

Orient Electric Limited

October 06, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	470.00	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	RBI	103.30	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings for bank facilities of Orient Electric Limited (OEL) at CARE AA; Stable/ CARE A1+. The rating continues to draw strength from OEL's established market position, with a strong brand recall in the domestic fans industry. Ratings also considers company's ongoing efforts to diversify its product portfolio, reducing product concentration risk. The recent entry into the wires and cables segment, and its presence across electric consumer durables (ECD) segment comprising primarily of fans and other consumer-based appliances, lighting, and switchgear categories, supports this diversification strategy. However, majority total operating income (TOI) of ~70% is being derived from the ECD segment in the recent past. The company's efforts of continuous new product launches, sustained marketing efforts and improved premiumisation has supported scale expansion as OEL's TOI grew by a compounded annual growth rate (CAGR) of 8.3% from FY23-FY26.

Ratings further reflect OEL's strong financial risk profile, characterised by a robust capital structure, healthy debt coverage indicators, strong liquidity, absence of significant debt funded capex plans and efficient working capital management. Ratings also continue to derive comfort from OEL being part of the well-established CKA Birla Group.

However, ratings remain constrained by OEL's exposure to raw material price volatility, seasonality in product sales, and intense industry competition which can result in volatile profitability for the company. The company's profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins have remained moderate, averaging at ~6% in the last four years, however, PBILDT margins slightly improved to 7.01% in Q1 FY27 and 6.93% in FY26 (PY: 6.61%) owing to cost optimisation measures, despite of inflationary pressure impacting its gross margins.

CareEdge Ratings also notes that negative sensitivities continuously breached considering moderation in return on capital employed (ROCE) in FY26, although ROCE still remain comfortable and improved on a y-o-y basis to 18.84% in FY26 against 17.97% in FY25 and 16.85% in FY24. Moderation in ROCE was primarily attributed to an expanded asset base following the commissioning of the Hyderabad plant in FY25. The plant, currently operating at a capacity utilisation of ~50% in FY26, is yet to reach optimum capacity to result in full revenue benefits to the company. However, with ramp up of the capacity expected in the current fiscal, OEL's scale is expected to improve which and operating leverage benefits and cost optimisation will result in better ROCE in the near-to-medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to significantly diversify its product portfolio in the electrical consumer durable (ECD) segment, grow its sales volumes and expand its outreach resulting in substantially increasing scale of operations.
- Improving total debt/PBILDT below 0.50x while maintaining ROCE of above 30% on a sustained basis.

Negative factors

- Inability to improve its existing total operating income (TOI) and/or inability to improve its existing operating margin over medium term.
- Net debt/PBILDT deteriorating beyond 1x and/or ROCE falling to ~20% on a sustained basis.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects that OEL is likely to maintain its significant market position in the fans segment and gradually improve its presence in other segments which shall enable it to maintain its healthy business risk profile over the medium term. The financial risk profile is expected to remain strong amidst healthy cash flow generation from operations, relatively low debt levels, and absence of significant debt-laden expansion plans.

Detailed description of key rating drivers

Key strengths

Established market position in the fans segment with strong brand recall

OEL is one of the well-known brand and key player in domestic fans market. While exports contribute only 4-5% to the company's TOI currently, its brands have a strong presence in the West Asia and Africa, with OEL being one of the largest exporters of fans from India. The company sells its products under the well-known brand of 'Orient Electric'. Its products are sold pan-India through a wide distribution network of over 4,000 dealers and over 125,000 retail outlets. OEL sells its products through leading online marketplaces, its own e-commerce portal and focuses on advertising through TV, print, hoardings, and other mediums to strengthen its brands presence. The company has implemented direct-to-market (DTM) distribution in 11 states and is able to gain market share in the country's low penetrated markets.

Diversified product portfolio

OEL currently operates in two broad segments – ECD and lighting & switchgears. In the ECD division, the company sells ceiling fans, portable and airflow and their components and accessories thereof and appliances – air coolers, geysers, and home appliances, among others. The segment contributed ~69% of the total sales in FY26 (70% in FY25). Its lighting and switchgears division includes lights and luminaries – with wide range of LED lamps and luminaries, streetlights, switches, miniature circuit breaker (MCB), and switches, among others. OEL has also forayed into wires segment although it is at a very nascent stage, however, will support the revenue growth once scaled up. The segment contributed ~31% of the sales in FY26 (30% in FY25). In recent years, the company's focus on premiumisation and new product developments have supported its scale and profitability. The premium mix in ECD segment increased to ~36% in Q1 FY27 (35% in FY26) whereas new products developed contributed 30% to overall fans revenue in Q1 FY27 (23% in FY26). The premium mix also stood healthy at ~60% for the lighting and switchgear segment.

