

July 31, 2025

**National Stock Exchange of India Limited**

Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort, Mumbai – 400 001

Trading Symbol: ORIENTELEC

Scrip Code: 541301

Dear Sir / Madam,

**Sub.: Transcript of Earnings Call for the quarter ended June 30, 2025.**

In continuation to our earlier letter dated July 22, 2025, filed in terms of the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding participation of the management of the Company in an Earnings Call, to discuss the Un-Audited financial results of the Company for the quarter ended June 30, 2025, scheduled for Friday, July 25, 2025 at 05:45 PM (IST).

In this regard, the transcript of the Earnings Call is attached herewith. Further, the said transcript is also available on the website of the Company.

You are requested to take the above information on record.

Thanking you,

Yours Sincerely,

For **ORIENT ELECTRIC LIMITED**

Diksha Singh

**Company Secretary**

Investor Email- [investor@orientelectric.com](mailto:investor@orientelectric.com)



“Orient Electric Limited

Q1 FY '26 Earnings Conference Call”

July 25, 2025



**MANAGEMENT: MR. RAVINDRA SINGH NEGI – MANAGING DIRECTOR  
AND CHIEF EXECUTIVE OFFICER – ORIENT ELECTRIC  
LIMITED**

**MR. ARVIND VATS – CHIEF FINANCIAL OFFICER –  
ORIENT ELECTRIC LIMITED**

**MR. SAMBHAV JAIN – HEAD, INVESTOR RELATIONS –  
ORIENT ELECTRIC LIMITED**

**MODERATOR: MR. BHAVANI KUMAWAT – AXIS CAPITAL LIMITED**

**Moderator:** Ladies and gentleman. Good day and welcome to Orient Electric Q1 FY '26 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Thank you. I now hand over the conference to Mr. Bhavani Kumawat from Axis Capital Limited.

**Bhavani Kumawat:** Good evening, everyone. On behalf of Axis Capital, I welcome you all to Orient Electric Q1 FY '26 Earnings Conference Call. Today, we have with us management represented by Mr. Ravindra Singh Negi, Managing Director and Chief Executive Officer; Mr. Arvind Vats, CFO; and Mr. Sambhav Jain, Head, Investor Relations.

We thank Orient Electric management for giving us opportunity to host the call and would now like to hand over the floor to management for their opening remarks, post which we'll open the floor for Q&A. Thanks, and over to the management.

**Ravindra Singh Negi:** Thank you, Pari, and thank you, Bhavani. Good evening, everyone. A warm welcome to all of you to Orient Electric's Q1 FY '26 Earnings Conference Call. We hope you had the opportunity to review our financial results and earnings presentation, which are available on the Stock Exchanges and our company website.

Q1 FY '26 unfolded in a highly dynamic environment. At the start of the quarter, the sentiment across the electrical and consumer durables sector remained cautiously optimistic, underpinned by expectations of a broad-based recovery, infrastructure-led momentum, channel expansion across Tier 2 and Tier 3 markets and a well-anticipated robust summer seasonal demand.

However, the quarter presented notable headwinds for the industry. Contrary to the intense summer of 2024, India experienced relatively mild temperature levels. The phenomena started with the southern states and then continued across the rest of the country.

Alongside this, the record-breaking rainfall in May, in a way, ended the summer before it even began. This unexpected climate shift disrupted the seasonal sales cycle and inventory planning across the industry. Additionally, a brief period of market softness was observed during heightened geopolitical tensions, temporarily affecting sentiment and market momentum.

Despite these headwinds, Orient Electric demonstrated resilience and agility. We remain focused on agile execution, deepening market penetrations and aligning our portfolio with evolving consumer preferences. Orient Electric reported a year-on-year growth of 2%, reflecting a tempered performance amid a challenging operating environment. While sustaining its momentum on gross margin expansion, navigating category-specific headwinds. Our continued focus on premiumization, innovation and channel expansion enabled us to maintain momentum across key segments. And we see quarter 1 as a seasonal impact rather than a structural industry impact. Customer centricity embedded in our DNA guides our strategy at Orient from product development to marketing strategies.

The company continued its focus on differentiation across the portfolio, increasing accessibility across channels, enhancing customer experience and building a robust digital strategy to guide consumers through their product research journey, increasing consideration for our brand.

Premiumization enabled us to elevate customer value, announced brand perception and deeper consumer engagements across our categories. In the Lighting Segment, we continue to stay focused on to bring more value-added products and our distribution and NPDs continue to reflect that. Our value-added product share to the overall C-Lum business has remained consistent at 55%, which is in line with the leading players in the industry.

