

CMP: INR 241

Rating: HOLD

Target Price: INR 259

Stock Info

BSE	541301
NSE	ORIENTELEC
Bloomberg	ORIENTAL:IN
Reuters	ORIENTAL.BO
Sector	Consumer Durables
Face Value (INR)	1
Equity Capital (INR cr)	21
Mkt Cap (INR cr)	5,143
52w H/L (INR)	297 / 177
Avg Yearly Volume (in 000')	485.5

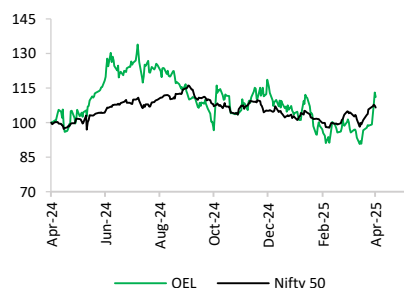
Shareholding Pattern %

(As on Mar, 2025)

Promoters	38.30
DII	27.95
FII	6.92
Public & Others	26.81

Stock Performance (%)	3m	6m	12m
OEL	6.1	14.8	11.1
NIFTY	5.3	-0.6	6.5

OEL Vs Nifty



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Orient Electric Ltd reported numbers, Q4FY25 revenue grew by 9.4% YoY (+5.5% QoQ) to INR 862cr; above our estimates of INR 854cr. Gross Profit stood at INR 271cr (+11.8% YoY/+4.6% QoQ); above our estimates of INR 270cr; Gross margins improved by 67 bps YoY (down by 28 bps QoQ) to 31.4% vs 30.8% in Q4FY24. The raw material cost in terms of sales stood at 68.6% vs 69.2% in Q4FY24. EBITDA stood at INR 67cr (+117.4% YoY/+9.2% QoQ); above our estimates of INR 64cr. EBITDA margin improved by 117.4 bps YoY (up by 26 bps QoQ) to 7.8% vs 3.9% in Q4FY24. Employee cost in terms of sales stood at 8.8% vs 8.9% in Q4FY24. Other expenses in terms of sales stood at 14.9% vs 18% in Q4FY24. PAT stood at INR 31cr (+144.2% YoY/+15.1% QoQ); above our estimates of INR 29cr, PAT margin improved by 200 bps YoY (up by 30 bps QoQ) to 3.6% vs 1.6% in Q4FY24.

Key Highlights

Continued growth led by NPD and premiumization: Electric Consumer Durables (ECD) revenue stood at INR 614cr (+7.9% YoY/+6.9% QoQ); EBIT Stood at INR 68cr (+45.7% YoY/+5.4% QoQ). EBIT margin improved by 286 bps YoY (down by 16 bps QoQ) to 11% vs 8.2% in Q4FY24. The Hyderabad plant capacity utilization stood at ~50% for TPW fans, and improved manufacturing scale and cost efficiency will improve margins. NPDs contributed 20% to the fans category, with a focus on innovation in premium offerings across BLDC fans, lighting, and water heaters. Air Cooler's are underpenetrated (20-30% market) compared to ceiling fans (95%), Stocking has improved in anticipation of a strong summer.

Strong growth led by Lightings, Switchgear, and Wires in L&S: Lighting & Switchgears revenue stood at INR 248cr (+13.3% YoY/+2.1% QoQ); EBIT Stood at INR 31cr (+9.8% YoY/-4.2% QoQ). EBIT margin contracted by 40 bps YoY (down by 82 bps QoQ) to 12.5% vs 12.8% in Q4FY24. The company gained ~200 bps market share despite industry stagnation, supported by product innovation (CUBs, panels, magnetic tracks) and premium B2C offerings. Switchgear witnessed high double-digit growth, supported by the launch of the universal switch "Nixa", electrician-focused NPDs, and expanded retail reach. The wire business grew at a high double-digit rate with channel restocking and infra-led demand. The switchgear and wires portfolio is still lighting-heavy but is being actively developed for future growth.

