



Electricals

November 6, 2025

To,

BSE Limited

:

Code No. 500031

Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street Mumbai 400 001

National Stock Exchange of India Limited

:

BAJAJELEC - Series: EQ

Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir/Madam,

Sub.: Submission of the 'Transcript of the Q2FY26 Earnings Conference Call' of Bajaj Electricals Limited ("Company")

Further to our letters dated October 15, 2025 and October 31, 2025, and pursuant to the provisions of Regulation 30 (read with clause 15 of Para A, Part A, Schedule III) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), we are enclosing the Transcript of the Q2FY26 Earnings Conference Call (i.e., Post Earnings/Quarterly Call), organized by Ambit Capital Private Limited on Friday, October 31, 2025, at 4:00 PM (IST) wherein, inter-alia, the Unaudited Financial Results of the Company for the second quarter and half year ended September 30, 2025, were discussed.

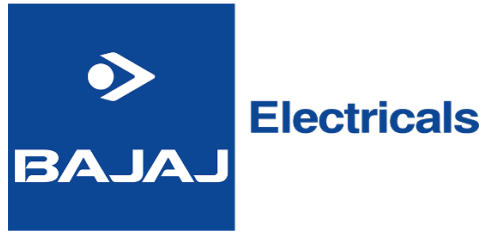
We request you to take the above on record and treat the same as compliance under the applicable provisions of the SEBI Listing Regulations.

Thanking you,

Yours Faithfully,
For Bajaj Electricals Limited

Prashant Dalvi
Chief Compliance Officer & Company Secretary
(ICSI Membership No.: A51129)

Encl.: As above.



“Bajaj Electricals Limited
2QFY26 Earnings Conference Call”
October 31, 2025



MANAGEMENT: **MR. SHEKHAR BAJAJ – CHAIRMAN – BAJAJ ELECTRICALS LIMITED**
MR. SANJAY SACHDEVA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BAJAJ ELECTRICALS LIMITED
MR. E.C. PRASAD – CHIEF FINANCIAL OFFICER – BAJAJ ELECTRICALS LIMITED
MR. VISHAL CHADHA – CHIEF OPERATING OFFICER, CONSUMER PRODUCTS – BAJAJ ELECTRICALS LIMITED
MR. RAJESH NAIK – CHIEF OPERATING OFFICER, LIGHTING SOLUTIONS – BAJAJ ELECTRICALS LIMITED

MODERATOR: **MR. DHRUV JAIN – AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Bajaj Electricals Limited 2QFY26 Earnings Conference Call hosted by Ambit Capital Private Limited. As a reminder, all participant clients 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dhruv Jain from Ambit Capital Private Limited. Thank you, and over to you, sir.

Dhruv Jain: Thank you. Hello, everyone. Welcome to the 2QFY26 Earnings Call of Bajaj Electricals Limited. From the management side today, we have with us Mr. Shekhar Bajaj, Chairman; Mr. Sanjay Sachdeva, MD and CEO; Mr. E.C. Prasad, CFO; Mr. Vishal Chadha, COO, Consumer Products; and Mr. Rajesh Naik, COO, Lighting Solutions. Thank you, and over to you, sir, for your opening remarks.

Shekhar Bajaj: Good evening, ladies and gentlemen. I'm Shekhar Bajaj here. Thank you for attending Bajaj Electricals 2Q earnings call. We hope you've had an opportunity to review our financial results and earnings presentation, which are available on the Stock Exchanges. At the outset, I would like to extend my heartfelt wishes for Diwali. Hope this new year brings joy and prosperity to you and your families.

The government's announcement of comprehensive GST reforms featuring significant rate reductions across most product categories marked a major milestone in simplifying India's indirect tax regime. While these reforms are expected to stimulate consumption in the second half, their rollout caused short-term transitional challenges during the quarter.

The anticipation of GST cut rates led to pricing uncertainties across trade channels, resulting in the temporary postponement of demand even though our category was not directly impacted. This was further compounded by the early onset of monsoons with subdued overall demand. The summer products experienced weakness with the overhang of shorter summer and higher channel inventories.

In spite of high volatility in the electrical and consumer durable sector, our non-seasonal products, like mixers, iron, and water heaters, have done well, registering a combined single-digit growth. Further, our Lighting Solutions vertical has delivered a standout performance for this quarter. It not only delivered 9.6% revenue growth, but also delivered a strong EBIT margin of 7.9%. We remain confident in our strategic direction and the resilience of our business model.

