QRG GROUP

HAVELLS

25th April, 2025

The National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra Kurla Complex Bandra (E) **Mumbai- 400 051** **NSE Symbol : HAVELLS**	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street **Mumbai- 400 001** **Scrip Code : 517354**

Sub: Transcript of Earnings Call with respect to Financial Results for the fourth quarter and financial year ended 31st March, 2025

Dear Sir,

This is with reference to the Company intimation dated 16th April, 2025 filed with the stock exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the conference call to discuss the financial results for the fourth quarter and financial year ended on 31st March, 2025 scheduled for 22nd April, 2025.

Further to the audio recording filed with the stock exchanges already, we are enclosing the Transcript of the Earnings Call.

The same is also available on the website of the Company under Financials in the Investors section.

This is for your information and records.

Thanking you.

Yours faithfully,
for **Havells India Limited**

SANJAY KUMAR GUPTA

Digitally signed by SANJAY KUMAR GUPTA
Date: 2025.04.25 17:10:31 +05'30'

(Sanjay Kumar Gupta)
Company Secretary

Encl: As above

Havells India Limited

Q4FY25 Earnings Conference Call

April 22, 2025

MANAGEMENT:	**MR. ANIL RAI GUPTA – CHAIRMAN AND MANAGING DIRECTOR – HAVELLS INDIA LIMITED** **MR. RAJESH KUMAR GUPTA – WHOLE-TIME DIRECTOR AND GROUP CFO – HAVELLS INDIA LIMITED** **MR. AMEET KUMAR GUPTA – WHOLE-TIME DIRECTOR – HAVELLS INDIA LIMITED** **MR. RAJIV GOEL – EXECUTIVE DIRECTOR – HAVELLS INDIA LIMITED**
MODERATOR:	**MS. BHOOMIKA NAIR – DAM CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Havells India Q4 FY '25 Earnings Call hosted by DAM Capital Advisors Limited. 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 star, then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair. Thank you, and over to you, ma'am.

Bhoomika Nair: Yes. A warm good evening to everyone. On behalf of DAM Capital, I would like to welcome you to the Q4 FY '25 Earnings Call of Havells India Limited. We have the management today being represented by Mr. Anil Rai Gupta, Chairman and Managing Director; Mr. Rajesh Kumar Gupta, Whole-Time Director and Group CFO; Mr. Ameet Kumar Gupta, Whole-Time Director; and Mr. Rajiv Goel, Executive Director.

Without any further delay, I'll hand over the floor to Mr. Anil Rai Gupta for his initial remarks, post which we'll open up the floor for Q&A. Thank you, and over to you, sir.

Anil Rai Gupta: Thank you, Bhoomika. Can you hear me?

Bhoomika Nair: Yes, sir. Please go ahead.

Anil Rai Gupta: Okay. So good evening, everybody. Thank you for attending the call today. Hope you would have reviewed the results by now. It has been an overall decent performance in quarter 4 with healthy revenue and profit growth. Large appliances and cables led the revenue growth; however, the inflation pressures persist on the overall consumer sentiments.

Generally, margins were maintained Y-o-Y, but the continued volatility in commodity prices driven by global uncertainties remain an overhang.

The ramp-up of new capacity of the cable plant is still underway, though it has already started contributing to the growth.

Lloyd has delivered a robust performance with strong revenue growth and margin improvement. The focus now remains on consistent revenue growth, along with improving profitability.

We can now move on to Q&A.

Moderator: Thank you. The first question comes from the line of Natasha Jain from PhillipCapital. Please go ahead.

Natasha Jain: My question is on the cables side. Now there is a decline in your contribution margin, both on a Y-o-Y and Q-o-Q. Given that fourth quarter, the copper prices rose and, usually, the price is passed on within a gap of 15 to 20 days, and we are a wire-heavy company, why this decline in contribution margin?

Anil Rai Gupta: So as the new capacities for cables are coming up at Tumkur, so the cable growth as well as the volatility in the wire prices, which led to a muted growth in the overall domestic wire business. So the product mix change leads to some variations in the contribution margin, but I don't think that should be taken as a normal level. It always depends upon the product mix in both wire and cable.

