

24<sup>th</sup> July, 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 first quarter ended 30<sup>th</sup> June, 2025**

Dear Sir,

This is with reference to the Company intimation dated 16<sup>th</sup> July, 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 first quarter ended 30<sup>th</sup> June, 2025 scheduled for 21<sup>st</sup> July, 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)**  
**Company Secretary**

**Encl: As above**

**HAVELLS INDIA LTD.**

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Havells India Limited  
Q1FY26 Earnings Conference Call  
July 21, 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 ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Havells India Q1 FY '26 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 this conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

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

**Bhoomika Nair:** Thanks. A warm welcome to everyone on the Q1 FY '26 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.

At this point, I will hand over the floor to Mr. Gupta for his initial remarks. Post which, we will open up the floor for Q&A. Thank you, and over to you, sir.

**Anil Rai Gupta:** Good evening, all. Thank you for attending the call today. Hope you all would have reviewed the results by now.

Q1 was a challenging quarter with unexpected weak summer and prolonged subdued consumer demand. The decline in cooling products revenue was more profound due to a strong base of last year.

On the other side, infrastructure & industrial-led demand continue to drive robust growth in Cables & Wires segment. We have further accelerated capacity building investments in this segment with an additional CAPEX commitment of over Rs. 340 crores announced during the quarter.

Our focus on cost discipline resulted in modest growth in expenses, a step towards driving better operational efficiency.

During the quarter, we invested Rs. 600 crores in Goldi Solar to accelerate our growth in the renewable sector. Through this investment, we target to expand Havells' solar portfolio by leveraging Goldi Solar's module manufacturing capabilities.

We feel Q1 challenges are transitory and expect to drive revenue growth and margin improvements over the coming quarters.

Thank you. We can now move to questions and answers.

**Moderator:** The first question is from the line of Vishal Dudhwala from Trinetra Asset Managers.

- Vishal Dudhwala:** I have a couple of questions, first question on the macro side. With rural infrastructure spend and electrification schemes accelerating, but the urban CAPEX is slightly low, how are you seeing demand split between urban and rural markets in upcoming quarters? And which product lines are you focusing?
- Anil Rai Gupta:** Very good question. I think, we still are nascent in our rural journey, though we are one of the deepest penetrated in the electrical industry as far as rural markets are concerned, but it still comprises only 5% to 6% of our overall consumer product revenues. But it is growing at a faster pace than in the urban areas. And one of the reasons, as we now have the base of distribution, we are expanding our product range in those markets. Last year, we expanded not only giving the REO products, but there was a consumer demand for Havells branded products as well. And last year we have launched that, that is also giving us growth. So, even in this particular quarter, if you see our rural growth, though very small, has been higher than in urban demand. And this will continue in the future also. We will keep adding deeper distribution. We will keep adding product categories into the rural areas. And we believe that this will be a good growth engine for the coming years.
- Vishal Dudhwala:** Okay. As you said, you will expand your distribution, so the second follow-up question is on Lloyd. Revenue mix has shifted towards channel expansion in North and West India, how are you balancing deeper penetration against margin preservation? And specifically, like competitive discounts are rising, so how are you managing that?
- Anil Rai Gupta:** I think for Lloyd's, actually, over the last few years if you see, we have been expanding margins, and this is a combination of a few things, not just market pricing or discounting, but also a lot of internal efficiencies, manufacturing efficiencies also. So, Lloyd will continue to remain on this journey of margin improvement by better operational efficiency as well as better price positioning in the marketplace. So, while this market will be a competitive market, but we do feel that there is a good positive room to grow margins in Lloyd.
- Vishal Dudhwala:** Okay, got your point. That's it from my side. I will wait for the upcoming questions.
- Moderator:** Thank you. The next question is from the line of Bhoomika Nair from DAM Capital.
- Bhoomika Nair:** Yes. Good evening, sir. Sir, obviously, this quarter has been quite challenging with the weak summer. If you can talk about the inventory levels at the channel for both AC, fans and coolers, which have been the key areas of decline that you have seen this quarter, how is that at the current moment? And with Lloyd seeing fairly weak performance in 1Q, does that kind of impact our full year performance in terms of continued turnaround and improvement in margin profile?
- Anil Rai Gupta:** No, I think, first of all, it is a challenging quarter, but a challenging quarter based on the fact that it was a seasonal effect. So, it was not something which was pertinent to one brand or one company, it was a market reality. And I think how we fared during these times in terms of ensuring how we manage our supply chain, how we manage our expenses, I think that's the key

and whether we continue to invest for the future. So, Lloyd, I think we are looking at a fairly medium to long-term play.

