



Electricals

February 10, 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 3QFY25 Earnings Conference Call' of Bajaj Electricals Limited ("Company")

Further to our letters dated January 21, 2025, and February 4, 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 '3QFY25 Earnings Conference Call' i.e., Post Earnings/Quarterly Call, organized by Ambit Capital Private Limited on Tuesday, February 4, 2025 at 4:30 P.M. (IST), wherein, inter-alia, the unaudited financial results of the Company for the third quarter and nine months ended December 31, 2024, were discussed.

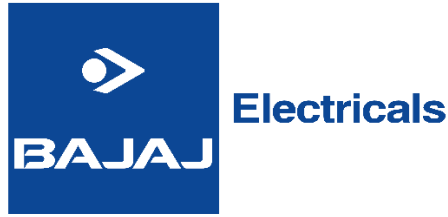
We request you to take the above on record and treat the same as compliance under the applicable provisions of the SEBI Listing Regulations.

Thanking you,

Yours Faithfully,
For Bajaj Electricals Limited

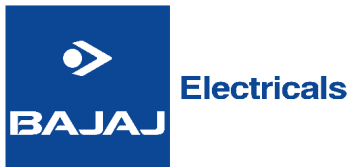
Prashant Dalvi
Chief Compliance Officer and Company Secretary
(ICSI Membership No.: A 51129)

Encl.: As above.



“Bajaj Electricals’ 3QFY24-25 Earnings Conference Call”

February 04, 2025



MANAGEMENT: **MR. SHEKHAR BAJAJ – CHAIRMAN, BAJAJ ELECTRICALS LIMITED**
MR. EC PRASAD – CFO, 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. YASH JAIN – AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Bajaj Electricals' 3QFY24-25 Earnings Conference Call hosted by Ambit Capital Private 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 “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Yash Jain from Ambit Capital Private Limited. Thank you and over to you, sir.

Yash Jain: Thank you. Hi, good evening, everyone.

On behalf of Ambit Capital, I welcome you all to 3QFY25 earnings call of Bajaj Electricals Limited. From the management side, today we have Mr. Shekhar Bajaj – the Chairman; Mr. EC Prasad – CFO; Mr. Vishal Chadha – Chief Operating Officer for Consumer Products, and Mr. Rajesh Naik – the Chief Operating Officer for Lighting Solutions.

Thank you and over to you, sir.

Shekhar Bajaj: Thank you. This is Shekhar Bajaj here. Good evening, ladies and gentlemen. Thank you for attending our 3Q Earnings Call and wish you all a very Happy New Year.

We have delivered a good set of results for this quarter, owing to good festive demand. On the macro front, while the headline CPI inflation eased to 5.2% in December'24, it remains above the RBI target rate. Due to a depreciating rupee, the central bank is likely to maintain a tight monetary stance. I believe the interest rates will continue to remain elevated for a few months, potentially curbing private consumption and investment. Consumer preference is moving towards premium and feature-rich products.

I would like to assure you that Bajaj Electrical is working hard to commercialize its premium offerings. We saw signs of positive traction in 3Q and I'm sure we will have more success to report in succeeding quarters.

Coming to Financial Updates:

We delivered a good quarter. The company has achieved revenue from operations of Rs. 1290 crores as against Rs. 1,228 crores, a growth of 5% over the 3rd Quarter of the previous year. For the quarter, the company made profit before tax and profit after tax of Rs. 45 crore and Rs. 33 crore, respectively, against profit before tax and profit after tax of Rs. 50 crore and Rs. 37 crore, respectively in the corresponding quarter of the previous year. It should be noted, however, that in December 2023 quarter, we had one-time impact towards warranty provision true-up of Rs. 23 crores and income tax refund interest income of Rs. 36 crores. Hence, on a like-to-like basis, profit before tax of December '23 quarter is Rs. 37 crores, against which we have delivered Rs. 45 crores for this quarter, which translates into a growth of around 21%.

Consumer product business has shown momentum by delivering a revenue growth of 8.5% on a year-to-year basis, mainly due to good festive demand in the month of October 2024. We have crossed Rs. 1,000 crore revenue threshold for consumer products after two years and are very encouraged by this achievement.

The Lighting Solutions business revenue contracted by 7.5% due to price erosion. We have launched our “Built to Shine” campaign for our vertical in this quarter and have invested around Rs. 11 crores. That is around 4.3% of the Lighting Solutions business revenue towards brand building.

