

May 20, 2022

To,

BSE Limited

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Code No. 500031

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

National Stock Exchange of India Limited

:

BAJELEC - Series: EQ

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

Dear Sir/Madam,

Sub.: Submission of the Transcript of the Q4FY22 Earnings Conference Call of Bajaj Electricals Limited (the "Company")

Further to our letters dated May 10, 2022 and May 17, 2022, 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 enclose herewith the transcript of Q4FY22 Earnings Conference Call (i.e., Post Earnings/Quarterly Call), as organised by Ambit Capital Private Limited, on Tuesday, May 17, 2022 at 4:30 P.M. (IST), wherein, the annual audited financial results of the Company for the financial year ended March 31, 2022 were discussed.

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

Thanking you,

Yours Faithfully,

For Bajaj Electricals Limited

Ajay Nagle

Head of Department – Legal & Secretarial

Encl.: As above.



“Bajaj Electricals Limited 4QFY22 Earnings Conference Call”

May 17, 2022



**MANAGEMENT: MR. ANUJ PODDAR – EXECUTIVE DIRECTOR.
MR. E. C. PRASAD – CHIEF FINANCIAL OFFICER.**
MODERATOR: MR. DHRUV JAIN – AMBIT CAPITAL

Moderator: Ladies and gentlemen, good day and welcome to Bajaj Electricals Limited 4QFY22 Results Conference Call hosted by Ambit Capital. As a reminder, all the participants' lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

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

Dhruv Jain: Good evening everyone. Welcome to Bajaj Electricals 4QFY22 Earnings Call. From the management side, today we have with us Mr. Anuj Poddar - Executive Director and Mr. E. C. Prasad – CFO. Thank you and over to you, sir, for your opening remarks.

Anuj Poddar: Good evening everyone. I thank you for joining our Investor Call today. I will just share quick opening comments. Hopefully, you have all seen the Financial Results as well as the Investor Deck Presentation which we started publishing from the last quarter to give you a little more texture and qualitative information around the results.

It has been and continues to be a tough business environment, particularly due to supply chain disruptions and commodity cost pressure. That said, in that environment, we believe we have had a good quarter. The good news from our side as you have seen the single-digit milestone that we have working towards the last 3 years is achieving a net debt-free status. We are ahead of guidance on that because our guidance was to achieve that by end of this fiscal on a standalone Bajaj Electricals basis and then take a few more months to do that on a consolidated basis but we have achieved that on a consolidated basis. This is on the back of continued good cash from operations. We have done that over 12 quarters consecutively. In Q4, we have had Rs. 260 crores of positive cash from operations. On an annual basis, this year it has been over Rs. 900 crores of cash from operations.

Coming specifically to the revenues, on an overall basis, we have had a revenue in Q4 of about 6%. Within that, the consumer business has grown at about 6.4%. This is the third consecutive quarter for us of over Rs. 1000 crores of revenue being clocked in our consumer business. If I further dissect - and this you may have seen in the investor presentation - in two of those categories which traditionally we have not been as strong in which is fans and lighting, we started gathering pace on that. Fans category has grown by over 20% for the quarter as well as on a per annum basis as well as lighting has grown by over 32% in Q4. Happy to talk about both of this going forward.

Appliances has high base effect. Last year Q4 was continuously due to pent up demand. So, that has de-grown by about 5% but on a 2-year CAGR basis, appliances have grown by about 14%.

On the other side of the business, the EPC on an overall basis has broken even, reported positive, and within that, the illumination business continues to drive growth for us. On a full year basis, illumination has grown at about 16% at the time when the industry overall in that business has actually de-grown which means we have taken up significant market share in illumination business.

Last point I'll make is that this growth is in the back of there have been no price hike that we have taken in Q4 so that margin contraction, etc., you must factor that in. We have taken certain price hikes after the quarter, i.e., in Q1. In the Q4 numbers that you see, there have been no price hikes taken by us and that has baked into the numbers.