Natasha Jain: Sir, your presentation states that there was a moderate ECD growth on account of a mild start to summer season. However, your ACs have done phenomenally well if I see the top line. So does this mean that there is a combination of low structural demand for fans plus very high competition? Or does this mean that there could be a case of high inventory stocking for Lloyd in the channel, not necessarily translating to consumer demand?

Anil Rai Gupta: So I think there is no doubt that there has been a delayed summer this time, which is reflective in the growth in the southern markets where summers come early. Even in the northern parts of the country, the summer has been delayed. And last year was a very terrific year for air conditioner growth and, hence, there was a positive momentum in building up stocks in the channel in the air conditioner industry.

But as I said, because the summer was delayed, the other cooling products like fans, especially, which are more structural in nature rather than something like a highly stocking kind of a product, there we saw a muted growth in the fourth quarter. And also, I would say that last year, for example, Lloyd was coming up, and hence, the growth in the fourth quarter was a bit muted. There is a base effect also in the fourth quarter for Lloyd.

Natasha Jain: Got it, sir. Just one last question related to that. Because there is a delayed summer, could this mean that there could be price cuts going forward? Or there could be distressed selling by the channel for RACs?

Anil Rai Gupta: It's still to be seen. I mean there has been some issues in the southern markets because there has been a real delayed summer. I think there is anticipation of increased summer or a decent summer, at least in the northern parts of the market. And the summer has recently in the last few days have started kind of setting in. So I think there is no panic right now in the market, but definitely it is different than last year.

Moderator: The next question comes from the line of Rahul Agarwal from Ikigai Assets. Please go ahead.

Rahul Agarwal: Sir, first question was on Lloyd. Happy to see INR100 crores EBIT number there for the full year. The press release talked about cost savings and scale benefits that, those 2 reasons essentially for the turnaround of Lloyd. I just wanted to know that in initial commentary, you mentioned that going forward, we'll look at further consistent revenue growth and improving profitability. So that means that these cost savings essentially become stable. And incrementally, we'll only see increases on margins from here on? Is that understanding correct?

Anil Rai Gupta: Well, I mean, there has always seem to be seen a balance between revenue growth and margin improvement. I've said this before in the various conferences that Lloyd, we are in a long-term journey for here. And I don't think we are as set in Lloyd as in case of Havells, so I would say that we'll continue to invest in the growth of Lloyd because we see a very large opportunity.

And hence, you see new plant coming up for refrigerators also. Even within air conditioners, which is still 75% to 80% of the overall portfolio, there we are more stabilized in terms of market shares, but there is ample opportunity to grow there as well.

And it's not only just price versus revenue, it's also related to the brand upliftment in terms of the minds of the consumer as well as trade. So that's a continuous journey. We have been continually investing in the brand. That investment will continue. But also it could actually lead to some sort of premium selling in the category. Lloyd spends a lot of money on R&D and developing products, which are technically or aesthetically better than the competition, which takes time for the consumers to buy in and hence pay a premium. So our investments will continue and ensuring that we try and achieve market share growth as well.

Rahul Agarwal: Got it, sir. And secondly, on Goldi Solar, just wanted to understand over a longer term, 3 to 5 years, how should we look at return on investment on the INR600 crores? What is the plan in terms of solar rooftop? Do you think this segment is like INR1,000 crores business overall on a run rate basis? Any thoughts would really help.

Anil Rai Gupta: Yes. I think overall, in the last 2 or 3 years, we have built this business to about INR400-450 crores, primarily based on inverters, solar modules and DC switchgears and all. And I think the way we look at it is that this is an emerging market with the renewables, is an emerging market and Havells has a role to play in and, hence, we saw an opportunity to grow this business multifold in the coming years.

Now one of the things to do was whether we should get into manufacturing, which Havells has always been known for, but this is also an industry, which is based on scale and continuous technology changes. Also a lot of global players are also reflected in this. So basically, we wanted to cut out the noise and get associated with selling what is important for us, be in the space of residential consumer and commercial and industrial segment rather than focus too much on the technology as well as the manufacturing. And hence, the investment goes there. Our focus would be to expand the business from a consumer side using this manufacturing base.

