October 23, 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

Trading Symbol: ORIENTELEC

Department of Corporate Services -Listing
BSE Limited
Phiroze JeeJeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001

Scrip Code: 541301

Sub.: Investors' Release – Un-Audited Financial Results – September 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 and half year ended September 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
Digitally signed by Hitesh Kumar Jain

Hitesh Kumar Jain
Company Secretary
Encl.: as above

CK BIRLA GROUP

orient electric

INVESTOR RELEASE

Q2, Financial Year 2021-22

Industry recovers after Covid Wave 2

Cautious covid restrictions, healthcare infra revamps, and accelerated vaccination drive brought down covid-affected cases to instil consumer confidence through the quarter. Channel stocking and good monsoon also supported the demand with pockets of heavy showers and floods, causing some disruption. Generally, home consumption products continued to experience the demand through all the channels. However, end-September encountered slowdown across geographies. Besides, cost pressures induced by hardening of metal and plastics prices and shortage of ICs posed headwinds to maintain profitability throughout the quarter.

Encouraging growth momentum

Channel and pipeline stock availability across all product lines enabled Orient Electric to service the consumer demand on time and get a positive market traction. The distribution outreach focus continued and was supported by DMS/ SFA to drive accelerated growth in select territories. On a follow-through of the lockdown challenges, the company helped the distribution to step up the cash flows and control market exposures. There was no line of sight for easing of prices in metals, plastics, and electronic components. Shortage of ICs heightened during the quarter and is expected to continue in the near term future. Price increases were taken in-quarter to counter the rising input costs. Aggressive cost reduction drives were undertaken across the organisation. Sensing an optimistic outlook, the manufacturing and procurement activities were maintained at normal levels during the quarter to ensure readiness of supplies and part-mitigate the commodity cost pressures.

OEL Revenue grew 37% YoY for the quarter with similar growths across segments from B2C channels and Exports.

Margins remained under pressure with continuing headwinds from commodities

Gross Margin:
Gross margins have improved sequentially by 120 bps over previous quarter with a combined effect of price increase, mix improvements and cost reduction. However, it shrunk 4.8% below last year on an exceptionally higher base due to low-cost inventories carried during H1 last year followed by steep increase in commodity rates over past one year. Also, change in mix YoY for entry level categories, and lower Cooler sale, disproportionately affected the ECD segment, wherein share of business for ECD segment in this quarter was higher from pre-Covid levels. This has caused a dent in the gross margins from the previous two base years. Cost saving initiative through the Sanchay program has helped to offset the steep cost increase impact by over 1% of Costs.

Expenses:

Employee Expenses grew 16% YoY during the quarter for higher activity levels over last year, thus engaging more manpower at plants, strengthening key functions, combined with salary increases over an eroded base of last year.

Other Expenses as % to revenue have effectively reduced by 40 bps over last year and by 120 bps over previous quarter but has grown 32% over last year in absolute value. Travel, administrative spends, logistics and distribution expenses, and A&P spends have resumed at normal operating levels post lockdowns.

Finance Cost & Depreciation:

Finance Cost increased by 11% YoY due to higher utilisation of Vendor Financing that supported liquidity of all Vendors and helped in maintaining strong partnerships. Amortisation of Digitisation spends and increased capitalisation are resulting in Depreciation increase.

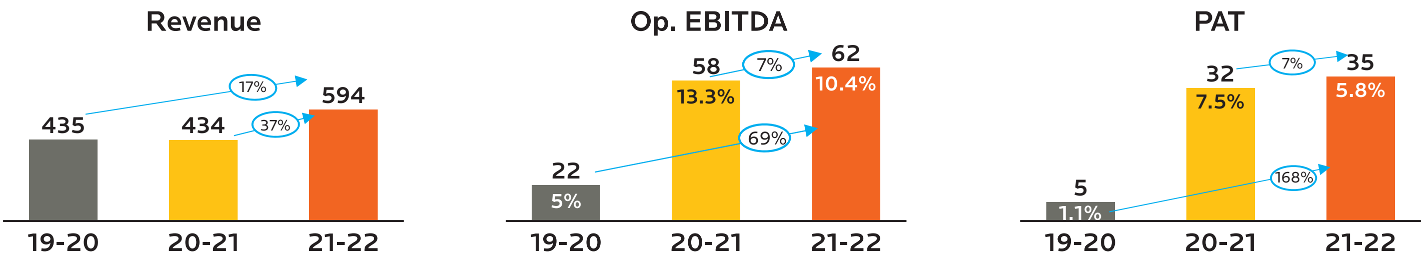
Working Capital:

Effective Working Capital as on 30th Sep'21 has increased by 14 days from last year levels. This was due to planned built-up of Inventory over past 2 quarters, to ensure readiness across all channels and exports for servicing future pent up demand and in anticipation of any supply disruption arising due to Wave 3. This is expected to reduce gradually over the remaining months of the year.

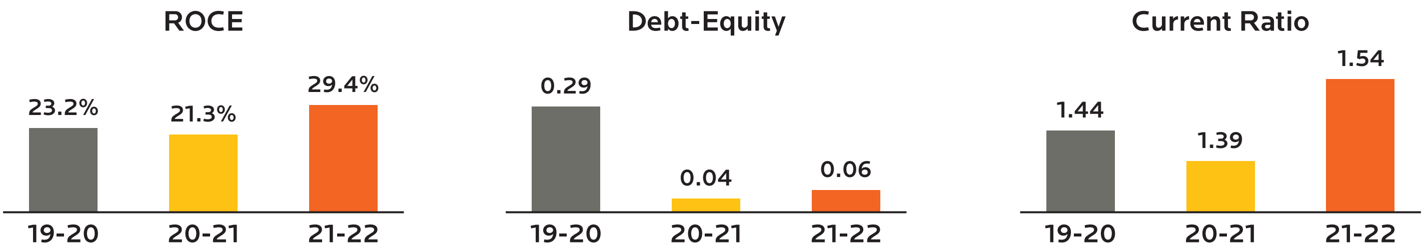
Liquidity:

As a result of the working capital increase, the net cash position has reduced as was indicated earlier and is likely to improve in second half with the reduction of working capital.