And one last point I would make is we continue to see certain softness in the rural demand. Bajaj Electricals' contribution from rural, and therefore, exposure and vulnerability in rural is slightly higher than the rest of the industry and that has a bearing on our cumulative aggregative numbers. Rural demand continues to be soft, relatively in this entire fiscal, but going forward, from anecdotal information that I gather, hopefully, we see in FY23 in a few months from now, rural demand should also pick up.

With that, I'll take a pause and back to you for questions.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rahul Gajare from Haitong Securities. Please go ahead.

Rahul Gajare: I have got a couple of questions. You touched on some of that when you said rural has impacted the growth. Is there any way you can give us a sense how much is rural ultimately contributing to the overall ECD business? because we have seen strong growth coming from the fans and lighting business. I am just wondering whether it is appliances which is actually dragging largely by rural or what is happening over here when you break up the ECD business.

Anuj Poddar: Rahul, as you know, we don't publish the mix or specific slicing of data between rural and urban for various reasons including the accuracy question on that. It's more anecdotal or direction, but rural continues to be soft and our exposure to rural is significantly higher than competition, a few times that are higher from the numbers that at least other than I spoken about that have picked up here. To that extent, that will be a headwind for us in a weak rural economy, but I think, like I said, going forward, I do expect the rural economy to pick up and therefore that should come back to us. Despite that if you see, fans and other growth has happened on a cumulative basis that you see. Some of that is a mix of both actually driving greater market share in both market segments rural and urban, but within urban also, if you look at our investor deck and some samples are there of new fan product launches, etc., we are starting to move up end product portfolio a little more towards premium more contemporary energy efficient BLDC aesthetic fans, etc., and therefore, I presume we are gaining market share in that segment also. Last point I will say that while we don't publish it, we do source and

activity monitor primary and secondary research from the market that is all pointing towards this direction of us gaining share in the fans business across segments.

Rahul Gajare: Where I was coming from was since rural has a large part in the ECD business, I am just wondering the fans growth and the lighting growth that we are seeing which is 20% and 30% plus, this would have been higher had things would have been normalized even on the rural side. Is that a fair conclusion over here?

Anuj Poddar: Yes, absolutely and that's the same point I made in Q3 also that our growth is after factoring in the slowed rural. Had that been normal, like previous year, we would have seen a better growth across our categories and across our consumer business.

Rahul Gajare: My second question is on your receivables. While there is a significant improvement in the balance sheet, receivables are still at about Rs. 1,100 odd crores. Can you help just decipher what exactly is sitting over here? How much is from EPC? Can you just help us understand this Rs. 1,100 crores?

E. C. Prasad: Total receivables comprises of predominantly EPC receivables which is about Rs. 910 crores. About Rs. 486 crores is coming from the distributions business but here again we are seeing some strong collections. Even in the current month April, we had some strong collections coming from there. Of all the outstanding, we have done close to about Rs. 400 odd crores of retention which will come in only after we hand over these projects.

On the consumer side, we have got a receivable of Rs. 450 crores, but having said that, that is also a factor of the receivables factoring that we do that is close to Rs. 269 crores which we gross it up. So, if we net it off, the CP receivables is only about less than Rs. 200 crores.

Anuj Poddar: Rahul, one thing I want to clarify. I think you said Rs. 1,100 crores but our total receivables is about Rs. 1,360 crores as I see it here. About Rs. 450 crores is the consumer and Rs. 910 crores is EPC.

Rahul Gajare: The third question I have got is on the W-Tech tie-up. You also had a tie-up with Cisco earlier which was essentially towards smart cities. Could you throw some light on what is happening on that and what does WTEC really bring to the table for the company?