NPD, DTM expansion, and E-commerce remain on track: NPDs contributed 20% to the fans category, with a focus on innovation in premium offerings across BLDC fans, lighting, and water heaters. DTM presence expanded to 11 states, with Kolkata added in Q4FY25. DTM states delivered high double-digit revenue growth in Q4FY25. DTM strategy includes direct sales, localized warehousing, and customer service, although some logistics feedback was flagged for improvement. The company has a partnership with Zepto enables 10-minute delivery of products, primarily fans. Premium fans include free installation within 8–24 hours. Other category fans buyers use nearby electricians for installations. The company has 85,000 retail outlets and is focused on reaching 130,000 outlets

Outlook & Valuation: ECD segment witnessed moderate growth due to the muted start of quarter for Fans. The Hyderabad plant capacity utilization is around 50%, and improved manufacturing scale and cost efficiency will improve margins. NPDs contributed 20% to the fans category, with a focus on innovation in premium offerings across BLDC fans, lighting, and water heaters. Air Coolers are underpenetrated (20-30% market) compared to fans (95%) and witnessing >30% growth will be the key growth drivers. Light & Switchgear witnessed strong growth led by Luminaries, Switchgears, and house wires. The Light & Switchgear segment is expected to continue its momentum backed by a change in product mix, B2B projects, traction in switchgear, housing wires, and new launches. Expansion of the existing distribution models, direct dealer approach, new product launches, the ability to change the product mix, and consumer demand will drive growth going forward. At the CMP INR 241, we have a "HOLD" rating at a TP of INR 259 per share; valued at a PE multiple 40x and its FY27E EPS of INR 6.5; an upside of 7.6%.

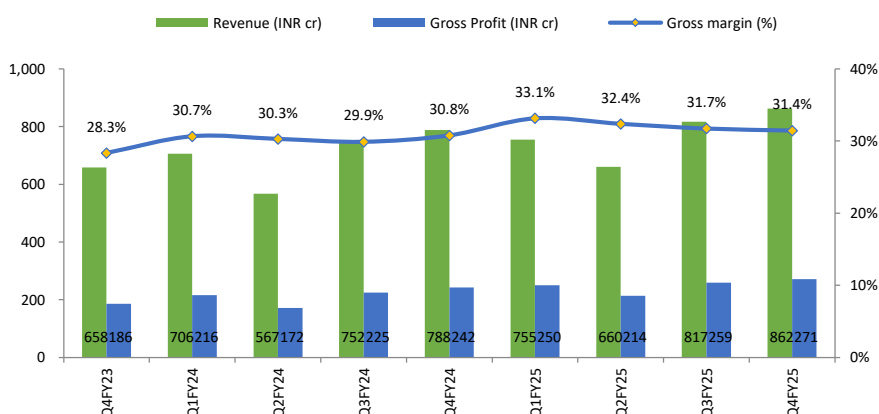
Q4FY25 Result update

Income statement summary

Y/e 31 Mar (INR cr)	Q4FY24	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Revenue	788	817	862	9.4%	5.5%
Net Raw Materials	545	558	591	8.4%	5.9%
Gross Profit	242	259	271	11.8%	4.6%
Gross Margins (%)	30.8%	31.7%	31.4%	+67 bps	-28 bps
Employee Cost	70	75	76	8.6%	0.9%
Other Expenses	142	123	128	-9.5%	4.5%
EBITDA	31	61	67	117.4%	9.2%
EBITDA Margin (%)	3.9%	7.5%	7.8%	+385 bps	+26 bps
Depreciation	15	20	22		
Interest expense	7	6	6		
Other income	5.0	1.7	3.5		
Profit before tax	13	37	42		
Taxes	1	9	11		
PAT	13	27	31	144.2%	15.1%
PAT Margin (%)	1.6%	3.3%	3.6%	+200 bps	+30 bps
EPS (INR)	0.6	1.3	1.5		

