November 04, 2024

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

Trading Symbol: ORIENTELEC

Department of Corporate Services -Listing
BSE Limited
Phiroze JeeJeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001

Scrip Code: 541301

Sub.: Transcript of Earnings Call for the quarter ended September 30, 2024.

Dear Sir / Madam,

In continuation to our earlier letter dated October 25, 2024, 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 quarter ended September 30, 2024, scheduled for Friday, October 25, 2024 at 04:30 PM (IST).

In this regard, transcript of the aforementioned Earnings Call is attached herewith. Further, the said transcript is also available on the website of the Company.

You are requested to take the same on record.

Thanking You,

Yours sincerely,

For **Orient Electric Limited**

HITESH KUMAR JAIN
Digitally signed by HITESH KUMAR JAIN
Date: 2024.11.04 15:10:23 +05'30'

Hitesh Kumar Jain

Company Secretary

Enc: a/a

"Orient Electric Limited
Q2 FY25 Earnings Conference Call"

October 25, 2024

MANAGEMENT: **MR. RAVINDRA SINGH NEGI – MANAGING DIRECTOR & CEO**
MR. SAIBAL SENGUPTA – CHIEF FINANCIAL OFFICER

MODERATOR: **MR. NIRRANSH JAIN – BNP PARIBAS**

Moderator: Ladies and gentlemen, good day, and welcome to the Orient Electric Limited Q2 FY25 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 the conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nirransh Jain from BNP Paribas. Thank you and over to you sir.

Nirransh Jain: Thank you and good evening, everyone. On behalf of BNP Paribas, we welcome you all to Q2 FY25 Results Conference Call of Orient Electric. We have with us Mr. Ravindra Singh Negi – Managing Director and CEO, and Mr. Saibal Sengupta – Chief Financial Officer. Now I hand over the call to the Management for "Initial Comments" on the Quarterly Performance, and then we will open the floor for the question-and-answer session. Thanks, and over to you, sir.

Ravindra Singh Negi: Thanks, Nirransh. Good evening and a very warm welcome to all of you. I trust you have the chance to review our presentation, which we have made available on the Stock Exchanges and our company website. Thank you for your participation, and for taking the time out to review our Results.

Let me start with a quick overview of Quarter 2. Quarter 2 has been a tale of two halves of the industry. This is reflecting insights from various third party reports and my market interactions. The first six weeks lacked the momentum we anticipated after a very strong summer in Quarter 1**.** This was evident in the subdued regional festivals and the online events. Government spending in the first half of Q2 on projects and infrastructure also saw a slow start during this period. And on top of it, commodity prices fluctuation impacted the margins. However, the later half of the quarter showed promising signs of recovery across most of the categories Orient operates in - that's including Lighting, Appliances and Fans. This was largely driven by the pre-season of festive buildup, that began taking shape in September, both for online and offline.

Given this backdrop, Orient's performance has been very encouraging. Our growth journey continues steadily across segments, and all our strategies are on track and yielding results. I am pleased to report our topline of Rs. 660 crores, representing 16.5% year-on-year growth for Quarter 2. The Lighting and Switchgear segment clocked to Rs. 221 crores**,** growing at about 8%, while ECD registered a robust growth of 21% with a revenue of Rs. 440 crores.

Our strategic initiatives were designed to improve our gross margin, a key indicator of our investments yielding results. And I am happy to share that our gross margin has expanded by a healthy 240 bps year-on-year to 32.4% of revenue. A better mix of products coupled with cost optimization through "Spark Sanchay Program" is continuously enabling gross margin improvements and helping us mitigate commodity shocks. We are now back to our pre-COVID levels of gross margin delivery. With a strong focus on premiumization and mix improvements, we expect to stabilize this and be in the same range. We are enhancing our premiumization efforts across all categories and have initiated steps to identify key gaps and launch relevant products.

