

Orient Electric (ORIENTEL)

Consumer Electricals | Management Meet

BUY

CMP: Rs183 | Target Price (TP): Rs241 | Upside: 32%

December 17, 2025

Premiumisation + DTM = growth and margin upside

Key Points

- In our recent interaction, Orient Electric's management highlighted margin expansion, premiumization, and deeper channel penetration as its key strategic priorities.
- Management is targeting double-digit margins over the next 7–8 quarters, driven by operating leverage from the Hyderabad facility and an improving product mix toward higher-margin products.
- **Fans:** Premium and BLDC fans are driving market share gains, while inventory normalization and higher utilization at the Hyderabad plant should support margin recovery ahead.
- **Lighting:** A premium-heavy lighting mix is driving high growth and market share gains with LED price stabilization expected to further support margins.
- **Appliances:** Appliances continue to grow steadily, with e-commerce traction and a seasonally strong Q3 expected, supported by winter-led heating demand.
- **Switches & SG:** Switches remain under-penetrated offering strong growth headroom with electrician-led outreach and DTM-driven cross-selling expected to aid scale-up.
- **Wires:** A distribution-led wires strategy is helping Orient gain share from the unorganized segment with margins expected to improve as scale builds.
- **H2FY26:** The management anticipates strong demand, supported by the festive season, improving retail sentiment, and normalization of channel inventory.
- We remain positive on Orient Electric, driven by the steady progress under its DTM distribution strategy, improving growth visibility across regions, and continued momentum in the lighting segment supported by an expanding SKU portfolio and rising B2B contribution. With margin recovery visibility improving and execution tracking well, we maintain a BUY rating with a TP of Rs241, valuing the stock at 30x Sep-27E EPS, which represents a ~50% discount to its five-year historical average one-year forward P/E.

Est Change	No Change
TP Change	No Change
Rating Change	No Change

Company Data and Valuation Summary

Reuters:	ONTE.BO
Bloomberg:	ORIENTEL IN Equity
Mkt Cap (Rsbn/US\$mn):	38.3 / 425.6
52 Wk H / L (Rs):	262 / 155
ADTV-3M (mn) (Rs/US\$):	209.3 / 2.3
Stock performance (%) 1M/6M/1yr:	(11.8) / (18.4) / (26.1)
Nifty 50 performance (%) 1M/6M/1yr:	(0.4) / 1.6 / 6.7

Shareholding	3QFY25	4QFY25	1QFY26
Promoters	38.3	38.3	38.3
DII's	27.9	28.0	28.2
FII's	7.1	6.9	6.9
Others	26.7	26.8	26.6
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY25	FY26E	FY27E	FY28E
Net Sales	30,937	33,441	37,092	41,424
Growth YoY (%)	10.0	8.1	10.9	11.7
Gross Margin (%)	32.1	32.2	32.0	32.0
EBITDA	2,037	2,431	2,831	3,875
EBITDA Margin (%)	6.6	7.3	7.6	9.4
Adj. PAT	832	1,008	1,257	2,111
Adj. PAT YoY Growth (%)	37.2	21.1	24.8	67.9
Adj. EPS (Rs)	3.9	4.7	5.9	9.9
RoCE (%)	14.1	17.4	19.5	22.7
ROE (%)	12.5	16.4	18.6	23.1
RoIC (%)	15.8	21.7	29.3	41.8
P/E	46.9	38.8	31.1	18.5
EV/EBITDA	18.9	15.2	12.7	8.8
P/BV	5.6	5.1	4.6	4.0

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links – [2QFY26 Results Note](#) | [2QFY26 Investor PPT](#)

Please refer to the disclaimer towards the end of the document.