Anuj Poddar: Rahul, I vaguely remember Cisco one but that was I think a project-specific tie-up. I don't think it's a long-term tie-up, but WTEC is a Germany-based company PoE solutions that they have, they are best in class in that. It's an exclusive tie-up that we have with them for some key sectors in India. We think it will allow us to leapfrog on providing smart lighting solutions powered by them by this technology. It will integrate well with our IBMS solution and offering in the marketplace and I think it will provide a competitive advantage for us that nobody else has right now in the marketplace. None of the other Indian companies actually have that. Having said that, the way we are looking at this is semi open architecture. I think there are

multiple technology platforms as such that are coming up across the world. We don't want to lock ourselves into a singular technology platform as these various technology solutions come up. We are partnering with multiple of these ones. Based on what the different traction and different solutions in the market segment are, we will continue to offer all of them. What that does for us is a win-win because beyond the point, our ability to invest in R&D to create this cutting-edge technology solutions inhouse or in the market is finite, but in these platforms, the technologies are developed on a global basis. Our ability to take them to market in India is better than what some of these people can do themselves. So, we are looking at being the preferred partner of choice for many such technology companies from across the world.

Moderator: The next question is from the line of Chetan Gindodia from AlfAccurate Advisors. Please go ahead.

Chetan Gindodia: Just wanted to understand on the consumer segment. Margins for the consumer segment were impacted because of the RM inflation. So, what kind of price hike have we taken in Q1 already and will this price hike cover for the RM inflation of 200 basis points that we saw in this quarter? Going ahead, how do you see the consumer segment margins in the medium-term basis?

Anuj Poddar: Chetan, the price hike we have taken is about 5% average in April for most product categories led by fans. We had planned another price hike into Q1 but now we are waiting and watching on that for 2 things, both to see some competition action - some of them have announced the price hike in May but I don't think that is fully implemented as well as we are starting to see in the last 1- or 2-weeks certain softening in commodity pricing trends. Based on both of these aspects, we will decide in the near future a second hike whether we take that in this quarter or not. So, far, we have taken about a 5% price hike.

To your question on whether that is adequate had commodities continued to stay at the level they were at about 2-3 weeks ago, then it would not be adequate because the commodities have continued to increase in April over March but their May trends look positive. That's the reason for our pause on that. If that continues on a downward trajectory, then I think it should even out soon enough. In terms of the future, while we can't share our projections on margins, etc., going forward, we do think FY22 has been an aberration in terms of commodity costs and therefore margins, and as these cool off, we hope that at least the latter half if not all of FY23 will come back to normalized margins or normalized margin expansion program.

Chetan Gindodia: Lastly, on the EPC segment. Going ahead from here on, this segment will continue to be in the profit and secondly if you can also share the illumination segment revenue a bit because this is going to merge with the consumer segment, I think.

Anuj Poddar: On the EPC, we have broken even. I think from here on it should on an annualized basis be break-even. You may have certain quarterly swings - for example, monsoon quarter is typically bad, etc. There is a higher cost impact, but on an annualized basis, EPC should be at a

break-even level. On illumination, our revenue for the quarter is over Rs. 150 crores and for the year is over Rs. 600 crores. The EBIT we don't report that, to disclose that separately. We may going forward, once the demerger happens, do that, but I will just tell you it is in single digit positive zone.

Moderator: The next question is from the line of Rajesh Kothari from AlfAccurate Advisors. Please go ahead.

Rajesh Kothari: Just trying to understand a little bit more about the degrowth in appliances, you briefly touched upon the rural slowdown, but I think it will be great if you can give a little bit more color because at times it becomes very difficult to understand such a stark difference between the performance of various companies. 1) So, can you elaborate a little bit more? 2) While the market upturn/downturn all these things do continue, what is our strategy in terms of the new product launches and the responding to the market? What is the average decline in rural? what is our decline in rural? Have we done better than industry in rural? Can you throw some color on that, that will be useful.

