

January 20, 2022

**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 – December 31, 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, please find enclosed herewith the copy of Investors' Release on the Un-Audited Financial Results of the Company for the quarter and nine months ended December 31, 2022.

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

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.: as above

INVESTOR RELEASE

Q3, Financial Year
2021-22

Q3 FY22 displayed Revenue Growth despite a higher corresponding base

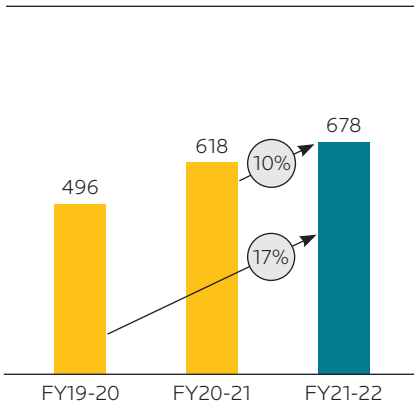
Lighting & Switchgears maintained their high double digit growth momentum

Despite a higher corresponding base, which had surged on consumers acting out on their pent-up demand last year, OEL sustained a confident Revenue momentum for Q3 FY22, growing by 9.7 % YoY. The Company's diversified product mix along with its new product interventions, offered across multiple channels, continues to strike a chord with evolving consumer demand. Despite the looming concern of a third wave led by the Omicron variant, the Company's preparedness to counter supply challenges helped in delivering overall Revenue growth during this quarter.

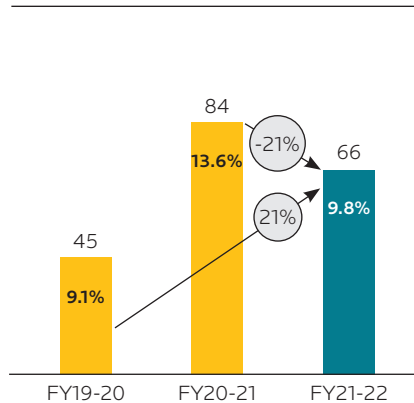
While the delayed winter season and moderate festival demand impacted the Appliance's business, such Revenue loss was recouped by growth across other segments, and the high double-digit growth in the Lighting and Switchgear segment. Historically, going into a normal winter season, the Company's distribution channels should have started making commitments for the upcoming sales cycle. However, the delay in the arrival of winter, and the nervousness around the severity of the third wave, caused some postponement in buying and inventorying decisions. This was particularly the case for the Appliances business, which is expected to pick up pace from January 2022.

Key Performance (₹ in Crore):

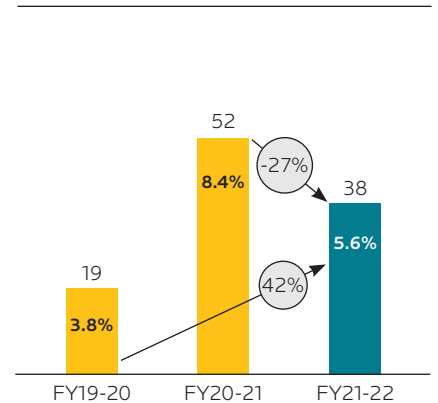
Revenue - Q3'FY22



Op. EBITDA - Q3'FY22



PAT - Q3'FY22



Higher commodity prices continue to impact margins

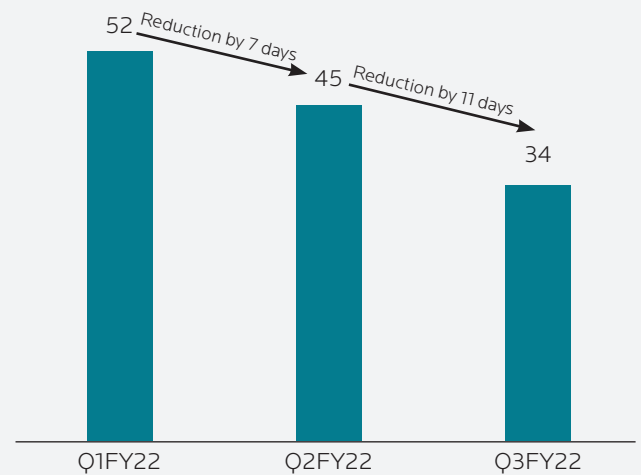
Gross Margins: The relentless increase in commodity prices during the year has been impacting all players within the industry. With a YoY growth in Cost of Goods by 15.2% in Q3 FY22, OEL was no exception. Higher commodity prices has been keeping margins under pressure since Q1 FY22 and is expected to continue over the short term. The ECD division (Appliances & Fans) product categories are a consumer of such commodities and was therefore affected. In Lighting & Switchgear division, the availability of integrated circuits (ICs) and PP were more of a challenge rather than costs, due to the ongoing global supply chain issues in semiconductors. Thanks to OEL's R&D team's agility in switching to alternative specifications, and thus through smart component substitution, vendor selection, prebuying, inventory management and the favourable product mix, the Company was largely able to protect the Lighting and Switchgear division's margin contraction. Furthermore, the product mix in the ECD segment were skewed towards entry level products, which in turn restrained margins from attaining their typical potential.