What is very encouraging is the fact, if we actually see that we grew extremely well last year first quarter, and then again because of structural demand there is a degrowth in this year. But during these two years, if you see, while the revenues may have remained the same in this quarter, our profitability improvement or margin improvement is significant. And this is despite the fact that Lloyd continues to invest in brand building as well as deeper penetration for which requires it to invest in in-shop demonstrators and feet on the street. So, those expenses have increased, but there has been tremendous margin improvement.

So, again, as I said in my opening remarks, Q1 can be seen as transitory. And we see that, structurally, Lloyd is on the right path to gain revenue growth as well as profitability.

**Bhoomika Nair:**

Okay. And on the channel inventory, sir, across the three product categories?

**Anil Rai Gupta:**

I think, when there is such a deep reduction or destruction in demand because of certain structural reasons, channel inventory would be there. We have also high inventories at our level. And I am sure while we can say that during the second half of the first quarter the primary sales had already reduced, which means the channel inventory might have adjusted itself to some extent, but I am sure it would not have come down to a normalized level. So, it might take some more time, maybe a few months for the entire supply chain to get readjusted.

**Bhoomika Nair:**

Okay. And just quickly on cables and wires, it was a fairly strong performance. Could you kind of call out the volume versus the value growth for the quarter? And we are expanding our capacity out here, so how has the wires versus cable played out for us?

**Anil Rai Gupta:**

I think overall, the volume growth is about 20%-21% as against 27% overall value growth, and very similar growth both in cables and wires. This is because of the fact that there has been a decent demand on a low base of wires of last year as well as we have expanded capacities in underground cables, which is now panning out. And that investment continues till next year for underground cables. So, actually, if you see from FY '24 to FY '27, we will be doubling our capacities in underground cables, which will be coming at different times. And since the Tumkur facility has now started giving us production, so the underground cable sales have also grown at a decent level.

**Rajiv Goel:**

And we really perceive a good growth traction in the medium term on the cable side. So, I think we are fairly positive on the same, on the Havells side that this will be a good growth opportunity we have got now. And with the capacity now falling in place every few months till FY '27, I think this will also substantiate our efforts to grow the business.

**Bhoomika Nair:**

So, will the cable mix improve versus historically at 30% to 40% kind of a range?

- Rajiv Goel:** To some degree, yes, but wire has also been a very strong growth for us. So, we will not claim very meaningfully. But yes, I think, it could improve from what it is today.
- Bhoomika Nair:** Sure, sure. Great. I have some more questions, I will come back in the queue. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Natasha Jain from PhillipCapital. Please go ahead.
- Natasha Jain:** Thank you for the opportunity. Sir, my first question is on Lloyd again. So, Lloyd is predominantly a South and East indexed brand, and summers was worse over there versus North and West. Now, when I went on my distributor check, what I understood is the distributors have moved products from South to North in order to liquidate their own inventories. Now, you mentioned to the last participant that your inventory is also high, can you tell us how high is it? Could that lead to some price discounting we could see in the following quarters?
- Anil Rai Gupta:** Are you talking about our inventory or the channel inventory?
- Natasha Jain:** Your inventory, at Lloyd's, at Havells' end, not the channel's end.
- Anil Rai Gupta:** No. I think, if you see Lloyd inventory is definitely at a high level, because you know very well that we have production facilities which continue to run at full capacities from October. We build up inventories till March. And so there was a decent amount of inventory at the end of March as well, which obviously could not be brought down to normalized levels of very low inventories at the end of June. And because we have two manufacturing facilities, plants have to keep running. So, I think, if we really see from a season point of view, then it's not a very large inventory, but we are now coming into the upcoming low season for AC sales. But we are very confident that in the next couple of quarters all this will get readjusted fully.
- Natasha Jain:** Understood. My second question is on the creditor days. Your creditor days has reduced from 57 to 44, any specific reason for that?
- Rajiv Goel:** I think, largely because the manufacturing activity also were lighter, particularly, let's say ACs for example. So, what happened in the last few months of the quarter, we were not producing to the optimal capacity. So, what happened that you are also not purchasing, you see, what you are doing compared to last year. But the creditors keep getting paid off. So, ideally, had the manufacturing been at full peak like last year, then you would not have seen this difference. So, I hope you understand it's more of a cycle thing. Nothing structural changes that we have changed any terms or anything with the creditors.
- Natasha Jain:** Understood. Sir, one last quick question. When I see your ECD margin trend, that's been on a declining trend, and Havells is one of those companies, which is indexed to premium products. So, honestly, the margins should have gone upwards rather than downwards. So, any structural

