Orient Electric Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	470.00	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	103.30	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings affirmation of bank facilities of Orient Electric Limited (OEL) continue to derive strength from its established market position with pan-India presence and strong brand recall in the domestic fans industry. Sustained marketing efforts and continuous product innovation enabled the company to remain competitive. OEL has also expanded its non-fan segments over the years, gradually reducing product concentration risk, although fans continue to account for a significant share of revenue. Ratings further reflect OEL's strong financial risk profile, supported by a robust capital structure, healthy coverage indicators, strong liquidity, 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 the company's exposure to raw material price volatility, seasonality in demand for certain products, and intense industry competition. The recently commissioned Hyderabad greenfield project, fully funded through internal accruals and liquidity, is expected to enhance manufacturing capacity and strengthen the company's regional presence, though it carries inherent stabilisation risks.

CARE Ratings Limited (CareEdge Ratings) also notes that the negative sensitivities were breached considering moderation in return on capital employed (ROCE) in last two-three years, although ROCE still remain comfortable at 17.97% (PY:16.85%). The moderation in ROCE in last three years was primarily attributed to an expanded asset base following the commissioning of the Hyderabad plant, which is yet to operate at optimal capacity in FY25. However, CareEdge Ratings believes, with the ramp up of operations in Hyderabad plant, OEL scale will improve, bringing operating leverage and improve the company's operating profitability and ROCE in 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 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.

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 debt-laden expansion plans.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

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 the Fan industry. Company is one of the largest exporters of Fans from India. OEL enjoys market presence in more than 30 countries. The company sells its products under the well-known brand of 'Orient Electric'. It has been spending ~4%-5% of its net sales in advertising and sales promotion activities. The company has PAN-India presence, and the products are sold through a wide distribution network of over 4,000 dealers and over 125,000 retail outlets spread across the country. OEL also sells its products through leading online marketplaces, and to strengthen its brands and e-commerce presence, it also sells its products through its own e-commerce portal and focuses on advertising through TV, print, hoardings, and other mediums. The company has implemented direct to market (DTM) distribution in 11 states and is able to gain market share where there was low penetration in the market.

Diversified product portfolio

OEL operates across two broad segments including electrical consumer durables (ECD) and lighting and switchgears, providing it with a well-diversified revenue base. Within the ECD division, the company offers ceiling fans, portable and airflow products, and a range of appliances such as air coolers, geysers, and other home appliances. This segment continued to be the largest contributor, accounting for ~70% sales in FY25, compared to 71% in FY24. The lighting and switchgears division, comprising LED lamps and luminaires, streetlights, switches, and miniature circuit breakers (MCBs), contributed the remaining 30% sales in FY25, improving slightly from 29% in FY24. Over the years, OEL has steadily reduced its concentration in fans by scaling up its non-fan portfolio, enhancing product diversification and reducing dependency on a single category.

Strong capital structure and debt coverage indicators

OEL’s capital structure continues to remain strong, with overall gearing at 0.13x as on March 31, 2025, improving from 0.18x in the previous year. The company had no term debt or fund-based working capital borrowings outstanding as on the reporting date, while adjusted overall gearing, including trade deposits and acceptances-backed creditors, remained stable at 0.37x (0.38x in FY24). Debt protection metrics have strengthened, with interest coverage improving to 8.52x in FY25 from 6.32x in FY24, supported by higher profitability. Similarly, total debt/PBILDT improved to 1.22x from 1.60x, while net debt/PBILDT remained strong at 0.90x in both years. Going forward, the capital structure is expected to remain comfortable, supported by absence of additional debt plans, healthy liquidity, and anticipated margin improvement.

Efficient management of working capital

OEL has demonstrated prudent working capital management, supported by efficient control over inventory and receivables, with the ability to secure extended credit from suppliers through vendor financing. As a result, the company has maintained a lean working capital cycle over the past few years, with the operating cycle at 38 days in FY25 compared to 32 days in FY24. The efficient cycle provides adequate flexibility to meet seasonal demand fluctuations without creating stress on liquidity. Going forward, sustained discipline in working capital practices is expected to support healthy cash flows and reinforce the company’s strong liquidity profile.

Part of an established promoter group

OEL forms part of the well-established CKA Birla Group, a reputed industrial conglomerate with diversified business interests spanning automobiles, auto ancillary products, engineering, healthcare, paper, and electrical products. The company was incorporated in October 2016 through the demerger of the electrical consumer durables division of Orient Paper and Industries Limited and has since benefited from the group’s long-standing experience and industry relationships. The association of Mr. C.K Birla, who has been actively involved with the business since long and support of a qualified and experienced management team, which provides strategic direction and operational stability and further strengthens the governance framework. The promoter group’s strong brand equity, with its established market reputation, lends additional financial and operational flexibility to OEL.

