

July 27, 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

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, 2020

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, 2020.

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

Due to several restrictions imposed to prevent spread of COVID19, this document is signed digitally.

Investor Release

Q1, Financial Year 2020-21



Corona overshadows consumer sentiments

The rise in Covid19 infected cases in India triggered back-to-back nationwide lockdowns, substantially disrupting the economic activities during the quarter ended June'20. High risks of health and wellness, preventive measures of social distancing and sanitisation, non-availability of free access to public and private transport, mostly confined the consumers indoors and depressed the consumption sentiments bringing it to an all-time low. With an endeavour to jump start the economy, the government introduced relaxations in the lockdown, with restricted re-opening of retail outlets, transportation of all kinds of essential and non-essential goods, and finally followed by a graded approach to restore normalcy in the less affected zones with the announcement of Unlock-1.0. Furthermore, the second tranche of the mega economic-booster package was doled out by various government authorities and the RBI to offer financial assistance for revival of activities by farmers, migrant workers, low income groups and the MSME sector. Though these measures helped in gradual resumption of business activities towards the latter part of the quarter, yet intermittent lockdowns spread across all parts of the country affected the business momentum. Manufacturing activity resumed with heightened protection measures and lower capacity utilisation. Whilst general trade, shopping centres, suffered a setback, the e-commerce channel saw an uptrend.

Responding with agility and adaptability

The countrywide lockdown during peak summer and financial yearend, followed by intermittent lockdowns and depressed consumer sentiment led to high inventory build-up in the trade channel. Orient's master distributors carried peak opening inventory and gained advantage of timely stock availability, thus picking up quick momentum in secondary sale after mid-May, crossing 100% volume in June compared to June of last year. The trade inventory has been reduced to desired post season levels and thus despite good secondary sale and expected gain in market share, Orient reported a low primary sale. A sell-out scheme for coolers was introduced to support correction of channel stocks.

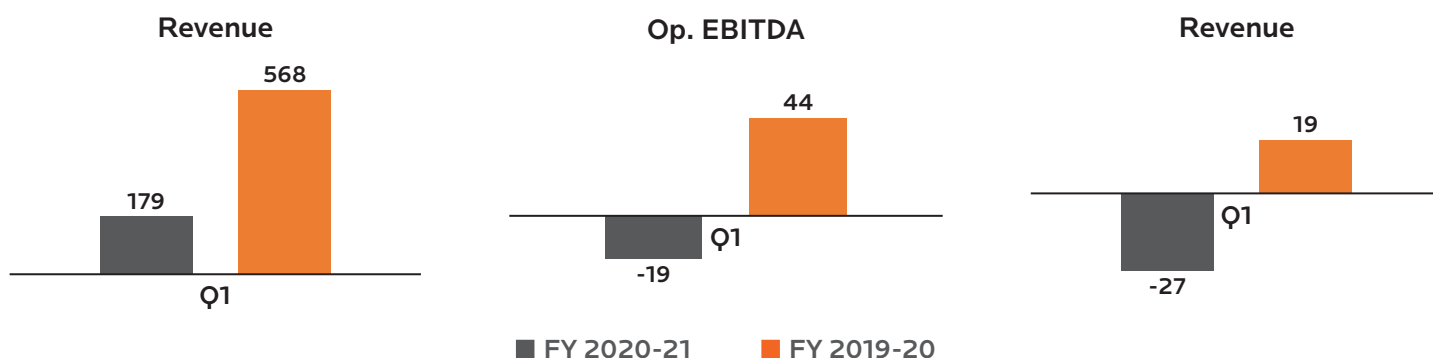
The new normal encouraged the team to re-imagine our workstyle, processes and organisation structure. The team responded with high agility and adaptability, embracing digital way of working. Whatsapp & zoom calls were used to stay actively connected with retailers. To enable consumers to connect with nearest retailer, list of open retailers and their contact numbers was regularly updated on our website and this was supported by strong digital communication on social media. Orient Call center remained open and by digitally enabling the call center executives to take the calls from home. Critical customer service calls were attended after taking special E-pass.

The company complied by the government advisory and paid full wages to the workmen during lockdown period despite nil production. Lower volumes impacted the productivity and thus impacted the gross margins.

The company took several actions to reduce all other expenses for the quarter by almost 2/3rd on a y-o-y basis. These cost reduction initiatives include renegotiation with third parties, restricting new spend commitments, withholding of discretionary spends and deferring all recruitment plans but without comprising on competency building and employee health.

Amidst this backdrop, OEL recorded a revenue of Rs.178.78 for the quarter ended 30th June'20 which got impacted at 32% level of last year with half of the quarter at virtually negligible business.

