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October 22, 2026

National Stock Exchange of India LimitedExchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai 400051**BSE Limited**Phiroze Jeejeebhoy Towers
Fort, Dalal Street
Mumbai – 400001

Symbol: ORIENTELEC

Scrip Code: 541301

Dear Sir/ Madam,

Sub.: Transcript of Earnings Call for the 2nd quarter ended September 30, 2026.

In continuation to our earlier letter dated October 12, 2026, 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 2nd quarter and half year ended September 30, 2026, scheduled on Thursday, October 15, 2026 at 04:00 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 at <https://orientelectric.com/pages/earning-calls>.

You are requested to take the above information on record.

Thanking you,

For **Orient Electric Limited**

DIKSHA SINGH
Digitally signed
by DIKSHA SINGH
Date: 2026.10.22
21:08:36 +05'30'

Diksha Singh
Company Secretary
Encl: As above



“Orient Electric Limited
Q2 FY27 Earnings Conference Call”
October 15, 2026



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. TANAY SHAH – DAM CAPITAL ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Orient Electric Limited Q2 FY27 Earnings Conference Call, hosted by DAM Capital Advisors.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Tanay Shah from DAM Capital Advisors. Thank you, and over to you, Tanay.

Tanay Shah: Thank you, Danish. Good afternoon, and welcome to the Orient Electric Q2 FY27 Earnings Call. Today, we have with us Mr. Ravindra Singh Negi, Managing Director and CEO; Mr. Arvind Vats, CFO; and Mr. Sambhav Jain, Head Investor Relations. Now, without any further delay, I will hand over the call to the management for opening remarks, post which we will begin the Q&A session. Thank you, and over to you, sir.

Ravindra Singh Negi: Thank you, Tanay. Good evening, ladies and gentlemen. Welcome to Orient Electric's conference call to discuss the results for the quarter ended 30th September 2026. Thank you for joining us today. I trust you had an opportunity to review our financial results and earnings presentation.

Let me begin by briefly touching upon the broader operating environment before taking you through our performance for the quarter and the key developments across our businesses.

During the quarter, we continue to face persistent commodity inflation, particularly in copper and aluminum. Crude-linked movements added further pressure on raw material costs and, in turn, on our gross margins. At the same time, global and geopolitical uncertainties continue to affect supply chain visibility and business planning.

To mitigate these pressures, we've taken price increases of 3% to 6% across various categories in quarter two, and another increase of approximately 3% in October in some of the categories, and complemented them with improved product mix and productivity initiatives.

While input cost inflation has yet not been fully offset, we remain disciplined in our approach, balancing pricing with market competitiveness and sourcing efficiency. Against this backdrop, Orient Electric delivered broad-based growth, with revenues increasing 25.2% year-on-year during the quarter.

Our, One Orient and three-fold strategy continue to anchor our growth agenda as we build lighting, wires, switches, and Switchgears alongside our established core fans and appliances businesses. Premiumization and innovation, along with portfolio diversification, remain our key priorities, enabling us to leverage our existing ecosystem more effectively while keeping consumer needs and disciplined execution at the center of our strategy.

Let me start with our lighting and Switchgear business, which delivered a strong performance during the quarter, with revenues growing 25.7% year-on-year to INR329 crores. Within lighting, consumer lighting delivered double-digit growth, supported by continued traction in premium products. High-value looms remained consistent at 66% of the loom mix, reflecting

our continued focus on premiumization and a richer product portfolio. Professional lighting also delivered high-single-digit growth, supported by a strong inquiry pipeline and our continued focus on new product development.

We also are encouraged by the momentum across our other categories. Wires more than doubled year-on-year, while switchgear and switches delivered high-double-digit growth. Our electrician engagement programs, along with distribution synergies across categories, are helping us deepen channel reach and capitalize cross-selling opportunities.

We continue to focus on quality, dependable service, and a relevant product portfolio to further strengthen retailer confidence. Moving now to our core strength of electrical consumer durables business. ECD revenue stood at INR550 crores, representing a year-on-year growth of 24.9%. Fans delivered a high-double-digit growth, outperforming the industry and resulting in market share gains.

The performance was broad-based, with both our direct-to-market-led and master distributor-led markets delivering double-digit growth. Within fans, BLDC continued to see strong traction, growing approximately 26% year-on-year, supported by both premium and innovation-led launches.