Expenses: Besides raw material costs, other operating costs also saw an upward trend during Q3 FY22. As operations resumed to normal (pre-covid) levels, ancillary costs such as Distribution, Marketing and Travel, which are essential to drive business growth, came back into the system compared to the previous year.

Working Capital: Working Capital as on 31st December 2021 has increased by 16 days from the previous fiscal year levels. This was due to a planned build-up of Inventory for the upcoming summer season (Q4 FY22) coupled with slow moving Cooler inventory. However, working capital

(WC) days has been on a decreasing trend since Q1 FY22 due to better WC management, and the overall WC requirement is expected to reduce gradually over the remaining period of FY22.

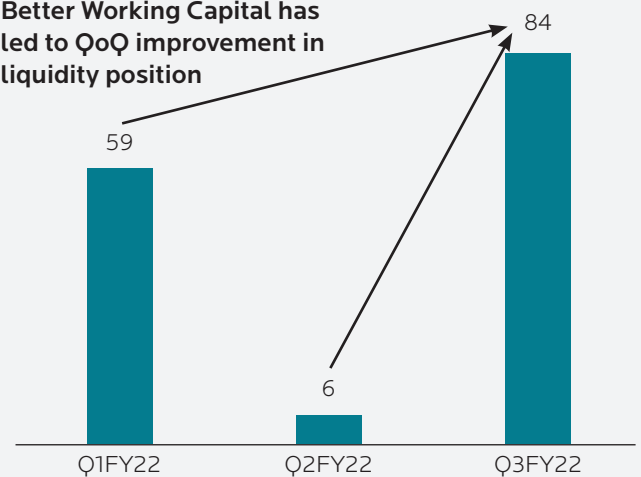
Working Capital Days FY22 (in Days)



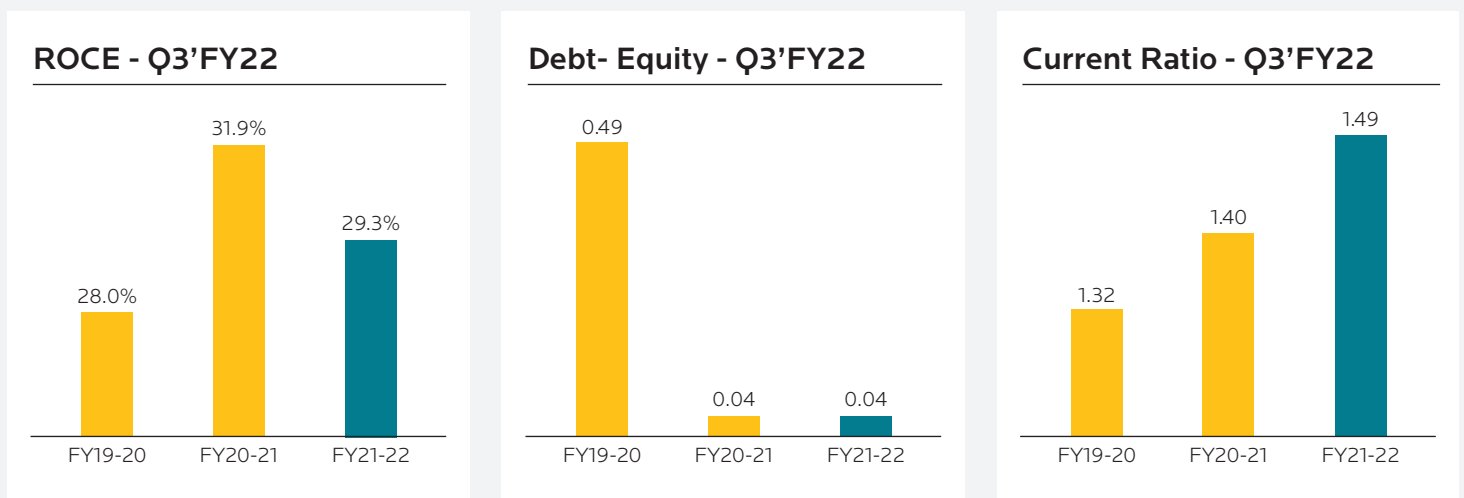
Liquidity: OEL's Net Cash position improved QoQ due to improved collections and better working capital management.

Net Cash (₹ in crore)

Better Working Capital has led to QoQ improvement in liquidity position



Key Ratios Q3FY22 (₹ Crore)



🕒 Third wave nervousness postpones channel inventorying decisions into Q4 especially for Appliances

The continuous commodity increases are pushing the industry to price increases which have been announced for Q4. Normally, one would have expected sharper inventorying filling by channels in anticipation of a good summer season as well as the imminent price increases. However, presumably, anxiety emanating from the threat of a 3rd Covid

wave has led to the postponement of inventory filling decisions by channel partners, particularly for Coolers. Whilst initial Channel stocking in Fans has started to some extent, in anticipation of forthcoming price increases, the marketplace still seems to be exercising caution in making inventorying decisions.