change? I mean, competition too much? Or what is happening there in terms of sustainable margin decline?

**Anil Rai Gupta:** No. I think the way we track is that we actually track contribution margins, where we have started seeing improvements in our ECD business in all the businesses. And sometimes it's a product mix issue, because the summer product didn't sell very well in this particular quarter. So, the contribution margins, if you look at business to business separately, fans, water heaters, coolers, SDA, they are all on the improvement side.

So, two things; product mix changed, because of lower summer season sales; and operating leverage also could not be achieved today, because of the lower growth. But we called out earlier also, that whilst we are also looking for good growth, but we are also improving margins through operational efficiencies and premiumizing our portfolio.

**Natasha Jain:** Got it, sir. Thank you so much. I will get back in the queue.

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

**Renu Baid:** Hi, good evening team. Sir, first question is, sorry to circle back on the channel and capacity inventory. Sir, is it possible for you to quantify the inventory situation both on the RAC as well as the fans portfolio levels of the company and which may have a drawdown in the coming months, this is non-seasonal trends ahead?

**Anil Rai Gupta:** No, we would not like to quantify on this call.

**Renu Baid:** Sure. Sir, secondly, cables with now capacity doubling in the next two years. How are we investing to build our capability and portfolio as well as pre-qualifications in the cables business after a late catch-up. So, any details or comments that you would like to give here?

**Anil Rai Gupta:** Yes. I think when we are saying doubling the capacities from FY '24 to FY '27, that's when the major CAPEX started from FY'24-25. But I think right now, we see a good traction. Our issue was capacity, was not capability to sell. Also, we are building new customer base as well as not only in India, but outside India as well. We are seeing good traction in the export markets and our growth in export markets are also quite decent for underground cables. And that will continue.

**Renu Baid:** And cables broadly will continue to be a low voltage portfolio for us? Or we are making any investments in the medium voltage segment as well?

**Anil Rai Gupta:** I think major investments which have gone for capacity expansion are both more for medium voltage to high voltage. Actually, we had enough capacity on the low-voltage side. Our major buildup is more on the medium voltage and high voltage.

**Renu Baid:** Sure. And lastly, given that we have now investment committed for Goldi and investing in the Solar segment, would you like to share what would be Havells aspirations in the solar market, both rooftop and solar pumps? And from a three to five-year perspective in your view, how large can this segment be for us in revenue terms?

**Anil Rai Gupta:** I believe that with this investment and the way renewables is coming up, we are definitely looking at a very sizable growth in our solar business, our Renewables business. I think last year, we did about Rs. 500 crores in the solar business. We definitely see that it could cross maybe Rs. 1,000 crores - Rs. 1,500 crores in the next couple of years.

And you said next four to five years, there's a huge potential for growth coming up there. I would not like to just divide this between modules or solar pumps, because solar pumps is also a bigger opportunity. But this is something which is happening overall. And just remember, it's not only our products like solar panels or inverters, which get sold, but it also builds a pipeline for selling cable, switchgears, and other allied products also in this business. So, I think we are looking at this sector for future growth opportunities. Renewables, I think, is something which we will focus on in the next few years.