Premium products accounted for approximately 40% of the fan mix. Our focus on innovation and premiumization continues to yield encouraging results, with new products contributing more than 30% of the fans revenue during the quarter. Energy-efficient products, differentiated design, and consumer-relevant innovation remain central to our product strategy.

Appliances also delivered double-digit growth, led by water heaters and garment care segments. As we move into the festive season and the second half of the year, our focus remains on ensuring the right product assortment and availability across channels, while maintaining a measured approach to the broader demand environment.

On the distribution front, we continue to scale our direct-to-market model with further expansion across Madhya Pradesh, Chhattisgarh, and Jharkhand, strengthening our go-to-market execution. We also took over the service for Punjab and Nagpur region.

Our digital channels also maintained healthy momentum, with e-commerce growing by high-double-digit, strengthening our presence across marketplaces. Quick commerce now contributed approximately 15% of our digital revenue and grew by almost 100% year-on-year, reflecting the evolving consumer-buying landscape.

On the brand front, we continue to strengthen visibility across airports, outdoor, and digital media, with a focus on engaging premium audiences and reinforcing our technology-led positioning. We're also strengthening the consumer experience even deeper through Project Samvad, our customer service enhancement initiative, which is helping us sharpen consumer insights and enable faster resolution through AI-led capabilities.

Turning to the financial performance. Overall, the revenue grew 25.2% year-on-year to INR879 crores during the quarter. Gross margins stood at 29%, impacted by continued input cost pressures during the quarter.

Despite this, EBITDA grew 49.7% year-on-year to INR57 crores, with EBITDA margin expanding by 106 basis points to 6.5%, supported by operating leverage and continued cost optimization.

For H1, we've grown by 24.3%, with a revenue of INR1,829 crores. Gross margin stood at 29.4% for H1, while EBITDA grew by 46.9% year-on-year. EBITDA margin stood at 6.7% for H1, which expanded by 104 basis points, supported by operating leverage across.

Our cost optimization program, Project Sanchay, continued to deliver results, generating savings of approximately INR13 crores during the quarter and approximately INR23 crores for H1 through focused cost initiatives. PAT more than doubled to INR27 crores during the quarter, and INR59 crores for H1, again, close to 100% growth.

We closed the quarter with working capital of 34 days. Cash discipline remains a key priority as we balance investments in our portfolio and a continued expansion of our distribution footprint. Over the long term, trending towards a double-digit EBITDA margin remains our aspiration, supported by mix improvement, productivity, and sustained cost optimization.

Looking ahead, our focus remains on premiumization, innovation, expanding distribution, and strengthening consumer engagement while maintaining disciplined investments across the businesses. As we move through the festive season and the second half, we remain confident in our outlook, given the brand preference, market share gains, and a refreshed consumer-centric innovative portfolio of products across all three stages of the wall.

On behalf of the entire Orient Electric family, I would like to wish all of you and your loved ones a very happy Diwali and a joyous festive season ahead. Thank you. We now open for questions.

Moderator:

All right. Thank you so much, sir. Ladies and gentlemen, we will now begin with a question-and-answer session. Our first question comes from the line of Aniruddha Joshi with ICICI Securities. Please go ahead.

Aniruddha Joshi:

Yes, thanks for the opportunity, and congrats team for a great set of numbers in Q2. Sir, two questions from my side. I guess we have taken price hikes in October. So, has that led to any inventory up-stocking in September month, and/or September quarter per se? Or is there any one-off performance in the growth which would have led either inventory up-stocking or any low base or something like that? So, that is question number one.

And question number two, how do you see the BLDC fans business shaping up? Because now, I guess, with the another rating change and again next rating change in Jan 2029, there will be far more focus on BLDC fans. So, how is BLDC fans as percent of our total sales, and what will be the plans on driving BLDC sales also? Yes, that's it from my side. Thanks.

Ravindra Singh Negi: Thank you, Aniruddha. I'll take your questions both. First is on the price hike. And if you look at right from April onwards, there've been very consistent price hikes that we've taken. None of these price hikes, typically, even if I were to go back a couple of years back, each price hike would have a primary up-stocking that will happen. So today, the trade is also kind of now, I would say, literally tired of price hikes, but it is not leading to any abnormal primary up-stocking that happens.