Rahul Agarwal: So this is part of the ECD segment, right? The solar inverters are part of ECD, right?

Anil Rai Gupta: Right now it's a part of “others”.

Rahul Agarwal: Okay. So going forward with the incremental sales, which will come from this category will be more from “others”? Or will be more from DC switchgears or solar, cables? How should we look at that?

Anil Rai Gupta: No. So, cables and switchgear actually are not really a part of the solar business. That's sort of an advantage we are getting out of that. But otherwise, solar itself is INR400 crores business right now, which has a potential to grow many folds with the changes, which are happening and this investment.

Moderator: The next question comes from the line of Aniruddha Joshi from ICICI Securities.

Aniruddha Joshi: Sir, question on cable and wire. You have seen 2 large groups have announced a plan to enter cable and wire business. So I guess, eventually, the way it is happening in paints, like the brand will eventually prevail and not just the pricing, etcetera. So will we see more investment in branding before the 2 large groups enter the cables and wires? Or we will be looking at the situation and then accordingly, we will increase the ad spend or in a way brand-building efforts on cables and wires. So what will be the strategy over here? That is question number 1.

Question number 2, we have seen material benefits coming in the budget. So is there any incremental change in the strategy to in a way grab large share of that additional money, which is lying with the consumers now?

And last question, was there any price hike during the quarter? That's it from my side.

Anil Rai Gupta: See, as far as cables and wires are concerned, yes, there are announcements by a couple of majors. And I think cables and wires both as a business has more potential to have more organized competition than regional or local competition. So I think going forward, this industry can go through a further consolidation towards branded products high-quality products. So I think we see this as a positive movement.

But obviously, on the front end, it takes time to establish a brand and distribution channel. Our investments will continue to be focused towards that, continue to enhance our reach, focus on brand building, technological advancements in products. And so that's a journey, which we are already on, and I believe organized competition will be better for the industry. Sorry, the next question was?

Aniruddha Joshi: Next question in terms of the price hike and the additional money with tax incentives that are given in the budget.

Anil Rai Gupta: Yes, I think over the last few quarters, we have seen that the consumer demand was a bit subdued maybe because of the cash available in the consumers' hands. And I think the measures, which have been taken during the budget and the RBI, that should augur well for consumption in the coming year. Still to be seen, but at least I think the base is set for this year.

Price hikes, we saw a lot of volatility again in the raw material prices in this quarter, especially in copper in the last quarter. And I think based on that, we are adjusting our prices up or down. We also have cables and wires where prices sometimes get adjusted down as well. So that's a continuous process. Our focus is more on the margins rather than improving margins through price hikes.

Moderator: The next question comes from the line of Bhoomika Nair from DAM Capital Advisors.

Bhoomika Nair: Sir, my first question is on the cables and wires segment. You've seen a very strong quarter. If you can just talk about the volume versus the value mix because we've also expanded capacity and benefits of that has also come through. So how has that panned out? And if you can give some color between cables and wires, because I think you also mentioned about industrial segment not being very strong. So if you can just comment on that first.

Anil Rai Gupta: Cables and wires with a ~20% growth, almost half of that is value growth in this quarter. And usually, our business holds around 65% wires, and that's continuing. Though there is more value growth in case of wires as against volume growth, which actually means that there is more volume growth for underground cables as compared to wires.

Bhoomika Nair: Okay. My second question is on the switchgear side. We've seen a fairly decent growth for the quarter, and we've seen margins reviving back to its historical levels in terms of both contribution and the EBIT levels. Now would this be something, which we should look at a sustainable level per se as we are going ahead? And how is the B2B segment kind of performing within this?

Anil Rai Gupta: Yes. I think last quarter also I mentioned that there are certain quarters where there could be aberrations upward or downwards. Neither 18%-18.5% segmental margins or 36% contribution margin was a normal or neither around 28% segmental margin was normal. We estimate and we have always maintained 38% to 40% contribution margins in the switchgear business. That is something, which we strive for. And as far as the industrial demand goes, this was muted in the entire year since the elections. So it has been muted. We have gained more in the residential segment.

