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July 28, 2026

National Stock Exchange of India Limited
Exchange 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 1st quarter ended June 30, 2026.

In continuation to our earlier letter dated July 17, 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 1st quarter ended June 30, 2026, scheduled on Wednesday, July 22, 2026 at 05:30 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: 2026.07.28 16:55:18 +05'30'

Diksha Singh
Company Secretary
Encl: As above

"Orient Electric Limited

Q1 FY27 Earnings Conference Call"

July 22, 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. BHAVANI KUMAWAT – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Orient Electric Limited Q1 FY27 Earnings Conference Call. 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 this conference, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Bhavani Kumawat: Yes. Thank you, Shruti. Good evening, everyone. On behalf of Axis Capital Limited, I welcome you all to Orient Electric's Q1 FY27 Earnings Conference Call. From the management side, we have with us Mr. Ravindra Singh Negi, Managing Director and Chief Executive Officer; Mr. Arvind Vats, Chief Financial Officer; and Mr. Sambhav Jain, Head of Investor Relations.

Sir, thank you so much for giving us the opportunity to host the call and many congratulations on great set of numbers. Now I'd like to hand over the call to Negi sir for his opening remarks. Thanks, and over to you, sir.

Ravindra Singh Negi: Thank you, Bhavani. Good evening, everyone, and a warm welcome to Orient Electric's Q1 FY27 Earnings Conference Call. Thank you for joining us today. We hope you've had the opportunity to review our financial results and earnings presentation, which are available on the stock exchanges and on our company website.

I will begin by outlining the operating context for the quarter, followed by our performance highlights. Quarter 1 unfolded against a constructive demand backdrop. After a subdued summer last year, cooling net demand revived strongly this season, picking up from mid-April and remaining robust through May with some moderation towards the end of the quarter, aided by healthy liquidity and steady discretionary spending.

At the same time, operating environment stayed dynamic. Persistent commodity inflation, particularly copper and aluminum, increase in minimum wages, inflating labor cost and their availability, alongside rising fuel cost, import delays and broader geopolitical uncertainty kept the supply chains and input costs under pressure, driving broad-based cost increases across the sector.

We manage these dynamics proactively while staying focused on disciplined execution. Despite the challenging environment, Orient Electric delivered a strong performance with a revenue growth of 23.5% year-on-year and continued expansion in profitability. This was supported by broad-based momentum across the portfolio and a strong seasonal recovery in our core categories.

This performance reflects the disciplined execution of our One Orient approach anchored in our 3-wall strategy, which focuses on multiple growth avenues while extracting synergies from our established ecosystem, underpinned by premiumization, innovation, diversification and operational discipline.

Importantly, our emerging growth engines continue to scale, improving the quality and resilience of growth across lighting, switchgear and wires portfolio. Lighting and Switchgear remained a structural growth engine, delivering 25.4% year-on-year revenue growth, driven by distribution expansion, portfolio premiumization and steady market share gains in consumer lighting.

The consumer lighting business grew in high double digits with a meaningful improvement in volume to value conversion. Our share of high-value looms expanded to 60%, up 500 basis points versus last year, supported by strong traction across premium categories.

Professional Lighting continues to gain traction, aided by execution of key street lighting and facade projects, and we continue to see healthy project inquiry pipeline. Our emerging growth engines, switchgear, switches and wires continue to scale well.

Wires grew more than 200% year-on-year, although on a small base, while switches and switchgears sustained growth momentum with double-digit growth as we accelerated our electrician engagement initiatives and continue to leverage our fans and lighting distribution ecosystem for effective cross-sell.

In the ECD segment, revenue grew by 22.7% year-on-year to INR669 crores, led by a strong summer and deeper penetration in both our DTM and MD markets. Fans delivered high double-digit growth, outperforming peers on the back of our distribution strategy and continued focus on premiumization and product development. Our BLDC portfolio grew 36% year-on-year, while new product launches contributed 30% of fan revenue this quarter.