It's been consistent with the demand and a pull that we've been able to see. And one of the big things that we've seen across most of our categories is that response to our new products. For fans, we spoke about 30% revenue coming from the new products. All of our products, and we do a very close tracking of commercialization of these products across categories, I would say the success rate is 90% plus for us. And that is what is giving us market share gains and, helping us gain volume, value.

On the base and everything, while industry had a lower base, we still had a slightly better growth versus industry last year Q2 also. If anything, from a season up-stocking, last year, the Diwali was slightly up. Last year September had a little bit of up-stocking. This year, if anything, it's split between September and October. So, there is no abnormal one-off that we see.

On your second question on the BLDC growth, we've been seeing consistent growth for last 8 quarters in BLDC. This quarter, we had 26% growth on BLDC. Almost 30% of our ceiling fan now comes on the BLDC portfolio. And it has happened over a period of understanding closely what a consumer wants from a tech perspective, from a design perspective, solving for those, converting those insights into new products, and ensuring that the core of the BLDC, which is the PCB, the quality is much, much better than what a consumer experiences across the industry and peers.

So, we're very confident on our portfolio, our quality, and the tech as well as the design language that the consumers are getting. So, BLDC will continue to grow. While we are 30% of the ceiling fans, industry by and large, if we take some of the larger BLDC out, would be in the range of about 17%, 18% of the ceiling fan. So, we continue to drive this in a big way. Trust that answers, Aniruddha.

Aniruddha Joshi: Yes, sure, sir. This is very helpful. And congrats once again to the team for solid performance. Thank you.

Ravindra Singh Negi: Thank you, Aniruddha.

Moderator: Thank you. Our next question comes from the line of Balasubramanian with Arihant Capital. Please go ahead. Hi, Mr. Balasubramanian, you may please proceed ahead with the question.

Balasubramanian: Hello. Hello. Good evening, sir. Am I audible?

Moderator: Yes, you are.

Balasubramanian: Thank you so much for the opportunity. Sir, NPD contributed 30% percentage of the fans revenue. I think you rightly mentioned we have a 90% plus success rate, and the focus is on tech

and design. Just want to understand what is the R&D spend as a percentage of ECD revenue, especially in the fans? How do you measure like on the ROI side on innovation-led launches versus the cannibalization risk to existing SKUs, sir?

Ravindra Singh Negi:

Thank you, Bala, for the question. So, as we said, there are multiple things that we are doing on the R&D side, and it all starts from, first, changing the core DNA of the organization to be a very consumer-centric, understanding the insights, understanding the consumer needs, and solving for that. And for that, we are strengthening some of our projects and programs, like for Project Samvad, which gives us deeper insights into the consumers.

We not only go to the consumers, we also go to the influencers and specifiers like architects and interior designers, pick up what is happening, and then we convert that into our products.

The way we measure our success of products is: What is the reach that particular segment or a particular price bracket, if we launch a product? What is the reach that's supposed to happen, and what are the repeats that we get? And then we measure from a third party whether they start coming into our overall market share, and those are the products that we look at, and that's how we define a success there.

In terms of our R&D spends, we do about 0.8% to 0.9% of our turnover. It is far deeper, and we have a design, R&D, a lot of efforts that gets in behind this.

Balasubramanian:

Got it. Sir, my next question: I think we have launched a Shield MCBs and an isolator, as well as the modular switches. Is that 6kA MCB gap is now fully addressed, or its further launches is expected maybe in this year or next year?

Ravindra Singh Negi:

Thanks for picking this up. We've just launched Nixa Shield, which is a 6kA. That was a segment which was not being addressed by us, and largely from a B2C side. That's a good segment that's growing faster than the industry. So, we have covered that gap. We are doing phased launches of it geography-wise, and as we move forward, we will continue to know, add to it.

From a MCB perspective, that's largely covering the segments. So, we have got 10kA, 6kA, and we have a technology advantage where we had we had a technology tie-up with ETI Slovenia, and we have a Eurotech range, which is the upper-end range there. So, from a range perspective, we have covered it. From a geographical go-to-market, it's a phased rollout which is happening. Delhi's happened, UP West has happened, and now you'd see UP and the rest of the places getting covered in the next few months. But we are getting a very good response to it.