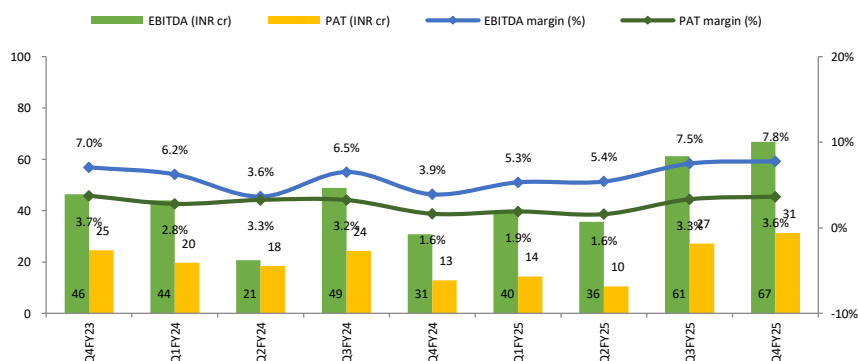
Source: Company Reports, Arihant Capital Research

Exhibit 1: Gross margins improved by 67 bps YoY (down by 28 bps QoQ) to 31.4% in Q4FY25, due to premiumization across categories and improved product mix.



Source: Company Reports, Arihant Capital Research

Exhibit 2: EBITDA margin improved by 385 bps YoY (up by 26 bps QoQ) to 7.8% in Q4FY25 led by lower employee and other expenses in-terms of sales.

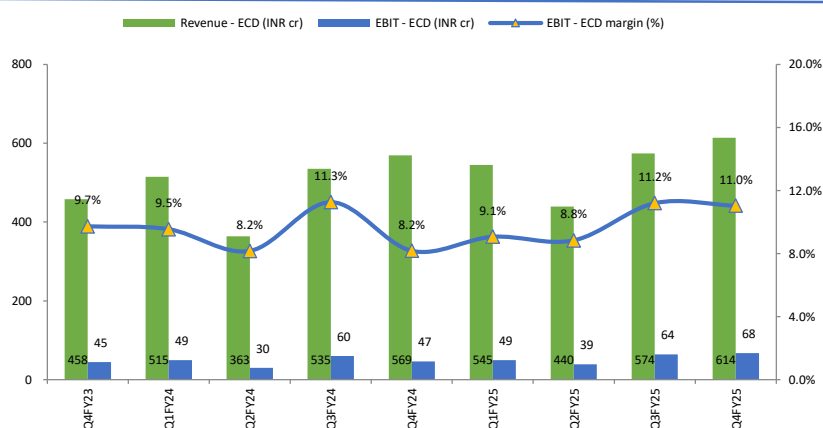


Source: Company Reports, Arihant Capital Research

Electric and Consumer Durable (ECD) Segment

- Electric Consumer Durables (ECD) revenue stood at INR 614cr (+7.9% YoY/+6.9% QoQ); EBIT Stood at INR 68cr (+45.7% YoY/+5.4% QoQ). EBIT margin improved by 286 bps YoY (down by 16 bps QoQ) to 11% vs 8.2% in Q4FY24.
- NPD revenue contributed >20% revenue, with innovation and premiumization, led by lifestyle & decorate fans driving growth in the segment.
- BLDC witnessed 50% YoY growth and Air Coolers witnessed 33% YoY in Q4FY25.
- DTM markets witnessed high double digit growth in Q4FY25.

Exhibit 3: Margins improved by 286bps YoY (down by 16 bps QoQ) to 11%, despite commodity price fluctuations.