In the Fans Segment, we launched a premium range of BLDC fans under the tech meets design campaign. Our BLDC fan sales grew over 50% year-on-year, reflecting our commitment to energy-efficient innovations.

Overall, our NPDs in the fan category now contribute more than 20% to primary sales, with our premium mix improving by almost 250 basis points year-on-year, accounting for about 30% to 35% of our ceiling fan sales. Our retail experience programs, Mission Orange and Project Spotlight, played a pivotal role in boosting premium product awareness and adoption through an experiential retail push enabling touch and feel and live demos at retail outlets.

Even in our heating appliances category, we've launched new premium square shaped storage water heaters with better features and warranties, which give uniform brand experience to the customers. We invested significantly in brand building this quarter, especially during high-impact period like the IPL season. These campaigns reimagine fans in the context of modern homes, embracing cutting-edge technology with future-ready features, design and finishes.

Through these campaigns, we have not just showcased our premium BLDC fans differently, but presenting an exciting narrative that captures the evolving preference of new age customers. While these investments have led to some increase in advertising costs, they have laid a strong foundation for a long-term margin expansion and brand equity. We will continue to spend close to 4% to 5% of our revenue to building preferences in our core categories of lighting and fans.

Our strategic investments in building emerging categories also continue to demonstrate progress. While there were delays in execution of key infrastructure projects, the lighting B2B business executed several key Street Lighting and Façade projects, such as Chhatrapati Shivaji Maharaj Museum in Maharashtra and Sarnath Temple in UP. We continue to witness a healthy pipeline of new inquiries, making us confident to sustain our growth trajectory in this segment.

The Consumer Lighting business witnessed an industry-leading volume growth aided by new product developments and expansion of distributor partnerships, resulting in market share gains. We also took a price increase during the quarter to pass on the impact of regulatory changes, which increased our cost. Our thirst on mix enhancement continued to yield results with an improved share of value-add products. Switchgears and Wires category registered accelerated performance with high double-digit growth in the quarter.

Our expansion of distribution network and building the electrician program -- loyalty program continues. Our channel strategy on DTM continues to deliver better results. We added

approximately 1,800 new retailers under the DTM network this quarter. Our e-commerce channel continued to see robust traction across categories. We are now participating in quick commerce platforms, building on customer convenience, which validates our digital-first approach.

These trends highlight the importance of channel agility and targeted portfolio interventions to navigate seasonal and category-specific challenges. Overall, the financial performance in the first quarter of FY '26 reflects both resilience and ongoing execution of our strategic priorities. We closed quarter 1 with a revenue of INR769 crores, marking a 2% year-on-year growth. While revenue was below our initial expectations due to weather-related impact, we continue to deliver better versus the broader industry.

Our Lighting & Switchgear delivered approximately 7% growth. B2C Lighting continued to outperform the industry with an overall single-digit growth in value and double-digit growth in volumes. Switchgear and Wires had a high double-digit growth with lower base. The ECD segment remained stable with revenue at INR545 crores despite fan sales getting impacted. Fans reported a muted single-digit growth and appliances were impacted by more than 40% degrowth in coolers.

Water Heaters witnessed double-digit growth. Our gross margins remained stable at 32.6%, and we are in the 32% to 34% range, reflecting the benefits of channel optimization and a refined product mix. EBITDA stood at INR46 crores, a 15% year-on-year increase and the margins - EBITDA margins expanded by 68 basis points to 6%. We remain committed to creating a stronger and relevant brand, and we will continue to spend in the range of 4% to 5% of our revenues to build a well-balanced portfolio.

As seasonal headwinds begin to ease and our structural growth levers continue to gain traction, we remain confident in our journey towards achieving double-digit EBITDA margins. Project Sanchay, our transformation initiative remained a key pillar of our cost efficiency strategy. In quarter 1, the program delivered a saving of INR9 crores, underscoring our focus on disciplined execution and cross-functional synergy.

Our Working Capital days stood at 25 days and a Net Cash position of INR72 crores as of quarter 1 end. Looking ahead, we remain confident about the strategic levers we have put in place with the festive season buildup likely to happen across channels in quarter 2 and likely improved consumer sentiment and spending, we are optimistic that festive period will give tailwinds to our category.

With this, I would like to open the call for questions. Thank you.

**Moderator:**

The first question is from the line of Natasha Jain from PhillipCapital.