Key Highlights Q1'FY21



Temporary impact on bottom-lines but favourable liquidity position restored

Profitability: Lower level of business volumes as a result of business disruption for half of the peak quarter, disabled to drive any operating leverage and cover for the minimum fixed and committed costs despite 2/3rd reduction YOY. Thus, op. EBITDA for the quarter stood at Rs. (-) 19.3 cr., decreasing from the last year EBITDA of Rs. 43.95 cr. in the same period.

Finance cost was maintained at lower levels as compared to last year for the same quarter, with better utilisation of low cost funds, lower Vendor Finance volumes and lower bank charges.

Income Tax: The incidence of deferred tax was only due to timing difference arising from the losses incurred during the quarter, which will get neutralised in course of the year as and when the company will generate profits.

Working capital of Rs. 305 cr. as on 30th June '20 was Rs. 55 cr. higher than last year end-June'20 but Rs. 33 cr. lower than end-Mar'20. This was mainly due to substantial settlement of liabilities accumulated pre-season since Q4'FY20 that had been fully settled causing a drop in payables. Inventory and Receivables are higher than last year due to lower volumes in lockdown and extension of channel credits, but has been reduced since 31st Mar'20 with high collections and very low scale production and purchase of traded goods. Incidentally, majority of trade outstanding end-Mar'20 has been recovered in the quarter, even after extension of credit support. The Cash conversion cycle is distorted due to weak Sales numbers in the last 3-months and hence is an aberration.

Net Debt position has improved from Rs. 92 cr. end-Mar'20 to Rs. 82 cr. end-June'20, with better cash flows led by collections during the quarter. However, D/E ratio increased from 0.27 end-Mar'20 to 0.34 end-June'20 due to higher gross debt.

Future uncertain but hopeful

At the time of publishing this report, the volatility, uncertainty and unpredictability of the macro economic situation continued to persist. Intermittent and unforeseen lockdowns across majority of states, abrupt disruption in despatches and deliveries, non-availability of project site readiness are causing hindrances to uninterrupted business momentum as on date. The company does not anticipate any issue arising from supply side with own and vendor plants fully operational under restricted work conditions but only hitting roadblocks for fulfilment of orders and lacklustre consumer sentiments. Therefore, the restoration of normal business conditions are dependent on the future state of the pandemic on the people and economy, and any future directives from the Government at the centre, states and local authorities. However, with the prevailing trends there seems to be demand in the market for all the product lines of the company which are less discretionary in nature, and overdue exposures have been substantially reduced with negligible risk. The company is adequately geared up for liquidity but will continuously remain cost conscious and nimble in the operations to recover the bottom-line, subject to market conditions.

All segments disturbed under lockdown wave

Generally, the pandemic disturbance touched all sectors of the industry pan India, though there seemed to be some traction from the rural and semi-urban parts as the complete lockdown opened conditionally.

The Segmental performance for the period ended 30th June '20 has been as follows:

Rs Cr.	Quarter Ended			
	Q1 20-21	YOY %	Q4 19-20	Q1 19-20
ECD				
Revenue	103	-75.9%	455	429
PBIT	-7	-116.3%	72	43
Lighting & Switchgear				
Revenue	75	-45.9%	109	139
PBIT	5	-65.2%	12	14
OEL				
Revenue	179	-68.5%	563	568
PBT	-35	-223.5%	48	29

Electrical Consumer Durables

With a temporary halt in mid of peak season, the summer products business of Fans and air-coolers remained adversely impacted in the Electrical Consumer Durables segment during the quarter. Depression of the real estate sector amidst the economic debacle, added further worries to the woes in the demand generation of ECD segment. With the opening of markets since mid-May'20, extension of credit support and collection incentives kept the pace of business. Pent up demand, good cash inflows, prompt supplies and quick servicing enabled the secondary movement and reduction of trade inventory but was not matched by like-to-like primary sales pick up. The ECD segment performance suffered a setback with a revenue of 24% of last year with a Rs. 7 cr. segment loss.

Fans

Fans was perhaps the only consumer durable product that was declared as “essential commodity” thus confirming that demand for this category will continue to be more stable compared to other consumer products. The secondary sales from master distributor started improving in May and crossed 100% of last year same month sale in June 2020. The uniqueness of the distribution structure for the company through the Master distributors, limits the trade stock replenishment and primary sales orders to the company as compared to general industry practices and thus the primary sale for the quarter remained below 40% of last year. Collection scheme was announced during the period to de-risk the exposures in view of liquidity concerns which supported high inflows during the quarter. This helped to reduce the receivables and also enabled to clear all accumulated liabilities and reduce payables. Company resumed partial manufacturing operations from mid-May with full precautions for safety of employees and workers. The South India strategy execution is on track during the quarter with distribution enrichment, greenfield project and organizational restructuring. With lockdowns across the overseas markets, exports remained largely subdued. Consequent upon the above actions during the quarter, the working capital increased over last year levels but was well reduced since 31st March'20.