Key Results Q2'FY22 (Rs. Cr.)



Key Ratios Q2'FY22



2019-20 2020-21 2021-22 Growth

Festival, good monsoon and normalcy raise hope for the coming quarters

While normalcy is setting in across the country with lower Covid positivity and fatality rates, the onset of festivals in Q3 and good monsoons are raising hopes of consistent demand generation and expectations of positive sentiments for the forthcoming summer season. Sporadic Covid positivity spikes are likely to continue with higher tolerance and lower fatality. Commodity cost and availability challenges seem to remain for the rest of the year and needs to be navigated through with multiple actions to protect margins and grow market shares.

Well-rounded performance

All segments performed well during the quarter. Revenue for Q2'FY21 grew 37% YoY with similar range bound growth from every segment. Entry level products and all consumer-facing channels were the top runners. Premium products recorded an upsurge in demand in the quarter. Export markets have also opened up with new orders. Tender business remained quite sluggish.

The segment wise performance for the period ended 30th Sep'21 has been as follows:

	Quarter Ended			
Rs Cr.	Q2 21-22	YOY %	Q1 21-22	Q2 20-21
ECD				
Revenue	420	37.9%	324	304
PBIT	52	0.8%	23	51
Lighting & Switchgear				
Revenue	175	34.9%	98	129
PBIT	28	46.1%	10	19
OEL				
Revenue	594	37.0%	422	434
PBT	47	7.5%	7	43

Electrical Consumer Durables (ECD):

The strong growth momentum was primarily led by Premium, Economy and portable fans, driving the value share of business. Premium fans continued the streak of high growth in the quarter. Water Heaters and Small Appliances recorded high double-digit growths with a pent-up demand after lockdowns. ECD business grew by 38% in Revenue. This segment was most severely affected by steep price increases in metals and plastics leading to a contraction in margins made up partly with price increases and cost reduction.

Fans

Consumption momentum was good during the quarter, but high price increases acted as a deterrent to the demand towards the end of the quarter. Consequently, there was a spurt in the demand for entry-level economy products. The cost increases along with the mix impacted the gross margins and is likely to continue in the near term, as the outlook for the commodities are not indicating any softening, rather some metal prices are rising even further. Despite the strong headwinds, Fans has grown at par with the entity levels and has seen encouraging export demand apart from good domestic growth across ceiling and portable fans. Brand investments have been initiated both in ATL and BTL spends. The inventory built up was continued for the quarter and resulted in higher working capital by end of the quarter as was planned. This is expected to reduce by Q4'FY22 with onset of season.

Home Appliances

Water Heaters and Small Appliances led a strong growth for Appliances with pent-up demand and channel fill-up for the season. These categories recorded more than 2x growth over pre-Covid levels in the same quarter. Entry level Glassline Water Heaters and other new products were introduced to revitalise the portfolio. Sellout was noticeably lower in September and is expected to grow in Q3 aided by festival and season. As indicated, commodity prices and product mix led to a steep cost pressure. Mitigating action plans are being put in place.

Lighting & Switchgear

B2C segment drove the business in the quarter with Domestic, home, and small office/showroom segment contributing to increased demand. B2B private and govt. business enquiries have increased, and order input has started. EESL tender business was sluggish with no new tender finalization in the quarter. Acute shortages and steep price increase in critical components like IC, Mosfet & Capacitor, and Aluminum has affected the margins across Industry. Switchgear market maintained its economy focus with new product introductions.

Lighting & Switchgear segment grew around 35% with Consumer business growing at a much faster pace against negative growth of EESL. High margin growth in the segment has been delivered on grounds of favourable mix of consumer businesses and improved sales realisations through price increase.

Lighting

Consumer Luminaries business experienced very strong traction with above-par growths in the quarter that was supported by advance planning of supplies. But increasing cost pressure is posing a challenge to the gross margins being mitigated through price increases. The Professional Luminaries business, other than Tender, has now started showing growths, though on a lower base, and is successfully building a strong Enquiry bank. Shortage and unavailability of ICs has rapidly increased and is getting mitigated through design changes and alternate specifications. Execution of tender business was still affected partly due to non-availability of site clearances and absence of new Tenders. Working Capital was controlled and is substantially reduced from last year levels.

Switchgear

Segment started showing momentum with an encouraging in-quarter growth leveraging on utilisation of SFA/ DMS, distribution expansion in B2C and B2B, improved market hygiene and launch of Stella range in mass market segment. Execution of new B2B orders has also started. Advocacy and influencer programs have been initiated and will be effective from early Q3'FY22. There has been a sharp reduction of Inventory and Receivables end-Sep'21 from last year thus reducing the Working Capital substantially.

Key developments of the quarter

COVID Response: With safety and well-being of employees and business partners as top priority, continuous monitoring by the Covid Response Team for all employees is carried out on a daily basis. All eligible employees of the company have been fully vaccinated. All operations across all locations are fully operational strictly abiding by covid appropriate behaviour setup by the company.

CSR Activities:

- Tie-ups with Hospitals for beds at Noida & Faridabad for treatment of underprivileged needy patients.
- Extending the Girl's School development and support program with Computer Lab and Library at Faridabad.
- Covid Vaccination camps and mask distribution at Faridabad, Noida and Kolkata.

DISCLAIMER: Cautionary statement regarding forward-looking statements

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