**Natasha Jain:**

And it's heartening to see the positive efforts playing out in your numbers, sir, especially in limiting the downside better than peers on this one. I have two questions. First, while your EBITDA margin has risen, both your segment EBIT margins have fallen. So can we attribute this cost entirely to unallocated expense and would that largely be the consultant cost, which

was there in the last quarter's base but absent? And therefore, going forward, can we assume this as the run-rate?

**Ravindra Singh Negi:**

Thank you, Natasha. And yes, I'll look at the EBITDA. And if I look at 6%, firstly, if you look at the year-over-year that's 68 basis point improvement, while the segmental results will have some impact because of overall muted sales, especially in the ECD category. And larger than the usual inventories did we carry.

Overall, if you look at it from the EBITDA margin perspective, yes, there'll always be some hits and some gains, while there was some benefit of consulting that could happen, but there were larger spends on marketing that we've done. And I've always given, the last time also I gave the guidance of saying that in the next 7 to 8 quarters, our efforts are to attempt and get to double-digit EBITDA margins.

Our quarter 1 and quarter 2, which is the H1 sees a little lower than what we see in the H2 margins. And if you look at our overall costs and other things. In fact, all the efforts have been put to bring the cost under control, it's a factor of now getting the top line in, and we are well into on our journey towards improved margins.

**Natasha Jain:**

And my second question is on your lighting segment. Now while year-on-year comparison won't make sense. But on a Q-o-Q basis, your EBITDA margin has improved very sharply. Given 1Q is seasonally a weak quarter, and especially one of your peers who have also -- who is also in the premium lighting reported margin decline on account of price deflation. And given that you also are exposed to COB and DOB, but your margins have been way better. So can you tell us how this margin improvement happened? And is it sustainable going forward?

**Ravindra Singh Negi:**

Natasha, I think the hows are slightly strategic in nature. But broadly speaking, our complete effort on getting the premium or value add mix better or improved in our categories is what is helping us improve our margins. Secondly, as I said, we were slightly ahead of the curve from some of the other players in terms of passing on the price increase in the market, which happened due to the regulatory changes of RoHS compliance and other things. That helped us cushion any impact on the cost and other things. So I would attribute into that. Broadly, we've been in the same range of 29% to 31%, 32% on our margins in the lighting. And I don't see anything structurally changing in the next few quarters, at least from our side. If there is structural changes in industry that happens and if it impacts, that's something.

**Moderator:**

The next question is from the line of Nirransh Jain from BNP Paribas.

**Nirransh Jain:**

Sir, my first question is regarding channel inventory for fans, particularly. Is it fair to understand that the channel inventory for us and for the industry, specifically for a fan category won't be high, considering that last quarter, also being kind of well-penetrated category, we didn't see much of a channel restocking, category like air coolers when we saw a lot of restocking that happened. So now what is the channel inventory position? And is that for fan, we don't see a large energy build up in the channel, for us as well as for the industry?

**Ravindra Singh Negi:**

Nirransh, thanks for the question. And I think when I look at it and when you want to look at the overall national perspective, I think it's going to be very difficult to say. There will be pockets

where different products have played differently. There are pockets where rains have come in early, summers have been far weaker and the product categories that get sold. Let me give you an example of South. South is largely a TPW market, rains were higher there and much earlier than the usual level. There will be some bit of channel corrections that would have happened in the TPW category in South. There will be some channel corrections that happened in the north and east in the ceiling fan category.

Overall, I think channel has corrected its inventory. More importantly, it's not just the fans. There is this whole commonality of channel between fans and coolers. Also cooler is an inventory, which it's still there in the trade. And I think that is a little bit of impact on the channel inventories. But otherwise, yes, in the fans across the country in different regions, depending on the category being pushed, there is a little bit of channel inventory that could have got corrected in Q1.

**Nirransh Jain:** And sir, my second question is on the -- from the ECD segment again. So did I get that correctly that you took price hikes in the ECD also? Was it purely on the Lighting Segment?

**Ravindra Singh Negi:** We did take a price increase in fans in April. And that was also a large bit of commodity fluctuations that was happening. But given the fact that there were a huge amount of demand supply gap, I think a lot of corrections or discounting of competitive pressures that kind of got diluted within the quarter only.

**Nirransh Jain:** In continuation to the previous question, at times even, I was just wondering what explains this sharp 230 bps kind of a drop in the ECD margin? Because our BLDC fan sales and our premiums have improved to and we have taken price hike also. So -- and then there is the whole like new factory expenses also involved in this quarter, then what explains this 230 bps drop? I think the answer is the same discounting that would have happened -- or is there anything else?