I now hand it over to the CFO for Detailed Financial and Operational Highlights. Thank you.

EC Prasad:

Good evening, ladies and gentlemen. This is EC Prasad. Thank you for attending our Q3 earnings call and wish you all a very Happy New Year.

Coming to the overall performance:

At the outset, let me reiterate that we had a very good set of numbers owing to a good festive demand. We delivered a strong profit before tax of Rs. 45 crores as against Rs. 50 crores on a YoY basis. However, like Chairman explained, we had a one-time impact towards warranty provision of Rs. 23 crores and income tax refund interest income of Rs. 36 crores in the corresponding quarter of the previous year. Hence, on a like-to-like basis, the profit before tax of December'23 quarter is Rs. 37 crores against which we have delivered Rs. 45 crores in this quarter, which translates into a growth of around 21%.

Coming to the consumer products:

The consumer products business registered a strong revenue growth of 8.5% on the back of a good festive demand and trade business revival. Appliances, which had shown slower growth in the previous quarters have grown strongly by high single digits. Within appliances, the domestic appliances have shown strong growth, owing to categories like coolers and heaters, which showed high double-digit growth. Kitchen appliances continue to remain under stress, even at the industry level, but with the demand uptick, we are hopeful of better performance in the coming quarters. Morphy Richards continue to register high double-digit growth. Probably this is the five straight quarters that Morphy Richards has been registering a double-digit growth. Fans remained flattish.

Our CP EBIT margins are at 5% as against 1.7% in the corresponding quarter of the previous year. While the margins have increased 3x, it is necessary to know that quarter of the previous year had a one-time warranty provision true up of Rs. 21 crores, which translates to around 2.2%. Hence, on a like-to-like basis, we still have delivered a 5% EBIT margin, vis-à-vis 3.9% in the corresponding quarter. The increase in margins are predominantly due to an increase in gross margins of 2%, which has been offset by our continuous investments in R&D and various other

projects for improving our operational efficiencies. The brand investments were at 3%. Our transformation journey to address our product portfolio gaps, including premiumisation of our portfolio, is underway and is showing good traction. We continue to improve our logistics and manufacturing efficiencies by a few basis points.

We are glad to share that we have regained market shares in certain appliance categories on a QoQ basis. Over the next few quarters, our focus will be to increase the topline and improve the market shares while continuing to spend heavily on the brand and other initiatives like revamped GTM, VAVE, digitalization, manufacturing efficiencies etc.

Coming to Lighting Solutions:

The lighting solution business de-grew by 7.5% due to continued price erosion during the quarter, which also had an impact on the operating leverage. However, under our revamped GTM initiative, we have identified 167 focus markets, which registered double digit volume growth and mid-single-digit value growth. We have also observed pan-India volume growth in our focus categories like ceiling lights and battens. Our EBIT was at 2.1% as against 8.4% reported during the corresponding quarter of the previous year. Again, here it is necessary to know that we have invested in “Built to Shine” campaign and have invested around Rs. 11 crores in brand building activity, which translates to around 4.3%. Hence, on a like-to-like basis, our EBIT margins are at 6.4% vis-à-vis 8.4% of the previous quarter of the corresponding year. However, on a QoQ basis, we have held our EBIT margins after grossing up the brand investments. The brand investments for this vertical will continue to be high for the next few quarters in our endeavor to increase our market shares.

Coming to professional lighting:

The order book stays healthy at Rs. 231 crores and we are committed to growing this business. Coming to balance sheet and financial metrics, the balance sheet of the company continues to remain very healthy and strong. All the balance sheet ratios continue to be at optimal level. We continue to generate positive cash flow from operations. This quarter we generated about Rs. 83 crores of positive cash from operations and we ended up the quarter with a surplus funds of Rs. 423 crores. That's all from my side and I will hand it over to you now for taking the questions.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “*” and “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Natasha Jain from Phillip Capital. Please go ahead.

Natasha Jain:

Yes, Thank you for the opportunity, sir. My first question is on the consumer product side. Firstly, congratulations on a good set of numbers. So, 3rd Quarter is a seasonal quarter for

domestic appliances and Morphy Richards as well. So, I understand the double-digit growth here, which is appreciated. Now coming to 4th Quarter, we have observed that on the ground there is demand moderation across consumer goods. Given 4Q will be a bigger play for fans and for Bajaj fans is a comparatively lower revenue contributor. So, how does 4Q look like to you? Are you seeing demand softness across electricals?