Balasubramanian:

Great, sir. Thank you so much. All the best.

Moderator:

Thank you. Our next question comes from the line of Madhur Rathi with Counter Cyclical Investments. Please go ahead.

Madhur Rathi:

Sir, thank you for the opportunity. Sir, firstly, I wanted to understand regarding our operating margins versus some of our competitors like Crompton Greaves and Surya Roshni, who do high-single-digit to low-double-digit. So, where does Orient fit? Because we have constantly mentioned that we would like to take it to double-digit. So, when can we expect to achieve that?

Ravindra Singh Negi: Madhur, hi. So, obviously, if you look at it, yes, that's the aspiration and that's what we have always given a guidance, saying that double-digit is something that we are working towards. If you look at from a improvement perspective, we have improved in the last two years.

I would say, if you were to look at only from last year, it's about 104 basis point improvement. If I take a year before, that's about 130 basis points improvement. And typically, for us and for a large part of the industry, quarter two is a little low from a seasonality perspective.

You look at our results in quarterly trending, you will see H2 being much better, Q3, Q4 being much better in terms of EBITDA percentages. Our effort is to tackle the inflation, had this unprecedented inflation not been there, I would have had a very different, confident timeline to give you on the double-digit margin.

But I see at some point in the next four to six quarters, at least in H2 onwards, you will see us trending far closer to that. In terms of our percentage improvements, in terms of our absolute EBITDA, absolute PAT growth percentage, we would be far better than most of our peers in that sense.

Madhur Rathi: Sir, but what I am trying to understand, sir, this is always a four to six quarters down the line story. What I understand is that we are not able to achieve this. And sir, similarly, our working capital days have increased from closer to like 16, 17 days in FY24 to 34 days during this quarter.

So, is it that the whatever revenue growth is coming we are giving higher credit terms of or terms of trade are getting deteriorated for us versus some of our competitors who operate in a negative working capital scenario? So, if I am not able to understand this, our revenue growth is coming at a...?

Ravindra Singh Negi: No. Madhur, I think that's a wrong inference to take. Look at what we have done in the last three years. We moved from a MD to a DTM structure. Okay? MD, the days of outstanding AR would be very different from a when you go to direct-to-market. Now that when you're comparing with peers, there are larger things that you need to look at.

Look at inventory days. We are in line with the industry in number of inventory days. Look at payables. There are large players who are giving payables at 100 days plus. We are far better there. So, from our philosophy perspective, we pay our partners and suppliers well in time. From an overall perspective of days of inventory, we're absolutely in line.

There is one part, which is where we've gone and got into newer segments and gone DTM. That's where our days of sales outstanding or ARs moved up, which is where we put some of the programs of channel financing and all, which is work in progress. You shall see improvement there. We've moved our working capital 30, 34 days. In the next four to six quarters, it should come back to about 20 days, given the point that we're doing in terms of our channel financing and everything.

Madhur Rathi: Got it. Sir, just one final question from my end. Sir, the cost improvement from Project Sanchay, how much further cost improvement can we expect during H2 of this year?