**Ravindra Singh Negi:** No, the other is also if you look at it from a marketing spends, it's up by almost 60, 70 basis points versus last year. We had invested, and I said, typically 4% to 5% is what we will do in marketing. This quarter was worth about 5.5%, and we invested anticipating a very strong summer. We were committed to IPL spend, which I think in the long run has done the right thing to the brand equity. And it was a good platform to launch a new BLDC range and the campaign, which was far more youthful and a very different campaign this season.

**Nirransh Jain:** Sure, sir. That's very helpful. But can I ask one more question at the time now?

**Ravindra Singh Negi:** Nirransh, maybe you can come back.

**Moderator:** The next question is from the line of Keshav Lahoti from HDFC Securities.

**Keshav Lahoti:** Can you give me the exact volume growth in B2B and B2C side of lighting?

**Ravindra Singh Negi:** Thanks for the question. Typically, we don't give exact volumes and B2B largely is not a volume game. It's a project game. B2C is where the volumes matter. We've done double-digit growth in the volume side as far as this is concerned to your question...

- Keshav Lahoti:** Broadly, you have given EBITDA margin guidance, double digit for over 7, 8 quarters, but possibly what sort of margin you're looking for this year? And what sort of top line growth you're looking?
- Ravindra Singh Negi:** Keshav, we don't give any forward-looking guidance. But just to give a broad thing, we -- whatever strategies that we've put, we should be better than the industry much ahead of the curve. And that the growth is also reflecting in some of our market share gains in fans and lighting, which we track through a third party. But we don't give a forward guidance like that.
- Keshav Lahoti:** One last question from my side. As we understand and you said fan channel inventory has reduced, but possibly still it's elevated. That is a fair understanding and when you expected to get normalized?
- Ravindra Singh Negi:** As I said, these are all different nuances of regions. To my this thing, I think it should be at a normalized level. And I think quarter 2 is a test of that.
- Keshav Lahoti:** Okay. So because of channel inventory, at least the volume won't be impacted in Q2 for fans at least for OEM in that sector, right?
- Ravindra Singh Negi:** Keshav, we'll have to see that and come back. We are very optimistic given the fact that there is a festive buildup that will happen in Q2. Given the fact that Diwali this time is slightly earlier than the usual. So we are optimistic on that.
- Moderator:** The next question is from the line of Aditya from Securities Investment Management.
- Aditya:** Sir, so we have insourced the production of PCB, we have backward integrated to producing BLDC motor and with a strong design and customer knowledge, so how as a timelines between conceptualization to commercializing a new products reduced over the years? And can we expect the pace of new product innovation increasing going forward as well?
- Ravindra Singh Negi:** Thanks for this question. And I think what we've done is there are two parts when we look at PCB and we got PCB in-house. A, was own the design and get a better quality and that we're seeing from our launches that we've done. The second is from a perspective of timelines and all at least on the BLDC side, we're seeing about 10%, 15% reduction in our NPD timelines. We intend to squeeze it further. And as we speak, there are work happening on saying how do we bring it? How do we reduce it? But the largest thing is that we spend a lot of time looking at what are the consumer issues that we can solve for, and that's what we are obsessed about. But we are working at overall time lines. I hope that answers your question Aditya.
- Aditya:** And sir, if you look at our annual report, so we have talked about improving our service timelines. So if you can just help us understand qualitatively what are we doing to improve our servicing capabilities? And how are we placed against competition in this regard? So have we reached their levels or there is still some catching up to do?
- Ravindra Singh Negi:** So there are two things. A couple of things that we've done. The first thing is that across the markets, we've got almost about 12 states and larger areas, which are directly serviced by us now. There are 19,000 out of the possible 19,700 - 800 PIN codes that we've serviced last year.



We've used a lot of digital platforms, and we're kind of digitizing using AI bots on our consumer touch points. We measure the 24-hour TAT and we measure the 48-hour TAT. In some of the cities in -- at the peak season and category specific, we also look at 8-hours TAT. So those are things that we've done. I can't share the TAT numbers and other things. But our PAT or turnaround times within those specified has improved dramatically. We've put a lot of efforts to get our digitization and bots put at the customer touch points.

We've also has management started a program called Samvad where we listen to consumer voice and that's the core of what we are wanting to build. It's a very consumer-centric. We want to understand where the voice of the consumer and that's the large effort that we're doing. But overall, from a service point of view, we've seen sharp improvements.

