

March 31, 2020

**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.: Investor Release – COVID-19

Dear Sir / Madam,

Please find enclosed an Investor Release issued by the Company on the implications of COVID-19 pandemic on its business operations, which is self-explanatory.

The enclosed Investor Release shall also be available on the website of the Company.

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

Thanking you,

Yours Sincerely,

For **Orient Electric Limited**

Hitesh Kumar Jain
Company Secretary
Encl: a/a

Investor Release

COVID-19

Tuesday, 31st March 2020



The onset of pandemic

The accelerated outbreak of Coronavirus (Covid-19) worldwide followed by aggressive preventive measures imposed nationwide in India have paused the entire economy in India with complete uncertainty, in a period that is generally seen to thrust and thrive in the closing fortnight of every financial year. What initiated in India as an awareness and precautionary advisory since Feb'20, the pandemic gathered momentum from early Mar'20 starting with health advisories followed by travel advisories and rapidly spreading to ring the alarm bells for heightened protective measures and securing human life, thus resulting to a 'Janata Curfew' on 22nd Mar'20 followed by factory closures from 23rd Mar'20 and a country-wide lockdown for 3 weeks w.e.f. 24th Mar'20.

The response and reaction

The Government of India together with every state government and local authorities has already pressed plethora of emergency-like actions on the ground with a complete nation-wide lockdown, disconnecting all modes of domestic and international travel, shutting down all factories across the country, sealing all state borders and in a highly preventive attempt to break the chain and restrict the pandemic outreach.

For Orient Electric Limited (OEL), the health and safety of all its employees, workers, channel/ vendor partners and their families is of paramount importance. The Leadership team of the company along with on-ground people force is continuously staying in touch digitally with all people as much as possible to inquire about their health and wellbeing. In response to this situation and following government directives, OEL initiated several measures early Mar'20 like disinfecting office premises and factories, disconnecting biometric attendance, hand sanitisation and other hygiene measures, travel advisories, online meetings and social distancing, while continuously spreading safety awareness amongst employees, distribution network, front end teams, retail and vendor partners. The company had already ramped up its technology-enablement and geared up for "Work from Home" and had voluntarily closed its Head Office at Okhla from 20th Mar'20, even prior to government orders. OEL had put in place a Business Continuity Plan to be able to sustain and manage its call centre operations for providing customer service support remotely. All customer concerns are getting recorded and in case of critical concerns customers are remotely guided to fix the problems themselves.

Subsequently, as per the notifications issued by the Central / State Government(s), the Company has temporarily shut down all its plants based out of Faridabad, Noida and Kolkata since 23rd Mar'20, immediately upon the announcement of the Government order and till such time as has been specified in such notifications or superseded by other orders.

The implications to the pandemic

Under the circumstances, the business of OEL is adversely affected. At a time when a large portion of the aggregate business coming from Electrical Consumer Durables segment is primarily season dependent, spanning between March to June every year, this untimely and abrupt closure has allowed very little time to adequately plan and respond to this situation. By and large, the implications are likely to remain like the peer companies of the industry as well.

Both the business segments had been experiencing reasonably good performance in the previous nine months of the year up to Dec'20 with double digit growths in Revenues and margins.

Electrical Consumer Durables: The business was in good stead until Feb'20 and was gearing up for the

summer season with production at all plants in full swing, until shutdown, filling up the channel at all levels and regulating pipeline inventory in absolute readiness for the season. Fans and Air Coolers are the key products for the season that mainly drive the seasonal sales. The Raw Material stocks were adequate to ensure production and supply adherence until April'20, in the normal course of business.

Lighting & Switchgear: The segment operated with reasonable growth prior to Mar'20. The electronic components stock, from imported and domestic sources, was sufficient enough to withstand any sourcing disruption until mid-April'20, in the normal course of business.

However, onset of the outbreak of 'Covid-19' had started creating negative sentiments and slowed down the pace of consumption and secondary movement from early Mar'20. Every touchpoint of the channel including distributors, dealers, retail outlets including modern retail and all institutional sales, so much so, even the entire logistics system were shut down from 24th Mar'20.

VUCA: The company is faced with a volatile & highly unpredictable situation and is preparing itself for various possible scenarios. The company along with its entire distribution system has kept itself fully ready with stock-up for the season. Therefore, post relaxation of the preventive curbs, as economic activity gradually opens, it may take considerable time for pipeline stock liquidation, liquidity stabilisation and resumption of normal business.

Operations: Immediately after opening of the lockdown, there can be some delays in releasing import shipments from the ports and make such goods available for production. The prevailing high inventory in the entire value chain, together with anticipated lower demand, will cause lower manufacturing activity and temporary higher costs.

Exports: With most of the countries suffering from the Covid-19 pandemic, the action plans for geography footprint expansion in many countries are likely to suffer some setback in terms of timelines.