Let me highlight our efforts in the Lighting segment, a clearly articulated focus area for us. Despite continuing value erosion, we are performing well in the Lighting segment, with high teens volume growth in the B2C segment. Our focus on increasing value-added premium products in the Lighting portfolio such as COB range of products, high voltage lamps, emergency lamps, downlighters, rope lights, and panels is helping us deliver growth. Our value added portfolio is inching towards 60% of our overall ceiling business, which is significantly better than the industry average. We have launched our digital campaign - 'Thoughtfully Curated Lights For Your Home', and we will introduce more NPDs in this value-added segment in H2. The B2B market in Lighting also shows promising potential, particularly for infrastructure and Facade Lighting projects. During this quarter, we executed the Pune Metro Project and the Wadi Flyover Project in Nagpur. Our ongoing efforts to secure large orders and expand our portfolio in this domain are yielding positive results, positioning us well for continued growth in the B2B segment of Lighting. While the Lighting segment received double digits value growth, the B2B segment grew by high double digits, with healthy inquiries and a strong order book. We are leveraging our successful experience to enter new sub-categories in the B2B space, such as Tunnel Lighting and Stadium Lighting. Our B2B share of business in Lighting, which is approximately around 20%, is set to rise further.

In our Fan segment, we continue to push premiumization, resulting in a better mix, higher realization, and value growth. We have identified BLDC as a focus segment for premiumization and have seen good results. As we speak, we have achieved a 25% share of BLDC revenue to our total ceiling fans' revenue, with most of our new product development driven by the BLDC portfolio expansion. To ensure better quality and reduced complaints, we are also producing PCB for BLDC fans inhouse fulfilling around 75% of our PCB requirements through capital production. Our premium portfolio in fans today stands at about 30% of the revenue, and we aim to increase it to about 40% to 45%.

Our efforts in premiumization across all categories, whether it's BLDC in fans, value-added C-Lum and Lighting, tech-enabled premium products in street Lighting, or in appliances, are demonstrating effective strategy for better realization, stronger product mix, and better margins.

Our "Spark Sanchay Program", aiming for cost leadership, has delivered Rs. 36 crores for the first half of the financial year, and we are committed to surpassing our standards by the end of the year. This initiative is supporting gross margin delivery by both expanding and protecting it from commodity changes.

Switchgears and House wires experienced muted growth in the quarter due to commodity fluctuations and pricing pressures. However, this segment has grown sequentially and we continue to expand our distribution. We are engaging with electricians, introducing festival schemes and conducting other market development activities to enhance our presence.

In the fans, our transition of 10 MD states to DTM is completed and it's stable. DTM states have outplaced the growth rates in Fans and have grown by 35% for the quarter, showing market share gains in many states. DTM now contributes about 30% of the Fans GT share of business, while MD states have also grown at a fast double digit growth.

Appliances had a strong quarter with high double-digit growth supported by festive tailwinds in e-comm and quick commerce across all categories, including coolers, water heaters, and small appliances.

Our premiumization journey is supported by consumer centricity, with service identified as a key differentiator. We are transitioning our fans servicing from master distributors to direct Company service, effectively creating a DTM for service. Currently 21 states and union territories are serviced directly by the Company. Overall we covered 19,000 plus pincodes with a wide network of authorized service centers. Consequently, we have significantly improved our service experience with almost 80% of the complaints resolved within 24 hours.

Emerging channels of business are another pillar of growth for us. Our digital and retail channels deliver high double-digit growth in the quarter, primarily backed by water heaters and small appliances. We are seeing positive traction in sell-outs from e-comm platforms, indicating market share gains. Quick commerce is also gaining momentum, and we have started listing on Blinkit and Zepto in this regard.

Finally, our pursuit of growth is reinforced by enhanced manufacturing excellence. Our industry 4.0 greenfield plant in Hyderabad has been fully commissioned and has been geared up for stability, efficiency, and scale up for the forthcoming season in H2 for this financial year. Faridabad plant has also been upgraded in terms of manufacturing excellence in quality.

Now turning to our overall financial performance for the last quarter. We have reported an EBITDA margin of Rs. 36 crores, at about 5.3% of the revenue. An expansion of 180 bps year-on-year due to improved gross margins and better operating leverage. The PBT for the quarter was at Rs. 14 crores, representing a 200%+ YoY growth, after adjusting for the base effect of land sales.

In conclusion, we remain optimistic about our strategic initiatives and the positive impact on our performance. We are committed to navigating the evolving markets landscape while delivering sustainable growth and value to our shareholders. Wishing the best of health and happiness to each one of you for the coming festivities. Thank you, and now we are open for any questions that you may have.

Moderator: Thank you very much sir. We will now begin the question and answer session. The first question is from the line of Natasha Jain from Nirmal Bang. Please go ahead.

Natasha Jain: My first question is, can you give us an update as to where we are in terms of our export order for Switchgears in Europe? Have we exported our first batch? What is the preliminary feedback that we have got there? And where do you see that scaling? And also visibility in terms of TPW export to Europe from your Hyderabad plant?