Home Appliances

Despite a very exhaustive product line up, including new product interventions, the stoppage of the business activities during the peak summer in April-May'20 adversely affected the Air Coolers segment. The industry at large had suffered with high pipeline inventory and shrinking season availability post-reopening of outlets in May'20 but with pent up demand, Air Coolers exited the peak season with pipeline inventory considerably reduced from pre-lockdown levels. Sell out schemes announced for Q1'21 and enhanced focus in e-commerce helped secondary as well as primary sales and therefore reduction of supply chain inventory. No additional buying happened during the quarter. Similar was the experience in Water Heaters wherein the demand pickup was visible from June'20. Multi-channel presence in e-commerce, electrical and small appliance outlets have further supported the offtakes. Successful localization of select Water Heaters activated in Q1 will also help reducing the import

dependency and cost reduction. Interesting new product lines are awaiting launch in the forthcoming quarter. Your company forayed into the new-gen inverter air coolers with a planned campaign outburst but this was withheld in view of the prevailing ground conditions. With virtually entire country bolted indoors, there was noticeable online traction in Kitchen appliances including the DeLonghi product line, wherein the negative impact was much lesser though on a very smaller base. With the encouraging demand, the company has kept an array of kitchen products, including localization of select products, ready for range expansion in the near future. Working Capital cycle obviously remains distorted with low sales volumes and comparatively higher inventory carrying. High collections during the quarter and inventory liquidation initiatives mentioned above has kept the working capital under control and with higher volumes, better utilization of channel finance and vendor finance in coming months is expected to restore normalcy.



Lighting & Switchgear

Lighting & Switchgear segment equally bore the brunt of the shutdown and repeated market interruptions during the quarter. While the industry itself is estimated to garner about 40-50% of last year revenue during this period, the segment performed at 54% of the last year levels for your company but was at a positive PBIDT for the quarter with a good mix and volumes. With increasing stress built-up during the quarter on Indo-China diplomatic ties cascading to uneasy trade relationships, the inflow of inputs for electronic components generally posed a challenge to the industry. Your company, as of now, is adequately covered in stocks for the next quarter. Localisation across the electronic industry is a time taking affair with scale, quality and costs. Localisation of non-electronic components are under consideration. In this segment also the real estate disturbance had cast a spell.

Lighting

The lighting business performed well in the Consumer Lighting sub-segment clocking at par with LY during June'20 and was two-thirds of the total segment aided by a high demand in lamps. The B2B segment remained low largely due to inability to fulfil the despatches of existing orders at hand, for non-availability of sites in the Tender business due to the lockdown effect. Though there is poor order generation, however, there is a good enquiry bank in the professional luminaires business with a potential for conversion, subject to future economic conditions. Your company has enhanced its thrust on multi-channels for increasing share of business. Meanwhile, credit and collection schemes were opened for trade during this period, which enabled both, better collections and converting primary sales and ensuring secondaries. Receivables end-March'20 has been significantly recovered and will get

completely recovered by July'20 and there remains no risk in collection of exposures as assessed on date. Trade margins were moderated during the quarter. There are some signs of price erosion in the segment getting arrested in the industry. Whilst the industry had taken price increases pre-lockdown, your company effected the price increase towards the close of the quarter. With adequate stocks in hand, there is no supply concerns. Manufacturing facilities have also opened up since mid-May'20 but operating at very low levels. A comfortable liquidity position has been restored and all payable accumulated during pre-lockdown has been fully settled resulting to substantially lowering of payables. These actions with a low 3-month sales, has resulted to a temporary increase in Working Capital days which remains an aberration.



Switchgear

Generally the semi-urban sector appears to have driven the demand during the quarter and lesser in urban. Discretionary spend and projects were generally paused in this period to affect this segment. In general all the players in the industry seemingly clocked around 50-60% of last year revenues. The sluggish trend of the industry continued with down trading and dampening demand in real estate. As a result, price contraction, reversal of mix continues in this segment. However, within the given limitations, your company is continuing with electrician meets and influencer programs and enhancing focus on "independent bungalows" thru' new channel partners, to keep up pace of the business. The

focus is on enhancing the depth and quality of distribution in prevailing markets without spreading too thin. New product offerings in switches are also in the pipeline to complete the range and service a pallet of next generation switches. Cash discount schemes were rolled out in this segment as well to mop up collection and reduce exposures. Manufacturing facilities were opened but without production in order to liquidate the existing stocks.