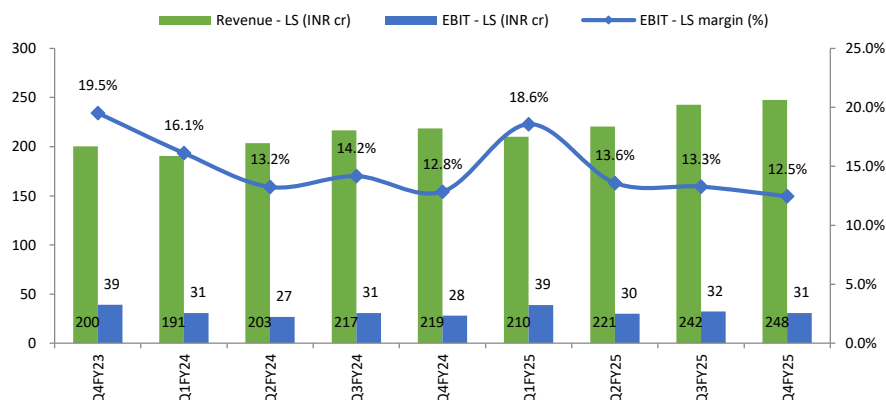


Source: Company Reports, Arianth Capital Research

Lighting & Switchgear segment (L&S) Segment

- Lighting & Switchgears revenue stood at INR 248cr (+13.3% YoY/+2.1% QoQ); EBIT Stood at INR 31cr (+9.8% YoY/-4.2% QoQ). EBIT margin contracted by 40 bps YoY (down by 82 bps QoQ) to 12.5% vs 12.8% in Q4FY24.
- Consumer lighting witnessed high double-digit volume growth, however pricing pressure continuous for the industry.
- Switchgears witnessed high double-digit growth, supported by NPDs, focus on electrician meets and retail network expansion.
- Wires witnessed high double-digit growth, with channel restocking and infra-led pickup.

Exhibit 4: EBIT margin contracted by 40 bps YoY (down by 82 bps QoQ) to 12.5% in Q4FY25 led by pricing erosion in the lightings.



Source: Company Reports, Arianth Capital Research

Q4FY25 Concall Highlights

Margins

- EBIT Margins are expected to be double-digit in the next 7-8 quarters through premiumization, cost efficiencies, portfolio balance, and scale.

Fans

- BLDC fan accounted for 20% of sales, while industry players were in mid-teens.
- BLDC fan sales grew 50% YoY in Q4FY25 and 30% YoY in FY25.
- TPW fans account for ~30% of fan revenue.
- Around 50% of TPW production is from the Hyderabad plant.

BLDC

- BLDC adoption is accelerating due to energy efficiency awareness. Premiumization helps mitigate pricing pressures in lower-end segments where commodity inflation impacts margins more severely.
- BLDC fan prices are above INR 2,500, where consumers start considering features, design, and energy savings.

Air Coolers

- Air Coolers' revenue grew ~33% YoY in Q4FY25 and ~37% YoY in FY25. The category is underpenetrated (20-30%) compared to ceiling fans (95%). Stocking has improved in anticipation of a strong summer.

Capacity utilization

- The Hyderabad plant capacity utilization stood at ~50% for TPW fans and has improved manufacturing scale and cost efficiency.

Lighting

- Lighting is the fastest-growing segment, lighting saw high double-digit B2C volume growth.
- B2B lighting grew 20 %+ YoY with marquee project executions.
- The company gained ~200 bps market share despite industry stagnation, supported by product innovation (CUBs, panels, magnetic tracks) and premium B2C offerings.

Q4FY25 Concall Highlights**Switchgear**

- Switchgear witnessed high double-digit growth, supported by the launch of the universal switch “Nixa”, electrician-focused NPDs, and expanded retail reach.

Wire & Switches

- The wire business grew at a high double-digit rate with channel restocking and infra-led demand.
- The switchgear and wires portfolio is still lighting-heavy but is being actively developed for future growth.

DTM

- DTM presence expanded to 11 states, with Kolkata added in Q4FY25. DTM states delivered high double-digit revenue growth in Q4FY25.
- DTM strategy includes direct sales, localized warehousing, and customer service, although some logistics feedback was flagged for improvement.

New Product Development (NPD)

- NPDs contributed 20% to the fans category, with a focus on innovation in premium offerings across BLDC fans, lighting, and water heaters.
- The company collaborates with engineering institutions to develop proprietary tech, like in-house PCBs.

Zepto & Quick Commerce

- The company has a partnership with Zepto enables 10-minute delivery of products, primarily fans.
- Premium fans include free installation within 8–24 hours. Other category fans buyers use nearby electricians for installations.
- Partnerships with Blinkit and Zepto are strategic to penetrate digital-first consumer segments.

Industry

- The fan industry witnessed delayed seasonal sales due to a prolonged winter and late summer onset.
- The lighting industry was flat or slightly declining, but the company has outperformed due to focused premiumization and channel strategy.

Raw Materials

- Commodities like copper and aluminum saw price fluctuations in Q4FY25. Raw material sourcing improvements and internal PCB production help mitigate cost volatility.