Our overall premium mix increased to 36% of domestic fan revenue. Our appliances portfolio sustained its upward trajectory with strong traction in heating and garment care categories, delivering double-digit growth. Premiumization and innovation-led launches remained a core pillar of our growth.

During this -- during the peak summer season, we anchored our fans campaign on India's first innovation narrative, led by Aero O2, India's first oxygen-enriching ceiling fans, along with our Aerosilent and Ecotech Volt launches. This innovation focus earned strong external recognition also with Orient Electric winning 3 Red Dot Design awards. We continue to expand our direct-to-market footprint, adding approximately 3,600 new retailers under the DTM network this quarter.

On the service, Samvad platform, along with AI-led capabilities continued to improve the service delivery experience through deeper consumer insights and faster issue resolution. Our e-com business scaled, delivering double-digit growth, supported by a stronger assortment and healthy consumer traction. Our export business also grew by double digit, expanding deeper into international markets.

Operational discipline remained central to our approach. In the context of commodity inflation, we implemented calibrated price actions during the quarter across all segments and categories. Our Project Sanchay program continued to deliver tangible benefits, translating into INR10 crores of cost saving in Q1.

Gross margin for the quarter moderated to 29.8%, impacted by commodity price inflation. Despite this pressure, our operating leverage and disciplined cost management helped us deliver an improvement in EBITDA margin to 7%, an improvement of 102 basis points year-on-year. PBT after exceptional item was INR42.5 crores, up 79.4% year-on-year, while PAT stood at INR31.5 crores, up 79.7% year-on-year.

We closed the quarter with working capital days at 25 days and a net cash position of INR133 crores, reflecting continued balance sheet discipline. Looking ahead, we remain confident in the momentum of our growth story anchored in the One Orient approach and our 3-wall strategy.

We will keep pushing all the levers of our diversification engines, lighting, switchgear and wires to steadily raise the contribution of our non-fan categories while accelerating premiumization and innovation-led launches across BLDC fans, high-value looms and appliances. Building distribution as a sustained competitive moat remains central through DTM expansion, our fast-growing e-comm and quickcom presence and a stronger service and digital ecosystem.

With our consumer-led thinking getting deeply rooted in our ways of working, we are confident that we will continue to improve our brand value proposition, enhance our customer preference. With the festive buildup ahead, improving consumer sentiment and the normalization of channel inventory, we remain confident of delivering mark-to-market better performance.

With these remarks, I would like to open the floor now for your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ravi.

Ravi: Congrats on a good set of numbers. First question is with respect to the growth in the ECD business. We would have seen 22%, 23% kind of growth, especially for key categories like fans, etcetera, what would have been the price increase cushion that would have been there in this growth number? And how much more price increase that we would like -- we would need to take to offset the raw material price inflation? And if we can, we will be able to take it. So these are the...

Ravindra Singh Negi: Thank you, Ravi, for your question. I think we've seen a very healthy growth in our ECD business. And this is not just in fans, but across all different categories in appliances also. The key question is, is this growth largely led by price increase, commodity increase led or this is volume. As I said, we've had a volume value growth across all categories that we've had.

So that's the confidence that we've seen from the market on our new products and on all the launches that we've done. We've taken price increases. In fact, we've been competitive or slightly ahead of the peers in terms of taking price increases, not only in terms of the timing of our price increases, but also in the quantum of price increases.

If you look at it from last year December and it's the commodity this quarter, but previous quarter was commodity plus B ratcheting., We've taken price increases from December to June 6x. If you look at sequentially from a quarter-on-quarter sequentially, we've added about close to about 10% plus price increase in fans.

And yes, the commodities are fluctuating. LME goes up and down. So we'll keep taking calibrated reactions to it. Even in the appliances side, we've taken a very high single-digit price increase. We are closely watching all the commodities and wherever necessary, mark-to-market competitive, we will take price increases.

But -- and then we've not shied away from taking price increases in one of the core categories, we've taken 6 times. And all of the times, we've been kind of leading the price increases.

Ravi: Yes, sir. Very clear. And second question is with respect to BLDC fans. So that segment has been seeing very strong growth. And I think this quarter, we had seen 35%, 36% growth. How do you see this particular category within the entire fans category panning out in terms of their mix as a percentage of the overall fan industry? And from an Orient perspective, what are we doing different in the BLDC space?