Key developments of the quarter

Customer centricity and Innovation

As a socially responsible and customer centric organisation, Orient Electric introduced a completely in-house designed need-of-the-hour product “UV Sanitech”. This is an Ultra-violet light based sanitization chamber which has a ‘one touch sanitization’ process which sanitizes all inanimate and daily use objects in 4 minutes. As a testimony to our design & manufacturing capability, “UV Sanitech” completed the journey of “conceptualisation to launch” within 90 days. The formal launch however was made on 18th July’20. For quick reach, this product has initially been launched exclusively on Ecommerce channels.

INTRODUCING THE NEW ORIENT

UV SANITECH

YOUR FAMILY BODYGUARD



Digitisation under “e-Wings”

Another tranche of new digital interventions got rolled out from the stable of the “e-Wings” program of your company during the quarter. These are expected to establish new-age work culture across the organisation with the final objective of speedier route to market. Being the first-time implementations, it is anticipated that all these will take a little time for adoption and the company endeavours to fast track the same. Digital analytics layer on top of all these interventions are also being planned for the future to get more market insights.



1. Sales Force Automation (SFA)

The SFA rollout happened in two parts during the quarter across the pan-India sales force of the company to digitally enable the entire sales force for attendance, better productivity, beat planning, retailer tracking, retailer stock availability, market mapping & monitoring, market feedback, order placement and also facilitate contactless selling.

2. Distributor Management System (DMS)

With an objective of getting visibility and tracking of the secondary sales, pipeline inventory, efficient scheme management, territory-wise sales insights, the DMS toolkit is now being implemented across the key distributors of all the businesses to cover significant part of the Sales and also to digitally enable order placement to the company. As this is directly linked to the on-ground implementation at the distributor point, there is a dependency on the accessibility, subject to lockdown situation in each distributor location.

3. Transport Management System (TMS)

OEL has initiated the process of implementation of the TMS at all warehouses during the quarter and about 66% roll out is already completed. The purpose is to get better efficiencies and visibility on despatches and order fulfilment and track shipments and costs of logistics right up to the delivery point.

4. Travel & Expense management system

The T&E digital rollout that has been done mid-quarter is also integrated with the SFA and HR management system to enable speedy logging and settlement of all employee claims on travel and expense reimbursements.

Response to Covid19

Re-opening: All our plants and warehouses were reopened gradually since May'20 as and when the relaxations were permitted by the local authorities from time to time in strict adherence to all rules of safety and precaution laid out. Even after Unlock-1, the state and local authorities are imposing intermittent lockdowns depending on the ground situation of the spread of the pandemic and accordingly operations are getting suspended in such select locations to abide by local rules.

People first: Manufacturing and despatches at all locations are happening with reduced workforce and capacity and that too with additional precautions for entry of workforce in the premises under the strict supervision of senior management teams. Sales force are on ground with full protection and digital enablement to facilitate the sales. All attendances are being closely monitored by the “Covid Response Team”. Work from Home facility still continues at all offices for backend staff through digital connectivity.

Socially responsible: Your company introduced a new product UV Sanitech to provide at-home support for Covid protection as is already narrated above.

Business resumption: There are encouraging symptoms of business resumption on ground as has been indicated in the business sections above. The liquidity position of the company has improved substantially over the quarter and is back to pre-lockdown days. Hence, there is no concern in servicing debts. The credit rating exercise of the company has been completed during the quarter and the same has also been retained at same levels without any change.

Implications: The status of the pandemic in India is still concerning and increasing in alarming proportions by the day that is triggering unforeseen stringent actions by several local authorities with continuous sporadic shutdowns in many parts of the country. Hence, the uncertainty of the situation still prevails. The Government has announced Unlock 1.0 since June 8, 2020 for revival of economy, but business recovery in the foreseeable future continues to be unpredictable until the date of these results. Therefore, the restoration of normal business conditions are dependent on the future state of the pandemic and its effect on the people and economy and any further directives from the Government. Basis the best estimates of revenue, expenses and current assets, as on the date of reporting, the Company does not anticipate any material impact on the recoverability of the carrying value of its assets including trade and other receivables, contract assets, unbilled revenue, inventories, property, plant and equipment and right to use assets. Basis above, management has also estimated future cash flows for the Company and believes that there is no impact on its ability to continue as going concern and meeting its liabilities as and when they fall due. However, considering the unpredictable situation giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID 19 pandemic, the impact of COVID-19 on the Company's financial results may differ from that estimated as on the date of approval of these financial results.

Opportunities: The company is always ready to harness any opportunity arising in the given times as is well demonstrated with the launch of the UV Sanitech mentioned above, wherein the inhouse R&D and manufacturing teams promptly responded to the developments around the pandemic and subsequent consumer need for sanitization. Similarly, the company will always remain receptive to all internal idea generation and alternative ways of doing business to tap into any opportunity the current business scenario can offer within the operating space.

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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