Fans — premium push building momentum: Orient Electric's premiumisation strategy in fans is clearly gaining traction, with the share of premium and decorative models rising by ~500bps over the past year, helping the company gain market share despite weak demand and unfavorable weather. BLDC fans remain a key growth engine with BLDC and premium models collectively contributing more than 30% of domestic ceiling fan revenues. While channel inventory is currently elevated, the management expects this to normalize by 4QFY26. The recently commissioned Hyderabad plant strengthens Orient's presence in South India and should support margin improvement as the utilization ramps up, although near-term underutilization persists due to soft TPW fan demand. Overall, continued product innovation and the shift toward a DTM (Direct to Market) distribution model keep the long-term premiumisation and margin improvement story intact.

Lighting — premium-led growth story: Orient Electric's lighting business is benefiting from a premium-heavy portfolio with ~65% of consumer lighting SKUs positioned in the premium segment. This has allowed the company to take selective price hikes even as the broader LED category continues to see price deflation. The segment is witnessing sustained market share gains, supported by high-double digit value growth. Looking ahead, stabilization in LED prices is expected to further support growth momentum and aid margin improvement.










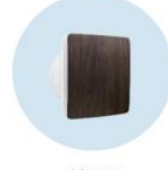


Appliances — winter-led momentum: The appliances segment continues to deliver steady growth with e-commerce emerging as an increasingly important channel. Management expects a seasonally-strong Q3, driven by higher demand for heating products during the winter season. To prepare for the anticipated demand uptick, Orient is proactively building inventory, positioning the segment well for the coming quarters.

Switches & SG — early stage with high headroom: The switches and switchgears segment remains under-penetrated compared to lighting, offering meaningful headroom for growth. Management is sharpening its strategy by increasing engagement with electricians and influencers to improve awareness, adoption, and on-ground penetration. Over time, the segment is also expected to benefit from cross-selling opportunities under the DTM strategy, leveraging the company's strong presence in fans and lighting to accelerate scale-up.


Wires — scaling up through distribution: Wires is a relatively new growth engine for Orient Electric with the management focused on gaining share from the large unorganized segment. The strategy is largely distribution-led, leveraging the company's strong fans distribution network to drive faster penetration. While the wires business is not gross-margin accretive in the initial phase, benefits from scale are expected to support EBITDA margin improvement over time. To strengthen reach and execution, the company plans to roll out electrician and influencer engagement programs to deepen distribution.

From middlemen to direct reach: Distribution continues to act as a key cross-segment enabler for Orient Electric. The transition to the DTM model is progressing well, with 12 states along with Pune and Goa already shifted, and DTM markets consistently outperforming those under the MD (Master Distributor) model. This shift has translated into around 100bps market share gains, while execution timelines have shortened reflecting improved on-ground efficiency. E-commerce now contributes roughly 10% of sales, largely driven by appliances, with differentiated SKUs helping avoid channel conflict.

Exhibit 1 : New product and premium launches in the ECD segment driving market share gains

ECD					
Ceiling Fans		TPWE			Appliances
Premium	Decorative	Personal Fans			
					
Artis/Artis UL	Luna	Orbis	Elfie	Vento	Instaflo 3L Instant WH
BLDC		Exhaust Series			
					
Proton	Ecotech Neu G	Smart Air Ceiling Exhaust	Vento	Hill Air Oil Shield	Instaflo Neo 3L Instant WH




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CKA Birla Group | 

Source: Company, Investor Presentation, Nirmal Bang Institutional Equities Research

Exhibit 2: New product and premium launches leading to market share gains in the lighting segment

 **New Product Launches**

Lighting				
				
COB Deep DL 3W/6W/9W/15W/18W	Aura COB DL 3W	Blaze Nova Spot light 7W	Prism Spot 1W	Rainbow Surface Panel 6W/12W
				
Eyeluv Panel 10W/15W/20W	Razor Plus FL 200W	Deco Wall light 5W/10W	Rope light 144 LEDs/meter	Grace Delite Plus 70W

Source: Company, Investor Presentation, Nirmal Bang Institutional Equities Research