Bhoomika Nair: Higher costs related to consolidation of the two switchgears factories, etcetera, is now done with and it would be more normalized from here on?

Anil Rai Gupta: That's right.

Bhoomika Nair: Okay, great. I will come back in the queue sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Renu Baid from IIFL Capital. Please go ahead.

Renu Baid: Good evening and thank you for the opportunity sir. Sir, the first question is just trying to understand a bit more on the demand side, while much has been spoken about the muted consumer sentiment. In your view, how long do you expect this spell to last? It's been almost over a year now. So based on your experience and your interaction with the channel partners, what would be your reading in terms of when should the market bottom out on the B2C side of the business?

Anil Rai Gupta: Well, I think it's difficult to say because we are experiencing growth. But unlike in the FMCG where we are not getting growth, but we are experiencing growth. It's just that the growth has slowed down. I would say that with the recent changes in the budget, hopefully, the consumer demand should start picking up. Because of the inflationary pressures, whether the real estate demand will continue at the same pace or not. That's something to be seen.

And specifically, just for the quarter, we see that there is a slow growth in the summer products, especially at the start of the April. As I said, it was a delayed summer. Hopefully, it should pan out well in the next 75 days of the quarter, but it's still to pan out. We have to see that.

Renu Baid: Sure. Second would be in terms of Lloyd, while portfolio has done well strategically, all things have been aligned in terms of market GTM, advertisement, product investment. How do you look at the business profitability now that brand positioning is in place and growth is panning out?

Can we now expect the portfolio to deliver mid-single-digit EBITDA on a sustainable basis, mid- to high single digit or do you think there could be more headwinds on the way? And also, while there has been much spoken about the likely shortage of compressors, government wanting to relax the norms there. So do you perceive any potential risk to volume growth in case if summer demand picks up on a stronger note?

Anil Rai Gupta: No, I think the fear of the shortage of supplies is no more there, especially with the delayed summer and muted demand in the last 1 month or so. So I think that's not a big part. But I think, again, Renu, I don't want to repeat again and again because Lloyd is something like a growth engine for Havells. And our entire focus would now be on maintaining a decent growth and profitability, coming back to normalized profitability margin levels in Havells.

When you talk about headwinds in Lloyd, I think the major headwinds are not there. Our cost structures are right in place, except the fact that we'll continue to make investments, whether it is capex investments or brand investments or distribution investments, we will continue to make, having the right promoters at the right channels.

So those investments will continue until they reach a certain scale. And that's when the more operating leverage starts coming in & kicking into Lloyd. So that I do maintain that we are -- product enhancement, capex, we'll continue to maintain that investment in Lloyd.

So, which means we have gone through the pain of low profitability or losses because of all this transition. I hope as long as there are no major headwinds, that is not a concern. But I don't think I would be in a position to give some numbers to profitability because we will be continuing investment in Lloyd.

Renu Baid: Got it. And lastly, sir, on the recent investment that we committed for the solar panel manufacturer, INR600 crores is a sizable amount. So if you can just spend a couple of minutes trying to give some perspective on what was the kind of background that we have done for this particular manufacturer, the background of the management promoters who are driving the solar panel business?

And how essential you think or critical you think was this investment? Without this investment, had our growth plans for rooftop solar would be at risk? So what's the stickiness of this kind of capex requirement to a third-party vendor?

Anil Rai Gupta: Yes, I think second part of the question, I'll answer first. Our growth plans would have been under serious challenge had we not made investment either through our own manufacturing or through an investment with an existing manufacturer. I've already explained the reasons why we chose to make an investment with an existing supplier of more than 15 years experience of production of solar panels which is growing at a fast pace.

So that made a lot of sense than investing in our own technology because going forward, there are a lot of government impetus and push towards Indian own manufacturing, both for panels and cells. And hence, it was imperative for Havells to start manufacturing, so this is a route that we have taken. And I think the company has done careful diligence in all aspects while making this investment.