Vishal Chadha: Hi, this is Vishal here. Our endeavor will be to do better than last year in the same quarter and that's what we are hopeful for.

Natasha Jain: Got it. And sir, which category products have you taken price hike for? Can you quantify it if possible?

Vishal Chadha: We have taken price hikes across almost all categories, be it mixers, be it water heaters, especially in two channels or irons, whether it is national format retail or in e-commerce. So, across categories, not just one.

Natasha Jain: Got it. And sir my next question is on the ad spend. So, you mentioned that in lighting, you have spent Rs. 11 crores, and your EBIT stands at Rs. 5 crores. So, can you just tell us what this huge ad spend was on in terms of lighting? Where did we spend this, precisely?

Rajesh Naik: So, mostly, this is Rajesh here. Most of that was on the ATL. We created the first film after almost two years. We went to the market line in terms of investing into the brand. And that was mostly ATL.

Natasha Jain: Sir what would be the percentage of, I mean, ad spend as a percentage of total revenue in 3Q?

EC Prasad: It's 4.3% for the lighting business.

Natasha Jain: For lighting and overall, sir, any plan?

EC Prasad: Overall, it's 3.3%, Natasha. So, CP ad spend is 3%. Lighting solution is 4.3% and overall, 3.3%.

Natasha Jain: And we will maintain this standard going forward also?

EC Prasad: Yes, as I mentioned, so we will be continuing to spend heavily on our brand in our endeavor to get back the market shares.

Natasha Jain: Got it. And sir, just one last question, if I may. Given that summer season's coming, now can you just talk a little about scaling up of your NEX portfolio as to what products can we see coming into the markets which weren't there earlier? Thank you, sir.

Vishal Chadha: So, NEX, coolers are the ones which we will be bringing into the market, but the ramp up will be gradual. Fans, as you already know, are already existing. So, it will continue to remain a premium offering from our organization.

- Natasha Jain:** Thank you so much, sir, and all the very best.
- Shekhar Bajaj:** Thank you, Natasha.
- Moderator:** Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.
- Aniruddha Joshi:** Yes, thanks for the opportunity. So, you have indicated in the presentation regarding MFI impact in lighting. So, just more seeking more clarity on MFI overall. What is the overall contribution and overall company level also and what was the impact if you can quantify it or share more qualitative details on that? Also is the MFI impact still continuing or do you see probably the peak of the impact is already seen?
- EC Prasad:** So, Aniruddha, EC Prasad here. So, MFI used to contribute about 5% odd in our total offerings. And MFI has been impacted since the RBI came down heavily on the MFI and that issue still continues. So, two areas of concern for us are the MFIs and the government channel, which has actually underperformed during this quarter. We hope that the government channels will start picking up, but MFIs will still continue to struggle for some more time.
- Aniruddha Joshi:** Okay, and means two-three quarter also we can continue to see some impact on MFI channels also.
- EC Prasad:** MFI yes, but the government channels probably will pick up.
- Aniruddha Joshi:** Government channel means CSD types you can say.
- EC Prasad:** CSD and CPC. There again, for various reasons the demand was low, but I think in the quarter we see a demand coming back from those channels.
- Aniruddha Joshi:** Okay, and the 5.5% you said is of the total sales number, correct?
- EC Prasad:** Of the total sales number, yes.
- Aniruddha Joshi;** Sure, understood. Second, on lighting, we're still seeing the price erosion continues to be there. Means, what will be in a way the end game here? Means, do you still see the prices continuing to get eroded, or even now? Or is there any in a way full stop to that? How should we think about this business then?
- Rajesh Naik:** This is Rajesh here again. Price erosion has been done in few categories in consumer products. I think one of the category, which is ceiling light, it has to still hit. So, I feel that next one or two quarters it will continue for the price erosion. And it can come into the professional lighting also in some time. I think price erosion game is not completely over. And then DOB technology is completely set across product categories that will continue to have price erosion for next few quarters.

Aniruddha Joshi: Price erosion is not yet over in consumer products also and it is yet to begin in commercial products means B2B illumination products?

Rajesh Naik: In lighting, it will be less because there it is more of performance driven, but yes it will have some impact of price erosion in professional lighting also.