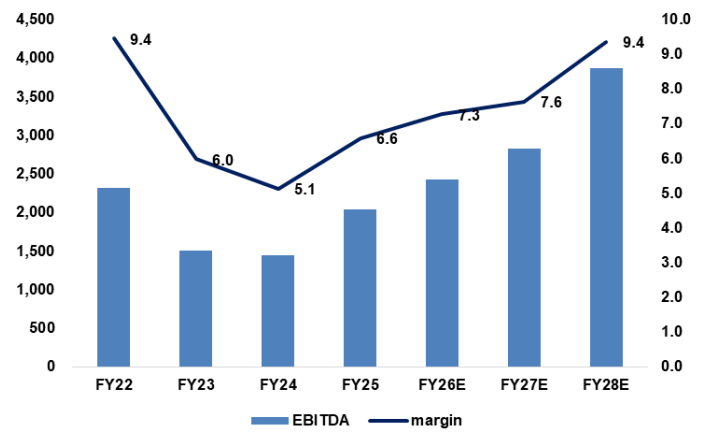
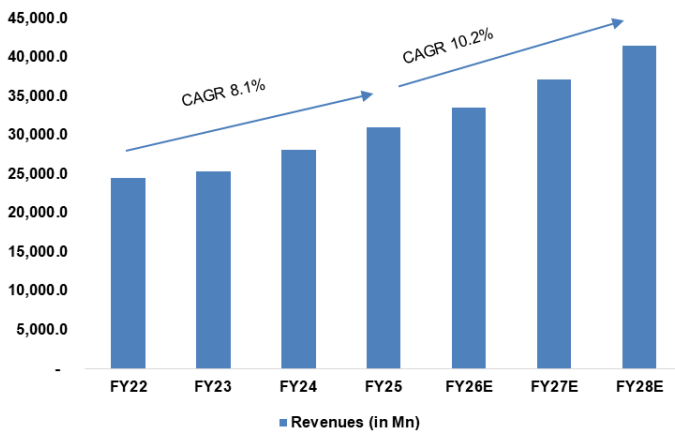
Exhibit 3: Change in our estimates

Description (Rsmn)	Changes in Estimates					
	FY26E			FY27E		
	Old	New	Change (%)	Old	New	Change (%)
Net Sales	33,441	33,441	-	37,092	37,092	-
EBITDA	2,431	2,431	-	2,831	2,831	-
EBITDA Margin (%)	7.3	7.3	0 bps	7.6	7.6	0 bps
Adj. PAT	1,008	1,008	-	1,257	1,257	-
Adj. EPS (Rs)	4.7	4.7	-	5.9	5.9	-

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: We expect Orient to deliver a revenue CAGR of ~11% from FY25-FY28E

Exhibit 5: EBITDA margin to expand by ~280bps by FY28E

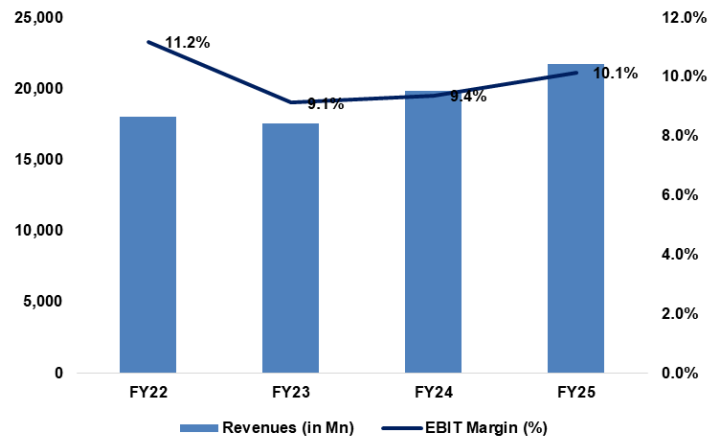
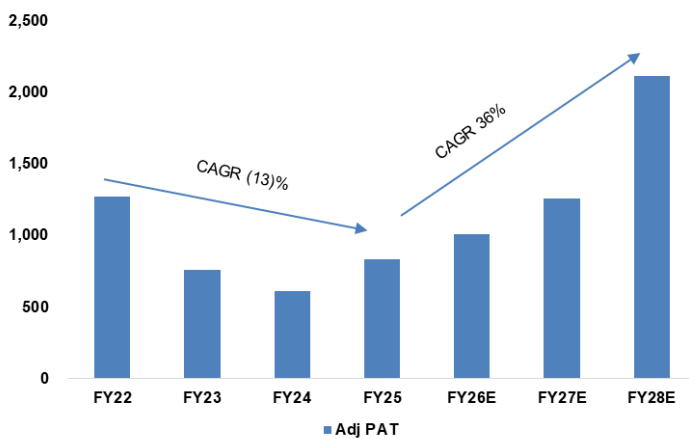