**Renu Baid:** Got it. Thanks sir. And best wishes to you. Thank you.

**Moderator:** Thank you. The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera:** Hi, sir. Thanks for the opportunity. Sir, first question is on the "others" and ECD category where we have seen decline. Now I believe others also includes many other components. So, is there a seasonal element there as well where we have seen a drop or any particular category which is sort of leading to that decline? And same for ECD, is it largely only led by fans? Or there are categories where you have seen growth? So, some color there would be helpful.

**Anil Rai Gupta:** So, in others, we also saw a decline in fans, because of the intermittent rains and motors as well as in ECD, primarily it was fans, but also room coolers. So, that also saw a significant decline in sales, very similar to what we saw in air conditioner business.

**Siddhartha Bera:** Understood. And when you say, this is transitory, have you already seen signs of any recovery sort of playing out in any of these categories in the current quarter or going ahead or still things remain lackluster as of now?

**Anil Rai Gupta:** Very early to say, because especially products like ACs and coolers, it's in the very low season period anyway. And fans is now more like a structural demand than just seasonal demand. In the season, it definitely increases. During these quarters, it's not as pronounced as in room coolers and ACs. So, we will definitely see growth in fans in the coming months, but it may take one or two months for the inventories to get readjusted in the channel.



- Siddhartha Bera:** Understood, sir. Sir, lastly, on switchgears, we have seen the contribution margin also falling a bit sequentially. Is it any mix impact or anything which has happened there, if you can help us understand?
- Anil Rai Gupta:** Yes. Again, I would say that we have always maintained 38% to 40% is something which we try to look at in the switchgear segment. Sometimes there is a mix element of maybe higher exports or higher project-oriented business. But generally, this is what we are aiming for. If you have seen over the last few quarters sequentially, we are improving now, and we are trying to get into the range of the 38% to 40%.
- Moderator:** Thank you. Next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.
- Aniruddha Joshi:** While the season has been bad, but if you can indicate, is there any market share gain in the three products, RAC, fan and coolers? And secondly, what are the initial additional initiatives done by Havells to clear up the inventory, like additional discounts to the trade or like the market leader is giving free installation of air conditioners or something like those kinds of any initiatives which Havells has started?
- Anil Rai Gupta:** Yes. I think a lot of times, it also depends upon the selling strategy of various companies. If you see from the start of the calendar year, January to June, our sales have fairly remained flat over last year, and we are also seeing, if you look at the figures, what we get from the market intelligence, we continue to remain amongst the top three sellers for air conditioners. As far as discounting or anything of that goes, Havells is generally not a company who would take short-term decisions. In any case, during the season time, there are more attractive incentives given to consumers so that while they are picking up the product, they are selecting a certain brand.
- And that Havells or Lloyd also comes out in the quarter. But I do not think on an unseasonal basis, they will be coming out with heavy discounting. That's not what has been a strategy. We are fairly flexible with our supply chain. And hopefully, that should come to our benefit in the second and third quarter. So, we have better adjustment capabilities in the coming quarters.
- Aniruddha Joshi:** Okay. Sure, sir. Last question. Rural sales has remained at 5%. I guess this number has remained 5% to 6% over many years now. Now like Havells had done, I guess, some rural stores, I guess, Utsav was the name of the stores. Again, we have pumps business also. So, what are the three to four key initiatives that we are working to take this 5% number upwards? And you have any three year or five year target for rural sales to increase, maybe 10% of sales or 15% of sales? Anything like that?
- Anil Rai Gupta:** Havells is a portfolio of many products and brands. And I think overall, as a company, it's not right for us to give a number for overall rural sales. The initiatives that you talk about, I spoke earlier also. While we are also opening Utsav stores which are fully branded, full brand stores in very small areas like 5,000 to 10,000 population, which is actually giving us very good traction from those areas. But also, we are adding product categories in the same channel. So, the

initiatives could be like we have added pumps. I spoke about the Havells branded products also launched in the last one year. Very soon, we will be looking at launching Lloyd products through this channel also.