Ravindra Singh Negi: Thank you Natasha for the questions. Let me take the first question. On the Switchgears, we have been exporting Switchgears to the Europe market for some time. That was a new product that we have sent two months back. We are still awaiting for the first feedback of consumers because this has to go to Ukraine and is in transit. Once we get that, then we expect some more orders and inquiries to flow in. So, that's work in progress. On the second question on the TPW, we started doing exports on TPW, and that's almost about 20% of our exports in fans, coming in TPW. The Hyderabad plant is under stability, while we are doing the production, that is largely for domestic that we have done in the last couple of months. For exports, we will now get into the season and start using Hyderabad facility for exports.

Natasha Jain: So, should I assume that for both Switchgears and TPW fans, export is a higher margin business?

Ravindra Singh Negi: So, for TPW, I can definitely say that it's a very competitive market. China pricing are very, very competitive. So, exports on TPW is not a higher margin business. While our efforts in Hyderabad would be to control the cost, but you are kind of capped on the pricing ability in the market when you go on TPW. Switchgear, vis-a-vis domestic, it's not that high a business, but still a reasonably okay margin that you make on exports.

Natasha Jain: Understood, sir. Sir, and my second question is on the cost savings worth Rs. 36 crores in H1-25. So, can you please call out as to what line items did we make the savings on, and can we expect this number to continue as a run rate going forward?

Ravindra Singh Negi: So, Natasha, "Spark Sanchay Program" is not for one particular line item, and there are, you kind of look at all the 360-degree facets of all your efficiencies. You look at everything where you can possibly save costs and the large bit of it is the VAV exercises that you do, process engineering, re-engineering that you do. So, it's difficult to say that, okay, this one part gives you more. We have done Rs. 36 crores in H1. Last year we did about Rs. 75 crores. Our aim is to definitely surpass last year and that will help us deliver better margins for the full year. Yeah, last year was 75 for the full year, just to clarify.

Saibal Sengupta: Natasha, to add, these franchise savings come mainly from the spread out between the consumption, raw materials, the wages, power and fuel, transportation. So, it's a spread of items. It is not one thing.

Moderator: Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: So, in terms of overall market outlook, how do you see the market overall because we have seen a lot of people indicating rural offtake has improved, or even the offtake in North and East has been better. So, how do we read these? Are you seeing really the offtake on ground, and especially for our category of the products?

Ravindra Singh Negi: So, Aniruddha, as I said, there were two parts, if we were to look at Quarter 2, there were clearly two distinct parts. The first half was where we didn't see the momentum of quarter one flow into

Quarter 2, specifically for summer products. But the second half is where we are seeing some green shoots, both at the urban and the rural side. We closely monitor our sellouts, both in the online and the offline space. I think we are seeing green shoots in most of the categories that we deal in. Diwali is on 1st of November, the real test is post-Diwali how does it sustain. So, we have seen some festive sellout festive season. So, to be fair, to give any number post Diwali would be a just guess estimate. But clearly last couple of weeks have been much better than the entry to the Quarter 2.

Aniruddha Joshi: Understood. So, in terms of the margins, if we look at the EBITDA margin over a period of FY18-22 it was pretty healthy. In fact, it averaged around 9%. But we have seen the margins in 23 and 24 have corrected materially somewhere around 5%-5.5%. In fact, this year also somewhere around 6% most likely FY25 also. So, when do we see the margins going back to near the historical levels? Any indication or how should we read about the margins or is there a structural headwind that's stopping from moving the margin upwards?

Ravindra Singh Negi: I don't think so Aniruddha that there is any structural headwind that we foresee in the business. In fact, all the investments that we had to do to start delivering a higher, double digits, better than market growth seems to have been put on the ground. We have got investments in terms of the right functions and right views that we put in. We have made investments in Hyderabad, the structure there. So, from a cost perspective, I don't think so. And these are headwinds. These were the right investments. It's just that there was a lead-lag effect. And that's why you see your margins in the range of about 5.5% to 6%. Now going forward, we expect all our operating leverage to start taking in and you will see exit this year, better margins, will it go back to the earlier 9% level in the next 2 quarters? May be not, but definitely next year onwards, we should start seeing us inching towards that. And that's where a lot of our premiumization efforts are in getting the right product needs and not just only in one category, but across different categories that we deal in. That's what will help us deliver this.