With the continued focus on operational excellence, innovation, and market responsiveness, we are well-positioned to navigate short-term headwinds and unlock sustained value for our stakeholders. Furthermore, with the IMD forecast of strong winters, we are optimistic for our coming quarter.

Lastly, you all may have heard the announcement and exchange intimation of the resignation of our CFO, Mr. E.C. Prasad. He is moving on to take up an external opportunity. He joined us in November 2019 and has played a pivotal role in transforming Bajaj Electrical.

Under his leadership, he led the demerger of the EPC vertical, transformed BEL into a debt-free company, carved out a Lighting Solution vertical, and streamlined our overall business model. His contribution to the Board and the company is invaluable, and we wish him luck in his future endeavors.

With this, I now hand it over to Sanjay Sachdeva for our detailed business and financial highlights. Thank you.

Sanjay Sachdeva:

Thank you, Chairman. Good evening, ladies and gentlemen, and thank you for joining our investor call. My wishes for Diwali and the New Year. Hope this brings joy and prosperity to you and your families. As the Chairman explained, this quarter has been marked by considerable volatility impacting the demand pattern of our consumer products vertical, mainly due to the extended monsoon and the GST rate reform.

The Lighting Solutions vertical has done exceptionally well. We are observing price stabilization in the LED segment, which has augmented revenue growth. Not only has it delivered revenue growth of 9.6%, but the EBIT is up by 46% from INR 15 crores to INR 22 crores on a year-to-year basis.

Year-to-date margins in the business remain at 9.2%, which is very encouraging. Further, consumer lighting witnessed double-digit volume and value growth in general trade. Our strategy to increase our revenue contribution in focused categories like ceiling lights and outdoor lights is showing results, and we expect the traction to continue going forward, including in quarter 3.

We launched Switchgears in August 2025 and are very happy to see its progress. The initial response from the channel partners is encouraging, and it reinforces our confidence in the strength of our brand.

Lastly, professional lighting has also delivered a good growth along with high single-digit margins. And we expect, again, to continue this in the near future. In the case of the consumer products vertical, the first quarter of the financial year '26 had an early onset of monsoon, and you know that. This has impacted sales of summer products even in Q2. The high channel inventory has put pressure on our sales to our distributors in trade.

Further, while GST rate reforms are sweeping, it did not have any impact on our ECD business. However, this uncertainty and anticipation of GST rate cuts led to pricing...

Moderator:

Ladies and gentlemen, the line for the management has been disconnected. Please stay connected while we join them. Ladies and gentlemen, the line for the management has been connected. Over to you, sir.

Sanjay Sachdeva:

Okay. Let me talk about a few things again. So, we had launched switchgears in August 2025 and are very happy with its progress. The initial response from the channel partners is encouraging, and it reinforces that we have a very strong brand. Lastly, professional lighting has also delivered good growth with high single-digit margins. We are confident this will continue over the next few quarters.

In the case of the consumer products vertical, the first quarter of financial '26 had an early onset of monsoon, and you're aware of that, and this has impacted our sales of our summer products. Even in Q2, the high channel inventory has put pressure on primary sales, which is, our sales from us to our distributors and to our channel partners.

Further, the GST rate reforms are sweeping and did not have any impact on our ECD business, but the uncertainty and anticipation of GST rate cuts led to pricing uncertainties across trade channels. This resulted in the temporary postponement of demand.

Further, when we dissect the results, while at an overall level, CP revenues are down by 4%, but certain categories have done well. These are categories like mixers, iron, and water heaters, where Bajaj is an undisputed market leader and where penetration levels are low and overall growth is, therefore, in our favor. Now, this is where we have grown high single digits at a combined level. Ceiling fans, in this quarter, we have grown by double-digit, which again gives us confidence in the resilience of our business.

The drag in revenue is due to seasonal products like TPW fans, and air coolers. We have improved our gross margins in this quarter. However, the fixed cost absorption is creating an operating deleverage in this vertical. Over the next few quarters, our focus will be to increase top line and improve market share, while continuing to spend on the brands and other initiatives like go-to-market, digitization, manufacturing excellence, etc.

Lastly, a few weeks back, as you know, our Board had principally approved the acquisition of the Morphy Richards Brand. This acquisition is in line with our strategy of dual brand architecture. We are very positive about this acquisition and expect this to play out well in the future.