And in terms of manufacturing vis-a-vis outsourcing of these fans, how do we think about it for BLDC fans? And overall, our BLDC fans are they more profitable than the induction motor-based fans. And over the past few years, this proportion would have definitely increased for us, but still the margins for ECD business have been range bound. So when can we start seeing the overall ECD business margins improving?

Ravindra Singh Negi: So Ravi, I think a lot of questions that you've asked. And I think largely on the BLDC category. Yes, there is a growing consumer preference for tech. There are brands who played on tech and there are brands who played on design.

As a strategy, Orient is -- and I can very confidently say, we've played both on tech and design. So we've looked at -- understood the consumer requirement and solve for their problems, but also we've looked at tech and design together for consumer.

So our BLDC growth was 36%, and this is on a back of last year full year, we were at about 40%, 45% growth that we've had in the BLDC. And this segment continues to grow. To our ceiling fan business, now this is almost close to about 27% to 30%. And I see this segment to outpace the induction. Obviously -- and these are all premium their ASP of INR2,500 plus.

We've looked at a larger share of profitability also coming from it. And the solution that we give to the consumers is from a tech design also, but also on the quality of product that we give. Core of the BLDC is the PCB. Our PCBs are in-house designed. All our BLDC portfolio is in-house where we have stringent quality controls and processes that we have. So we see a great response to it.

We saw -- and we've looked at solving consumer problems like noise is one of the big issues that the consumer said. Our BLDC, which is a great-looking Aerosilent, which is a minimalistic and a materialistic design that we can say, and it's a different design language, which has been really appreciated. First, India's first one to have a less than 50 dB sound.

So all these things that we're doing. From a profitability perspective, yes, we see BLDC more profitable. But it all depends brand to brand, who wants to play, what price segment and what level of profitability in it. Trust that answers on the BLDC.

Moderator: The next question is from the line of Aniruddha Joshi from ICICI Securities.

Aniruddha Joshi: Really stellar set of numbers. So congrats to the entire team. Sir, two questions from my side. Is there any inventory pile up for June quarter -- trade inventory was largely normal and this is -- the primary sales are largely equal to the consumer offtake for the quarter. That is question number one.

And question number two, if you can indicate the performance in some of the D2C markets versus the non-D2C market. So how is the growth different and the revenue breakup in these two different in a way the performance of DTM channel.

Last question, BLDC products are growing pretty rapidly, plus we are seeing new formats are also coming like Carbon has introduced a bladeless ceiling fan also and at least whatever checks we do based on that, there is some acceptance for that product also. So do you see similar segments becoming bigger or the regular induction-based ceiling may continue at least over the next 3 to 4 years? Yes, that is the question.

Ravindra Singh Negi: So thank you, Aniruddha. I think there was a little bit of clipping in your voice. But I've got your questions. Your big -- first question is saying, did we build up inventory and largely did we do push sales? Or did we do a pull-based sale?

I think if you look at it, this was a season, and I started the call with saying, look, the season was much better than last year. It built up around mid of April throughout May, it was hot. And in some of the markets where we are strong, we saw slightly longer spell of heat.

So it's been a very balanced secondary primary based quarter. We've seen volume growth. We've seen all our new NPDs, and we measure our commercialization of our NPDs and we look at repeat orders from that perspective. So there was no inventory buildup that we did. It was largely secondary, primary led. So that's on the first question.

Well, as I said, it's been a very secular growth across channels, across categories, across subcategories, and that's been the hallmark for this quarter that every part of the business grew decently well, and that's the same reflection we had both in the DTM and the MD markets.

So we don't give the breakup and other things, Aniruddha, you are aware of it. But just to tell you, both the markets grew healthy double-digit, and we've seen volume growth also across different markets. Yes, BLDC remains core to our growth, to our premiumization strategy to our tech and design platform that we've taken.