Renu Baid: And if I can ask how large is this business for us currently?

Moderator: I'm sorry to interrupt, Renu. I would request you to rejoin the queue for any further questions. Thank you. The next question comes from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead

Achal Lohade: Congratulations for the great set of earnings. Two questions. First, on the operating leverage. We have seen that we've made significant investment in terms of the human resource. We have seen that the past four quarters, the run rate for the employee cost has been very much stable. So my question is, overall, if we were to look at, say, a 10%-11% kind of a growth in Havells ex-Lloyd, do you see operating leverage kicking in? Or you think we will have probably stable margin ex-Lloyd?

Anil Rai Gupta: I think we will see some operating leverage coming back in Havells, and that's why there is more confidence on Havells to come back to its normalized margin levels of 13% to 14%-14.5%. That's what the expectation is. So yes, we will be seeing operating leverage in Havells as well.

Achal Lohade: Right. Second, with respect to particularly cables, I wanted to check, given the capacity addition by us and the peers, so there are two parts to this question. One is in terms of demand, the inquiries, etcetera, how things are? Are things improving or stagnant or slowing down in terms of inquiries, order booking, etcetera? And B, on the pricing front, do you see any stress in the cable pricing?

Anil Rai Gupta: No, I think cable demand continues to remain strong. It's just that there is far more fluctuation in the last three or four months in terms of raw material prices, which is affecting the pricing as well as the margins. But otherwise, demand continues to remain strong.

Moderator: The next question comes from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Sir, my first question is on your export strategy. We have been doing a lot of tie-ups in the other markets. And can you just throw some more color about how the export strategy will play out next year? Any percentage, if you can share what was it for this year and how to look at the next few years?

Rajiv Goel: Yes. the international business, you are aware that we are focusing apart from our usual markets, which are sort of Middle East and SAARC and Africa. A couple of years back, we pivoted more towards developed markets like US, Europe and Australia. So, I think they are now beginning to bear fruits. And there we see good traction. US now obviously is in throes of some bit of a chaos. So we do not know how it is panning out.

But we believe that India should be a beneficiary of all the sort of bilateral trade agreements, which we are having, not only with US but other countries as well. So currently, we are still 3%-3.5% of our overall business in terms of the international. But we believe that the opportunity in international and the growth, which we can achieve in the next two to three years could be pretty sizable.

So I think that's where the focus is. And I think we are ticking the right boxes with our first consignment to US that is India made ACs also reaching there. So I think this should encourage us and give us the aspiration to do bigger in global market, particularly the developed market with something we started just a couple of years back.

Moderator: The next question comes from the line of Aditya Bhartia from Investec.

Aditya Bhartia: So two questions from my side. One is that when you think about Lloyd, what's the kind of margin level that you think about from the perspective of next two, three years? And what is the longer-term trajectory that you see margins for them?

Anil Rai Gupta: So I've already explained this that Lloyd continues to remain as an investment strategy for Havells for high growth. And again, I don't want to say any numbers for the next two to three years.

Aditya Bhartia: Sure, sir. Sir, my second question is on the Switchgear segment. If we look at the three kind of broad pillars of the segment: domestic switchgears, industrial switchgears and switches, could you kind of guide us as to what the demand trends are in each of these? And is there an area wherein we are seeing market share gain or significant loss?

Anil Rai Gupta: I think we are a very strong player in the residential switchgear business, which continues to remain about 75% of our overall switchgear business. There, over the last couple of years, we have seen market share gains for us and that is the higher growing sector. Where our market shares are generally small, which is industrial switchgear, there we have seen some reduction also. Reduction in the sense that there is some slower growth in this year, especially after the elections.

Aditya Bhartia: Sure, sir. And what about switches?

Anil Rai Gupta: When I say residential switchgear, I'm including switches in this.

Moderator: The next question comes from the line of Praveen Sahay from PL Capital.

Praveen Sahay: Sir, my question related to the Lloyd and the RAC industry as a whole. As you had mentioned, there is a delay in the summer in the April, which impacted the volume for April. Is it also because of a strong buying in the Q4, which is impacting the summer season? Because we are also hearing around 20%, 30% of a de-growth in the April month in the South India. So how to look at the way forward for the RAC industry as a whole?