Aniruddha Joshi: Sure sir, understood. And the third question in terms of now we have seen consumer products doing well. So, you mentioned about some of the focus market or change in GTM strategy also. So, if you can elaborate a bit more on this changing GTM strategy, distribution expansion or like that, that is the last question from my side. Thank you.

Rajesh Naik: This is Rajesh again, because whatever we discussed about focus market for more of consumer lighting initiative, where we wanted to have the faster growth. And that's where we launched Project Vriddhi. And we started with first pilot of five cities. And after success, we saw the success there in high double-digit growth, we expanded that to 167 markets. And there we are saying we are continuing to see high double-digit growth in volumes and single-digit growth in value as well. So, that is at 167. We will be expanding that in the next two quarters to the all-Indian level.

EC Prasad: So, Aniruddha, you asked what this initiative is about? It's about focusing on the WD, that is the weighted distribution, rather than the numerical reach to be on the relevant counters, doing the BTL activities properly, all of that stuff in those focus markets, which has actually started yielding results for us.

Aniruddha Joshi: Sure, this is very helpful. Thank you.

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

Rahul Gajare: Hi. Good evening, gentlemen, and thanks for the opportunity. Some of the questions asked earlier were helpful. So, I have some other questions around new products. Can you throw some light on the product gaps which are there, both on consumer and lighting, given that there is a focus on premium products at this point in time?

Vishal Chadha: So, from a consumer products point of view, we feel that some of the product gaps which we are hoping to address in the coming quarters are primarily around the area of fans. Other than that, in the remaining categories, we obviously keep looking at wide spaces, which I can't comment too much about at the moment, but from a high level for the big categories, fans will be our focus to fill in the gaps.

Rajesh Naik: Talking about consumer lighting to be specific, it was professional, it is like back to back when we do the customization of the products for the specific shop. But consumer lighting, we had gaps earlier almost, last 3-4 quarters, we were able to bridge all the gaps which were there as

compared to the competition. And as we wanted to grow much faster in ceiling lights, we are focusing on bringing more and more new products into that particular thing.

Rahul Gajare: So, product development on the lighting side especially on the consumer side is behind us now. We can say that?

Rajesh Naik: Yes, almost 27 products were launched in Quarter 3 only in the ceiling category.

Rahul Gajare: Now in the PPT, you've talked about double-digit growth in Morphy and all. Any specific product that you would like to call out in terms of exceptionally strong growth that...

Vishal Chadha: Could you please repeat?

Rahul Gajare: One thing is, any specific product that you would like to call out in terms of growth? You already highlighted, I think, that you had double-digit growth in Morphy, but besides that or is that the highest growth that you've seen in the 3rd Quarter?

Vishal Chadha: No, we have got segments within Morphy which are growing faster than the overall Morphy growth obviously. And those include segments like coffee makers, food processors, and so the personal-care segments. So, these are some of the segments which are growing faster and doing well for us.

Rahul Gajare: And how much would Morphy be in the first nine months in terms of revenue?

Vishal Chadha: It is around 7.5% to 8%.

Rahul Gajare: 7.5% to 8% of the total CP business?

EC Prasad: Yes, of the consumer business, yes, consumer products business.

Rahul Gajare: In this particular quarter?

EC Prasad: Yes, Rahul.

Rahul Gajare: So, firstly, congratulations. We have seen margin uptick in the business, specifically on the consumer coming closer to 5%. I want to know from here, what is going to be the key levers for margin expansion? Now, the backdrop of this is we have probably reached about 30%-31% gross margin, which is probably best in the last 10-15 years. So, which are the areas which essentially will drive margin expansion from this level? Thank you very much.

EC Prasad: So, Rahul, we're doing a lot of things. One is the VAVE exercise that we are doing is expected to realize about 3%-4% more margins, some of which might get passed onto the market, but there is a potential line there. Second is, as I mentioned even in the last call, we still have a lot to do as far as the operating leverage is concerned because we have created a structure to deliver

about Rs. 6,000 crores plus of revenue, which we have not yet reached. So, as we reach that milestone, the operating leverage will kick in and we will have about 2%-3% coming from there. Two other areas that we are focusing on is on the manufacturing and the logistics cost. There again, there are a lot of improvements possible, which we are. So, logistics, we are aiming to get down the logistics cost by 1% point and manufacturing also by a percentage point.