With this, I would like to open the call for questions. Thank you.

Moderator: The first question is from the line of Renu Baid from IIFL.

Renu Baid: Best wishes for Diwali to everyone. My first question pertains to understanding a bit more about -- so what has been your readthrough of demand pickup after the implementation of GST, the festive offtake, Diwali offtake in October? How has it been so far? And how do you plan to offset the inflationary pressures through what range of price hikes are being planned in this quarter or so? That's the first question.

Vishal Chadha: This is Vishal. The initial estimations, which we have about the festive month, are that it's muted. And coming to the second question around inflationary pressures, we will be -- we have already announced, in fact, price hikes in fans due to commodity price increase, and we are keeping a close watch. And as and when we believe the market has the capability to absorb, as well as our own objectives, we will be taking further price hikes accordingly.

Renu Baid: Sure. On the launch of switchgears earlier this year, how has the reception of this product been from the trade channel? And what kind of investments have we made or plan to make in terms of GTM, as well as on the product performance and launch here?

- EC Prasad:** Okay. So, Renu, the launch event was very successful. Actually, we got orders much more than what we expected. So we are still in the process of fulfilling those orders. We are yet to get feedback on the secondaries that are happening. So, probably by the end of this quarter, we will come to know about the secondaries, but the primary pickup has been very great.
- Renu Baid:** Right. And would this be a pan-India focus to start with or more regionally...
- EC Prasad:** No, it's on a pan-India basis. And there is no investment for this project.
- Renu Baid:** So, it would be entirely bought out for us at this point in time.
- EC Prasad:** Yes.
- Renu Baid:** Got it. Right. And lastly, a bit more in detail in terms of what we have now, as the Morphy Richards, coming under our umbrella technically. So, this dual brand strategy of having Morphy clearly positioned across the range for the premium, mass premium segment, and Bajaj for the rest of the other categories. So, what kind of subsegments are we looking to expand under the Morphy brand? And how do we plan to roll out our dual brand strategy in the market in the next couple of quarters?
- Vishal Chadha:** So we are still evaluating -- Morphy already operates under -- in categories like kitchen, personal care, etcetera. And we are still evaluating which other categories it could extend to. But in the short term, we expect it to continue to operate in the current categories it operates...
- Moderator:** The next question comes from the line of Achal Lohade from Nuvama Equity Investments.
- Achal Lohade:** Sir, if you could talk about these one-offs or recurring, if you could explain, you've talked about the warranty insurance claim. What is the like-to-like number in the previous quarters? How do we see this in terms of the numbers? Is there a positive net-net, Y-o-Y, Q-o-Q? If you could give a comparable number for 2Q'25 and also 1Q'26?
- EC Prasad:** So, this is the warranty insurance that we have taken on our warranties that we give. So last year, it was an expense, actually. So, the expenses far exceeded the claims that we have received. So, this year, the claim received is much higher than the expenses. And the delta, what you are seeing there is about INR13 crores.
- Achal Lohade:** So is it fair to say that -- last year was impacted. Yes. So, going forward, does it make sense to say that you will have a higher likelihood of claims than additional expenses? Is that a fair assessment?
- EC Prasad:** Yes, yes, yes.
- Achal Lohade:** Okay. Second question I had in terms of the A&P spend; would you be able to quantify how much that was in 2Q'26 versus 2Q'25?
- EC Prasad:** So we have spent about 2.3% this year as against 2.5% last year.
- Achal Lohade:** Sorry, when you're saying this year, do you mean for the quarter or the first half, sir?