And yes, we keep looking at all the different opportunities that the consumer has. One of the things that we also look at is solving the core need of a consumer, which is not just air delivery, but the actual air throw and the feel that the consumer gets under the fan. So those are things that we do, but we take your feedback. We take your point that you measured, and we're keeping a watch on all possible adjacencies and subsegments that could come up.

Aniruddha Joshi: Okay. Sure, sir. That's helpful. Last question from my side. The commodity prices have been extremely volatile. So post war, there was, in a way, increase plus INR depreciated. Post the cease fire, there was some softening of commodities.

And again, in past a week or 10 days, we have seen some increase in the commodity prices. So while there has been some rounds of price hikes in fans, one to pass on some commodities and secondly, to, in a way, take care of additional costs post BEE. So is there any incremental price hike required? Or as of now, most of the costs are fully passed on? So that is question one.

And lastly, how should we look at the margins for this year? While I understand that it's not possible to give the guidance, but any range that if you would like to indicate compared to last year, where should we see the margins, operating leverage will play out this year due to strong growth. So any indications on the cost and the price hikes and the margins? That will be very helpful. Yeah, thank you.

Ravindra Singh Negi: So multiple questions rolled into one, Aniruddha, but let me just first start by saying you said post war. So there is no post war. The war is still on. So I think commodity prices have been fluctuating up and down, and we're keeping a close watch on it. So I don't think so as an industry, industry was able to pass on whatever was required to be passed on to the consumers in terms of inflation.

And it is not very easy to also pass on because it's not just one commodity linked, but there are other multiple factors. Your freight and forwarding charges went up. The moment you sell down your dollar-rupee ratios have held up. You look at different commodities, which were not usually handling impacting like paints and all, those are going up.

The minimum wages have gone up. So it's been a barrage of commodity increase across all elements that has gone up. We've been mitigating with each price or a commodity hit that we've got. We've been mitigating them, and that's what is reflecting in our gross margin.

Moving forward, I had already given a guidance of saying ideally, we would like to be in the 32% to 34% gross margin range. But it all depends, and this is on a BAU condition, but the times that we're dealing in or right now managing the business, they are extremely volatile.

So to give guidance on the gross margin would be difficult because none of us can predict what could be the inflationary trends on the commodity that could do. But from our side, as a strategy, we will be competitive. We will pass on the prices as required. And it's not just passing everything to the consumer.

We have to create a value proposition for the consumer. And hence, the premiumization story kicks in for times like this very well for us. So we'll do everything there. But what is controllable in our hand is maybe not the variable cost inputs, but the fixed costs, and we've been very prudent on that. So those are the actions that we will continue to do to make sure that we deliver, if not on the gross margin, but on the EBITDA margins.

We've seen improvement in the EBITDA margins for the last 3 quarters. We've been upward trajectory of 7% plus. Quarter 4 was obviously 8.2% and we've been now 100 basis point improvement versus last year in spite of the fact that we've had extreme unforeseen commodity increases. So the focus remains on getting the bottom line as well as being competitive and driving the secular growth across different segments that we are now dealing in.

Moderator: The next question is from the line of Dhruv Jain from Ambit Capital.

Dhruv Jain: Congratulations on very good numbers in the circumstances that we live in. So my first question was on an extension of the point that you were just mentioning right now, which is where you've been trying to drive operating leverage through your fixed cost prudency, right? Just want to understand incrementally, how should we see that kind of building up?

Do you think that you have more levers? Or I'm just thinking incrementally, that number should maybe grow at, say, 5% or 6%? Because last 3 or 4 quarters, we've not seen that number go up, but I'm guessing a business will require investment. So just your thoughts there.

Ravindra Singh Negi: Dhruv, thanks. And I think we've been maintaining and saying, look, the investments in terms of resources, and I'm saying human capital and our people costs that we have done, we have done ahead of the curve investment in the last 2 years. And this is while we were setting up our emerging businesses teams.

So switchgears switches, wires, put in people there. We were expanding into DTM businesses. We were getting into those markets. So those are investments that we had done ahead of its curve. None of our fixed cost expense in terms of whether it's capex required for new products and whether it's capex required for our maintenance and capacity enhancements or automation at our plants, those are some things that we are spending the way which is required.