Anuj Poddar: On your second question first, based on the research that we get in third-party research data that we have, we have not dropped market share either rural or urban. If anything, we have grown a little bit of market share in the urban India, not dropped in rural. While our aggregate growth may not be as good as the best player. When you cut that between rural and urban, we are holding market share. This quarter, like you said, I have seen more fluctuation in topline performance and on comparing to the best player, our growth is not the same, but the other players have had a decline in overall revenue. In terms of again your question on appliances besides rural and urban, I think it's also channel led. We have seen in Q4 FY21 very strong growth across channels but particularly led by e-commerce. This year in Q4, we have seen e-commerce growth slow down. E-commerce, some of the Republic Day and other sales, etc., did not have the same traction this year as they did in the past year. So, I think to that extent, that has been one driver for slower performance in the appliances we cut it by segmented channel basis. Having said that, other smaller segments but they are smaller channels for us - our institutional exports, government, etc. All of those have continued to show growth. Last year FY21 modern trade was lagging, that has grown. But I think amongst all of these alternate channels, it is e-commerce that was a big driver in FY21, that has been a dampener in FY22, particularly in Q4. That's just to give you a mix of the confluence of rural-urban geographically speaking and some mix of channels, particularly the alternate channels, they have performed differently.

Rajesh Kothari: From an overall perspective, from the product portfolio perspective, are you planning any further new product launches? The categories I am talking about.

Anuj Poddar: Newer categories; no, not at this point; nothing that we have to announce. As and when we are in a position to announce, we will do that, but within the categories, as you may have seen in

the investor presentation that multiple SKU and we showcased some of those including fans, gas stoves, and other categories that we have been expanding in the last few quarters.

Rajesh Kothari: From the sourcing perspective, how much of your total products you are sourcing from China directly or indirectly and what are the plans over there to reduce the Chinese dependency if any?

Anuj Poddar: Our Chinese dependence is extremely low. If I talk about Q4, I think total imports is about 7%. I think 90% of that must be China, so must be about 6%. More than 90% is made in India and the dependency has been coming down. On an annualized basis, that could go up to about 10% but compared to where we were 2-3 years ago, that is coming down, and going forward, that will continue to reduce overall on a percentage basis.

Moderator: The next question is from the line of Mr. Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: What I wanted to check was, is it possible to give some color in terms of price hike in some of the key categories in the entire full year FY22 - say fans, appliances, lighting?

Anuj Poddar: Achal, I don't remember each category, but overall we have taken in the range of 12% to 17% in the calendar year from January until about August 2021. Post August 2021, we have not taken any price hikes - August or September 2021. The next price hike that we have taken is in April 2022.

Achal Lohade: The next question I had was with respect to the status of the UP project. Where are we in terms of the closure and how do we see the momentum in the EPC business? Do you think it will be maintained at the current levels or you think it could see some increase? because I think the order book for TLT has at least gone up QoQ.

Anuj Poddar: I forgot if it was 35 or 36 packages. Many of those packages are now actually closed. We have also started getting retention money back for some of those packages which was not the situation we were in 2-3 quarters ago. So, there is significant movement.

E. C. Prasad: The current receivables from UP is about Rs. 240 odd crores.

Anuj Poddar: Receivables a quarter ago, we will just pull that data up for you. For both in terms of package closures, in terms of retention money, and in terms of receivables, UP continues to be on a good track. I would expect that the actual groundwork will be done in another quarter or so in monsoon. We should have significant collection if not in Q1, in Q2 we should have significant more collections so net receivables should come down significantly. On the order book, etc., the transmission line if you remember our earlier commentary, our order book had gone very thin. On an individual project basis, we were making profits on the transmission projects, but on a cumulative basis because the order book was very low, we had been losing some money. We are happy to see further traction in projects in order book on transmission business. That

helps us offset our overheads. Individually, all of these projects are designed to make money. So, we are confident about our transmission line projects also going forward. Coming back to power distribution projects itself, as the demerger happens, we do expect to see growth in power distribution business itself, but this will not be the rural electrification projects that we had in the past with the new revamped scheme and other infrastructural spends. We think there is adequate space to do selective profitable projects in power distribution also and that is the reason to set up a new company. I think that will give us that flexibility to do that in a risk calibrated manner. Our receivables in December from UP was Rs. 337 crores which is down to about Rs. 240 crores now.