There is a certain development time required for these markets, because not the entire complete portfolio is given to the market. We also do it at a pace where it can be absorbed in those markets rather than just become the dumping ground for businesses. So, I think it's a fairly calibrated strategy of expanding the network and expanding product categories. And some of the product categories actually have broken the 10% level. Even REO brand has gone to almost 25% coming from the rural areas. So, I think that's how we are targeting whichever product category or brands makes sense for the rural markets, we will continue to expand the share of that.

**Aniruddha Joshi:** Okay. Sure, sir. Very helpful. Thank you.

**Moderator:** Thank you. The next question is from the line of Praveen from PL Capital. Please go ahead.

**Praveen Sahay:** Yes, thank you for the opportunity. Sir, my question is related to the gross margin, which has improved by 160 basis points Y-o-Y. If I look at your contribution margin or even the EBIT margin, except the cable or others, which has improvement. So, what is the reason for the GM significant improvement?

**Anil Rai Gupta:** Sorry, I am a bit lost, what was your question?

**Praveen Sahay:** So, gross margin for the quarter has been improved on the Y-o-Y side, whereas if I look at the segment-wise, the contribution.

**Anil Rai Gupta:** Sorry, where are you seeing this number?

**Praveen Sahay:** Gross margin, sir, material margin, like I say --

**Anil Rai Gupta:** So, I do not know whether you have gone through the information memorandum, where we give contribution margins for each business, and that's how we usually track, because product mix can vary completely in a quarter. So, we have to look at quarter-on-quarter numbers, Y-o-Y numbers for various different businesses like Switchgear separately, Lloyd separately. That's how we look at it.

**Praveen Sahay:** Okay, sir. So, next question, I will come to. That is related to the Lloyd itself. As you had already mentioned that the inventory level was on the higher side. And also, there is a BEE norm change by January '26. So, do you believe there would be some pressure of a liquidation of the product in the coming quarters, which will be a risk to our margin profile?

**Anil Rai Gupta:** No. Actually, the inventories are not that high level that in the next 2 quarters, we will be worried about the fourth quarter. So, I think usually, October to December quarter is a bigger quarter,

and we have our own factories, we will be adjusting our supply chain. So, we do not see a challenge in terms of transition towards new BEE norms.

**Praveen Sahay:** Right, sir, right. If I can take on the one last question related to the lighting. You had mentioned 10% Y-o-Y LED prices decrease. So, what's your expectation the way forward in the coming quarters, the LED pricing to be? It is, continue to be a declining phase? Or do you believe this is done from here onwards?

**Anil Rai Gupta:** I think, when we compare Y-o-Y, there seems to be a decline and again, over a large product mix. But sequentially, now they are plateauing. And hence, we should be in a position to see growth in the Lighting segment. As you would have seen that we continue to invest in lighting, our contribution margins continue to remain high because we are selling very high-end premium products, more solution-oriented products in the Lighting segment rather than getting into very low-cost businesses. In fact, our margins in lighting are industry-leading margins, and we will continue to invest there.

We have to tide over this time of price deflation. And I think over the last few years, Havells has done a tremendous job in terms of maintaining profitability during this deflationary period, while also continuing to expand capabilities in selling products which are far more solution oriented. So, I think we are very, very positive about the lighting business in the coming times.

**Praveen Sahay:** Thank you sir. And all the best.

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

**Achal Lohade:** Yes, good evening sir. Thank you for the opportunity. Sir, two questions. First, just on an aggregate basis, for the RAC and fans, particularly, is it fair to say that we would have maintained market share, we would have lost or gained a little bit market share on a Y-o-Y basis on a like-to-like basis? I am just like a bit puzzled about the sharp decline. Like ECD, we have seen for the first time such a sharp decline for a mature category like fans. So, is there anything specific to us for the quarter? Or it's the industry as a whole has seen that kind of a double-digit decline even in fans?