And you see in our terms of our new product launches, 30% of our business on fans comes from new products. We get about 15% in lighting from new products. And you will see that in the wires and switchgears also, which are relatively new businesses that we are scaling up. So in terms of doing the right cost inputs, we will continue to do it.

So what we are also doing is we are doing a very tighter cost prudence, but we are not necessarily cutting what is required for the business to grow. So if the concern is saying, are we going to squeeze the future growth cost inputs, the answer is no, we're not going to do this. We had invested slightly ahead of the curve. We are now seeing and driving productivity and those investments will start giving us operating leverage.

Dhruv Jain: Fair enough. Ravi, my second question is on wires, right? So we've seen that you've got about 2x growth in this quarter. And even in the past quarter, you've done well. Now I just want to understand how many states have you sort of targeted? And what's the target there in terms of, say, a revenue number or a market share number over the next 2 or 3 years?

Ravindra Singh Negi: Yes. So on the wires business, you know the immense opportunity that's available right now, given the fact that there is huge infrastructure growth that's happening, there is huge affordable housing that's happening. There is huge Tier 2 expansion that's happening. We are largely -- we are only in the house wires category right now.

We don't look at that business right now from a market share perspective. We look at from a run rate perspective. And while we share the numbers on air on a growth, but for us, it's a daily run rate business that needs to keep going up. We focus and our right to win or right to enter and do well in this category -- stems from the fact that 45% of the large fan dealers do wires also.

And we are leveraging our distribution strength there. Currently, we are driving this leverage or a cross-sell, while 2 different teams do that in our strong markets, and that's largely in the North and East that we are doing. We are slowly and slowly expanding the footprint. As of now, we've not taken wires pan-India. We will first get strong in our stronger markets and then expand. And that's been the strategy around this.

Dhruv Jain: Sure. And just a question slightly, say, from a 3-year perspective. Now incrementally, you've been here for the last 2 years now. Incrementally, how should we look at Orient from a 3-year view, right, in the sense that what is the top line growth ambition that you have? And also, I remember you talking about reaching double-digit margins in 8 quarters, about 2 quarters or so back, right? Where are you in terms of that progress?

I understand that this war has been out of the box. But just from a 3-year perspective, how should we look at growth? And if you could spell out what is -- which category would drive or be the key growth driver for you incrementally? Thank you so much and all the best.

Ravindra Singh Negi: So Dhruv, I think what we said was saying, look, the first milestone is to cross the INR5,000 crores. And for that, we need to do faster than the market growth. And largely, we were talking about a CAGR of about 14% to 15%. Last year has been extremely bad. First -- H1 was very muted for the industry, but our mark-to-market performance was much better.

H2 is where we saw double-digit growth happening. And quarter 1, we've had good double-digit growth, high double-digit growth. Our first primary task is to maintain this momentum and keep growing. And from that perspective, there is not a single one that I can say, this will grow and this will not grow.

For us, it's very important that the core categories deliver the objective of growth and margins and the emerging categories deliver the objective of operating leverage to come in from a high growth pattern. And that's been our strategy. That's what we've been doing. We are -- as I said, first step was to get the gross margins in, and that's where we said our complete prudence on getting the cost structures right in terms of right product, right buying, right manufacturing.

But some of the things that we've seen in the last 4 months in terms of inflationary prices, this is something that all of us never saw even during the COVID time. It's been extremely volatile, unpredictable and something that you can only react to and not proactively manage. So that's something that has come out of the blue and hit the gross margin aspiration that we have.

But nevertheless, in spite of that, if you see in the last 3 quarters, we've improved our EBITDA margins, 7%, 8.2% and now 7%, which is 102 basis points improvement over last year. On a year-on-year basis, the 3-year journey has been from 5.3% to 6.6% to 6.9%. So you're continuously seeing an improvement happening.

Those are the operating leverages that will kick in, and we've discussed one-on-one also on what are the levers and the structures that we're doing to improve this. So that's something that we are very confident that we'll keep improving on it. The pace of improvement will have one factor of these inflationary trends, which could delay it, but it's not -- if we will do double digit, it's then only about when we'll do double digit given this.