- Ravindra Singh Negi:** So, last year, we did a full year of about seven -- close to about INR70 crores. So, a large part of my accruals starts to come in in the H2, and you will see currently we're at about INR23 crores. We should cross the last year number in terms of our -- because my spend base goes much on the H2 and my accruals start flowing in much better in the H2.
- Madhur Rathi:** Sir, also, I am not able to...
- Moderator:** Thank you, Mr. Rathi. I'm sorry to interrupt, but you may please rejoin the queue. Thank you. Our next question comes from the line of Naushad Chaudhary with Aditya Birla Sun Life Insurance. Please go ahead.
- Naushad Chaudhary:** Yes, hi. Thank you, sir. Two questions. Firstly, on the growth side, I hope I'm audible.
- Moderator:** Yes, you are.
- Ravindra Singh Negi:** Yes, you are, Naushad.
- Naushad Chaudhary:** On the growth side, if I remember it correctly, we have taken roughly 10% to 15% price hike across a category. And earlier, our aspiration was to have 15% kind of CAGR in 3 to 5 years band. But with this price hike and the growth which we have experienced in last two quarters, should the expectation for FY27 move in similar line of what we have done in last two quarters? And then thereafter, there should be a 15% kind of expectation?
- Ravindra Singh Negi:** Hi, Naushad. So, I think if we were to split our growth, and obviously, the numbers don't give you that split of volume, value. For the last two quarters, we've been, and we look at each category, I think we've had a double-digit growth at an overall volume level also. So, it's not just the price growth which is doing. And yes, you're right. We had given a guidance of a 15% plus CAGR. Currently, we are at about for the H1 at about 24.3%.
- As we move forward, we really can't predict the inflations and all, but our entire effort is to make sure that the volume-led growth starts to creep in more as a percentage of our revenue grid. So, currently, looking at everything, my guidance would be that we would be more than 15% of CAGR. How much more? We don't give a futuristic thing, but yes, definitely, we can look at slightly more aggressive number than what we had given earlier.
- Naushad Chaudhary:** And on the gross margin, last quarter, we indicated with the price hike, which is getting absorbed, we should be quickly come back to 30% or 31%, 32% kind of gross margin in immediate quarters. So, should that be an expectation in coming quarters, assuming last quarter would be a half absorption, so next quarter onward should we expect that range?
- Ravindra Singh Negi:** Naushad, when we gave a guidance last quarter, we thought we were flattening out of the inflation. And we had taken price increases with planned price increases for Q2 also. Unfortunately, as we speak, there is no predictability on the inflation. The controllable factors with us are how fast and how well we can be competitive and yet pass on the prices to whatever extent possible, and that's what we've been passing on. Except for our emerging categories, in all the other categories, we've been ahead of the curve, ahead of our peers in passing on the

pricing and being very disciplined in ensuring that those prices are absolutely and duly passed on.

Our gross margins have come down, and that's largely led by inflation. Our efforts in terms of execution discipline, passing on, even if it means slightly ahead of the industry averages, that will continue to happen. We are hoping that the inflation will slow down, if not stop, and the rate of inflation-led pricing that we passed will catch up on the gross margin. My guidance in the long run stays at about 32%, and that's what we are working. What we can mitigate through pricing, we're maximizing that is what I can assure everybody on the call.

Naushad Chaudhary: Great. Thank you, sir. All the best. I'll follow back.

Ravindra Singh Negi: Thank you, Naushad.

Moderator: Thank you. Our next question comes from the line of Tanay Shah with DAM Capital Advisors. Please go ahead.

Tanay Shah: Yes, sir. Thank you so much for the opportunity. So, my first question is, we spoke about a 3% to 6% price hike this quarter as well. So, just wanted to understand, right from the beginning of this CY, or even FY for that matter, what would be the quantum of price hikes which we've taken across our key categories, and how much does that cover as a percentage of the overall inflation? That would be really helpful to sort of understand, how our margins would move going forward?

Ravindra Singh Negi: Tanay, hi. Thanks. Thanks for the question. And we'll have to get into multiple categories to do this, largely if we were to speak about it. In quarter one, we had taken in fans about close to 9% price increase. In quarter two, close to about 3%. As we speak, 3rd of October, in fans, we've taken about 3% price increase. In appliances, and appliances have various subcategories, I'm giving a broader overall this thing, we've taken about 6% price increase in quarter one. We took another about in some categories, on an average, we've taken about 3% price increase in Q2 in appliances.

Lighting, we've taken about 6% to 7% in Q1. We've taken about close to 6%, and we've taken about 2% now in October. Switchgear, we took about 7% to 8% in Q1, another 6% in Q2. And wires, every literally every two to three weeks, we've been taking a price increase. Although in wires, since we're a new entrant versus peer, we're not leading this price increase, but we are following and we are a fast follower on that. Trust that answers, Tanay.

Tanay Shah: Yes, sir. That's really helpful. If you could just give as a percentage of the overall cost increase, have we covered chunk of it via price hikes, or is there some bit of under-absorption which is yet left?

Ravindra Singh Negi: Yes, so if you look at it, and different category-wise it'll range from about 80% on, let's say, a fan, then appliances close to about 90%, wires closer to 100%, and rest of it would be in the range of 80% to 100% of what the inflation led. So, there are gaps to be covered yet, and that's a competitive intensity that's there in each of the categories, and that's what we've always looked at it.

How we are also -- what doesn't get answered in all this is a large part of that balance to be covered is also being covered through premiumization and our mix change. So, it's -- that's how we are trying to look at the gross margin improvements.