Market Size

- The air cooler market is estimated at INR 3,000cr. Organized and unorganized market mix is 50:50.

Cost Savings

- Project “Sanchay” program led to cost savings of INR 75cr in FY25. It focuses on cross-functional efficiency, vendor renegotiation, VAB, process optimization, and manufacturing excellence.

Other highlights

- The company has 85,000 retail outlets and is focused on reaching 130,000 outlets.
- Lighting B2B pipeline is strong, while B2C shows high double-digit volume growth.

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	2,033	2,448	2,529	2,812	3,094	3,437	3,837
Net Raw Materials	1,421	1,767	1,824	1,957	2,100	2,329	2,592
Employee Cost	179	190	193	259	306	338	370
Other Expenses	213	260	361	452	484	535	589
EBITDA	220	231	151	144	204	235	285
EBITDA Margin (%)	10.8%	9.4%	6.0%	5.1%	6.6%	6.8%	7.4%
Depreciation	(43)	(47)	(54)	(59)	(79)	(93)	(104)
Interest expense	(21)	(20)	(22)	(23)	(24)	(18)	(11)
Other income	6	6	27	16	12	14	16
Profit before tax	162	170	102	96	112	139	186
Taxes	(42)	(43)	(26)	(21)	(29)	(36)	(48)
PAT	120	127	76	75	83	103	138
PAT Margin (%)	5.9%	5.2%	3.0%	2.7%	2.7%	3.0%	3.6%
Other Comprehensive income	(0)	0	1	1	1	-	-
Net profit	119	127	76	77	84	103	138
EPS (INR)	5.6	6.0	3.6	3.6	3.9	4.8	6.5

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	21	21	21	21	21	21	21
Reserves	434	520	563	618	673	741	833
Net worth	456	541	585	639	694	763	855
Provisions	54	53	50	51	58	19	21
Debt	95	101	139	157	86	74	64
Other non-current liabilities	9	13	11	9	5	17	19
Total Liabilities	614	709	784	855	844	873	959
Fixed assets	130	142	127	140	366	378	378
Capital Work In Progress	3	2	83	223	5	4	5
Other Intangible assets	23	23	22	17	13	13	13
Investments	9	10	15	18	17	21	23
Other non current assets	76	90	133	125	103	120	134
Net working capital	115	291	238	227	267	297	307
Inventories	249	326	285	315	430	415	455
Sundry debtors	384	416	372	472	518	537	589
Other current assets	30	28	63	36	29	28	32
Sundry creditors	(519)	(449)	(453)	(544)	(600)	(614)	(691)
Other current liabilities & Prov	(30)	(29)	(28)	(52)	(111)	(69)	(77)
Cash	258	151	164	66	55	39	98
Other Financial Assets	1	0	2	40	19	1	1
Total Assets	614	709	784	855	844	873	959

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.7	0.7	0.7	0.8	0.7	0.7	0.7
Interest burden (x)	0.9	0.9	1.0	1.1	0.9	1.0	1.0
EBIT margin (x)	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Asset turnover (x)	2.0	2.1	2.1	2.2	2.1	2.3	2.4
Financial leverage (x)	2.5	2.3	2.1	2.1	2.2	2.1	2.0
RoE (%)	29.4%	25.4%	13.3%	12.0%	12.0%	13.6%	16.5%

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR cr)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	162	170	102	96	112	139	186
Depreciation	43	47	54	59	79	93	104
Tax paid	(42)	(43)	(26)	(21)	(29)	(36)	(48)
Working capital Δ	248	(177)	53	11	(39)	(30)	(10)
Operating cashflow	411	(3)	182	145	123	166	232
Capital expenditure	(43)	(59)	(119)	(211)	(88)	(104)	(105)
Free cash flow	368	(61)	63	(66)	35	61	127
Equity raised	3	1	10	11	4	-	-
Investments	(2)	(0)	(5)	(3)	1	(4)	(2)
Others	(4)	(14)	(43)	(25)	47	1	(14)
Debt financing/disposal	(95)	6	38	18	(70)	(12)	(10)
Dividends paid	(27)	(42)	(42)	(32)	(32)	(34)	(46)
Other items	6	4	(6)	(1)	3	(27)	4
Net Δ in cash	250	(107)	14	(98)	(12)	(15)	58
Opening Cash Flow	7	258	151	164	66	55	39
Closing Cash Flow	258	151	164	66	55	39	98