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 6: We expect Orient to deliver a PAT CAGR of ~36% by FY28E

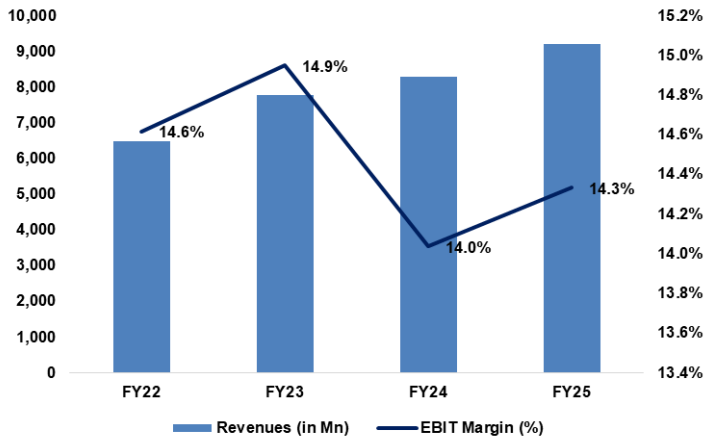
Exhibit 7: ECD segment trend



Source: Bloomberg, Nirmal Bang Institutional Equities Research

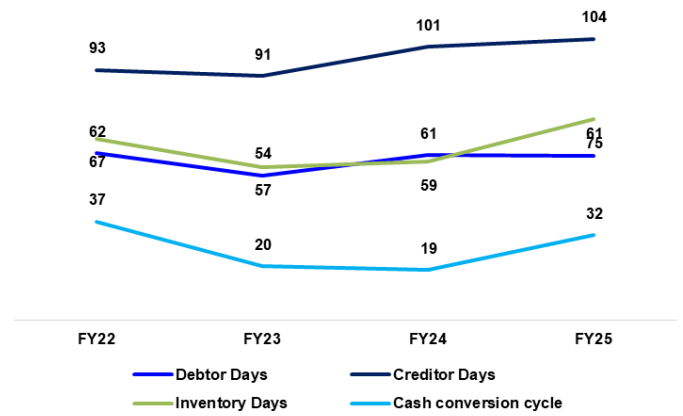
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 8: L&S segment trend



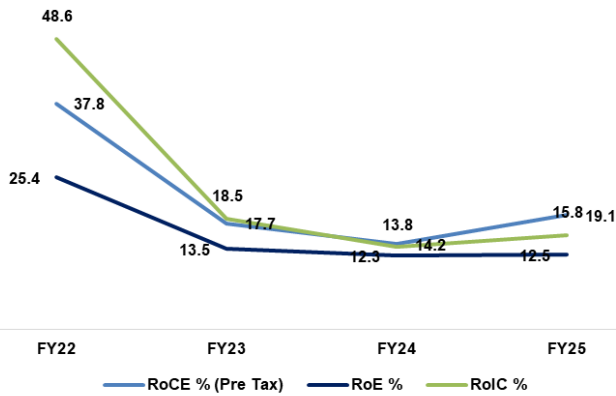
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 9: Working capital days trend