**Anil Rai Gupta:** Again, as I mentioned earlier, there are certain selling strategies. For example, in air conditioners, we achieved a ~40% growth in the fourth quarter, and that was an industry-leading growth in terms of room ACs. So, if we actually see the first six months of the calendar year, we believe that we have either maintained or gained market share in room air conditioners.

As far as fans are concerned or ECD is concerned, it also has to be looked into a combination of both fans as well as room coolers, which room coolers saw a much more sharp decline. As you would recall, we were growing at a very fast pace in room coolers till last year. We have made structural changes in our room cooler business, and we were gaining market share heavily. But

it's also because of, again, the structural seasonal destruction of demand in the room cooler business, so we saw a sharp decline.

I believe that there is no reason why we would not have maintained or gained market share in our fans business, where we have been investing heavily in building the premium portfolio as well as the BLDC portfolio. So, our distribution reach has also improved significantly over the last year. So, we believe that we would definitely not have lost market share in any of the product categories.

**Achal Lohade:** Got it. And the second question I had with respect to cable and wire margins, 12.6% PBIT margin. I was just curious if cables have grown at a faster pace, then there would be some impact on the margins. On the contrary, margins improved. So, is there any structural change in the cables margin we have seen or the newer categories what we are selling are better margins compared to what earlier it was?

**Anil Rai Gupta:** I have not said that cables has grown faster than the wires business. That is very similar growth. Maybe wires might be a few percentage points more growth as compared to cables. But what we were not able to see in cables growth earlier, now we are seeing because of enhanced capacity expansion. And obviously, better operating leverage, a good product mix would help in margins. Again, quarter-on-quarter, it's very difficult to say that these are steady-state margins. But we usually are ranging between 14% to 15%. This particular quarter has been 16%, but our aspiration has always been between 14% - 15% for contribution margins for cables and wires business.

**Achal Lohade:** Understood. This was very helpful. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Naushad Chaudhary from Aditya Birla Mutual Funds. Please go ahead.

**Naushad Chaudhary:** Thanks for the opportunity. Two clarifications. First, on the Lloyd business, just wanted to understand if broadly our cost structure or the efficiency which we were seeking from this piece of business is broadly set for us? And if one season goes well for the category, can we think this business margin can be as good as any other guys are operating in the same segment?

**Anil Rai Gupta:** Well, I do not know. Do not want to say compare with the others. But as I have always mentioned that our investment in brand building and distribution is higher as compared to the others. But we have been able to get benefits on the structural changes in terms of our cost structures. And that's what I said maybe some time back on the call itself, that if you compare our results of last two years in Lloyd, we have seen significant improvement in contribution margin despite the fact that we have continued to invest in brand building as well as people deployment in the distribution. So, that is very heartening to see. And hopefully, this should be good for the coming quarters for Lloyd.

- Naushad Chaudhary:** All right. And second, on the switchgear business, as there are new players who are getting very aggressive in this piece of business, because of the lucrativeness this category offers. Are you also experiencing the competition emerging here and that might give some risk on the growth as well as on the margin side of this piece of business, what is the outlook here?
- Anil Rai Gupta:** Actually, on the switchgear side, there is less of emerging competition, more is the established competition, again, because this has higher barriers to entry in any case. So, I think switchgears, margins wise, you are not seeing that much issue on the business.
- Naushad Chaudhary:** And the growth outlook here, sir?
- Anil Rai Gupta:** Growth outlook, as I said initially also, that the consumer demand overall has been tepid in the last few quarters. I think this will pick up, hopefully, in the second half of the year, where we see that by that time, things would have settled down. With a good festive season, hopefully, we should start seeing growth in our core categories.
- Naushad Chaudhary:** Sure. All the best. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashish Jain from Macquarie India. Please go ahead.
- Ashish Jain:** Hi, sir. Good evening. Sir, my first question is on the investment in Goldi Solar. Apart from product access, what is the thought process behind it? And how do we really stand to benefit from that?
- Anil Rai Gupta:** I think, I had mentioned earlier also, today also, that renewables is something that Havells is looking at as a big future growth possibility. So, our investment is definitely to ensure that we have product access to achieve this growth opportunity.
- Rajiv Goel:** And I think, Ashish, increasingly, the government is insisting that all the products should be make-in-India, including cells also. So, I think it's important to align through a strategic investment. The other option would have been to do it all yourself. But we believe this has been a balanced way of assessing the best possible source and as well as you see having a strategic imperative there. We do not want to be transactional in this business. We believe the renewal has a lot of, sort of, multiple levers going forward. So, tomorrow, it could be even battery storage, which could come up. So, I think unless you invest in these businesses, you cannot have the long-term structural story in that.
- Ashish Jain:** Sir, can you talk a bit about, if possible, about what Goldi Solar is doing apart from solar panel? Like is there something else, which is in the offering?
- Rajiv Goel:** So, they are also going backward integration into solar cells as well. And I think there are opportunities tomorrow also could be into battery energy storage as well. But right now, it is for the modules as well as for the solar cells, which they are going to plan in the next 18 months.