Strong capital structure and debt coverage indicators

OEL's financial risk profile continues to remain comfortable marked by healthy capital structure with low reliance on external debt, absence of debt funded capex plans and strong liquidity profile. Company's overall gearing ratio remained strong at 0.35x as on March 31, 2026 (0.37x as on March 31, 2025). OEL did not have term debt or fund-based working capital outstanding from banks as on March 31, 2026, with its entire debt comprises of security deposits and acceptances. Interest coverage ratio improved and remained healthy at 10.33x for FY26 (8.52x for FY25) considering improvement in the company's profitability. Accordingly, the company's total debt/ PBILDT also improved to 1.12x and 1.22x as on March 31, 2026, and March 31, 2025, respectively, from 1.60x as on March 31, 2024. The Net debt/PBILDT stood strong at 0.73x as on March 31, 2026 (0.90x as on March 31, 2025). Going forward, the capital structure is expected to remain comfortable with no debt planned to be availed and healthy liquidity available with the company, and improvement in margins.

Efficient management of working capital

The company is required to maintain adequate inventory of its products to meet the demand apart from providing credit to its distributors. OEL has been able to efficiently manage its working capital cycle, between 30-50 days in the last four years, with better management of inventory and debtors and ability to get higher credit from its suppliers through vendor financing. The operating cycle stood increased slightly to 47 days in FY26 from 38 days in FY25, primarily due to higher receivable period and inventory days as scale increased.

Part of an established promoter group

Part of the CKA Birla group, OEL was incorporated in October 2016 through demerger of the ECD division of Orient Paper and Industries Limited (OPIL). C. K. Birla, at the helm of the company's affairs, has been associated with the company since 1978. The CKA Birla group is a leading industrial group having business interest in diverse range of sectors such as automobiles, auto ancillary products, earthmoving equipment, engineering products, healthcare, cement, paper, fan, and electrical items. Most of

the companies belonging to the group have an established position in their respective industries. OEL also has a qualified and experienced management team.

Key weaknesses

Moderate profitability margins

OEL's PBILDT margins have remained moderate, averaging at ~6% in the last four fiscals, owing to factors such as aggressive de-stocking of non-rated fans at discounted prices (in line with the industry trend), higher people & marketing cost to strengthen their e-commerce business and distribution channels and EPR provisioning across industry. The gross margins of the company reduced by ~100 bps to 29.8% in FY26 and 28.3% in Q1FY27 against 30.9% in FY25 owing to commodity price inflation, to compensate the same OEL took several rounds of price hikes starting from December 2024 till Q1FY27, resulting in cumulative price hikes of ~10%, which is expected to result in gross margins improvement. As a result of cost optimisation measures, product mix and premiumisation benefits, OEL's TOI and absolute PBILDT grew by 8% and 13% y-o-y respectively in FY26. PBILDT margins improved to 7.01% in Q1 FY27 and 6.93% in FY26, from 6.61% in FY25, despite of gross margins reductions. Going forward, continued benefits of cost optimisations and improvement in gross margins with price hikes taken is expected to strengthen its profitability margins, and this remains a key monitorable.

CareEdge Ratings notes the y-o-y improvement in ROCE from 16.85% in FY24 and 17.97% in FY25 to 18.84% in FY26, reflecting improved profitability on its asset base. However, it still remains moderate due to the ongoing stabilisation of the Hyderabad plant, which commenced operations in H2 FY25. However, with ramp up of the Hyderabad plant at optimum capacity from the current capacity utilisation of 50%, the company's scale is expected to improve, resulting in operating leverage benefits and improvement of ROCE in the near-to-medium term.

Stiff competition in the industry

While OEL has strong presence in the fan market, it faces tough competition in appliances and lighting segment from the established larger players in the industry. The industry is also marked by Chinese products and several unorganised players, with low barriers to entry and ability to exert pressure of profitability. However, OEL has maintained its market share in the fan business over the recent 3-4 years, majorly because of its strong distribution network, effective advertising spends, and continuous product innovation. The BEE star rating implementation in fans from January 2023 is improving the market share of organised sector players. To guard itself from intensifying competition, OEL has consistently focused on exports with a strong presence in the West Asian and African regions, marking it as largest exporter of fans from India. The exports constituted 4-5% of the net sales in FY25 and FY26. The company has also been increasing its sales from the B2B segment and through e-commerce channels.

Seasonality of operations

Sales for OEL's ECD segment are seasonal in nature, with sales of fans and air coolers increasing in Q4 (before the start of summer). Adverse weather conditions, including prolonged winters or untimely rains, also adversely affect sale of fans and air coolers. To reduce the impact of seasonality on working capital needs, the company is focusing on growing its non-fan products (such as lighting and switchgears). OEL has been increasing its sales in southern India to reduce the extreme seasonal dependence in north India. The company also exports primarily to the West Asia and African markets.