Key weaknesses

Moderate profitability margins

The company’s PBILDT margins remained moderate over the last two years, impacted by de-stocking of non-rated fans at discounted prices in line with industry trends, higher employee costs arising from centralisation of functions such as procurement and manufacturing, and increased spends on strengthening its e-commerce and distribution channels. Profitability was also affected by elevated marketing expenditure and EPR provisioning, which had an industry-wide impact. Margins improved to 6.61% in FY25 compared to 5.20% in FY24 and 5.97% in FY23, aided by better gross margins driven by premiumisation, direct-to-market initiatives, and an optimised product mix. The company’s ROCE also improved to 17.97% in FY25 from 16.85% in the previous year, reflecting enhanced profitability, though it remains moderate due to the ongoing stabilisation of the Hyderabad plant.

CareEdge Ratings expects profitability metrics to improve over the medium term as the new facility ramps up to optimal capacity, supporting operating leverage. The company's strategy of enhancing its product mix towards premium product is likely to aid further margin expansion, and its ability to sustain this trend remains a key monitorable.

Stiff competition in the industry

While OEL has strong presence in the fan market, one of the fastest growing player in lighting segment however, faces tough competition in appliances segment from the already established larger players in the industry. The influx of Chinese products and the unorganised market also creates a highly competitive market. However, OEL has maintained its market share in the fan business over 3-4 years, majorly because of its strong distribution network, effective advertising spends, and 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 and is one of the largest exporters of fans from India. OEL enjoys market presence in more than 30 countries. The exports constituted 4-5% of the net sales in FY25. The company has also been increasing its sales from the B2B segment and through e-commerce websites.

Seasonality of operations

OEL's ECD segment is inherently seasonal, with sales of fans and air coolers peaking in the fourth quarter ahead of the summer season. Adverse weather patterns, such as prolonged winters or untimely rains, can dampen demand for these products and impact overall sales performance. To mitigate the effect of seasonality on its working capital cycle, the company has been increasing the share of non-fan products, particularly lighting and switchgears. In addition, OEL is expanding its presence in southern India, which experiences relatively stable weather conditions, reducing its dependence on the highly seasonal northern 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 is expected to pose a challenge, though the company's strong market position is envisaged to enable it to take necessary price revisions while balancing demand and sustain its operating profitability.

Liquidity: Strong

The company's liquidity position is expected to remain strong, supported by healthy cash accruals and absence of term debt repayment obligations, apart from minor lease liabilities. OEL also maintained free cash and liquid investments of ~₹94 crore as on June 30, 2025, providing additional cushion to its liquidity profile. Average utilisation of fund-based working capital limits remained low at 3% in the 12 months ended May 2025, reflecting limited reliance on external borrowings. The available liquidity, together with internal accruals, is expected to be over adequate to meet operational funding needs and routine capital expenditure requirements.

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 ₹2.55 crore for corporate social responsibility (CSR) projects and initiatives in FY25.

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.

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 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 sale of 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)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income#	2,827.89	3,121.32	769.08
PBILDT	147.09	206.37	46.08
PAT	75.27	83.21	17.52
Adjusted Overall gearing (times)*	0.38	0.37	NA
Interest coverage (times)	6.32	8.52	8.46

#includes Raw material sales in total operating income in FY24 & in FY25
*Adjusted for trade payables backed by acceptances and trade deposits as a part of debt

A: Audited UA: Unaudited NA: Not available; 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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	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		-	-	-	40.00	CARE AA; Stable / CARE A1+
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	107.50	CARE AA; Stable / CARE A1+
Fund-based - ST-Term loan		-	-	Proposed	100.00	CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	322.50	CARE AA; Stable / CARE A1+
Non-fund-based - ST-Forward Contract		-	-	-	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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	322.50	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (25-Jul-24)	1)CARE AA; Stable / CARE A1+ (06-Jul-23)	1)CARE AA; Stable / CARE A1+ (05-Jul-22)
2	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (05-Jul-22)
3	Fund-based - LT/ ST-Cash Credit	LT/ST	40.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (25-Jul-24)	1)CARE AA; Stable / CARE A1+ (06-Jul-23)	1)CARE AA; Stable / CARE A1+ (05-Jul-22)
4	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	107.50	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (25-Jul-24)	1)CARE AA; Stable / CARE A1+ (06-Jul-23)	1)CARE AA; Stable / CARE A1+ (05-Jul-22)
5	Non-fund-based - ST-Forward Contract	ST	3.30	CARE A1+	-	1)CARE A1+ (25-Jul-24)	1)CARE A1+ (06-Jul-23)	1)CARE A1+ (05-Jul-22)
6	Fund-based - ST-Term loan	ST	100.00	CARE A1+	-	1)CARE A1+ (25-Jul-24)	1)CARE A1+ (06-Jul-23)	1)CARE A1+ (05-Jul-22)

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Fund-based - ST-Term loan	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple
5	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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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