- Ashish Jain:** Okay. Got it, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.
- Umang Mehta:** Hi, thank you for the opportunity. My first question was on wires. Did we see any inventory buildup in that segment considering that copper prices were on an uptrend through the quarter? And gradual price up move is generally good for your margins, right? So, when you say a normalized kind of contribution is 14% to 15%, that's the kind of outlook you are giving for the near term. That's correct?
- Anil Rai Gupta:** Yes. I think, first of all, yes, we did see some inventory buildup in the first quarter for wires. But this is a short cycle, and hopefully, this should get clear in the next first 15-20 days of the month. So, it's something which is not a regular thing and it's very difficult to predict also. But yes, you are right, I mean 14% - 15%, and I say it's a combination of both cables and wires. We do get benefited if there is a gradual upward movement and higher sales. That's why I am saying that maybe this particular quarter would be 16%, hopefully. But we are definitely always aspiring to be above 14% - 15%.
- Umang Mehta:** Very clear, sir. And then the second one was more of a longer-term question. So, we have seen media articles speculate about some acquisition. Now not particular to that one, but how are you thinking about inorganic growth going forward? And is there any size restriction in your mind? Or I mean, just your thoughts on this?
- Rajiv Goel:** Yes. I think, we have always maintained that these things will be open for discussion and evaluation. But as you also mentioned, this has to be a certain size which could move the needle. Also, it should be complementary to our categories. So, depending upon the opportunity, whether we like to double down on existing category or we rather add adjacent category, I think those are the considerations which has to be made at the time of the evaluation. So, yes, inorganic, open to them. But frankly, we have a very large organic portfolio today, which has got a lot of exciting opportunities moving ahead, particularly as we mentioned, even renewables. So, there's a lot on the plate honestly, but they never say never on the inorganic as well.
- Umang Mehta:** Sure, sir. Thank you so much and all the best.
- Moderator:** Thank you. The next question is 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 switches - switchgears side. So, you have maintained for a higher contribution margin probably 38% - 40% kind of contribution margin and 25% - 26% EBIT margin. I mean, you have shown growth, and despite that, margin is lower in switches - switchgears. So, any specific reason in general outlook on the category, which is more linked to, say, real estates? So, that is first question.

Second question is, overall, when you have seen good demand for house wires, any reason for discrepancy in a sense that the real estate categories like switchgears or switchgears or other real estate category is not doing well. And on your view, the real estate-led demand as well.

**Rajiv Goel:**

On the switchgears, you would have seen last two quarters were 38.5%, like what we have always maintained as a band. So, one quarter, there could be a product like this year, this quarter, the exports were pretty high. So, I think in contribution sometimes they get reflected. But no structural sort of issue out here.

And second, on the house wire, the wires are not only from real estate, wires also have multiple uses. To some extent, there is also some degree of like the previous question which somebody asked. You see it also got helped by the stocking due to the rising copper prices.

As far as the real estate is concerned, we remain positive. And I think I know we have called it out for last few quarters. But I think, we are positive that the real estate led, what we call the finishing stage demand will come, whether this come this quarter, in next few quarters. But this is something that we are very sort of confident of. So, hopefully, this should start reflecting in a few quarters as we speak.