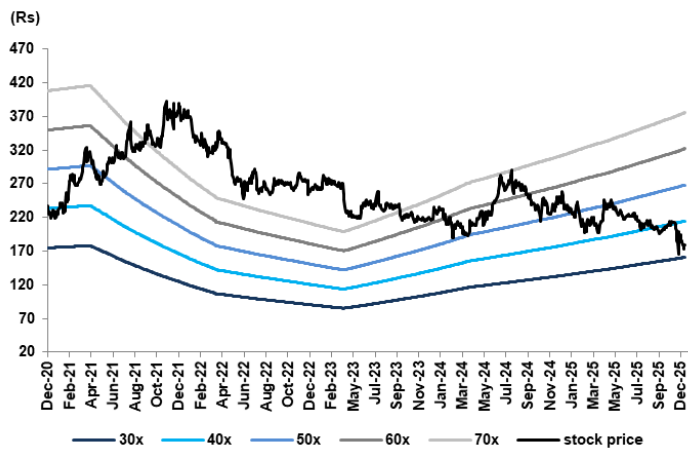
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 10: Ratio trend

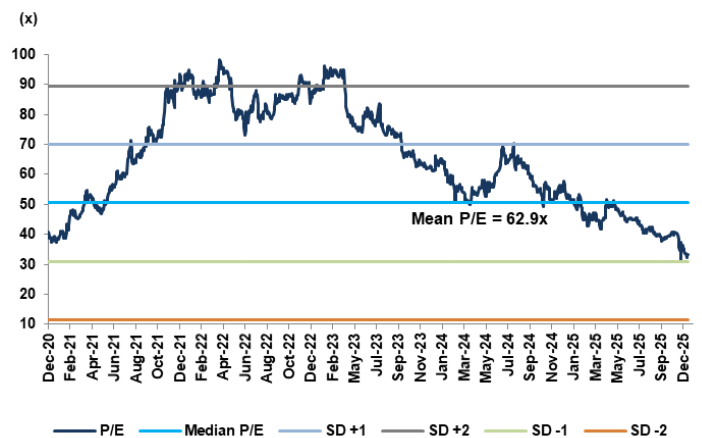


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 11: One-year rolling forward P/E chart



Source: Bloomberg, Nirmal Bang Institutional Equities Research



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 12: Income Statement

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	28,121	30,937	33,441	37,092	41,424
% growth	11.2	10.0	8.1	10.9	11.7
Gross Profit	8,551	9,941	10,768	11,869	13,256
Gross Margin (%)	30.4	32.1	32.2	32.0	32.0
Staff cost	2,589	3,061	3,010	3,338	3,190
% of sales	9.2%	9.9%	9.0%	9.0%	7.7%
Other expenses	4,519	4,843	5,327	5,700	6,192
% of sales	16.1%	15.7%	15.9%	15.4%	14.9%
EBITDA	1,443	2,037	2,431	2,831	3,875
% growth	(4.4)	41.1	19.3	16.4	36.9
EBITDA margin (%)	5.1	6.6	7.3	7.6	9.4
Depreciation	590	791	974	1,041	1,174
EBIT	853	1,246	1,457	1,790	2,701
Other Income	155	118	210	230	250
Interest	233	242	257	260	130
PBT (bei)	776	1,123	1,410	1,760	2,821
PBT	963	1,123	1,410	1,760	2,821
ETR	21.8	25.9	28.5	28.5	25.2
PAT	753	832	1,008	1,257	2,111
Adj PAT	607	832	1,008	1,257	2,111
% growth	(20.0)	37.2	21.1	24.8	67.9