We're getting that feedback also from the consumers. And we are -- as we go it's a continuous journey that we do. And we've put our service partner network is almost 1000-plus service partners, which makes sure that these INR19,000 PIN codes are adequately serviced and repaired.

**Aditya:** But sir, how do we fare against competition in this regard? So is there still some work to do or we are on par with them?

**Ravindra Negi:** Aditya, so it will be unfair for me to comment on it. When I talk about market shares and other things, we don't put it from our perspective, we looked at third-party data. Unfortunately, in the service, there is no third-party data, which benchmarks or at least we don't subscribe to these reports, which benchmark. My feel is that from a consumer and we look at from a consumer perspective, my customer seem to be acknowledging the improvement in our service and that's what we track it.

**Aditya:** Got it. And sir just two bookkeeping questions. If you could give me the lighting business, what is the B2B and B2C mix?

**Ravindra Negi:** Aditya, given the fact that we are restricting two questions, you can come back to the queue and I'll take more questions from you later.

**Aditya:** Sure, sir.

**Moderator:** The next question is from the line of Sonal from Prescient Capital. Please go ahead.

**Sonal:** Sir, first I wanted to understand on the ECD business, I think if you look at the EBIT margins for Q1, '25 in this quarter. Could we attribute the reason for a dip in EBIT margin? If you could just qualitatively explain the reason for the same?

**Ravindra Negi:** I think I answered this question. I think Keshav spoke, Nirransh somebody had asked. There are a couple of things. Obviously, there was this inventories, which have gone in. There was some marketing expenses, which have been much higher than the usual. There's almost a 70 basis point extra that we've spent.

The top line has not happened the way we were supposed to happen. So there are a lot of factors, which are there. But by and large as I said, it's largely an external impact, not a structural impact which is going to bring the margins down. Obviously, the other factor was also competitive pricing pressures, while we did take a price increase in April, but the benefits of that get kind of marginalized due to pricing pressures.

So there were multiple factors, if I were to give you holistic view, these were the factors, which would have impacted. Is there anything structurally impacting? No. We continue to focus on premiumization. Our NPDs now contribute more than 20% of our business. And structurally we are in the right direction. So it's a blip in the margins is what I feel.

And, obviously, one more thing is on the ECD margins, coolers minus 40% and above. That's onetime impact that the industry will go through.

**Sonal:** So given demand it hopefully recovers, these margins should restore to higher levels as there's nothing structural essentially?

**Ravindra Negi:** Yes, we anticipate that.

**Sonal:** Sir, my second question is with regard to BLDC. And as an end user as well as I think as a shareholder, I think what we've understood is that Orient is actually working very hard to have a good list of products at the entry level as well as the premium level compared to the competition. So not taking names.

But where are we in terms of our like-to-like products, vis-a-vis other two, three leading players in the BLDC fans? Are we there in terms of product pricing specifications or there is some work to be done there? Just wanted to understand that?

**Ravindra Negi:** So there are two kinds of -- one data point that I'll put across is saying we've grown by 50% year-on-year on BLDC, which means there is traction which is coming in. We've launched almost 80% of my new launches are on BLDC. I don't know whether you're an end user or not, but I would encourage you to look at some of our new launches.

**Sonal:** I did and I observed the market last quarter. That's why I was asking this yes, that's all.

**Ravindra Negi:** So and I'm sure you will appreciate the new designs and the Minimalist Aeroslim that we've launched. We've catered to all the pricing segments and consumer needs in the BLDC. On top of our designs and aesthetics, we've also said, look, fans are an integral part of your design requirement or our lifestyle requirement. We've launched almost 40 colors and some of them are very nice, well-researched colors where we've gone to the architects, designers, consumers and picked it up from there.

So we continue to do well in this segment and it's a continuous journey and you'll see more of it coming from our side.

**Sonal:** Got it. All right. Thank you, sir. I will fall back in the queue. Thank you

**Moderator:** Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

**Dhruv Jain:** Congratulations on good set of numbers in challenging times. So my first question is lighting. So in your presentation as Orient has been doing relatively better versus on the peers in terms of lighting growth. So just wanted to understand and you also mentioned about distribution expansion in lighting.

So just wanted to understand what -- where is Orient today relative to the universe of lighting distribution and how much of it is. What I'm trying to understand is that keeping market share gain opportunity and this outperformance, how much -- how many years can it last for and how many quarters do you think that there is in terms of market share gains in the lighting segment?