- EC Prasad:** For the quarter.
- Achal Lohade:** For the quarter. Okay. And this is as a percentage of total revenue, right, and not just the CP revenue?
- EC Prasad:** No, no. Total revenue.
- Achal Lohade:** Got it. And you've mentioned that you have seen a gross margin expansion. Would you be able to quantify? And how much more headroom do we have in terms of gross margin expansion?
- EC Prasad:** So, the VAVE is still going on. So that's a continuous process that we have taken up. We have seen a significant improvement of close to 200 basis points on the gross margin. And this is likely to continue. I mean, there will be even more benefits coming in through VAVE. Having said that, if there is a reason to pass on something to the market, we'll have to do that.
- Achal Lohade:** Understood. And if you could comment on the key categories like fans, water heater, and irons. In terms of market share, have we kind of maintained, gained, or lost a little bit of market share over the last 6 months or whatever, 12 months?
- EC Prasad:** So Achal, I think it's more or less flat. So, I wouldn't say it's a drop. It's a very thin margin. Somewhere we have gained a few -- in a few decimals, somewhere we have lost in a few decimals. So, it's more or less flat over the last 6 months.
- Achal Lohade:** So, on a total basis, it is flat. In certain categories, we could have lost a little bit, or in certain categories, we could have gained, but there is no disproportionate change in any of the categories. Is that the right understanding, sir?
- EC Prasad:** Yes, that's right. That's right.
- Achal Lohade:** Understood. And given how October has played out, do you see that the worst is behind us? Or, if you think the consumption-related pain is still around, we still have to wait for a few quarters for us to have a double-digit kind of growth in the CP business?
- EC Prasad:** So, Achal, we are actually cautiously optimistic about what's happening. I mean, things are -- I mean, the demand again is what you're seeing is skewed towards high-end consumer durables and all of that stuff. We do not see a lot of momentum happening in the small appliances.
- But having said that, I think there is a lot of money in the people -- much more money in the people's pocket because of all the reforms that the government has done. So, we are optimistic that things might come back, but we have to wait and watch.
- Achal Lohade:** Understood. Sir, if I...
- Moderator:** Achal, sorry to interrupt in between, sir. You may rejoin the queue for the follow-up question. The next question comes from the line of Nishita Shanklesha from Sapphire Capital.
- Nishita Shanklesha:** I had a question about the acquisition of Morphy Richards. So, when will this acquisition be value accretive to us?

- EC Prasad:** So it will be value accretive from day one. We are still in the process of getting the agreement signed. So hopefully, in a month's time, we should be done with the agreement, and then the value accretion will start immediately.
- Nishita Shanklesha:** Okay. So, how much incremental revenue do you see from this acquisition in H2?
- EC Prasad:** So, we will save on the royalty that we are giving to the Morphy, the parent company. So, quantum, we normally don't disclose, but we'll be saving on the royalty, which is a significant amount.
- Nishita Shanklesha:** Okay. So, like, can you quantify the royalty that you will be saving?
- EC Prasad:** No, we cannot -- because it's sensitive information as far as the competition is concerned, so we won't be disclosing that.
- Nishita Shanklesha:** Okay. And if you can give any revenue guidance for FY'26?
- EC Prasad:** No, we don't give a forward statement. So, we would not like to do that.
- Moderator:** The next question comes from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** Sir, my first question is, what is the revenue contribution share for new product development in this quarter? I think we have an ambition to reach 40% of revenue. And what is the timeline to achieve those targets? And what is the primary source for this innovation, like internal R&D or OEM partnerships, etc.?
- EC Prasad:** So, Mr. Balasubramanian, your voice is not very clear. What I could hear was the contribution from NPD. So that's about 40%. So, when I say NPD, that is a product that has been launched over the last 2 years.
- Balasubramanian:** Okay, sir. And sir, for Nirlep restructuring, what is the potential one-time financial impact? And what kind of post-restructuring, what kind of impact do you expect?
- EC Prasad:** So as of now, where we stand, we don't see any major impact. We are still evaluating the various possibilities. And as and when we are closer to the deal, we'll let you know.
- Balasubramanian:** Okay. Just one small question. I think the launch of Turbo Prime BLDC, and what is the plan to compete with specialized BLDC-focused players and a commoditized offering? What is the target market share for BLDC fans? And how critical is this in defending the core fan business?
- Vishal Chadha:** Sorry, could you please repeat the question? I didn't understand the question.
- Balasubramanian:** Sir, on that, I think the launch of Turbo Prime BLDC, and what is the plan to compete with specialized BLDC-focused players and commoditized offerings? And what is the targeted market share for BLDC fans over the next 3 to 5 years' time frame?
- Vishal Chadha:** So, I can't really comment on this Turbo because I have no idea. We have launched. But on the BLDC piece, BLDC continues to -- at this moment in time, our BLDC contribution to our fans

is around 15% to 20%. And it's -- as you all know, BLDC is a fast-growing market. So, we will be coming up with new models and new offerings, and we will take our fair share in the market.

Balasubramanian: Sir, what is the market share, sir? So, market -- sorry, what is the market size for the industry?