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	213	213	213	213	213
Reserves	6,176	6,730	7,404	8,215	9,643
Net worth	6,389	6,943	7,618	8,429	9,856
Short-term Loans	209	171	100	100	100
Long-term Loans	0	0	0	0	0
Total Loans	209	171	100	100	100
Net Debt	(455)	(377)	(1,873)	(2,874)	(4,788)
Other non-current liabilities	(300)	(342)	(342)	(342)	(342)
Total Equity & Liabilities	6,298	6,772	7,376	8,187	9,615
Gross Block	5,763	8,607	9,103	9,823	10,593
Depreciation	3,547	4,337	5,311	6,352	7,526
Net Block	2,216	4,270	3,791	3,471	3,067
CWIP	2,226	46	300	300	50
Other non-current assets	0	0	0	0	0
Investments	0	141	141	141	141
Trade receivables	4,723	5,184	5,039	5,589	6,242
Inventories	3,151	4,297	3,479	3,870	4,322
Cash & Cash Equivalents	663	548	1,973	2,974	4,888
Other Current assets	1,063	592	803	890	994
Total Current assets	9,600	10,620	11,294	13,323	16,446
Trade payables	5,439	6,001	5,653	6,288	7,023
Other current liabilities	2,471	2,433	2,626	2,888	3,194
Total current liabilities	7,910	8,433	8,278	9,176	10,217
Total Assets	6,298	6,772	7,376	8,187	9,615

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Cash Flow

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	963	1,123	1,410	1,760	2,821
Depreciation	590	791	974	1,041	1,174
Other adjustments	155	118	210	230	250
Change in Working capital	(93)	(613)	597	(131)	(168)
Tax paid	(255)	(332)	(402)	(502)	(710)
Operating cash flow	1,250	1,210	2,836	2,428	3,247
Capital expenditure (-)	(2,130)	(664)	(750)	(720)	(520)
Free cash flow	(880)	546	2,086	1,708	2,727
Other investing activities	-	-	-	-	-
Investing cash flow	(2,130)	(664)	(750)	(720)	(520)
Issuance of share capital	1	-	-	-	-
Movement of Debt	108	(38)	(71)	-	-
Dividend paid (incl DDT)	(160)	(160)	(683)	(683)	(683)
Other financing activities	(233)	(383)	(257)	(260)	(130)
Financing cash flow	(284)	(581)	(1,010)	(943)	(813)
Net change in cash flow	(979)	(115)	1,425	1,001	1,914
Opening cash	1,642	663	548	1,973	2,974
Closing cash	663	548	1,973	2,974	4,888