Achal Lohade: The project at Mahindra logistics on the logistics side, can you give us the update where we are? We sense there is some delay. So, in terms of the benefits, how much of that is already there in this quarter and how do we see that in FY23 and FY24?

Anuj Poddar: That is continuing, Achal. We are not at end state or idle state yet both because of the internal and external reasons, external reasons being Covid, we have just gone live with SAP this quarter by the way, fuel costs, etc., so our inventory elevated. So, they are not because of these various reasons as a targeted logistics cost as a percent of sales that we wish to be, but we hope we will get there sooner rather than later.

Moderator: The next question is from the line of Manjiri Bapat from State Bank of India. Please go ahead.

Manjiri Bapat: Just a couple of questions. Regarding e-commerce, we just wanted to understand like what is the share of e-commerce in your sales if the company is mapping it platform-wise? And any significant change in strategy post-Covid for focusing on e-commerce? My second question is regarding BAJEL. We just wanted to understand whether it will be a separate carve out and is the company looking at illumination, distribution, transmission, the same mix of projects or something beyond that?

Anuj Poddar: The e-commerce share on a full-year basis is about between 11% and 12% of our total sales. It used to be higher, but this year, as I said, e-commerce has seen a certain slowdown in their growth as a platform not to do with Bajaj Electricals particularly. In terms of focus, yes, it very much remains the focus. We expect to continue to drive the growth in that going forward. Covid has only accelerated that, but irrespective of Covid, we expect that to remain a growth channel for us. I do believe it will come back to higher growth rates than other channels very soon. In terms of Bajel carve out, the power transmission and power distribution business will be part of Bajel. The illumination business will be part of the continuing Bajaj Electricals operations. That's the way the carve out will happen. Illumination will not be going that side of the business.

Manjiri Bapat: One more thing regarding Nirlep. You are acquiring very interesting brands. Any plan to list it or take it to the market listed or expand it or something like that?

- Anuj Poddar:** If you mean in terms of taking it public or the share market, no. Right now, that is a wholly owned subsidiary, we have acquired 100% and if anything, we will look at corporate action within, but there is no plan to separately list that. We think it's going to be an integrated function with Bajaj Electricals. We don't see any benefit of having that as a separate entity because synergies will be lost in that case there. A separate entity means a separate public entity, okay? But having said that, you are bang on right. We believe it's a strong brand and over the next 2-3 years, you will see us do a lot more under that brand as well.
- Moderator:** The next question is from the line of Vihang Subramanian from Zaaba Capital. Please go ahead.
- Vihang Subramanian:** In our conversations, we used to speak 1 year back I think we had a strong road map to reaching double digit margins in the consumer business, especially by targeting a lot of low-hanging fruits. Just wanted to get a sense on where we are when we think about that trajectory, and if you could just remind us again what are the low-hanging fruits that we can target to kind of at least get to double-digit margins in the consumer business?
- Anuj Poddar:** Vihang, to be honest, there are no low-hanging fruits, not in this environment. We are in a tough environment. Had it not been for this last 1 year the unprecedented commodity price hikes, etc.
- Anuj Poddar:** To be honest there are no low hanging fruits not in this environment we are in a tough environment and it has not been for this last one-year unprecedented commodity price hikes, etc., a cost hike we would have been in a double digit hopefully in FY22 which is why I am hopeful that FY23 assuming these things start cooling off at least second half of the year we should be getting back to normalized margins. It should be within touching distance of double-digit margin that is the best guidance I can give at this point of time. In a different way to answer you which should be consistent to what we had shared before the only other low-hanging fruit that we can see to get to double-digit quickly which we can do is to just stop investing for the future. If I continue to invest for the future if I look at our publicity spent in Q4 also versus our leading competitor, our spent in the percent of sales is higher than them. If you look at R&D spends, etc., , etc., in last two, three years as we do not publish them separately we have enhanced our spends on that. So, these are all to our mind investment for the future which you are not shying away from we will continue to drive.
- Vihang Subramanian:** I mean in terms of SKU rationalization and stuff like this all that already behind us?
- Anuj Poddar:** That part is behind us. We don't see SKUs rationalization here on, we are in fact adding SKUs from here on, but these are far more well thought out strategically enhancing SKUs for the portfolio and not long tail that we are looking to create.
- Moderator:** Thank you. The next question is from the line of Chirag Lodaya from Value Quest. Please go ahead.