Anil Rai Gupta: No, I think when I say that there is a slower growth in the month of March and April, this is more from the secondary sales, the tertiary sales to the consumer that I'm talking about. Yes, there has been higher primary sales in the fourth quarter, which obviously, if the secondary sales are slow, then the first quarter primary sales will get impacted, so which is getting impacted. But as I said, it's too early to say it's still half of the month, and let's see how the summer pans out in the north India.

Praveen Sahay: And also related to this, Lloyd only, you had in the press release mentioned that the cost saving initiative and the operating leverage has led to the margin improvement. So these things with the volume to continue in the way forward is what I believe. Is it right to understand?

Anil Rai Gupta: Yes.

Praveen Sahay: And last, sir, on the...

Moderator: Sorry to interrupt Praveen, those were your two questions. I would request you to fall back in the queue. The next question comes from the line of Deepak Gupta from JM Financial Asset Management.

Deepak Gupta: My first question is on Goldi Solar. Sorry to harp on it, but historically, Havells have always been focused on B2C businesses. Now with this investment in Goldi Solar, are we changing our stance and looking at investing into B2B businesses in a meaningful manner?

Anil Rai Gupta: No, I think the business that we are doing in the 'others' segment, which is solar is more focused on the consumer, which is residential and commercial & industrial. We are not in the utility business, and that's why we have not gone into making huge investments into utility scale of manufacturing for solar panels. So the strategy continues to remain more consumer-based.

Deepak Gupta: Sure. And my second and the last question is that could we look at this investment as a financial investment or would you be looking to increasing your stake in this company in the foreseeable future?

Anil Rai Gupta: I think, first of all, it's not a financial investment that we are looking at. It's a very strategic investment. And the way we are looking at is to have a meaningful presence in the solar renewable business and also have supply surety. As I said, it is more as a decision for make versus buy. And to have surety on supplies, this is why the investment has been made.

Deepak Gupta: Sure. Thank you.

Anil Rai Gupta: Thank you.

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

Keshav Lahoti: Thank you for the opportunity. I want to know about the lighting business. We have delivered volume growth in this business in Q4 and for the entire year?

Anil Rai Gupta: Right now, I don't have the numbers. Manish, would you have?

Manish Kaushik: Yes, it's high single digit.

Keshav Lahoti: This is for both Q4 as well as entire year?

Manish Kaushik: Yes, it is for Q4.

Keshav Lahoti: Understood. Got it. And sir, as you highlighted the solar business is INR400 crores-INR450 crores. What sort of operating margin we are making in this business and what sort of plan we'll have, let's say, 3 years, 4 years down the line?

Anil Rai Gupta: Again, the focus is first of all to be a meaningful player in this industry. It is a lower-margin business because we have been completely depending upon outsourcing, but over a period of time with this strategic partnerships, we will be able to improve margins as well, but the main focus is to increase the business at a much faster pace.

Keshav Lahoti: Understood. Got it. That’s it. Thank you.

Moderator: Thank you. The next question comes from the line of Chaitanya Devpurkar from Paterson PMS. Please go ahead.

Chaitanya Devpurkar: Good evening. Thank you for the opportunity. So, my question is related to the new products that we have launched under the Lloyd, which are refrigerator and the premium air conditioner also. Now I understand you guys are refraining from giving any margin from the Lloyd's perspective, but what is your ads spend percentage of revenue because with the new products coming in, do we expect the advertisement revenue to increase or do you believe that the brand presence that the Lloyd has is enough to keep that product also in the market?

Anil Rai Gupta: Yes, I think we believe it is enough because we are anyway investing over a longer period of time and it is more on the brand rather than just about the product. So within this whole advertising budget as a percentage to revenue, it can vary between product to product over a period of time depending upon what is needed at that particular time. But otherwise, we believe that this should remain where it is.