**Ravindra Negi:** Dhruv, thanks for your question. And let me just step back and tell you in lighting, the gains are it's a combination of things that you do. The first and foremost is how are you understanding and solving consumer needs. Second is what are the kind of products, what segments do you use? The third is a combination of technology and NPDs that you bring in. And the fourth, which supports all of this is accessibility and which is where the distribution is happening.

And I think if I were to go by a third-party data, we are improving on a numeric distribution. We are improving on a weighted distribution. But I think if I were to compare with leaders, I think we still have a distance to go. Some of the markets in some of the states where we've done well and caught up on our numeric and weighted distribution, there are some regions in the country where we still have a work to do.

And I think that's a task that we've already defined well for ourselves and we'll continue to expand on numeric and weighted both. But it's a combination of what all that we do and what we bring on to in a holistic manner that will give us the market share gains. While the industry is reeling under that price erosion, we believe that what we have as an approach should help us gain and continue to gain market shares and values there.

**Dhruv Jain:** Sure. And when do you think that this price erosion will continue? It's been in the industry for quite some time, but are you seeing signs of this bottoming anytime soon?

**Ravindra Negi:** Dhruv, as I said, we took a price increase in May. That has helped us in navigating some of the pricing pressures. How long will it last? As an industry, we were -- I was hoping that it should taper down. I think the rate of price erosion will now slow down and we should see some of the slowdowns to come in. The good part for us is that we are getting volumes and look at this, if you gain volume then you get market share, when the price erosion slows down, that whole volume to value ratios will improve and that should give us further gains, at least on the value terms. So we are optimistic about that.

**Dhruv Jain:** Sir, my second question is on Hyderabad plant. So, obviously, we've made a very large investment there. So just want to understand from a 3-year perspective, how much will it add to your in-sourcing level? So if you can just give us the data point in terms of where you are in terms of fans insourcing and after the Hyderabad plant is fully scaled up, where Orient's overall fans insourcing will be and through how much of it can add to margins as well?

**Ravindra Negi:** Dhruv, between in-house and outsourced, we don't yet disclose the data point. But as I said in the last call also, we've scaled up well. There is this whole ecosystem of our strategic suppliers who moved with us to Hyderabad. Till last quarter when we were building up inventories for the season, almost 50% of what TPW was coming from Hyderabad.

We've had a little bit of and industry has had a little bit of slowdown, but that's a one blip. But in the next 3 years, we put enough capacities to take care of our next 3 years' requirement to outpace the industry. So at our peak capacity, we do see cost benefits to come in and that will all start reflecting in our margins.

But the question is for the industry to start coming back to the growth -- volume growth, which got impacted in a season like this. But we are optimistic that season would start building up now. And then there is the ratcheting -- ceiling fan ratcheting, which will happen on 1st of Jan. So that should start seeing some volume growth for the industry.

**Dhruv Jain:** Great. Thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Arshia Khosla from Nirmal Bang Institutional Equities. Please go ahead.

**Arshia Khosla:** Sir, my question is like in the previous quarter, we had mentioned that we've listed ourselves in the quick commerce platforms. So just wanted to understand what all products are in the quick commerce platforms and how -- I mean, are these retail substantial for us?

**Ravindra Negi:** Arshia, thanks. Yes, we did -- our products are available on quick commerce, both Blinkit, Zepto and we would also look at other platforms, which are coming in. Largely all products and SKUs, which are very intuitive convenience that the consumer would look at it, whether it's a fan in the summer that they want, we add coolers there.

We've got geyser there. We've got irons there. We've got lighting products there. We've got wiring accessories there. So as we scale up and as said, we are solving for consumers and consumer convenience. This platform is meant for consumer discovery and convenience. We are participating well there.

**Arshia Khosla:** Understood, sir. But has it started adding on to our sales as of now?

**Ravindra Negi:** Yes, it has, but is it very significant in terms of -- if your question is that if it's quite like FMCG and especially the staples, it may not be that for the industry as of now. But we do see this as a platform where consumers will look at some of the categories or some of the products where convenience in here and now is required.

**Moderator:** The next question is from the line of Shivkumar Prajapati from Ambit Investment Advisors.

**Shivkumar Prajapati:** So my first question, given our GTM success in South and upcoming rollout in a few more zones, what has been the observed retailer churn rate from competitors, let's say Crompton, or Usha or some other players?