So we are committed on our path to double digit. We are committed on our path of mark-to-market better performance and which we've been doing for the last 8, 10 quarters. And we are committed to our CAGR being healthy, healthy double-digit. Trust that answers your question, Dhruv.

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

Keshav: Congratulations on strong set of numbers. Firstly, I just want to understand out of the cost inflation as of today, how much has been passed on? And secondly, as I understand, you indicated you have taken a calibrated price hike in this quarter. So possibly fair to assume possibly Q2 gross margin will be better than Q1?

Ravindra Singh Negi: Keshav, thank you. As I said, we've taken calibrated cost price increases. Yes, the inflation has been much higher than what increases we've taken and we've taken slightly higher than the industry. And this has still now not impacted our mark-to-market performance or competitiveness. Yes, our endeavor is to make sure that if there are more inflationary pressures that comes in, we'll pass on to consumers without losing the competitive intensity.

But also, there are a lot of actions that we're doing in terms of productivity, in terms of VAV, in terms of other things to ensure that we mitigate and these are part of our very structured Sanchay program that we run. There are a lot of ideas which have gone in and we've had accruals of INR10 crores in quarter 1, and we see more accruals to come in Q2.

We remain committed to come back closer to a 32% to 34% of gross margin. Quarter 2, we were hoping that the inflationary pressures would either stay at the same level or go down. We are seeing some reversals in the last few days. We're keeping a close watch, and then we'll take a calibrated action on it.

Keshav: Understood. Got it. And secondly, we can see your other expense number for this quarter is, in fact, lower than Q1 FY25 also. So what is the reason for the same? Is it some cut in ad spend? Or what could be the reason?

Ravindra Singh Negi: No. So in terms of -- since you're talking absolute numbers, our marketing budget or spends have been exactly the same in terms of value versus last year. In fact, we've got -- our marketing strategy changed a little bit. Last year, we were committed on IPL, and we had to go through that IPL in spite of a bad season, in spite of IPL not getting through to the way they were doing.

This year, we've used a different medium. It's gone slightly product digital heavy. And we've picked up mediums where we see that the right TG for us use it and things like we've taken airports, we've taken right media for our premium products. So in terms of value, we've not cut down our marketing. In terms of as a percentage, last year, we were at about 5.5%. This year, we were at about 4.5%.

And we've always maintained that we will be in this range of 4.4% to 4.5% because we are building up different categories. We're building up -- a stronger association with non-fans category in the minds of the consumer. So we continue to spend that way.

Keshav: One last question from my side. In the last 6, 7 months, what has been the price hike across each of your key categories?

Ravindra Singh Negi: As I said, we've taken 6 price increases in fans from December to June, high double-digit 15%, 16% prices that we've taken. Appliances, if you look at it, about 4x, we've taken price increases, close to a double-digit that we've done. Lighting also, which is -- and we're talking about C-Loom. Lighting, we've taken closer to a 10% price increase in the last 5 months, 6 months.

Switchgear was high double-digit. And wires has been with a lag of 15 days, every time the LME goes up with a lag of 15 days, the industry and us, we've been passing on the price increase to the trade and the consumers. So it's been taken -- it's just that every time you take a price increase, there's something that else that happens, which forces you to come back to the drawing board and take a price increase and that lead lag effect impacts the gross margin.

So we're keeping a close watch. You don't want to lose the traction of demand and you don't want to squeeze the demand by increasing the prices too much or lose competitiveness, and that's a balance that we continue to do while looking at the other programs that we run under Sanjay to bring non-price increase benefits to the table.

Moderator: The next question is from the line of Natasha Jain from Phillip Capital.

Natasha Jain: Congratulations sir, on a great set of numbers. I have one question on the export side. So could you give us an update as to what's happening there given that our Hyderabad plant was made in a way that we would be more export compliant? And a follow-up question there. Could you also talk about the TPW market outside of India?