Rahul Gajare:

Okay, thank you very much. All the very best.

Moderator:

Thank you. The next question is from the line of Achal Lohade from Nuvama Wealth Institutional Equities. Please go ahead.

Achal Lohade:

Good evening. Thank you for the opportunity, sir. Can you help us understand this quarter is seasonally the best quarter in terms of the product mix, if I understand correctly, given the water heater is a high margin, the room heaters etc. So, first of all, how do we see, so you explain, you know, the drivers for the margin improvement. But if I were to ask you in terms of ballpark range, can we, can we move to 7%-8% kind of a margin in next two years. Do you think that is irrelevant? Does that assume a reasonably good healthy demand or even with the current lackluster demand, you can still aim for that kind of a margin?

EC Prasad:

So, Achal, some of the VAVE benefits will start coming in in the next year. So, you can expect about 2%-3% to kick in. Operating leverage obviously depends on the volume and the demand. So, I hope both of them start kicking in together, probably we will be reaching a 7% sort of margin.

Achal Lohade:

By FY27. Have I understood right sir?

EC Prasad:

Yes, 2 years.

Shekhar Bajaj:

Once again, I'm Shekhar Bajaj here. Just as a side I'm mentioning that luckily Vishal has come from not our industry and also we have a sales head also not from our industry, so they don't have the mindset problem and therefore we can easily improve our margin by 1% or 2%.

Achal Lohade:

Understood. Second is in terms of the premium mix, if you could just give us a sense in the consumer products and the lighting. What is the mix right now? What was it, let's say, 3 years ago? And how do you see over the next 3 years? Some sense, some direction, some quantification, if you could?

Rajesh Naik:

In our case, in the consumer lighting space, we were not in line with the industry in terms of mix. We were more driven in the lamp segment because our distribution was large and we were reaching to most of the counters and the lamp category was contributing to almost 50% to 60%. And our ceiling category, which is supposed to be premium in respect to the consumer lighting segment, was at low single digit. Now, in the last 2-3 quarters, we have improved that to almost 17%-18%. And we are continuing that journey to bring it to the level of 25% to 30% contribution

coming from ceiling light. And even in terms of battens, we are trying to bring more products in terms of inverters, battens, and even the high voltage battens, which will take that to the premium category and where the price space will be much lower. So, we are working on adding feature-plus products in all the categories, including lamps where we had inverter as a category. And we were the first to launch high-voltage inverter lamps into that category. So, we are building on premium in all three categories where we are having the focus product segment approach.

Achal Lohade: And how about consumer products?

Vishal Chadha: In consumer products, as far as mixes are concerned, we are close to 40% of our premium offering and we hope to continue to strengthen it in the 750 watts and above space. In the case of water heaters, we are between 20% to 25% and the fans at an YTD level for premium as well as BLDC, we are close to around between 20% and 25% also. So, which we hope will to keep increasing as we go forward.

Achal Lohade: Understood. And in terms of the logistic cost, we have been hearing for some time in terms of the changes, right? So, where are we on in that journey? You've kind of hinted in a passing remark with respect to operating leverage and the logistic cost savings. But I recall the previous target used to be fairly steep 200 to 300 basis point equipment. Is that still intact? Or do you think that is now not possible anymore?

EC Prasad: That is intact, we have actually reduced our logistics costs over the last nine months or so by about 1%-1.5%, and there is still a scope of one more percentage.

Achal Lohade: Okay, can you give us some sense what is the cost now in terms of logistic cost?

EC Prasad: So, the benchmark that we are targeting is about 5%.

Shekhar Bajaj: Okay. That 5% will take another couple of years according to me. At this moment, I think we are around 6.2%-6.3%, which I think we should be positioned to bring it down, but it will take a couple of years now. Now every 0.1% reduction takes its own effort, but that's our objective. Shekhar Bajaj here.

Achal Lohade: And just a comment in terms of the replacement of after CEO position, where have we, how soon can we expect, is there anything, any update on that?

Shekhar Bajaj: Do you have a problem with me around?

Achal Lohade: No, not at all, sir. It's just that, we were earlier having..

Shekhar Bajaj: I was CMD for many years and I became CMD temporarily, now I am in fact CMD. I am just joking. We are working on that. Hopefully soon we will have an MD around. But till then, I'm

very much now, my wife is much happier to see me away from home. Otherwise, she was getting tired of me. So, I'm fully involved now, so there's no problem.