Chirag Lodaya: My first question was on fan so you have done extremely well in overall fan. I just want to know what kind of market share we would have gained this year and second where are we in terms of profitability? I remember that our overall fans profitability was well below the overall consumer product division margin, so how are we tracking there?

Anuj Poddar: First question on fan we do not publish a top market share, but I will give a sense internally I think we would have gained about 2% to 3% points on market share, but from a rank is what we are looking at and that is what we have spoken on in my past where we used to be a number five rank player I think as of date we will be a number four players we moved one rank above. We will continue to try and improve our rank in the fans category. Sorry your second questions on the margins I did not fully hear that.

Chirag Lodaya: So, our fans margins were relatively lower compared to our overall say consumer product division margin versus kitchen appliances margins so where are we? Have you improved significantly in fans margins with the scale you have got now or still our margins are low in fans?

Anuj Poddar: Our fan compared to our overall consumer margins are similar just moderate difference, but competition margin in fans are higher because they typically been premium fans, etc., we are in sub-economy. So, as we continue to premiumize our fans margins and therefore our overall CP margins both continue to rise. Just to add to that because it is our single largest product category if you look at it out of a 3,700 crores fan is over 1,000 crores so that has the largest impact on our margins and everything.

Chirag Lodaya: On Morphy Richard what one should expect going ahead? This year performance was not that great and now you had a good long-term commitment also, so what kind of improvement one should expect in overall Morphy Richards business?

Anuj Poddar: So, Morphy Richards firstly yes it has been a disappointing performance through this financial year for two, three reasons not to be defensive last year was an exceptional performance so there is a high base effect, but I do not think that good enough reason for us to decline this year. We have seen far more online-offline price conflict in Morphy Richards the trade has not accepted this year and I think that because of the environment of sharp price increase by 12% to 15% to 17% I spoke about. As those kind of price increases start normalizing and our ability to manage online, offline conflict in Morphy is better and this is much tougher to manage that. We are taking a significant multiple price hikes in the offline world. Online platform sometimes out of your control in terms of price management, but more importantly strategically going forward since we now have a 15-year roadmap, we will be looking into the future in terms of product development, product portfolio expansion, etc., and how we are going to build that. In the past we have not meant that strategically it has been more ad hoc opportunistic we have driven business for more Morphy Richards.

- Chirag Lodaya:** Is it fair to assume FY23 onwards we will be seeing a good growth in Morphy Richard overall?
- Anuj Poddar:** FY23 or maybe FY24 because now we are starting that process of creating a product roadmap which we did not. So, unlike others let us say fag-end you see now since last two years that we have been working on getting all of these things fans product out, lighting the growth that you are seeing right now based on lot of these changes that we are doing. So, maybe in FY24 you may see start seeing the impact of product roll out in Morphy.
- Moderator:** Thank you. We will move to the next participant from the line of Rahul Gajare from Haitong Securities. Please go ahead.
- Rahul Gajare:** I had just one question remaining in this result I see there is an enabling revolutions to rate for Rs. 300 crore I wonder, can you just throw some light on that especially given your balance sheet has improved so much, what is this?
- Anuj Poddar:** Rahul we did not need a debt, we do not have any immediate plans to raise debt. It is purely enabling as the resolution says for two reasons if in a future for any reason, but you want to raise debt this would have access to that I will bring EC and just finish comment on it and also because more from this access to market credit rating, etc., we may choose to sometimes this has some effect of it from a treasury operations so we active in the CPM debt market while maintaining cash. So, that is more from being active and having the enabling opportunity should be required, but the reason to have a resolution and EC can confirm, I think CP papers particularly requires board enabling shareholder also approval and not. So, I think this has also required shareholder so we have to make sure we have that. The approvals in place should be intent to utilize it in future.
- Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** I just wanted to check in terms of preparedness for the energy change norms with respect to fans portfolio where are we, how do we see that impacting us as well as the industry and what kind of cost impact this BLDC change could have on a per fan basis if there is any unit?
- Anuj Poddar:** Achal from a development standpoint we are prepared for that just as of Thursday or Friday the government has published the gazette notification for the new star rating that said along with the gazette notification there is a second part which is a regulation and rules for the transition that was due to be published anytime this week we are waiting for that, what that will determine the exact transition plan is to when one can manufacture and sell the non-star rated fans basis that we will have to decide a production and supply and go to market timing. When I say we I mean that is comment to all of industry and also say that also my capacity has Vice Chairman of IFMA we are waiting for that clarification so that we can all plan a