Vishal Chadha: Our understanding is that in value terms, BLDC is now 1/4 of the total fan market.

Moderator: The next question comes from the line of Keshav Lahoti from HDFC Securities.

Keshav Lahoti: As I can see from your presentation, your fan total have declined in spite ceiling fan growing by double digit means the TPW fan has seen a significant decline. Possible to quantify a range about what is the decline of TPW fan as well as cooler? And what is the TPW and ceiling fan mix?

Vishal Chadha: Well, as can be inferred, TPW is a double-digit degrowth. Sorry, what was the next question?

EC Prasad: Percentage of TPW.

Vishal Chadha: So, we don't share that data in terms of the split.

Keshav Lahoti: Okay. Got it. So, we see the lighting margin is still healthy, but although there is a decline sequentially, what is the reason for the same? And how should we see the margin going forward? And secondly, once you enter the switchgear business, the switchgear margin would be in line with lighting, or possibly it would be dilutive because the business is at an initial stage?

EC Prasad: So sequentially, the margin improved -- sorry, please continue.

Rajesh Naik: I was just mentioning switchgear; it will not dilute the overall margin of the Lighting business. It will add to that because initial sales first quarter -- first 2 quarters we will be investing in BTL and other activities, so that we get the traction in the secondary as well as the tertiary. And then it will be in line with what Lighting Solutions is delivering. So, there will be no drag in the margins.

Keshav Lahoti: Got it. So, Lighting, I can see there is a sequential decline, like EBIT margin is 8%, while last quarter, it was 11% sequentially. However, it is higher year-on-year. So, how should we see the margin going forward? And whether you have given higher incentives for this spend, so there is a decline sequentially?

EC Prasad: No, no, it's not because of that. It's because of the mix of the B2B versus the B2C. So that's why you see these changes quarter-on-quarter. Nothing to do with dilution in the margin. So that's why the better comparison is with June '24 last year, where we have increased from 6% to 7.9%. The B2B contribution of the last quarter was much higher, but it is highly margin accretive, and that's why the EBIT was close to 10%...

Keshav Lahoti: Understood. Got it. And how is the channel inventory on TPW and the cooler side?

Vishal Chadha: The channel inventory, as was mentioned in the opening remarks by the Managing Director, continues to remain high.

- Moderator:** The next question comes from the line of Aniruddha Joshi from ICICI Bank.
- Aniruddha Joshi:** Sir, 2 questions. Now, with this brand restructuring that is getting implemented, where does the brand NEX stand now? Because earlier, there were a lot of hopes around that brand. Now, how should we think about NEX positioning? Question number one.
- Question number two, we have seen this year unusually high rainfall even in the month of October. And even in the small season generally, the summer product companies get in -- due to October heat, that also seems to be washed out. And again, that's called out by some of the paint companies or even, let's say, the ice cream, etc., also. So, how do you see the season in Q3 working out? Yes, that's it from my side.
- Vishal Chadha:** Yes. I'll take the second question first. You're absolutely right. There is usually a small second summer, which this time did not pan out. And that's why I said in the beginning that we see a muted number in October also.
- Coming to the first question, we had indicated some time back that NEX is now a sub-brand under the Bajaj brand name. It's no longer an independent brand as it was earlier. And with the two brand strategies that we have for Morphy as well as the Bajaj brand, NEX will be a subset of the Bajaj brand.
- Moderator:** The next question comes from the line of Natasha Jain from Phillip Capital.
- Natasha Jain:** My first question. Sir, in your presentation, you've written that there is a single-digit value decline in domestic appliances. Could you call out which product category these would be in?
- Sanjay Sachdeva:** Coolers.
- Natasha Jain:** Okay. Sir, because just below that, you've written that coolers have witnessed a double-digit value decline. So, I wasn't sure what the single digit would be in domestic appliances? Would that be geezers and water heaters or...
- Sanjay Sachdeva:** So, it's coolers, which have declined double-digit. Water heater has grown; iron has grown. So, it's basically the -- when we say DAP, that includes coolers in.
- Natasha Jain:** Got it. Okay. So, there is no product category basically with a single-digit value decline, as mentioned in the presentation?
- Vishal Chadha:** No. It's a combined.
- Natasha Jain:** Got it, sir. And just wanted to know your sense, how do you see the market for fans panning out given a BEE rating is in the office? Do you expect pricing pressures?
- Vishal Chadha:** Yes, we do expect it because the new ratcheting starts from 1st of January 2026. And with the channel already carrying a high inventory, we do expect pressure on it.
- Natasha Jain:** So, any -- already, are you seeing any kind of pricing pressure amongst the brands or competition?