Achal Lohade: Thank you so much and wish you all the best.

Moderator: Thank you. Ladies and gentlemen, to ask a question, you may press "*" and 1. The next question is from the line of Natasha Jain from Phillip Capital. Please go ahead.

Natasha Jain: Thank you for the follow-up, sir. Just one data, if I may have missed. Can you please call out the mix between professional lighting and consumer lighting?

EC Prasad: 60-40, Natasha. 60% professional and 40% consumer lighting.

Natasha Jain: Got it. And you mentioned that in professional lighting, also, we can see a slight bit of erosion going forward, right?

Rajesh Naik: Yes. It is there as of now also, but it has happened in the consumer lighting. In professional, because it is driven through specifications, it is little less. But yes, it will continue to have some price erosion.

Natasha Jain: Got it. Thank you so much sir and that's all. All the very best.

Moderator: Thank you. Participants who wishes to ask a question may press "*" and 1 now. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes, thank you for the follow-up, sir. If you could give some broad sense in terms of the demand situation. Sorry, I missed the initial part if you've already commented. If you could repeat in terms of urban, rural, and category-specific comments if you could. Like what we heard is in this quarter, the delayed winter seems to have had some impact on the water heaters. Has that the case been with us as well etc.?

EC Prasad: So, Achal, we remain cautiously optimistic about the next quarter. This Q3, we have done pretty well as far as the heaters and the coolers etc. are concerned. Even the water heaters, we have registered our growth in spite of the delayed winter. And we expect the domestic appliances to do pretty well. Kitchen appliances, we feel will remain muted for some more time because the discretionary spend has still not kicked in. And I think with the stimulus given by our Finance Minister, probably in the next 2-3 quarters, things could start looking up. But having said that, the inflationary pressure still continues to be pretty high. The interest rates still continues to be high, and we don't see that cooling in the next 1 or 2 quarters. So, that will have an impact on the demand, but I think the seasonal products should do well in Q4 and Q1 for next year.

Achal Lohade: Understood. And is it fair to say that we are more indexed to urban than rural or is there any inaccuracy in the understanding?

- EC Prasad:** So, we are actually more indexed to rural, but having said that, with the launch of all these new products, we are also addressing a lot of urban markets now, which you are not addressing earlier. So, that also helps in a way.
- Achal Lohade:** Understood. And if you could comment on the market shares, any ballpark range in terms of various categories? I know it's hard to give out but still a broad sense.
- EC Prasad:** We don't give that out, Achal, on the call but...
- Achal Lohade:** Let's say even for FY24...
- EC Prasad:** Some of the categories over Q2.
- Shekhar Bajaj:** One of the problems that we have is that there is no proper system by which the market shares are known officially. Unofficially, we can find out and keep having our guesses, but there is no body by which we can be sure that automobile and scooters and two-wheelers and all have their market share, which is exact because it is something that is monitored. Its unfortunate small appliances and all, there is nothing like agency or organization which keeps a track. Therefore, everybody can keep saying we have got high market share, but we don't know really. That's why we don't want to make that statement. Thank you.
- Achal Lohade:** Got it sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Yash Jain from Ambit Capital. Please go ahead.
- Yash Jain:** Hi sir. Just a small question. Any guidance on CAPEX or what we are planning to do here?
- EC Prasad:** So, CAPEX will continue to be in the same range.
- Yash Jain:** That will be any number, sir?
- EC Prasad:** So, it should be in the range of Rs. 100 to Rs. 150 odd crores for the next year.
- Yash Jain:** Okay. Thanks, sir.
- Moderator:** Thank you. The next question is from the line of Viral from Oaklane. Please go ahead.
- Viral:** Thank you for the questions.
- Moderator:** I'm sorry to interrupt you, sir. We are unable to hear you clearly.
- Viral:** Am I audible now?
- Moderator:** Yes, please go ahead.