Aniruddha Joshi: Understood sir. And last question from my side. In terms of while we are pretty strong in fans, I guess (+60%) turnover, but more expansion in other categories, I guess that's where I guess the growth can be materially higher considering the favorable base or a smaller base for us. So, any update on the other categories where we can have materially higher growth like kitchen appliances or even other new segments that we can look at. Any update on that? That's the last question. Thanks.

Ravindra Singh Negi: Yeah, so I did spell out saying that in the appliances, we grew at a very high double-digit growth, both in terms of water heaters and coolers. Coolers, in fact, slightly lower base, but our growth were 5x, 6x in this quarter. So, that's one segment which is helping the ECD grow overall. But the other segment which we clearly called out and said this, our focus area is Lighting. And if you were to look at Lighting and within the Lighting industry, we would be amongst the only few brands which have been consistently beating the industry numbers and gaining market shares. Even now, out of the declared results, we are the ones who are now in the Lighting and Switchgear who've declared about 8%. While Switchgears and Wires had a little muted growth, but Lighting had a double-digit growth. And within that, the B2B is a clear, strong focus. And that's how we are trying to balance our portfolio, keep pushing which is our strength on fans. We will drive the water heaters and coolers in Appliances, and Lighting is a clearly called out, and then Lighting both plays a value-added game in the B2C side, protect the margins where in the industry there is headwinds of price erosion which is happening and build our capabilities and drive B2B significantly better.

Moderator: Thank you. The next question is from the line of Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Sir, my first question is on the gross margin side again. So, I just wanted to better understand that since you have guided that the gross margins are expected to remain in a similar range. So, the "Spark Sanchay Program" that we had initiated for the cost savings program, so are we calling out that that program has mostly been concluded, and that ideally would now take us towards the stable gross margins? And the follow-up to that is that if the gross margins remain at a similar range, are we confident that we can ensure for the operating margins to close to double-digit levels that we had always aimed for?

Ravindra Singh Negi: Nirransh, thanks for your question and I think if you were to look at our gross margin trajectory for over the last 8 to 10 quarters, we have dropped. If we were to look at in a market where there's been, which has been very competitive, we would be among the only few brands who inched up significantly on the gross margin, while we dropped, but we have come back very sharply. The "Spark Sanchay Program" definitely is a continuous program, and we keep finding opportunities, both in the product, process engineering and it's a program which is not stopped, but we keep evolving. The second part which I highlighted about premiumization which will give us a better mix, which will make sure that if there are any commodity fluctuations or price fluctuations or competitive pressures in the market that comes in. So, both these things will help us either increase our gross margins or remain within that range. The other part on the overall margins or EBIT margins, yes, there is investment that we have done in terms of structures and investments in manufacturing. All this will start giving us operating leverage. In the next couple of quarters, we will inch up from where we are right now. And in the next year, we should move towards our earlier level.

Nirransh Jain: Sure, sir. Sir, and my second question is on the Wires segment. So, I just wanted to better understand what led to the muted growth in this quarter for the Wires portfolio, because generally we are seeing better numbers from the peers group considering that the commodity went up significantly higher during the last week of the quarter. So, that gave the incentive for the players to push up in the channel?

Ravindra Singh Negi: Yes, so in Wires, firstly, there are two aspects to it. We are not a very big player in Wires. And this is a segment that we have looked at complementing our Switchgears business. When the commodity prices increase, you can push the Wires in trade. It's just that we do a lot of trading and then at a certain point of time, versus somebody who makes enough, you get a little disadvantage of how much to buy at what rate and at what rate to push. So, that's where I think that's what impacted us a little bit from Quarter 2. Now that the commodities are stable, and in fact there's been a price upward revision, one more that happened. So, we hope to get back in the Wires.

Moderator: Thank you. The next question is from the line of Paarth Gala from HDFC Securities. Please go ahead.

Paarth Gala: So, a couple of questions. One was on the DTM states. Now, all the states that we had gone directly to have more or less stabilized. Are there any more states under consideration going forward? If you can shed some more light on that?

Ravindra Singh Negi: Yeah, so Paarth, there are two aspects. One, every time you do, and last time also I spoke about it, every time you do a transition, it takes a little time for the market and the DTM market to stabilize. We have done about 10 DTM markets. One of the large ones that we did last year was Gujarat, while we did in quarter one, J&K and HP, but those are smaller markets. Gujarat is now fully stable. We have grown by 35% overall in our 10 DTM markets. I think more or less we are stable - we have put in our people, we have seen distribution expansion happening. And I think our going direct is helping us gain and drive our own synergies and the agenda that we want to drive in the market. As far as adding more to it concerned, we are evaluating, we keep evaluating more states. As and when we are ready to do this, we will let you know. We don't give prior announcements to the market that we want to do.