Like this summer, especially, we saw a lot of European countries struggling in terms of and there was no AC duct. So TPW fan, I think there are a lot of rounds there. And what is our cost competitiveness between us and China on the fan side?

Ravindra Singh Negi: Yes. So Natasha, thanks. We've had double-digit growth in our exports business. And largely, we've looked at Africa markets, while Middle East got impacted, we've looked at SAC countries. So those are the ones where we've been able to do this. Obviously, Hyderabad remains a very core part of it.

And for getting Hyderabad plant and so there are different countries, especially SAC countries who come and certify your plant. So all those processes have happened in the last 2, 3 quarters, and we are seeing traction there. Yes, Europe remains a great opportunity. And I think the government is also pushing while they said on the AC manufacturers and all. But infrastructurally, those markets are built for TPW fans and tower fans.

Currently, our cost structures and when I say -- I would say, for India, and I would take the liberty of taking -- saying on behalf of the industry also, we are not very competitive versus China. In terms of quality, in terms of performance, we are notches above the Chinese products. And hence, at some point of time, while the European customers looked at TPW only as a 3-week, 4-week, and hence, they were not worried about the performance and the quality.

I hope that shift will happen because this 3-week, 4-week window is now extending to about 10 weeks, 12 weeks for them. So we are trying to make that pitch and pushing our products there. Hopefully, before the next season, we should get some foothold in the European market also.

Moderator: The next question is from the line of Chirag from MS Capita.

Chirag: Congratulations for continued execution over the last couple of quarters. Two questions from my side. One, just a bookkeeping. For the last 7 or 9 quarters, I guess, the employee costs were very informed that this quarter you see a little bit of an uptick. Is this largely with the minimum wage increases that you spoke about?

And is this line item more or less kind of done from the perspective of operating leverage since it was controlled for a long period of time from here onwards, is it more reasonable to expect a normalized kind of growth in this?

Ravindra Singh Negi: Sorry, Chirag, there was a little bit of issue in your quality of call. Can you come again on the question?

Chirag: Sir, 2 questions. One, just on the employee cost side, last 8-odd quarters, it was pretty range bound, but this quarter, we have seen a little bit of an uptick. Is this largely related to the minimum wage increases that you spoke about? And is it fair to assume that this cost element has kind of tapped out on the operating leverage it can provide? Or is there still room here?

Ravindra Singh Negi: So, if you look at it, the employee cost benefit has gone up by about 10.7%, but that's one way to look at it. The other way to look at it is saying what's it as a percentage of my sales. And that's where the flowdown to my EBITDA is going to happen. Last year, we were at about 9.9%. And this year, we are at about 8.9%. Last quarter, we were at about 8.3%. So we've now come below 9% as a percentage of our top line.

Yes, the 10.7% has a wage impact of the sudden increase in the minimum wages that's happened. We're taking our actions. We're taking our -- so some of the actions that we're putting in terms of automating our plants, automating processes there, looking at more studies and other things.

Those are actions that are now getting executed. Will it immediately give me a benefit in quarter 2? Maybe no. But yes, in a long-term basis, we are taking actions on it. And I think it will be range bound in terms of -- and I would be more interested in saying, look at it as a percentage of sales, and that's where the operating leverage will come.

So it will be a range bound. And obviously, there is a little bit of scope in terms of how do we automate our processes at the manufacturing -- and mitigate this impact of labor cost.

Chirag: Understood. Very clear. Second question, just on switchgears and wires. That segment has obviously done very well. But I just wanted to understand if there's a difference in sort of emphasis or focus between switchgears, switches and wires.

Just back of the envelope, wires is sort of doubling for the last 4, 5-odd quarters, it seems like then switches and switchgears would probably be going more closer to high single digits or very early double digits. Is that broadly close enough as an estimate? And then is there a difference in focus between these 2 subcategories for the company or not really?

Ravindra Singh Negi: No, I think -- and I've always said that we are now increasingly becoming a consumer thinking company. The consumer interface for our wires is very different from a consumer interface for a switches and a consumer interface for a switchgear. So switches is all about getting the fit feel finished design, technology, understanding consumers. So those are things that we're doing.