**Keyur Pandya:**

Just one follow-up on that answer. So, this recovery is more of a hope or you are seeing any soft signals either in terms of inquiry or demand or any change in the mix or --

**Rajiv Goel:**

Look, this quarter has just started. So, you cannot expect in 20 days, you have the trend which can really predict. And so I think, yes, there is a positive hope that this will come, because if the real estate cycle has started, if you guys claim that there's so much housing happens all over the country, so much mortgages are happening, mortgage companies are growing, then someday, I am sure they also need the real product if they are real houses. So, I sure no reason why one should not be positive and have hope on the same. And yes, that's what we are looking at.

**Keyur Pandya:**

Noted, sir. Thanks a lot. All the best.

**Moderator:**

Thank you. The next question is from the line of Pulkrit Patni from Goldman Sachs. Please go ahead.

**Pulkrit Patni:**

Sir, thank you for taking my question. Sir, just one question. I think you did speak this number, and I maybe missed it. Can you just enumerate what is the total contribution that we have across different products from the solar portfolio today?

**Anil Rai Gupta:**

Yes. So, every business has different. Last year, we did solar business, almost Rs. 420 crores something - Rs. 400 crores business in solar. But we are not including business of wires or switchgears.

**Rajiv Goel:**

And maybe we will have to come back to you, Pulkrit.

- Pulkit Patni:** Sir, okay. No problem. I will take it offline, but my purpose of really understanding was Rs. 600 crores investment. What is the kind of TAM or growth that we are looking at from that investment, given that the base we are working with is Rs. 420 crores. So, you can come back to me, but this is really what I am trying to come to.
- Rajiv Goel:** Yes, yes. No, TAM could be ever expanding, frankly speaking. This TAM is not stagnant. This TAM could lead to multiple things. You know how the energy story is coming up, how the cells are coming, how it is all getting made in India. So, TAM, I think, would be significant out here. But I think we will take it offline with you.
- Pulkit Patni:** Sure, sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Charanjit Singh from DSP. Please go ahead.
- Charanjit Singh:** Hello, sir. Thanks for the opportunity. Sir, my question is regarding the overall cost rationalization, which we had been talking about in terms of the buildup in cost, which has happened across particular heads, either it is in employee expenses, other expenses or A&P spend. If you can touch on what the kind of rationalization we can see going forward? And from a margin trajectory, how we should see in the next coming quarters? Or where do we see the company level margins, because now they have been at that 9.5% for the last three years' time frame. That's the only question from my side.
- Anil Rai Gupta:** I think we have maintained over the last five years, if we see we have been investing in terms of manpower, and that we have started seeing some reflection in this year. Hopefully, going forward, also, we continue to see higher productivity gains out of the investments that we have made. I called out a few things like lighting will continue to invest in terms of capability building. Lloyd is a growth engine; this investment will be there. But overall, we will definitely will try to gain operating leverage from our fixed expenses. A lot also depends upon the future growth prospects. So, I think if future growth in each business continues to remain robust, and so definitely, we will start seeing flow through into the bottom line.
- Charanjit Singh:** But is there any kind of segments where we see also a targeted reduction in this expenditure while there are certain segments where you are investing or channels where we are shifting our investments and reducing in certain parts?
- Anil Rai Gupta:** So, I think it's a readjustment of expenses. For example, you have rightly said if there is a channel mix change in certain product categories, there is a readjustment of focusing towards our manpower efforts towards a certain channel. Like if rural is expanding or projects business expanding or modern format retail is expanding. So, it's a readjustment towards that. It's not that we will continue to hire there also and there also. So, it's a readjustment, but that's moving in line with the way product mix and the channel mix is changing.
- Charanjit Singh:** Got it, sir. That's all from my side, sir. Thank you for taking my questions.



**Moderator:** Thank you. Ladies and gentlemen, in the interest of time, this would be our last question for today. I would now like to hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors for closing comments.

**Bhoomika Nair:** Yes. I would just like to thank all the participants and also 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 very much, Bhoomika. Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.