Paarth Gala: Secondly, this quarter now the consulting cost has come off. But if you just look at the unallocable expense, there is still some increase from around Rs. 48 crores- Rs. 49 crores, we have gone to Rs. 50 crores. Can you just shed some more light on that? I mean, are there any more investments being made or it's something to do with preponement of the festive season and some ad spend on that side?

Ravindra Singh Negi: No, so there are no investments to be done. And if you were to look at it largely, there is from an accounting perspective, I will tell you that the EPR, which was not there last year in Q2, that's one add-on element in that. Plus, depreciation would also come separately, but EPR would be the large one.

Saibal Sengupta: Paarth, there are two-three factors. First of all, there is a couple of base effects. While you are seeing the consultancy side of it on the reduction, which is not there from Q2. But as far as the EPR is concerned, if you recall, we had done the entire provision in Q4 last year. This year, it is spread all over the four quarters. So, therefore, as a result, there are these two base effects. On top of that, the other expenses also include the good chunk of variable costs, which is essentially transportation and service costs, which is proportional to the volume growth and the volume which is transported, which has a little bit of higher impact for the digital e-commerce channel as well. So, all those factors are contributing. There is no separate investment, neither in the lineup nor planned, nor is it happening.

Moderator: Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.

Naitik: Hi sir, my first question is, I wanted some detailed understanding about the other expenses. If I look at the absolute amount, it's been quite volatile quarter-on-quarter, I am not looking at the percentage, but the absolute amount. So, one, I understand the consultancy cost has reduced, but now what I want to understand is what percentage of this would be variable and what percentage is fixed in nature so that we can understand the nature of the cost better?

Ravindra Singh Negi: Naitik largely about almost two-thirds would be variable, and about one-third is fixed in this.

Saibal Sengupta: And also there's a marketing component as well.

Ravindra Singh Negi: Yeah, including the marketing, that will be about two-thirds.

Saibal Sengupta: And not to forget, Naitik, what I mentioned in the previous question is that please account for the base effects as well as far as EPR is concerned.

Naitik: No, so I am just looking at Q1 and Q2, I am not even looking at last year. I am just looking from quarter-on-quarter basis. So, there is a wide variation. So, that's why I wanted to understand what causes this much of a shift. So, when I understood that it's consultancy, but apart from that, it's what I wanted to understand.

Saibal Sengupta: Q1, please understand, it is the peak period for us, for fans, coolers, the summer season where the volume movement, the volume throughput is far higher.

Naitik: Yeah, so I got my answer. So, a large chunk is variable. That's why there is a variation. I got that.

Ravindra Singh Negi: The proportion of variable and fix sequentially has not been dramatically changed.

Naitik: Right. Got it. So, can you share the split of Lighting and Switchgear in the mix?

Ravindra Singh Negi: We don't usually split Naitik, but as I said we have had double digit growth in Lighting business, and we had a slightly muted in Switchgears and Wires.

Naitik: Where I am coming from there's huge fluctuation in the margins also which I understand growth in Switchgears which is in this quarter. So, are margins significantly higher in the Switchgear segment than the Lighting segment?

Saibal Sengupta: At the gross margin level, yes, but not at the EBITDA level, as Ravi already mentioned. The share of business of Switchgear and House Wires are far lesser and with the accelerated growth of Lighting, Lighting holds a much higher EBIT delivery. So, that's what drives the segment results.

Naitik: My last question is this pricing erosion in the Lightning, how long is it going to go or it's largely done? What is your stance on that?

Ravindra Singh Negi: So, Naitik, we were hoping that Quarter 2 onwards because last year around the same time, the bulbs and batten, whatever the efficiency we had which was helping bring the cost down was passed on to the market and to the consumer. We thought that we will start seeing some slowdown in it. I think it's largely regional players and smaller brands who've gotten where they've compromised further on the quality and pushed the envelope down. So, we hope to see it stabilized, but as we speak, it's still prevalent in the market. But we are driving it very differently. We are focusing on the value-added part, not that we are not participating in the bulbs and batten, but we are driving the other part of the business far stronger and far better with new products and new product introductions, which is helping us navigate this price pressures in the market.

Moderator: Thank you. The next question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.