Tanay Shah:

Sure, sir. That that's really helpful. And my second question would be, if you can just spend some more time on the DTM strategy, we've almost implemented it across 15 regions or states right now. And how are we sort of, improving our metrics for the earlier states in terms of market share or in terms of even growth for that matter? And maybe if you could just touch upon how is DTM margin-dilutive or accretive in nature? And why would that be so, sir?

Ravindra Singh Negi:

So, I've already in the previous calls also, I've said it's going to be a balanced approach for us. It's never going to be a 100% DTM or a 100% MD. It's going to be a balanced approach. We've always looked at, from an input perspective: quality of distribution, depth of distribution, quality of infrastructure, relationship; from an output perspective: growth, market share, premiumization.

And those are the parameters that we look at when we look at each market. And at a certain point, when we decide on any of the markets, those are the opportunities that we see and feel that we can drive better than the MD in those markets, and that's how we do a transition of those markets.

We've done Madhya Pradesh, Chhattisgarh, and Jharkhand in this quarter. All the parameters, from an output input perspective, that's what we've been doing in all our DTM markets. From an output perspective, our DTM markets are performing well on growth. We are seeing consistent market share gains. We're seeing premiumization improving. We are seeing BLDC growths happening much sharper there, and we're seeing the depth of distribution getting better.

Your other question, or a sub-question within that, was that: Is it margin-accretive? Yes, because of all the things that we're doing, we, at a margin level, get a better output. And even on the NPD side, while overall 30% of our revenues come from NPDs, in these DTM markets, the contribution of NPDs is almost about 500 to 600 basis points more.

Tanay Shah:

Got it, sir. Got it. Thank you so much for the detailed explanation. I'll come back in the queue. Thank you, sir.

Ravindra Singh Negi:

Thank you.

Moderator:

Thank you. Our next question comes from the line of Lakshminarayanan with Tunga Investments. Please go ahead.

Lakshminarayanan:

Yes. I have a few questions. Sir, what is the B2B mix for H1, and how it compares with last year? My second question is that you have talked about new product-led growth. I want to understand how the dealership or distribution expansion has led to the growth. I mean, if you just disaggregate the growth, how do you mean -- what has actually resulted from the expansion of distribution, and how many touch points you've actually added?

And my third question is that we have taken a price hike. I want to understand the I mean your COGS. What is the mix of steel and plastics, and where do you see these in higher inflation? Because what we hear, at least in the last one, two quarters, is that there has been a prohibitive increase in steel as well as plastic prices. And it's I mean, you have tremendously managed the margins. Just would love to hear your perspectives on this.

Ravindra Singh Negi:

Yes. So, thanks for your questions. So, there are three large questions that you've asked: One, how's the B2B mix and how's it moving up? Our dealership expansion, what is the value or, growth that is coming from expansion? And then the price that you've asked for.

So, let me just start from B2B mix. Overall, as an organization, we are double-digit on our B2B. But when you look at some of the segments like lighting, we are at about 25% of our business coming from B2B. Overall, if you look at from a B2B perspective, the growths for the industry and for us have been slower than what we have seen in the B2C.

And that also has an ability to pass on the pricing in B2B is lesser. And all the peers or people who've got larger share of B2B must be facing these pressures far differently. Because, you know, you go do contracts and annual rate contracts at a point where you don't know what the next three months or four months inflation would look like. So, B2B mix is more or less stable for us, while the growth rates have been slightly better in the B2C side.

We continuously keep monitoring our expansion, and specially for our core categories, we've been expanding. So, if I were to give you a count, on a large base of about 1 lakh plus direct and indirect distribution that we do on fans, we would have added about 3,000 to 4,000 more outlets. Difficult to measure the revenue coming from this, but we largely look at a volume growth. So, we've seen a volume-value growth in most of our categories. In fact, sorry, if I were to say in all of our categories, we have seen a volume-value growth, both coming in.

The third question was on the inflation from some of the categories like steel, plastic. While if we look at from a commodity perspective, there's all commodities that get into our BOM of almost 100% of our products, they've all gone up for the industry, whether it's steel, which has moved from about 65 to about 80 plus; plastics have gone up; copper is touching a new high every two weeks; aluminum has gone up and been very volatile.