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)							
Revenue growth	-1.4%	20.5%	3.3%	11.2%	10.0%	11.1%	11.6%
Op profit growth	24.4%	5.4%	-34.7%	-4.4%	41.1%	15.3%	21.4%
Profitability ratios (%)							
OPM	10.8%	9.4%	6.0%	5.1%	6.6%	6.8%	7.4%
Net profit margin	5.9%	5.2%	3.0%	2.7%	2.7%	3.0%	3.6%
RoCE	22.5%	21.8%	12.6%	9.7%	12.0%	13.7%	16.3%
RoNW	29.4%	25.4%	13.5%	12.3%	12.5%	14.1%	17.1%
RoA	19.5%	17.9%	9.7%	8.8%	9.9%	11.8%	14.4%
Per share ratios (INR)							
EPS	5.6	6.0	3.6	3.6	3.9	4.8	6.5
Dividend per share	1.2	2.0	2.0	1.5	1.5	1.6	2.2
Cash EPS	7.7	8.2	6.1	6.3	7.6	9.2	11.3
Book value per share	21.5	25.5	27.5	29.9	32.5	35.7	40.0
Valuation ratios (x)							
P/E	42.9	40.3	67.2	67.2	61.4	50.0	37.2
P/CEPS	31.4	29.4	39.6	38.3	31.7	26.3	21.2
P/B	11.2	9.4	8.8	8.0	7.4	6.7	6.0
EV/EBITDA	22.5	21.9	33.7	36.1	25.3	22.0	17.8
Payout (%)							
Dividend payout	22.1%	33.5%	56.0%	42.5%	38.5%	33.5%	33.5%
Tax payout	26.0%	25.4%	25.6%	21.8%	25.9%	25.8%	25.8%
Liquidity ratios							
Debtor days	69	60	57	55	58	56	54
Inventory days	69	59	61	56	65	66	61
Creditor days	86	80	69	68	72	69	67
WC Days	53	39	49	43	51	53	48
Leverage ratios (x)							
Interest coverage	8.5	9.1	4.4	3.7	5.1	8.0	16.3
Net debt / equity	-0.4	-0.1	-0.0	0.1	0.0	0.0	-0.0
Net debt / op. profit	-0.7	-0.2	-0.2	0.6	0.2	0.1	-0.1

Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 7: Revenue growth is expected to grow at CAGR of 11.4% over the period of FY25-27E.

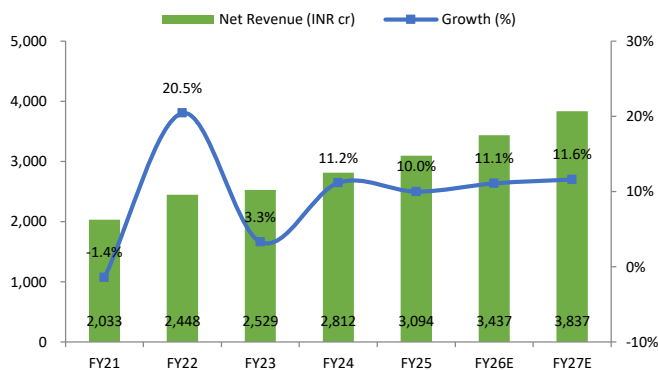


Exhibit 8: Gross Margins are expected to improve gradually due to raw material cost optimization, better realization and product mix.