Rahul Gajare: I just have one question, and maybe this is following up with one of the earlier questions on the call. I wanted to understand if you can give us a qualitative angle on the ECD growth in terms of demand, whether it was coming from urban, semi-urban, smaller towns etc. So, that's the first part of the question. And the second part of the question is if DTM states have grown by about 35%, it means non-DTM have grown at a single digit. So, I wanted your thoughts on that also. Thank you very much.

Ravindra Singh Negi: So, Rahul, thanks and I will give you a little sense to it. First, let me take this whole conversation about DTM and non-DTM. That's only on GT, which is the general trade part that we are speaking about, then there is e-com and other part of it. So, our DTM states have grown by 35% and our MD states have grown by good double digits. On the other parts of the business which is the emerging channels like CSD, CPC or e-com where we have seen, we focused on sell out and not pushed in much where we have seen a single digit growth, but we have seen growth which is being like a secular growth across all categories. As far as markets are concerned, we have driven two things very hard, and which is where we have seen our results come in, is that on the new products, BLDC and premiumization, we have seen urban and semi-urban drive those growths for us, whereas as I said in the second half of the quarter, we have seen some bit of green shoots in the rural part also. First half of the quarter, I would say that the rural market did not kick in at all.

Moderator: Thank you. The next question is from the line of Nirransh Jain from BNP Paribas. Please go ahead.

Nirransh Jain: Hi, sir. Just a follow up on the EPR cost. So, you have mentioned around, I think, fourth quarter that the EPR cost for FY25 would be roughly around Rs. 20 to Rs. 21 crores. And so just wanted to check, so if this number has changed and how much price hike we have taken to recover this cost? That's my first question.

Ravindra Singh Negi: Nirransh, we are still in line with what we had projected for the year on the EPR and that's a calculated EPR cost. We have taken one price hike in quarter one, and if we were to look at it in by and large, we have put in about 1% in the price hike for catering to the EPR impact. We have taken one more price increase in quarter 3 as we speak about 10 days back, and that's largely to take care of the BIS implementation that's happened on TPW and some bit of commodity increase in the ceiling that we have seen. While there is a new gazette from the government which is now putting an environmental compensation rate, and that may have an impact, as we speak, there are representations from the associations both from an ELCOMA perspective or an IFMA perspective that's gone to the government. We will wait for the response from the government to see how EPR and its consequent impact will be there for the industry. Even the MeitY has put forward their reservations on this environmental compensation.

Nirransh Jain: Sure, sir, that's helpful. And lastly, on the TPW side, so last quarter we saw some kind of a capacity constraint in a seasonally strong quarter. I just wanted to check that is that capacity constraint being resolved now, especially from the Hyderabad facility coming up or like there is still some constraint to it?

Ravindra Singh Negi: No, so with Hyderabad now functional, and we are scaling up in the next couple of months, we will be fully there for our capacity requirement and for our growth requirements in the coming season.

Moderator: Thank you. We have a follow-up question. It's from the line of Natasha Jain from Nirmal Bang. Please go ahead.

Natasha Jain: So, just one question on CAPEX. Can you please tell us what kind of run rates can we expect for current year and in the medium term?

Saibal Sengupta: Natasha, we have already capitalized the Hyderabad project, so there is no more further project coming up. As we always maintained at Rs. 50 to Rs. 60 crores is our normal, normative CAPEX for the year. So, we hope to be being range bound around that.

Natasha Jain: Understood, and sir, in terms of working capital days, what can we expect in terms of settling in the medium term?

Saibal Sengupta: We've already reduced the working capital substantially end of September. It's about 9 days reduction has already happened to 19 days, which is an impressive move which has happened on a like-to-like basis. Obviously, we strive to maintain the similar kind of rates, but the only thing is that be mindful of the fact that during Q3 and part of Q4, we have to go through stock build-up for the season, and we have to go through for extra credit support also for the season pick-up. So, those things and so that will be on a like-to-like basis with the corresponding period in the previous year as well. So, that same trend will continue, but yes, our aim is to maintain the working capital at these lower levels.

Moderator: Thank you. That was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

Ravindra Singh Negi: Thank you everyone and from Orient we will continue to deliver better than market growth like the one we have delivered in Quarter 2 and wishing all of you the very best of health and festivities. Thank you everyone.

Saibal Sengupta: Thank you everybody. Wishing you all a very happy Diwali.

Moderator: On behalf of BNP Paribas that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

(This document has been edited for readability purpose)

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