So, for each product, each SKU, the BOM is different. But it's unfortunate that the inflation is so secular across all commodities that it's it impacts the entire portfolio for the industry there. Does that answers, Lakshmi?

Lakshminarayanan:

Yes, that answers. Just one question. See, I see I saw that another large company has reported numbers, and they've also reported an increase in margin. And then appliances also I see it. It seems that the price increase is easily passed to the customers. So, is it a fair assumption that this time price increases are easy to be passed on, because a couple of years back there has been difficulty by the industry to pass on price?

But I, at least anecdotally as well as numerically, I see that price increase by the consumer durable companies are seems to be easily passed on, and it is without any effect on the volumes or the value growth. Just want to hear your thoughts?

Ravindra Singh Negi: Yes, so price increase is passed on. I have a little issue with the word "easily." So, I don't think so it's getting passed on easily, because if it was easy, the entire industry would have passed on 100% of it. So, there is a mix that happens. There is this competitive intensity that happens obviously, when you pass on the thing, there is one factor which never gets picked up, and maybe in your channel checks you would get and pick it up: Most of the categories in FMEG industry or other industries, you would see a share of unorganized players getting more.

So, and that affects the bottom-of-the-pyramid products. And hence, when Orient took that journey of premiumization about 3, 4 years back, it has helped us soften that impact, because unorganized segment is growing and the arbitrage, when you keep taking price increase, starts to become large enough for a consumer to drop a organized brand and take a unorganized local brand. So, that's the difficult part, and that's the balancing act that most of the organized players are doing right now.

Currently, everybody's forced to pass on the price because the inflation is unprecedented there. So, everybody's passing on, not been able to pass on 100%, and hence not a fair term of easily, but otherwise, you're seeing broadly everybody passing on some percentage of the inflation.

Lakshminarayana: Got it. Thank you, sir. I'll come back in queue.

Moderator: Thank you. Ladies and gentlemen, just a gentle reminder, please limit your question to two questions only per participant. Our next question comes from the line of Nikhat Koor with Dolat Capital. Please go ahead.

Nikhat Koor: Hi. Thank you for the opportunity. My question is regarding the Hyderabad facility. So, sir, what is the capacity utilization for fans at this facility, and what is the mix of PPW and ceiling fans at Hyderabad facility? And my second question is on wires. Wires continues to see strong growth of 2x growth. So, has this category been launched pan-India? These are my two questions.

Ravindra Singh Negi: Thank you, Nikhat. Firstly, I'll take the question on Hyderabad. Hyderabad, as I said, last time also, it's about 40% capacity utilization on a single shift. We continue to see that. As we move forward and it'll be the higher production cycle that we'll start seeing in Q3, Q4, which is preparedness for the next season, the capacity utilization will improve further there.

Currently, we do about 75% PPW, and about 20%, 25% ceiling fan there. It's largely TPW facilities. But what we are also doing is we're picking up all our models and SKUs which do well in South to be produced there, so that we save on the logistics and warehousing cost. So, that's on the Hyderabad side.

On the wire side, we've not done a pan-India launch. As I always maintain that what is our core reason to get into wires and our right to get a placement in an outlet and then a right to be picked up by electrician is that 45% of our fan selling outlets do sell wire. We've picked up our strong fan selling markets where our market share is good, where our brand preference is high, and those are the markets where we've launched. So, largely North and East is where we've launched, some parts of South.

As we move forward, our white spaces of rest of the states will also start helping us in building wires much better. So, we're not spreading thin. We're going deeper into the states where we've launched, building a robust preference for the brand, giving electricians a first-hand experience of dealing with Orient. And that's how we'll keep expanding over the next six to eight quarters.

Nikhath Koor: Sure. Thank you, sir.

Ravindra Singh Negi: Thank you, Nikhat.

Moderator: Thank you. Our next question comes from the line of Yash Jain with Ambit Capital. Please go ahead.

Yash Jain: Hi. Thank you for the opportunity. Continuing with the last question, is the new facility contributing to margin improvement, or are we yet to see that impact from that facility in terms of margins? Can you quantify what will be the kind of margin improvement that we are expecting from that facility?

Ravindra Singh Negi: Well, on a steady state, where inflation is not taking away the benefit, and the utilization going up, we should see about a 20, 30 basis point coming from Hyderabad utilization.