Cash Flows: This anticipated scenario is likely to have a cascading effect on the cash flows and business performance for few months to come, estimation for which is unpredictable at this point of time.

Q4'FY20 and Q1'FY21: Heads-up implications

The company does not provide any outlook or guidance for future. However, considering the impediment caused by Covid-19, the Q4FY20 business performance of the company will get adversely impacted. Though the double digit growth trend continued until Feb'20, however, the adverse impact of Mar'20 will keep the performance result depressed for the Quarter ending Mar'20 and consequently pull down the annual results for FY'20 from the reported run rate until Dec'20.

The business disruptions arising from Covid-19 are expected to continue throughout Q1'FY21 as well, if not more. This will not only impact OEL adversely for the peak season but also affect the industry at large. The relaxation or withdrawal of lockdown is absolutely uncertain as of today and even thereafter, low consumer confidence leading to sluggish demand for some time coupled with slow liquidity recovery is likely to impact throughout Q1'FY21. Therefore, now with the limited visibility and knowledge, it appears that there will be unfavourable impact to the Company's results of Q1'FY21, both revenue and margins, which is difficult to predict at this time.

Working Capital

Characteristically, March-June every year happens to be the maximum cash generating period of the year. Now, with sales and collections crashing down in the most crucial period It is imperative that there will be stress on the cash flows and working capital. However, the company is well placed to tide over the situation with existing cash credit lines. As and when business situation normalises, the inherent strength of the brand and with the various strategies in place, the company will be able to roll back soon in a position of strength.

Capital Projects

The country-wide lockdown will necessitate re-phasing of the capital projects planned for the year. Though no projects will be shelved, but quite many will need to be re-planned for timelines in alignment of the business priorities and cash flow abilities.

The ambitious greenfield project will continue to remain as a top priority but will now have to be reset after consideration of various approvals and designs.

Way Forward

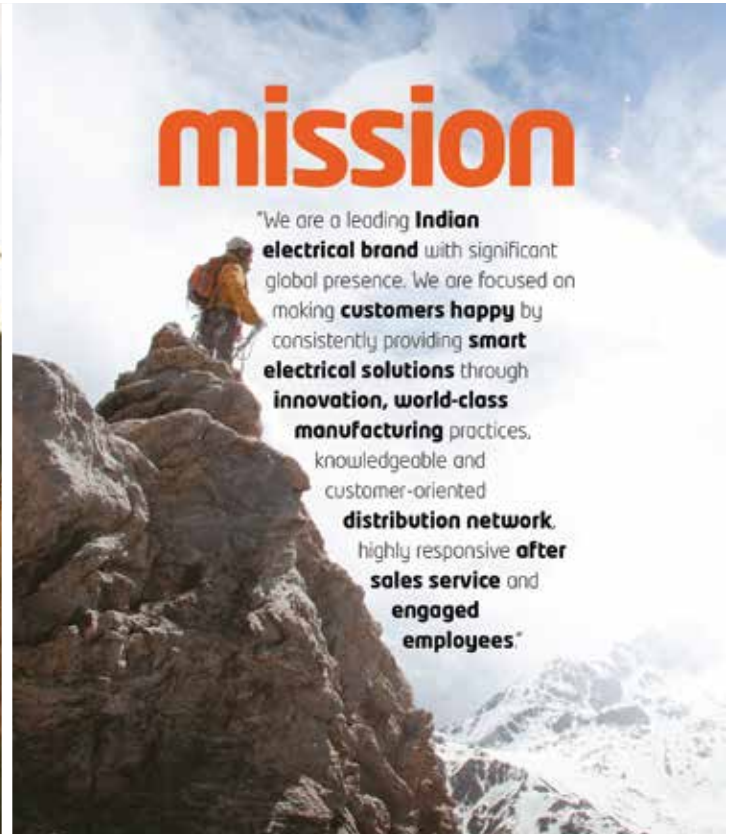
The Company will stand by and support the Government actions. The Government has already announced several stimuli to support the economy and ease liquidity condition amidst the unprecedented crisis.

Necessary support to the employees, workers, dealers and vendors will be considered in line with all Government support that will be rolled out. The company has already activated Channel Financing and Vendor Financing to all channel and vendor partners respectively. The company plans to further extend these facilities to support the partners in as much may be made available with the influence of the banks and financial institutions in line with stimulus announced by GoI and RBI.

The company is closely monitoring the rapidly evolving Covid-19 pandemic situation and will continue to take further swift and appropriate action as may be required as per the prevailing situation and further guidelines and instructions by the Central / concerned State Government(s). Resumption of regular operations will be dependent on future government directives and emerging market conditions.

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 and its respective directors and officers with respect to the results of operations and financial condition of the Company, 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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