- Ravindra Singh Negi:** Shiv, thanks for the question. And what you don't look at is the churn because most of the retailers are multi-brand outlets. What you look at is the counter share. And we are seeing up -- and when I say when I get a better market share, my counter shares go up.
- So we see 3 parameters when we look at our success and which are lead indicators for our output of market share; MD, WD and counter share. And all 3, when we do this, we look at these lead indicators. When these lead indicators needle starts to move up, we know that the market share will go up. So it's not the churn that happens, you get a slightly better counter shares.
- Shivkumar Prajapati:** And sir, given this strategy live in multiple states. So how are we measuring our cost to serve or say, order fill rate compared to the legacy model?
- Ravindra Singh Negi:** So our logistics, when we go direct to a particular market, we put up our logistics support there. And we've got our own logistics performance and fill rate measurements that we track it. In all our markets, whether it's MD market or a DTM market, our endeavor is to make sure that whether it's the end consumer or the retail, those are serviced well and all our markets, including our MD markets, that's something that they work on.
- Shivkumar Prajapati:** And sir, is there any categories that we are considering to exit due to poor scalability or margin dilution?
- Ravindra Singh Negi:** Not as of now, Shiv. If we ever do, we will let you know.
- Moderator:** The next question is from the line of Prathamesh Rane from Elara Securities.
- Prathamesh Rane:** Congratulations for the good quarter despite the challenge. My only question was that did you witness volume degrowth of 40% in coolers or as an industry perspective, you are talking about?
- Ravindra Singh Negi:** Prathamesh, thanks. As I said, we've looked at when I say 40% and more, that's the value volume degrowth for us. From an industry perspective, also while I don't have in the semi third-party indications, data says that industry would also be in that range. Because unlike anything, else this product has a very short consumer off-take window, practically speaking 6 to 8 weeks, and that 6 to 8 week unfortunately got impacted with earlier than usual range across the country.
- Moderator:** The next question is from the line of Nikhat Koor from Dolat Capital.
- Nikhat Koor:** Sir, my question is regarding our solar products. So solar products is gaining a lot of traction. So are we looking to enter any solar product category? And my second question is regarding the BEE transition. Now that the fans industry will see a BEE transition from 1st Jan. So are we expecting any kind of disruption or any kind of price increases ahead of the BEE energy change?
- Ravindra Singh Negi:** So Nikhat, thanks. As we speak, we have some of the solar products in our lighting both from a B2C perspective and from a B2B perspective, we have solar products there. Getting into more solar products, which are from an end consumer perspective, we keep evaluating that. If the question is that are we going to get into solar category? Maybe not as of now.

Your second question was on the ratcheting or the BEE star rating ratcheting, which will happen on 1st of January. We've got 5 months, and we are preparing our complete action plan to make sure that there is no disruption or a least disruption that happens.

Yes, when the ratcheting happens, which is basically a 2-star will become 1-star and a 1-star will become 0, there will be some price increase or a cost increase that will happen. It will get passed on to the consumers.

So there is still 4, 5 months as an industry, hopefully, because when the first time the star rating happened, we went through a learning. I think those learnings will come handy. As we speak, we are preparing for the ratcheting. And that -- just to clarify, that's only in the ceiling fan.

**Moderator:** The next question is from the line of Niraj Kamtekar from Prospero Tree.

**Niraj Kamtekar:** Sir, you mentioned that there is a flat demand in fans due to unseasonal rain. But at the same time, the new -- the number of new houses built is going up. So why our sales growth is low? And was it because of more competition?

**Ravindra Singh Negi:** So Niraj, you have to understand. So there is different segments. There is a new house segment, which is a certain percentage of the industry sales that happens. Then there is replacement, which is renovation-led replacement. That's another percentage of the overall sales. And then there is a large upgrade stroke, genuine requirements happening, that's another segment. So some segments will continue to grow. It could be triggered by the housing segment and all. And in the housing segment, you also have to see how many houses have got occupied because fans get used when the occupancy levels in the housing sector goes up. So that's one factor. But otherwise, overall, some segments or some needs of the consumer will pull it up. There were some seasonal needs, which brought it down. So there are multiple factors, which impacted the industry.

**Niraj Kamtekar:** Now what steps we have taken to bring down the inventory?

**Ravindra Singh Negi:** First and the foremost step that we took was to make sure that we don't add to it. We didn't produce once we were very clear that the season is not looking like the way it was supposed and anticipated. We did carry anticipating a good season. As we peak, there is inventory planning and production planning, which will make sure that in Q2, we normalize our inventory level.