Yash Jain: Okay. Thank you. And another question is on BLDC. We are seeing improvement for your portfolio here, but is the industry growing at that rate? Or what are we doing differently that is helping us gain significant market share in this space?

Ravindra Singh Negi: I think industry is growing in BLDC also. We are outpacing industry, and that's where we're seeing growth in BLDC and market share. I would say that what we've done differently is that we have understood -- We have firstly corrected the core of the technology, which is the PCB. 80% 70% to 80% of the PCBs that get into our BLDC fans is manufactured by my own lighting factories. So, that's where we control the quality.

We continuously work on improving the output there. We've also done a huge amount of consumer studies to understand the design language and what are the needs of the consumers. If you look at some of our recent launches, like Aero Silent, which is a Red Dot Award winner, India's first most silent fan with less than 50 dB; we've done a BLDC fan with Ecotech Volt, that's India's first ceiling fan with a battery backup; we've done an Aero O2, which is India's first oxygen-generating fan; we've done a Harrier Wall Fan, which is the India's first BLDC with a gesture control, with a hand movement, you can switch on, switch off, control the speed.

And these are coming from a deep consumer insight that we have coming from our Project Samvad, which is translating into products, which are ahead of the curve of others in the industry. And that's what is giving us the preference at the retail, preference at the consumers, preference with the specifier segments.

Moderator: Thank you. Our next question comes from the line of Nirransh Jain with BNP Paribas. Please go ahead.

- Nirransh Jain:** Yes. Hi, sir. Thank you for the opportunity. Sir, firstly, if you can just call out the A&P spends done in this quarter and versus the last quarter?
- Ravindra Singh Negi:** Yes, so typically our quarter 1 is slightly higher because of the seasonality and other things. But fair to look at it on a year-on-year perspective, we've spent more than 10% of what we had spent last year on our advertising and marketing spends. Sequentially, it may not be a right way to look at it, because quarter 1 is obviously a heavy fan season.
- Nirransh Jain:** Understood. And sir, secondly, again just wanted to get more sense on the gross margin side. So, if I look at the nine months, we have taken roughly around 15% to 18% kind of a price hikes, alongside we our BLDC share is increasing and our premium mix has continued to increase across the categories. Despite that, our gross margins have declined roughly 250 bps over the last two quarters.
- So, just wanted to get a sense, I mean, is that the competitive intensity has increased, because of which that's not actually adding up back to the realization? Otherwise, it's a sharp gross margin cut for the amount of price hikes we have taken. And then we are also calling out that we have covered almost 80% of the inflation. So, in that case, if you can just help us understand more on why the sharp 250 bps drop there?
- Ravindra Singh Negi:** Yes. Okay. Nirransh, so firstly, you have spoken only about fans. In general, I've spoken about all the other categories. Just the gross margin is also a factor of other factors of mix and everything. There's house wire, switchgears, and those mixes are also changing in our portfolio. But largely, what we've also do it is and if the underlying question is that are we being aggressive and not passing on as the industry is passing on, passing lesser than that, and that's what is impacting?
- So, answer is no, and what we do is, through a third party, we also look at indexing. So, we've done that indexing across most of our categories through a third party. We've seen an improvement on indexing. So, just to give you a little BLDC context, if 100 or if 1 is the average ASP index of the industry of BLDC, we are at about 1.11. And over the last six quarters, we've moved from a 1.04 to a 1.11.
- That's also a factor of the mix and a higher ASP and a superior premium products that we put. So, we measure that also from perspective that if there is a possibility to get X, we make sure that we're getting X plus and not X minus from the industry, in that perspective. Yes, it's a sharp drop of about 250 basis point, but that's not because we've not passed as much as our competitive intensity allows us to pass. We've passed on more than that. But still, the inflation has outpaced far higher and far sharper than what we could take as a price increase.
- Moderator:** Thank you. Ladies and gentlemen, due to the time constraint, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.
- Ravindra Singh Negi:** Thank you, everyone, for your good wishes and all the sharp questions. Wishing you all a very happy Diwali and a festive season ahead. Look forward to meeting some of you in the next three to four weeks. Thank you so much.

Moderator: Thank you so much, sir. Ladies and gentleman on behalf of DAM Capital Advisors that concludes today's calls. Thank you for joining us. And you may now disconnect your lines.