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Key Ratios

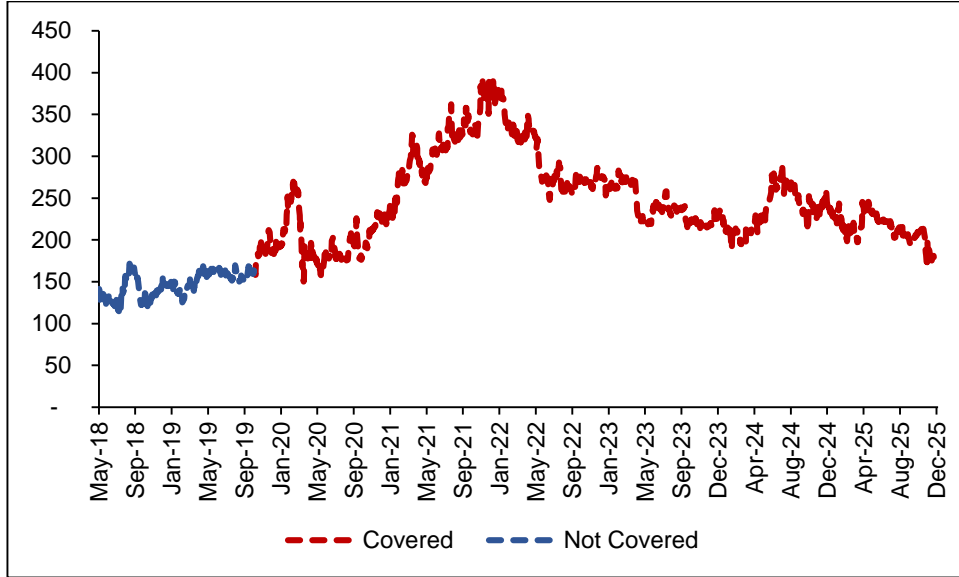
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Per Share (Rs)					
EPS	2.8	3.9	4.7	5.9	9.9
Book value	29.9	32.5	35.7	39.5	46.2
DPS	0.8	0.8	3.2	3.2	3.2
Valuation (x)					
P/Sales	1.4	1.3	1.2	1.1	0.9
EV/EBITDA	26.7	18.9	15.2	12.7	8.8
P/E	64.4	46.9	38.8	31.1	18.5
P/BV	6.1	5.6	5.1	4.6	4.0
Return ratio (%)					
RoCE	11.1	14.1	17.4	19.5	22.7
RoCE (Pre- Tax)	14.2	19.1	23.3	26.0	30.3
RoE	12.3	12.5	16.4	18.6	23.1
RoIC	13.8	15.8	21.7	29.3	41.8
Profitability ratio (%)					
Gross Margin	30.4	32.1	32.2	32.0	32.0
EBITDA margin	5.1	6.6	7.3	7.6	9.4
PAT margin	2.2	2.7	3.0	3.4	5.1
Liquidity ratios (%)					
Current ratio	1.2	1.3	1.4	1.5	1.6
Quick ratio	0.8	0.7	0.9	1.0	1.2
Solvency ratio (x)					
Net Debt: equity	-0.1	-0.1	-0.2	-0.3	-0.5
Turnover ratio					
Fixed Asset turnover ratio (x)	4.9	3.6	3.7	3.8	3.9
Debtor days	61	61	55	55	55
Inventory days	59	75	56	56	56
Creditor days	101	104	91	91	91
Net Working capital days	19	32	20	20	20

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
14 October 2019	Buy	161	197
23 October 2019	Buy	180	209
9 January 2020	Buy	196	209
29 January 2020	Buy	230	265
26 March 2020	Buy	153	210
9 April 2020	Buy	184	210
2 June 2020	Hold	178	192
9 July 2020	Hold	178	192
29 July 2020	Hold	179	180
23 September 2020	Hold	190	195
9 October 2020	Hold	184	195
29 October 2020	Hold	203	215
7 January 2021	Hold	242	270
31 January 2021	Buy	253	300
9 April 2021	Buy	304	300
13 May 2021	Buy	280	325
1 August 2021	Buy	323	375
26 September 2021	Buy	345	410
25 October 2021	Buy	335	438
22 January 2022	Buy	350	440
21 February 2022	Buy	345	475
11 May 2022	Buy	310	400
16 June 2022	Buy	262	400
26 July 2022	Buy	276	370
19 September 2022	Buy	274	390
06 November 2022	Buy	263	325
1 February 2023	Buy	263	330
22 March 2023	Buy	267	310
15 May 2023	Hold	222	235
05 August 2023	Hold	240	260
04 November 2023	Buy	221	260
21 December 2023	Buy	227	265
03 February 2024	Buy	220	255
19 March 2024	Buy	194	230
10 May 2024	Hold	215	220
03 August 2024	Hold	274	270
25 October 2024	Buy	210	250
26 December 2024	Buy	251	300
30 January 2025	Buy	220	260
16 April 2025	Buy	215	245
26 April 2025	Buy	242	287
26 July 2025	Buy	223	272
19 October 2025	Buy	206	241
17 December 2025	Buy	183	241

Rating track graph



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Stock Ratings Absolute Returns

BUY > 15%_s

HOLD -5% to 14%

SELL < -5%

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Team Details:			
Name		Email Id	Direct Line
Krishnan Sambamoorthy	Head of Research	krishnan.s@nirmalbang.com	+91 22 6273 8210
Seshagiri Ranganathan	Head of Sales	seshagiri.r@nirmalbang.com	+91 22 6273 8228
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,
 Nr. Peninsula Corporate Park,
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010