Vishal Chadha: I can't comment on that.

Moderator: The next question comes from the line of Rachna from Simpl.

Rachna: Sir, can you please give us some color on your kitchen appliances category? As you know, in the presentation, it's mentioned that we have seen a double-digit value growth. So how have our three brands, Bajaj, Nirlep, and Morphy Richards, performed individually across core categories and channels?

Also, if you could provide some color on the new products launched and regarding Nirlep, we had earlier discussed our plans to restructure the brand. Could you provide some color on that as well?

Lastly, if you could quantify the contribution of kitchen appliances as a percentage of total ECD business and a ballpark figure regarding the EBITDA margins in the kitchen appliance category? That would be my question.

Vishal Chadha: There are a lot of questions over there. So I'll start with the ones I remember. So as far as the kitchen category is concerned, whether it is mixers or its induction, or kettles, etc., we have grown in all the subsegments of those. At a brand level, Nirlep has seen a decline, and Bajaj has seen growth.

Rachna: Okay. And regarding channels, could you quantify the pace of new products in the Bajaj brand?

Vishal Chadha: Sorry, I didn't understand the questions.

Vishal Chadha: Which channels do we have -- we have done well across all channels.

Rachna: Okay. And how has the trend of -- how have the mix of premium categories of premium products improved for us in the kitchen appliance category?

Vishal Chadha: Yes. We have seen an improvement in our premiumization in the mix category, which we measure.

Rachna: If you could quantify that?

Vishal Chadha: No, we don't quantify those numbers.

Rachana: Sorry?

Vishal Chadha: It's high double-digit growth.

Rachna: Okay. And the contribution of kitchen appliances as a percentage of total ECD business, if you could quantify that as well?

Vishal Chadha: We don't, unfortunately, share that information in this.

- Moderator:** The next question comes from the line of Manan Goyal from ICICI Securities. Due to no response, we will move ahead with the next participant. The next question comes from the line of Manoj Gori from Equirus Capital.
- Manoj Gori:** Sir, one question. I do understand that we – currently, the inventory levels of fans are higher in the channel. But last time when we saw that star ratings were getting implemented in the December quarter, Bajaj, especially, was very aggressive in terms of inventory, pushing inventory into the channel, and probably we registered somewhere around 50% growth in the December quarter of fans as a category.
- How do you read the situation here, whether channel would be influenced to stock more to avoid -- to get the benefit of the pricing? Or how do you read the situation for current quarter? Yes. That's the first question.
- Vishal Chadha:** While we do anticipate pressures in terms of stocking up of the channel because this time is the second time, we are probably slightly better prepared in terms of navigating this change. So, I don't think it will be as much of a push into the channel as probably happened the last time.
- Manoj Gori:** Right. And sir, at the portfolio level, as Bajaj as a group for consumer products, probably we have been taking initiatives to premiumize our positioning from channel point of view, from consumers' point of view, how successful we have been, if you can quantify numbers probably, let's say, for FY '25 versus FY '21 or FY '17, how has the progress been at the portfolio level? I'm not talking about any specific category. So, if you can throw some light over here, it would be helpful.
- Vishal Chadha:** So, in terms of the premiumization of our portfolio across all our core categories, we are progressing well, as I had mentioned earlier also.
- Manoj Gori:** Can you quantify any number because earlier, we used to talk about numbers, probably like -- our numbers used to be -- so subeconomy for fans, we used to be around 92% a few years back. We came -- we improved that to 76%.
- So can you throw some light because see, obviously, when you say it's improved, the improvement can be anything. So, I just want to have some broad sense of how the premiumization trend is playing out because we have been taking these efforts for years now.
- Sanjay Sachdeva:** So, let's put it like this. We measure our premiumization by the contribution of premium products to the total category. And we keep measuring the percentage change in this. Suffice to add, across categories, whether it's fans or whether it's mixer grinder or heater, we are growing anywhere between 100 to 300 bps of contribution increase since the period.
- Manoj Gori:** 100 to 300 basis points increase every year we are seeing on the premiumization side.
- Sanjay Sachdeva:** So, between categories, it keeps changing. So that's why I said...
- Moderator:** The next question comes from the line of Achal Lohade from Nuvama Equities.