Chaitanya Devpurkar: Okay. Thank you. And my second question will be on the whole industry perspective. I think we are hearing that currently the air conditioner industry is facing somewhat of compressor shortage. Given the gravity of the current situation of this particular thing, is it really that concerning and if yes, then how we as Havells are placed in the industry level?

Anil Rai Gupta: I think, for Havells, I would say it is not that much of a concern at the moment.

Chaitanya Devpurkar: Okay. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Nitin Shakdher from Green Capital Single Family Office. Please go ahead.

Nitin Shakdher: Good evening. This is Nitin Shakdher from the Green Capital Single Family Office. I just want to understand from the management, is there an opportunity to increase the revenue on the export market of cables and wires in specific when you're facing domestic competition from other players and when you move to a strategy where you increase your export revenue, maybe to countries like U.S. or China or emerging markets, how does that pan out considering some margins might be at, I would say, a little bit of a stretch in that sense on incumbent players coming?

Rajiv Goel: No, I think the cables export and wires export is pretty much already part of the strategy in international markets. And that is irrespective of the intensifying competition, as Anil explained in the beginning that these kind of entry of new players will only broaden and deepen the formalization of the sector. So we believe that these two are independent and maybe contiguous strategy.

But it's nothing to do that now we need to accelerate our focus on international because there is a heightened competition. I think India is always a competitive market, but yes the international strategy is already running you see in parallel with the domestic strategy. Our focus on domestic will continue to be very relentless. And I think we will do whatever it takes to gain market share.

And I think that's not mutually exclusive option. These are something which is run concurrently. So yes, the international business will grow on cable and wire and the domestic business will also grow in cable and wire.

Nitin Shakdher: Yes. So in relation to that, sir, I just wanted to check with you what is the on-ground feedback from your larger wholesale distributors or wholesalers? How do they look at competition? Is it margins, is it brand loyalty, is it that the company needs to increase distribution margins to retain a lot of the distribution force? How does it really pan out? If you can just give us a bit of a color on that?

Rajiv Goel: No, it's everything. Nitin, it's everything. It's not just one thing. This has been built over years. So I think people look at the quality, people look at the brand, people look at the consumer pull, Even pricing could be part of that. But it's not just one thing which determine and on which the entire edifice is built up. The moat is not built on a single thing. There are multiple moats, which play out. And it is not that the competition was not there in this industry.

Anil Rai Gupta: And also in case of industrial cables, if you look at it, it's a very long-term thing built on getting approvals from various consultants, various government bodies, various corporate sectors. So as Rajiv said, it takes years to build towards that.

Nitin Shakdher: Okay. That’s it. Thank you. That’s all from my end and all the best.

Moderator: Thank you. The next question comes from the line of Amit Mahawar from UBS. Please go ahead.

Amit Mahawar: So, congratulations on impressive growth in Cable and Wire and Lloyd, profitable also. Sir, my question is on switchgears. I'm sorry to harp on this segment. We have an INR1,800 crores residential switchgear business and roughly INR600 crores, INR700 crores industrial switchgear business. The entire segment is fairly dominated by MNCs.

We've seen Havells improving hiring from MNCs and also launching a lot of industrial switchgear range in recent period. So what is the strategy Anil ji on switchgear? This business is not growing the way industry has been growing, because of the presence that we have, which is fairly limited. So anything on that part you would want to elaborate on switchgears? That's my first question, sir.

Anil Rai Gupta: Are you talking specifically, Amit, about the industrial switchgear?

Amit Mahawar: Yes, sir.

Anil Rai Gupta: Okay. So industrial switchgear, yes, I think Havells market share has been low. And also, this has taken us a little bit of a backseat in the last decade or 2 on terms of product development, or catching up because our focus was more on the residential and the consumer side.

But I think last few years, we have invested heavily in terms of building our product portfolio towards matching up with any competition. And I think, as I was talking about the industrial cables business as well, this is a very long haul kind of a market share improvement business. It has lots of barriers to entry, product approvals from various consultants, government bodies.

And so it is not something, which can have immediate results. It is a long haul, but Havells has decided to be in this industry in a meaningful way over years. Because it complements very well with our residential switchgear business, both in terms of manufacturing and R&D.