**Moderator:** The next question is from the line of Nirranish Jain from BNP Paribas.

**Nirranish Jain:** My question was more from a long-term perspective, again specifically on the ad spend, you said that we will continue to deliver that, let's say, 4% to 5% of sales. So my question has been that we have seen the ad spend growing higher than the top line growth over the years.

And I think the idea has been that over the year that should ideally be drop down as a percentage of sales as we start -- as our brand gets more recognized and more customer acceptance. So how do we look at it in terms of keeping the ad spends at a higher level to drive our sales? So In that case, are we able to cater to get to the double digit trade margin and keep on getting pushed further? Just wanted to get your thoughts on this?

- Ravindra Singh Negi:** Nirransh thanks for this question. And I think while we look at double-digits, it's an output. You have to look at what are the inputs that we are wanting to trigger. And one of the inputs that we've been wanting to trigger is saying, how do we have a balanced portfolio. How do we get some of our other categories to do much better than what they're doing. And in that direction, lighting was one of the identified one, and we are seeing the traction happening there.
- We're wanting to build a brand, which is a larger consumer-centric brand and not just fans only. And then that's where the marketing spends will go to build core categories of lighting, fans and into some of the new categories that we're pushing our efforts on. And once that happens, as a percentage, it will come down both in the B2B and B2C side, we will remain far more connected as a brand in the minds of the consumer.
- Nirransh Jain:** Sir, secondly, I wanted to also check is, did you see any slowdown in the B2B lighting specifically in this quarter? I was just wondering that we have seen double-digit growth in Switchgear, Wires and then B2C also probably like a low single-digit growth. So in that case, we are seeing some moderation on a quarter-on-quarter basis on lighting, especially in the government capex also was on a higher side. So what explains a slight quarter-on-quarter decline? And are we seeing any slowdown in the B2B products?
- Ravindra Singh Negi:** There was some slowdown in some of the government infrastructure projects, but we see it as temporary. And I think as I said, there was this temporary sentiment that went down or there was a little bit of hold during May when there were geopolitical tensions. But we do expect these to come back now.
- Nirransh Jain:** Sure, sir. That's very helpful. Thank you and all the best.
- Ravindra Singh Negi:** Thank you Nirransh. Pari, we'll take one more question.
- Moderator:** The next question is from the line of Shivkumar Prajapati from Ambit Investment Advisor.
- Shivkumar Prajapati:** So I have a couple of questions. Are you exploring any export opportunities for our new product categories, wires, and cables or BLDC fans?
- Ravindra Singh Negi:** Shiv, yes, at least on the fan side, different categories, including markets where energy efficient fans are there. As we speak, we do keep exporting markets and we continue to do that. For wires, we are wanting to first build up domestic capabilities and then we look at product. Switchgear, obviously, we do export some bit and we continue to make our efforts to make sure that some of our switchgears get more traction on the export side.
- Shivkumar Prajapati:** And sir, how do we see Orient's position evolving in the next 3 to 5 years? Is it as a multi-category volume player or as a high-margin premium brand player?
- Ravindra Singh Negi:** We've been very consistent in our narrative around the organization saying we are wanting to be a consumer-centric brand, which looks at solving consumer problems and premiumization is a strategy that we're building. We'll have a well-balanced portfolio. And the premiumization effort, which is yielding some results is giving us the confidence of moving towards a double-digit margin. Are we going to be a value-for-money volume brand? Definitely no.

- Shivkumar Prajapati:** And sir, given the emerging categories, say wires or Switchgear at a nascent stage, how do we prioritize our capex and the marketing spend across these verticals?
- Ravindra Singh Negi:** So right now, as I said, our marketing monies are now building two core categories, strengthening our fans category and all the efforts that we're doing on the premiumization on the fan side and then building lighting. While we do this, this has a one Orient as a mother brand impact, which will have a trickle-down impact on the emerging categories. So emerging categories will have a differentiated spends to be done maybe at the retail visibility. And due course, when we start seeing volumes there, we will then take it at a larger level.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments.
- Ravindra Singh Negi:** So thank you, everyone. Thank you for your questions. It keeps us on our toes, and thank you for the encouragement. We look forward for some revivals to happen, and we are very optimistic given the fact that there is festive rebound that we hope to see. Thank you so much, Pari and Bhavani for conducting this call. Have a good evening. Thank you so much.
- Moderator:** Thank you. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your lines.

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(This document has been edited for readability purpose)

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