- Achal Lohade:** Just a clarification. When you say channel inventory is high, is that for us? Is that for the entire industry?
- Vishal Chadha:** Well, I'm assuming it's for the industry because everybody has faced the same early onset of monsoon.
- EC Prasad:** And Achal, if you see the results also, I think everyone more or less has reported the same amount of growth or degrowth. So -- and what we find from the channel partners is that the inventory across is very high. And not only that, I mean, even the inventories of white goods are affecting the overall market, even for us.
- Achal Lohade:** Right. Okay. And in terms of the -- even the channel inventory is so high, how do we look at this when you say you have announced price hike and you will not shy from taking further price hikes? How do we add these 2 things? Is the industry also responding with price hike, or is it only us who has taken a price hike?
- Vishal Chadha:** Well, most of the players have announced price hikes. And the way we typically would do it is we would do it in a calibrated manner, depending on the situation and the situation of inventory. So some places, it will be a little higher, some places it will be a little lower. And in certain places, we might need to claw back that in terms of additional channel incentives.
- Achal Lohade:** And what is the quantum of increase we have taken, sir? We have announced, rather?
- Vishal Chadha:** We have announced an increase of anywhere between 1% to 3%.
- Achal Lohade:** 1% to 3%. And since when, sir?
- Vishal Chadha:** We can't announce the exact date, but it will be sometime in November, early December.
- Achal Lohade:** You're planning a price increase. Okay. Okay. Understood. Sorry, I thought you had already taken the price increase you meant.
- Vishal Chadha:** No, we haven't taken it as yet, but it has been announced.
- Sanjay Sachdeva:** But announced.
- Vishal Chadha:** We have announced it, but we haven't taken it because we need to give advanced notice to the partners.
- Achal Lohade:** Right. Understood. In terms of the BIS, there have been talks about BIS across other appliances as well. So, if you could highlight which other categories, you're seeing that BIS is kind of getting implemented in? And how does it affect us in terms of whether it helps in terms of significant change in growth rate, or not really, it's fairly -- everybody is able to manage that part?
- Vishal Chadha:** As of now, we are able to navigate, and I have no comments on this at this moment in time.
- Moderator:** The next question comes from the line of Balasubramanian from Arihant Capital.

- Balasubramanian:** Sir, this AWE Plus Smart Ble LED lamp is compatible with Amazon Alexa and the Bajaj Smart app. And what is the broader strategy for creating connected home ecosystems? And is there any plan to integrate more appliances beyond Lighting? And how will you compete with larger tech and ecosystem players?
- Rajesh Naik:** So, as a strategy, this was the first step that we have taken in the Lighting because it is the obvious integration, which can be done with Bluetooth. But we are working to bring the complete ecosystem, which is across home appliances, whatever depends can be managed through the app that we are working on. And once that is ready as a single app, we will come back to the market.
- Moderator:** The next question comes from the line of Dhruv Jain from Ambit Capital.
- Dhruv Jain:** Sir, I had 1 question. So, if you look at the last 4 or 5 years, the consumer products business has grown maybe at 4% or 5% CAGR. Now we understand that there have been challenges in the industry. But over the next 2 or 3 years, in your view, how does this accelerate going forward?
- Or it's going to remain a little bit muted in the next 2 years, if the industry challenges persist. So, just want your thoughts that as how are you looking at this -- your consumer products vertical as a whole over the next 3 or 4 years? Do you think double-digit growth is possible or will it be similar to what is going on right now?
- Sanjay Sachdeva:** So, we don't give forward statements, but all that we can say is that it largely depends on how the market growth rates are. And we intend to maintain our market share or grow our market share. So that will give you the idea of what kind of growth we should expect. But very difficult, as you could see this year, because of the season, the growth rates were very different from what we had predicted. So very difficult to say that. But you can add the two.
- Dhruv Jain:** Fair enough. And sir, on the margin side, again, if we look at the margins in the consumer business, they have also come off significantly. So, how should we see that going forward? Apart from the wave initiatives and some of the cost initiatives that you are driving, do you think that in the next 2 or 3 years, we could go back to those similar levels? Or it's just going to be a gradual recovery in your...
- Sanjay Sachdeva:** So, there are 2 ways you should see margins. I think you're seeing the EBIT margins. As we said, yes, the FLM, which is our gross margins, that's improving, which is very good news, and it's improving handsomely. And we -- in spite of the fact that we didn't have a good quarter for summer products, we decided not to curtail our investment in many initiatives, which I think are good for us in the long term, and they are strategic in nature.
- Therefore, you see at the EBIT level, we have not brought it down to -- and also, there is a deleverage because of the turnover coming down. So, when things turn around, which we are sure is going to happen as we move forward, you will see margins coming back.
- Dhruv Jain:** Sure, sir. And just one bit on the Morphy Richards part, right? If you could just talk about how this acquisition will change the way this brand is being operated by Bajaj. I know the royalty bit, but apart from new product launches, how are you thinking about this?

