costs, especially with respect to production and sales, have resumed to near normal levels. Accordingly, the other expenses (without discretionary) increased 32% over last year.

Finance Cost:

Finance Cost reduced by 23% YoY with a zero-debt position and better utilisation of Vendor Bill Discounting, higher LC & BG charges, and lower bank charges.

Working Capital:

Working Capital has reduced from Jun'20 by Rs. 28 cr. and by 81 days. However, during the quarter, the Working Capital increased by Rs. 178 cr. and by 42 days. Readiness for the season and preparedness to service pent-up demand were the prime focus to ramp up inventory. No special collection or other schemes were promoted this quarter and hence the receivables remained at marginally higher levels as market recoveries and rotation of business were affected during the covid wave 2 period in the quarter.

Net Debt position as on 30th Jun'21:

Rs. Cr.	30-Jun-21	31-Mar-21
Gross Borrowings	18	15
Cash & Bank Balance	77	257
Net Debt/ (Cash surplus)	(59)	(242)



Outlook tends to be optimistic by year-end

With an ambitious vaccination drive by the Govt. for completion targeted by end-Dec'21, along with high alertness following covid wave 2 learnings and reducing mortality rates, the intensity of the pandemic is expected to gradually taper off in outer periods of the year. While Covid is likely to remain thereafter, multiple vaccine options for cure and immunisation are expected to boost consumer confidence. Meanwhile, the demand for home comfort products is anticipated to remain buoyant taking the learnings from the pandemic last year and continuing work from home. The steep run rate for rising commodity prices is likely to soften and component availability is likely to improve.

All segments were back on track

The current quarter being reported did not experience a complete lockdown unlike last year. Though there were time bound restrictions imposed by all states during the quarter however, business was able to continue amidst limitations and challenges. Hence, the quarter reported a growth over an eroded base last year but was lower than prior year pre-pandemic levels.

The Segmental performance for the period ended 30th June '21 has been as follows:

Rs Cr.	Quarter Ended			
	Q1 21-22	YOY %	Q4 20-21	Q1 20-21
ECD				
Revenue	324	213.2%	646	103
PBIT	23	NA	93	-7
Lighting & Switchgear				
Revenue	98	30.5%	156	75
PBIT	10	113.9%	23	5
OEL				
Revenue	422	136.2%	802	179
PBT	7	NA	84	-35

Electrical Consumer Durables (ECD):

ECD Segment was adversely impacted by the second wave of Covid for the two-back-to-back seasons. Sales and production continued despite the limitations. Albeit on a low base of last year, ECD business grew by 213% despite the high in-season impact of lockdowns and subdued consumer sentiments. Similarly, margins grew from (-) Rs. 7 cr. last year to Rs. 23 cr. in current year. However, gross margins remained under serious pressure with metals and plastic prices increasing month-on-month. This segment with a 77% share of business this year, had a very high impact on margin due to input cost escalation.

Fans

Fan's business clocked a >200% growth over last year driven by growth across all segments and channels. While continuing the premiumization story with aggressive ATL around i-series and further strengthening our share in the premium segment, base and economy segments also

received significant push with distribution expansion. With very low inventory carry in the last year end, the inventory built up continued in normal course for the quarter and resulted in higher working capital by end of the quarter.



Home Appliances

With Cooler business yet again impacted by in-season lockdowns for the second consecutive year, Appliances business managed to garner $\approx 90\%$ growth over last year. Coolers exited the season with a high inventory in the pipeline resulting in increased working capital.

E-Commerce continued to be the fastest growing channel for ECD with $\approx 125\%$ growth over last year and is likely to remain a strong growth driver with changing consumer preference for online purchase.