Amit Mahawar: And second and quick question is on Lloyd. We have to invest on refrigerators also. Without going into numbers, can I say in '26 and '27, our profitability ramp-up will be irrespective of refrigerators investments?

Anil Rai Gupta: I think, Amit, the refrigerators right now, it is being sourced and, hence there is anyway lack of contribution in the refrigerators business. So going from here, there should be an improvement. Initially, it could be some teething issues, but there should be an improvement once the manufacturing comes.

Amit Mahawar: Good luck, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia: Thanks for the opportunity. I just had a couple of bookkeeping questions and one question on solar. So on bookkeeping, can you help us with the Lloyd channel mix currently, and do you expect that to change in the next few years?

And the second one was on capex. If you can help with what do you expect to spend in the next 1 year or 2-3 years? And if high-level color can be given on segment level? And finally, on solar one clarification. The investment that is done, I wanted to understand, are you not getting volumes? Or are you not getting quality volumes, which kind of prompted you for this decision to secure this investment?

Anil Rai Gupta: I think over the last few years, we have seen a movement from the traditional distribution channel in Lloyd towards more organized retail, modern format retail, regional retailers. And that is something which we have seen as a trend that has happened more in South and now it's catching up in North and East as well. And I think going forward, while the company would strive to be going through the traditional distribution channel also for a deeper penetration into smaller towns, but we do see a movement. And today, more than 50% of the sales is coming from the modern channel.

So on capex, if you're specifically asking the question about Lloyd capex, I think post the investment in the refrigerator business, we do not anticipate a huge capex for the next couple of years.

As far as the solar investment is concerned, there are both, I would say, lack of supplies for not only quality supplies, but also supplies itself because of a lot of quality control restrictions and import restrictions, which were hitherto easily available. So there are restrictions and hence, both availability is lacking as well as quality, which is reflective of the brand of Havells is also a question mark.

Girish Achhipalia: Can you just answer on the broader company level capex, please? And if any segment level details can be given, Cable & Wires…

Anil Rai Gupta: I think next couple of years we have estimated that over -- in the next 2 years, there will be a total of about INR2,000 crores capex. This also includes the new R&D center.

Girish Achhipalia: Anything on Cable & Wires here in particular?

Anil Rai Gupta: Nothing in particular. This is the total investment.

Girish Achhipalia: Okay, thank you.

Anil Rai Gupta: Thank you.

Moderator: Thank you. In the interest of time, we will take 1 last question. That would be from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.

Keyur Pandya: Thank you for the opportunity. First question on the demand side. So demand for cables, how the momentum has sustained and demand for real estate-related products, specifically wires and switchgears, which is a leading indicator and then which is followed by other categories? That is first on the demand?

And second, on Lloyd, now from here on, how should we expect, I mean, say construct of the growth? Will it be driven by non-AC category? And ACs, we have reached a scale, so it should be more in line with the market or we have scope to grow market share in all the categories, including AC? So just if you can deconstruct the growth for Lloyd, and first on the demand for cables and other real estate related products?

Anil Rai Gupta: Yes. I think demand for cables has been robust in the last year and real estate demand in the large metros has been sort of slow, but we are also increasing our market shares in the Tier 2, Tier 3 towns. So that has also helped the domestic wire business and the switchgear business.

As far as Lloyd is concerned, while ACs comprise a large part of the overall sales and our endeavor would be to increase the sales of other non-AC products. But we also see that there is market share growth potential for air conditioners as well. We are still in the low to mid-teens and, hence, I think there is more potential to grow market share there as well. So there will be a heightened focus on all 4 product categories to increase sales in the coming time.

Keyur Pandya: Okay. Thanks a lot. All the best.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to Ms. Bhoomika Nair for the closing comments.

Bhoomika Nair: Yes. Thank you, everyone, and all the participants for being on the call and particularly the management for giving us an opportunity to host the call. Thank you very much, sir, and wish you all the very best.

Anil Rai Gupta: Thank you, everybody.

Moderator: Thank you. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference. You may now disconnect your lines.