Anticipated milder economic impact of the 3rd Wave provides a window of optimism

Building on positive momentum witnessed on the demand front in Q3 FY22, the Company expects channel stocking to resume in Q4 FY22, due to the traditional stock rotation cycle across multiple SKUs carried out by channel partners in preparation of the peak summer season. Furthermore, there is general consensus forming that the 3rd Omicron based wave is likely to cause less damage to the healthcare system, and thus warrant less severe activity restrictions by authorities. As a result, this wave is expected to have a milder economic impact than

previous waves, making the marketplace feel calmer about the sustainability of consumer demand.

In the medium term, the construction of OEL's greenfield manufacturing plant at Hyderabad is expected to break ground. Besides, OEL is also implementing a multi-pronged strategy around distribution, product portfolio strengthening, channel expansion, digitisation and cost optimisation that will harness quality growth, where the gains in top line will be accompanied by improved bottom line margins.

Segments

₹ Crore	Quarter Ended			
	Q3 21-22	YOY %	Q2 21-22	Q3 20-21
ECD				
Revenue	481	4.5%	420	460
PBIT	53	-22.1%	52	68
Lighting and Switchgear				
Revenue	197	24.8%	175	158
PBIT	29	25.5%	28	23
OEL				
Revenue	678	9.7%	594	618
PBT	51	-26.7%	47	69

🕒 Electrical Consumer Durables (ECD):

The ECD segment continued its positive momentum in Q3 FY22 on a very high base despite many headwinds, including raw material inflationary pressures, depressed festival and the looming fear of the 3rd Covid wave, and grew by 4.5% YoY in Revenue.

Fans

For the Fans business, consumption momentum was in line with expectations during the quarter. Sales offtake for Fans happened in the quarter leading to a favourable growth. As part of its ongoing distribution outreach, steady progress is being made in penetrating Southern and Eastern regions of India while maintaining the strengths in the North. To strengthen the distribution channel, various initiatives at grass root levels are continuously expanding, such as using the "Orient Connect", Sales Force Automation" and "Dealer Management System", with a sharper focus on secondaries and market share expansion.

OEL continues to maintain its status as the largest exporter of Fans from India. In Q3 FY22, export sales were marginally impacted on account of geo-political and economic emergencies in countries such as Sudan and Sri Lanka.

Commodity price inflation continues to disrupt the industry's gross margins over the short term. The Fans margins got adversely impacted by the steep increase in costs. To counter this, all leading brands are contemplating inevitable price increases in Q4 FY22.



Appliances

Appliances delivered subdued performance during Q3 FY22. Water heaters sales, which would have ideally been in high rotation in Q3 FY22, got pushed out due to the late start of the winter season. On the Coolers front, channels were already stocked up on previous inventories, and with the fear of another Covid wave looming, they refrained from making restocking decisions. However, with more recent expectations around the impact of Omicron being less dire, and with the

upcoming summer buying season approaching, the demand for Appliances can see some traction.

This business segment experienced a drop in margins, resulting from the combined impact of a channel demand scenario and abnormal commodity price increases in the global marketplace.

☉ Lighting & Switchgear



Lighting

Q3 FY22 saw the Lighting business grow robustly by 21.8% YoY. The B2C segment continued to display encouraging growth, led by Consumer Lamps and Luminaries enjoying strong demand from homes, small offices and showrooms.

Despite competitive pressure on pricing, the Company's CLUM business grew by >30%, and its PLUM business grew by >200%. In the B2B segment, both private and government business enquiries have increased, and order input has started. Greater attention is being given to the tender business within the Infrastructure sector, with growing opportunities within NHAH Highways, SLNP (Street Light National Programme); Railways and Smart Cities. The Government's push on many

of these projects makes the outlook for the tender segment of the business look promising. Furthermore, the B2G segment is witnessing greater momentum through the GeM Platform. In Professional Luminaries, the Company is receiving strong interest with a continuously growing enquiry bank.

During Q3 FY22, the Company achieved strong collections within Lighting tender business, reducing the overall receivables considerably. During the same period, the Lighting business gross margins also faced cost pressures but held relatively better with a favourable product mix and efficient cost management.



Switchgear

Q3 FY22 saw the Switchgear business continue its strong growth momentum. Notably, the Switchgear segment again delivered double digit growth. The Company's new range of switches catering to the mass-premium segment, is being very well received by channels and consumers alike and volumes continue to pick up pace. OEL continues to push forward its distribution expansion drive through new distributors and retailers being appointed, and fast-tracking its DMS and SFA adoption. Through new projects and new dealer

appointments, particular focus is being given to the B2B segment. The launch of the "Stella" series of switches earlier in the quarter showed encouraging response, with repeat orders flowing in. The Company is continuously engaging with the electrician community to strengthen the Orient brand in this segment through advocacy and influencer programmes. During the quarter around 4,000 electricians were covered through these meets.

Accolades for the Quarter



National Energy Conservation award - 2021:
Appliance of the Year in LED Build Category



DISCLAIMER: Cautionary statement regarding forward-looking statements

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