Lighting & Switchgear

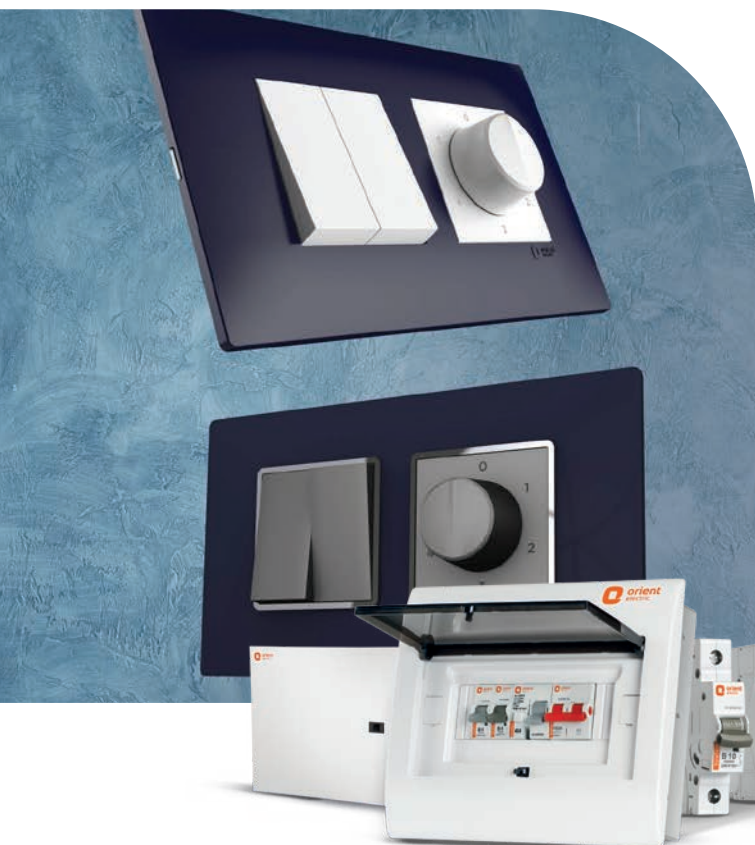
Due to low base of last year the market seems to have grown but business remained lower than the normal pre-pandemic levels. There was noticeable recovery after the markets reopened in June'21. Institutional businesses continued to see the dent in the quarter significantly lower than pre-pandemic levels. There is some traction visible towards the end of the quarter with enquiry bank building up and site clearances initiated though at a slow pace. In Switchgear and switches, premium segment being the play for OEL, has shrunk. This business was also impacted due to low construction activities and liquidity issues with builders. There was some respite in June with retail sector and projects resuming.

Lighting & Switchgear segment grew at a 30% y-o-y, with an EBIT growth of 114% y-o-y. Consumer business was the key growth driver. B2B business has witnessed improvement in enquiries, and we are optimistic about this business in coming period.

Lighting

The Consumer business has grown at $\approx 50\%$ y-o-y during the quarter driven by C-LUM. Execution of tender business got adversely effected due to inability to get site clearances, mainly due to lockdowns in various geographies. The Professional Luminaires saw an uptick in the enquiry bank with focus on key accounts. While input prices increased very sharply, some critical

electronic components are facing shortage, and all this is cascading to margin pressures. Working Capital has substantially reduced from last year levels though increased from March'21 due to inventory built up during the lockdown periods. Considering the acute Covid crisis, interim credit support was given to select distributors on need base and vendor payable were all met up.



Switchgear

Market consolidation, market coverage and deeper footprint expansion remained key thrust areas in the quarter. Besides, the lockdown situation did not permit advocacy by retailers and influencer meets were also not possible. There was limited ability to take price increase to combat the supply pressures and rising costs. Several cost reduction initiatives enabled to restrict the margin erosion. There has been sharp reduction of Inventory and Receivables from last year same period as well as from Mar'21 levels.

Key developments of the quarter

PRODUCT LAUNCHES

Evoke
Cuboid shaped
Glassline Water Heater
10L, 15L, 25L



FASTER
THAN HIGH SPEED

Falcon 425



Verona



5 YEARS
WARRANTY



Urja+
Glassline Water Heater
6L, 10L, 15L, 25L

COVID response: Protecting employee health, standing by all Covid infected staff, extending lifesaving support to affected employees and their families, and vaccinating employees, workers, and nearby community, took the priority seat of activity at Orient Electric in most of the quarter. Empathy and help were on top of mind and the Leadership team engaged in one-to-one interaction with all Covid affected employees and their families. A “Quick Response Team” was formed at every location to extend emergency support to affected employees and families. The company promptly took up vaccination drive at all its plants for workers, employees, and nearby community at large.

Inauguration of new R&D centre: Marking a new chapter in its journey of innovation and growth, the newly constructed world-class Innovation Centre was inaugurated at its manufacturing facility at Faridabad, reinforcing its commitment to develop innovative, consumer-centric products and solutions.

Factories and service operations continued uninterrupted. Sales and service team including corporate office quickly resumed physical presence while ensuring all safety protocols.

Setting up of consumer insight team, strengthening consumer centricity: Continuing its strategic investments in the journey architected around consumer centricity, the company set up a Consumer Insights team to analyse and interpret consumer behaviour and trends, work on actionable insights, and create ever-improving consumer experiences.

Online brand sentiment stood at 70 per cent for the quarter, one of the highest in our space in the industry, reflecting high levels of overall customer satisfaction and engagement with the brand.

DISCLAIMER: Cautionary statement regarding forward-looking statements

This presentation may contain certain forward-looking statements relating to Orient Electric Limited. (“OEL”, or “Company”) and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections. This presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this presentation. This presentation may not be all inclusive and may not contain all the information that you may consider material. Any liability in respect of the contents of, or any omission from, this presentation is expressly excluded. This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or in part, or disclosed by recipients directly or indirectly to any other person.



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**



switch to smart

Fans • Home Appliances • Lighting • Switchgear

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