Susceptible to raw material price volatility

The major raw materials required for manufacturing fans, lighting, and switchgears are silicon sheets, copper rods and wires, steel, and aluminium. These products being commodity in nature have volatile price movements. CareEdge Ratings notes that increase in inflationary pressure on input costs can impact OEL's profitability as also witnessed in FY26 and Q1FY27. The company's strong market position and taking necessary price revisions (though comes with a lag) while sustaining the demand momentum has led to sustenance of its profit margins. Going forward, its ability to implement necessary price hikes to mitigate the impact of rising raw material prices and sustaining its operating profitability will remain a monitorable.

Liquidity: Strong

The company's liquidity is strong, marked by free cash and liquid investments of ₹133 crore as on June 30, 2026, and strong cash accrual generation, against which the company does not have term debt repayment obligations, apart from minor lease liabilities. Average fund-based working capital limit utilisation remained at 6% for 12-months ended June 2026, providing additional cushion to its liquidity profile. The company does not have debt funded capex plans in the medium term. Available liquidity and internal cash generations are expected to be more than sufficient to meet its fund requirement for operations and routine capex.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment: OEL's manufacturing processes have a moderate impact on the environment through its raw material procurement, waste generation, and energy consumption. The company has taken initiatives towards addressing environmental issues, such as installation of rainwater harvesting systems for water management and solar panels for energy production. The company is investing in innovative techniques to reduce the adverse impact on environment from the manufacturing processes and gain control over energy consumption such as the introduction of BLDC technology in fans, which consume up to 50% less energy than ordinary fans.

Social: The company expended ₹2.21 crore for corporate social responsibility (CSR) projects and initiatives in FY26 (PY: ₹2.55 crore).

Governance: The company is managed by professional board of directors who have extensive experience in industry. The Board comprises six directors including one women director. The independent directors are over 50% of the total number of directors as on March 31, 2026.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Household appliances

Belonging to the CKA Birla group, OEL was incorporated on October 10, 2016, as a subsidiary of OPIL. Pursuant to the scheme Household appliances of demerger approved by the Hon'ble National Company Law Tribunal (NCLT), Kolkata, on November 09, 2017, with effective date of December 08, 2017, OPIL's consumer electric division was demerged in OEL on March 01, 2017 (appointed date), and assets and liabilities of this division were transferred at book value from OPIL to OEL. OEL's shares, held by OPIL, are cancelled and OEL is no more a subsidiary of OPIL. OEL is engaged in manufacturing fans, lights and luminaries and switchgear units, through its manufacturing units situated across Haryana (Faridabad), Kolkata, Hyderabad and Noida. OEL is also engaged in selling home appliance products (coolers and water heaters, among others). In addition to its own capacities, the company also has outsourcing arrangements to meet its requirements.

Brief Financials (₹ crore) Standalone	March 31, 2025 (A)	March 31, 2026 (A)	Q1 FY27 (UA)
Total operating income	3,121.32	3,364.04	949.76
PBILDT	206.37	232.97	66.60
Profit after tax (PAT)	83.21	95.84	31.49
Overall gearing (x)	0.37	0.35	-
Interest coverage (x)	8.52	10.33	11.60

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4**Disclosure on facilities/instruments and name of regulators:**

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit	RBI	Simple	-		-	-	40.00	CARE AA; Stable / CARE A1+
Fund-based - LT/ ST-CC/Packing Credit	RBI	Simple	-		-	-	107.50	CARE AA; Stable / CARE A1+
Fund-based - ST-Term loan	RBI	Simple	-		-	31-12-2029	100.00	CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	322.50	CARE AA; Stable / CARE A1+
Non-fund-based - ST-Forward Contract	RBI	Simple	-		-	-	3.30	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	322.50	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (08-Sep-25)	1)CARE AA; Stable / CARE A1+ (25-Jul-24)	1)CARE AA; Stable / CARE A1+ (06-Jul-23)
2	Fund-based - LT/ ST-Cash Credit	LT/ST	40.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (08-Sep-25)	1)CARE AA; Stable / CARE A1+ (25-Jul-24)	1)CARE AA; Stable / CARE A1+ (06-Jul-23)

3	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	107.50	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (08-Sep- 25)	1)CARE AA; Stable / CARE A1+ (25-Jul- 24)	1)CARE AA; Stable / CARE A1+ (06-Jul- 23)
4	Non-fund-based - ST-Forward Contract	ST	3.30	CARE A1+	-	1)CARE A1+ (08-Sep- 25)	1)CARE A1+ (25-Jul- 24)	1)CARE A1+ (06-Jul- 23)
5	Fund-based - ST- Term loan	ST	100.00	CARE A1+	-	1)CARE A1+ (08-Sep- 25)	1)CARE A1+ (25-Jul- 24)	1)CARE A1+ (06-Jul- 23)

ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: List of entities consolidated: Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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