- Shekhar Bajaj:** I'm Sekhar Bajaj here. The whole idea is that we've been working with Morphy Richards for the last 18 years. We've got another 12 to 13 years still to go. The issue is that by then, we hope that, suppose after so many years, our brand becomes very popular, and we do -- we reach a level of INR 1,000 crores.
- And then suddenly, they say we don't want to deal with you. So all our effort to create the brand and all the amount of effort we've invested goes down the drain. Therefore, with this, we can now afford to spend money to do whatever is required to see that we are in a position to grow this brand because now it's our brand.
- Moderator:** The next question comes from the line of Mahesh from HDFC Securities.
- Mahesh:** Yes, sir, regarding high channel inventory in fans, so this pertains to the TPW fan or the entire fan category?
- Vishal Chadha:** The highest channel inventory is in TPW. Ceiling fans are high, but not a significant matter of concern as TPW is.
- Mahesh:** Okay. And regarding the VAVE norm, whether the higher cost will pass to the market in a phased manner or in one go?
- Vishal Chadha:** First, we will try to pass it up in a phased manner, depending on the situation and the competitive context.
- Mahesh:** Okay, sir. Sir, last on lighting. Sir, what is the lighting B2B order book now?
- EC Prasad:** 210 crores.
- Mahesh:** What was in this quarter last year?
- EC Prasad:** Last quarter. Sorry, currently it's INR 178 crores versus INR 210 crores last year. So INR 210 crores was last year.
- Mahesh:** Just one more question, if you allow. Sir, what is Morphy's revenue mix in FY'25?
- Shekhar Bajaj:** Morphy turnover?
- Sanjay Sachdeva:** No, we don't give the split. So...
- Mahesh:** In earlier years, you have reported in annual reports. So in FY '24, I think...
- Vishal Chadha:** So I mean, you can mention in percentage terms, it varies anywhere from 6% to 8%...
- Moderator:** The last question comes from the line of Rachna from Simpl.
- Rachna:** As mentioned in the previous answer, B2B Lighting revenue has decreased to INR 178 crores. Is this a calibrated approach because -- and are we considering increasing the share of B2C Lighting, given that it's more -- it gives better margins compared to B2B. And also, if you could

give us some color on the product mix, which helped -- which helped us gain better EBIT margins this quarter?

Rajesh Naik:

Just to start with, from consumer lighting to professional lighting, yes, the consumer lighting piece is much bigger, and we are working on -- that's why we said that our trade sales have improved high double digit in value as well as volume.

We have a clear focus to grow that, which gives us the way to increase the market share. And also, we have changed the product mix. We are focusing on some focus categories, which give us better margins. So that is on the B2C side, which is the consumer lighting.

On professional lighting, you must have seen that order intake has gone down a little bit; it was a delay. On October 1 thing itself, we won a big order of around INR 30 crores to INR 40 crores, which compensates or crosses the earlier mark that we had of the order book in the previous quarter last year.

So that is not a concern. Normally, it is not like consumer lighting that will be on a regular basis; the same orders can shift depending on the election, depending on the funds availability at the government and the infrastructure agencies.

So that is not a concern. And margin-wise, I think both businesses are delivering similar margins. Earlier, consumer lighting was low with the product mix; we are trying to improve that. Professional lighting was not a concern.

Moderator:

Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments. Over to you, sir.

Shekhar Bajaj:

Thank you very much to all the people who have joined. It was a good discussion, and we are hoping that the future will be much stronger than what has happened this year. Thank you.

Moderator:

Thank you. On behalf of Bajaj Electricals Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.