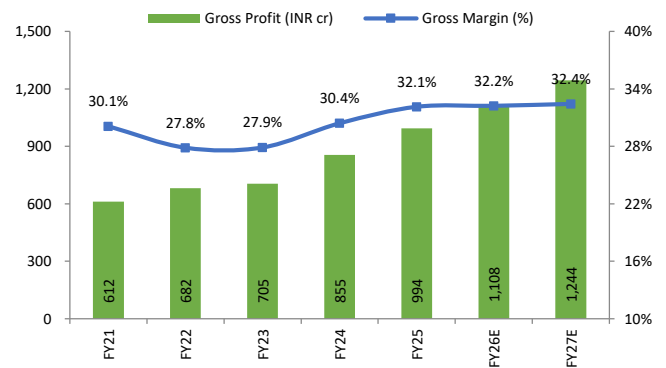


Exhibit 9: Rationalization of other expenses and cost savings will improve the EBITDA margin going forward.

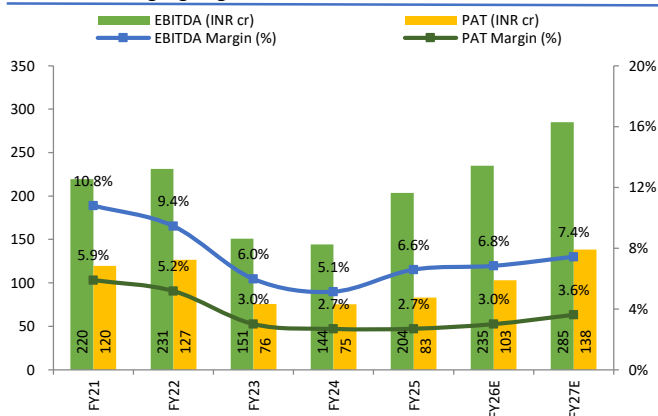


Exhibit 10: Return ratios is expected to improve.

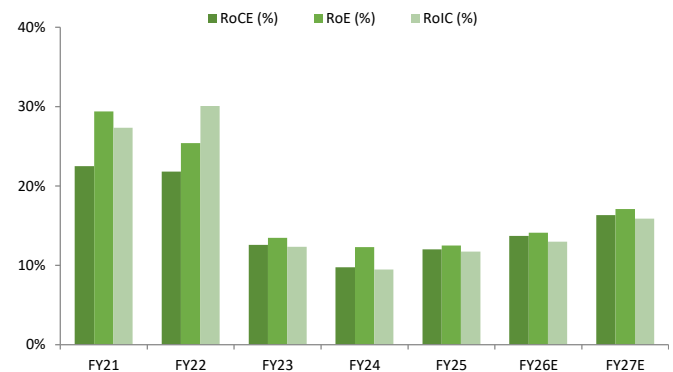


Exhibit 11: Working capital days to be improve

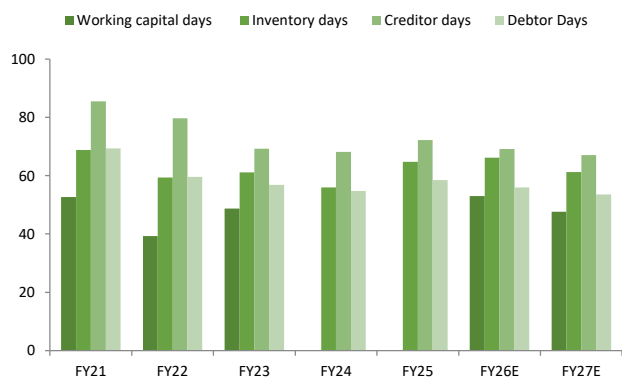
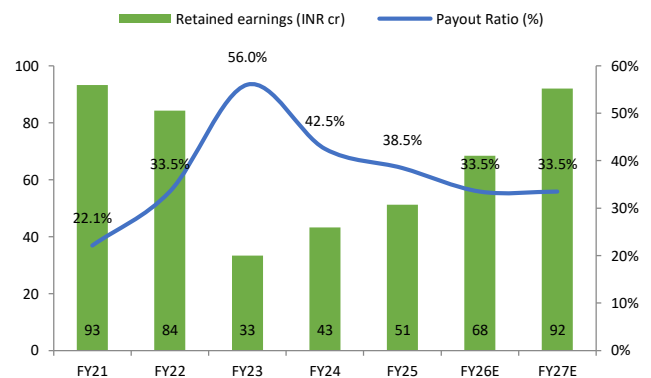


Exhibit 12: Dividend pay-out to be continue



Source: Company Reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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