And a huge focus from a design perspective is being done there. Switchgear is all about getting the right tech to give the right assurance of safety. There's a lot of work happening on that. And there are a couple of products that categories -- subcategories that we were missing in that and which were fast growing like we were in 10K and not a 6K MCB. We've got into some of this as we speak in Q2. We're launching that.

So there is a huge focus in terms of product and consumer interface there. in wire side, there is a huge focus in terms of getting the distribution and go-to-market right. Core being understanding the influencers and riding that wave with the electricians. So there is enough and more focus being done. The lead lag effect of this is very different.

So you're right, our switchgear and switches is growing by double digits, while wires has grown by 2x, 3x. But we look at all 3 businesses with equal amount of attention. We are solving for different things in different businesses. And hence, you will see a little lead lag in terms of all 3 coming to a certain level of growth. But this remains as a key emerging business for us.

Moderator: The next question is from the line of Nikhat Koor from Dolat Capital.

Nikhat Koor: Congrats on a great set of numbers. Sir, my question is on the Lighting segment. So Lighting, although we've seen a strong growth of 25%, the margin decline has been 40 bps on a Y-on-Y basis. So why is that? That's the first question. Second is on the B2C lighting, which has seen a high double-digit growth. So how was the growth in the B2B segment of lighting?

Ravindra Singh Negi: Yes. So okay, so 2 things. The lighting and switchgear business put together has grown by 25.4%. My B2C lighting has grown up by high double-digit. My B2B, C-Loom side has grown by high single-digit. It's on the tender business that we've had a little bit of degrowth, and that's a conscious decision because of the risk profiling and the kind of projects that we wanted to pick.

So those are the breakup of my lighting business. But from a margin perspective, it's been a little bit of lead lag in terms of commodity prices going up versus our ability to pass on the price. So there's been -- literally, we've taken price in April and June. But both the times, I think we've been a lag of about 2 to 3 weeks, and that's impacted the margin, but we've taken whatever it requires to be done.

If there is more to be done, we'll take those. So that's what is it. Structurally, I think that remains a good high contribution margin, high gross margin business for us. And we look at the loom part of it, which is high-value business very differently, and we've been driving it much, much strongly than the industry.

So structurally, I think everything is right. It's just that the lead lag effect in terms of our ability to pass on the cost increases because March onwards, the cost increase happened suddenly, whereas -- by the time we took the price increase, it was mid and the third week of April. Cost increased again in May and June, and we were able to pass on by first week of June. So that's been those impacts in the business.

But structurally, I think on the B2C side, I can be very confident that we've done better than mark-to-market performance. And this is not only for this quarter for about last 10, 12 quarters, we've been much sharper, much better than the industry, while the industry was going through price erosions led decline, we were the only ones who were swimming against the tide.

So we continue to focus on lighting, and that's been a second pillar, which -- where I would say we've demonstrated a little bit of success. There's more to do, more to go. But I think we are very confident that lighting is something which is now a good, strong second pillar apart from fans. And we're delivering -- we are building up the emerging categories also on a similar line.

Nikhat Koor: Okay. And one question on the price increase, which we have taken in fans, more than 10% price increase. So has Orient taken more price increase than what the industry has taken?

Ravindra Singh Negi: If you do a channel check, you will understand that, yes, we've been ahead of others to take price increase. Like most of the leading brands have not taken price increase in June. We were the only ones who've taken some of the start-up brands have taken almost half of what we've taken.

And yet, we've taken the value proposition through our new product launches well to the consumers. We've taken innovation to the next level for the consumers, and that's where we've been able to drive both volume value in quarter one in fact.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Ravindra Singh Negi: Yes. Thank you, everyone, for joining on the call, and I know it's slightly late in the day. I promise next time onwards, we'll try and make it earlier. But thank you for your encouraging words and sharp questions, which keeps us on our toes. So thank you and look forward to meeting some of you soon.

Moderator: Thank you. On behalf of Axis Capital, this concludes this conference. Thank you for joining us, and you may now disconnect your lines.