- Viral:** Yes, thank you for taking my question. So, relatively new to tracking this company. So, just wanted to understand in terms of lighting solutions, what are the factors that are driving this price erosion? And in your experience in terms of working in this industry for so long, what are those factors that could stop or restrict this kind of price erosion?
- Rajesh Naik:** This is Rajesh. The price erosion was mainly because of the high volumes which are coming in. As you know, in electronic industry, as the volumes go up, the prices come down because of the production leverage. Second is the technology change itself. It was earlier driver technology, which has now gone to driver on-board technology, with which almost 15% to 20% price reduction with the same features as possible. And that continues from one particular product category, then it gets implemented to different categories. And that was the only reason why the price erosion continued for almost two years. And now it may also go in professional lighting if that particular technology stabilizes for industrial environment.
- Viral:** So, how could we stop, I mean, what measures could be taken to stop this kind of price erosion?
- Rajesh Naik:** So, in my view, this particular price erosion will get stopped once the DOB stabilizes across all product categories because there is no new technology as of now in sight in terms of in next 1 or 2 years which can again destabilize the pace of this implementation.
- Viral:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.
- Rahul Gajare:** Thanks for the follow up. I just had one question. You talked about price hike being taken across categories. Is it possible you can quantify it in the consumer on a broad segment level, at consumer level and the lighting level?
- EC Prasad:** Rahul, it's about 2% to 4% across categories.
- Rahul Gajare:** In consumer, right?
- EC Prasad:** Yes, in consumer, yes.
- Rahul Gajare:** Okay, thank you very much.
- Moderator:** Thank you. The next question is from the line of Prasheel Gandhi from Anand Rathi. Please go ahead. Prasheel Gandhi, please go ahead with your question. Your line is unmuted.
- Prasheel Gandhi:** Hello, am I audible?
- Moderator:** Yes, you are.

- Prasheel Gandhi:** Sir, just wanted to double check you highlighted that you are targeting 7% EBITDA margins by FY27. Is that correct?
- EC Prasad:** Yes, that is right. So, internally we are targeting much more, but we are hopeful of reaching that in the next 2 years.
- Shekhar Bajaj:** Let me clarify, Shekhar Bajaj here, that the CFO is always very, very ambitious and very positive. We have to be really careful. You know, the markets are very tough. So, that's our objective. But what will happen only time will show. So, don't keep putting that every time in every meeting. You don't say, where's your 7%? So, please don't do that.
- Prasheel Gandhi:** Yes, sure. So, secondly, could you just highlight the demand trends that have been in the January month? So, could you give a bit more flavor to that?
- Shekhar Bajaj:** No, flavouring is only done after the quarter is over.
- Prasheel Gandhi:** Thank you very much and wish you the very best.
- Moderator:** Thank you. Participants who wishes to ask a question may press “*” and 1 now. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.
- Aniruddha Joshi:** Yes, thanks for the opportunity again. So, now with MFI and CSD channels getting impacted, is Company thinking about the new channels which are emerging like quick commerce etc.? So, any strategy on quick commerce that you can indicate. And secondly, what is the industry level sales in both ECDs or consumer products as well as lighting, consumer lighting at MFI channel as well as the CSD channel or overall CPC plus CSD both put together channels?
- EC Prasad:** So, you wanted to know the industry or our share?
- Aniruddha Joshi:** No, sir, industry level, what is the share of MFI? And industry level
- EC Prasad:** So, we don't know that the industry share, but going by our past trends, we are definitely stronger in those two channels. We had a significant share both in the government channel as well as the MFIs. Government channel would for us contribute 9%-odd, and as I mentioned, about 4% to 5% in MFI. And we were one of the strongest players there. And your second question is on the alternate channels, quick commerce. So, we have the early mover advantage in quick commerce. We are already there in quick commerce. But as of now, it's a very small share, but I think gradually it will pick up.
- Aniruddha Joshi:** Okay. Sure, sir. Thanks.
- Moderator:** Thank you. Participants who wishes to ask a question may press “*” and 1 now. Ladies and gentlemen, you may press “*” and 1 to ask a question now. Participants, you may press “*” and 1 to ask a question now. Ladies and gentlemen, you may press “*” and 1 to ask a question now.

Participants, you may press “*” and 1 to ask a question. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Shekhar Bajaj:

Thank you very much, all of you who have participated. We are very, very positive about what's happened in the 3rd Quarter and we are looking forward that the 4th Quarter should be strong so that we end the year very strongly and we want your continuously support and best wishes because we are working very hard. We have got a very good team in place and we are very, very positive. We have started the month well and we are hoping that the quarter should be strong. Thank you.

Moderator:

Thank you. On behalf of Ambit Capital Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.