production schedule and go to market as of now the industry is waiting for the clarity from the government, but from a development standpoint we are ready with that.

Achal Lohade: And you do not see this having a disproportionate impact on the industry or as an opportunity for the players like us to gain significant market share over the smaller regional players?

Anuj Poddar: I do so in fact let me also answer your previous question is about on cost side yes synergy rating, energy efficiency, star rating will have a cost impact that could vary between 15% to 20%, but I think you may have a certain consumer segment willing to pay that premium. In terms of consolidation I think this will trigger greater consolidation in the fans industry and therefore to the benefit of the larger organized players who actually have to meet these standards because the standards now cannot be played with. There is another aspect of suite sizes that we also are waiting clarification from BIS, but having said that irrespective of that we see this being a favorable movement towards consolidation and consolidation in favor of consumer not against consumers because I think if it consolidation in favor of organized players we stand for quality and our committed to deliver their delivery standards which benefits consumer in a transparent manner.

Achal Lohade: And just last question in terms of the if you could help us with the inventory and the trade payable for the consumer business?

E. C. Prasad: So, the inventory for CP business is 819 crores the creditor is 873 crores.

Achal Lohade: Was that 819?

E. C. Prasad: Rs. 819 crores is the inventory and Rs. 873 crores is the creditors.

Moderator: Thank you. The next question is from the line of Rakesh Roy from Indsec Securities and Finance Limited. Please go ahead.

Rakesh Roy: Sir can you give me the number of year-on-year growth on Morphy Richard and fans business compared to FY21?

Anuj Poddar: Morphy has degrown on a full year basis Morphy has degrowth about 4.6%.

Rakesh Roy: And appliance business sir?

Anuj Poddar: Appliance has grown 13.5% full year basis fan is grown 20.9% and lighting has grown 9.8% is all whole year number.

Moderator: Thank you. The next question is from the line of Chirag Lodaya from Value Quest. Please go ahead.

- Chirag Lodaya:** Sir my question was on lighting portfolio so in last few concall you have said that lot of work needs to be done for lighting side, so I just wanted to get an update where are we in terms of that and what kind of outlook you share on overall lighting segment?
- Anuj Poddar:** In the earlier quarters I have been saying that from FY23 you will start seeing better performance from us on consumer lighting, but you got a sampler of that in this quarter itself Q4 where you are seeing that it is in the back of more product launches and also product launches in the space of backends and panels, etc., which traditionally we have not been strong and if that continuous we will keep rolling out more products in the coming in this ongoing FY23 fiscal and as that happens our share or revenue continue to grow and a margin should also continue to improve because these are higher value products there. So, we think second half of FY23 should be good for us in consumer lighting.
- Chirag Lodaya:** And sir kitchen appliances has a category so what exactly is doing good for us or where are we are focusing because you once highlighted one category which is gas stove where you are expanding, but apart from that if you can qualitatively help us understand where are we focusing more and which categories are already doing well even in this tough environment?
- Anuj Poddar:** It is a mix bag it is a very chain of product categories mixer grinder in general has been slightly flattish right now given the high base effect, but within that we are launching the higher wattages 750, 1000 watts mixer, etc., we are making some traction South India, but to be honest that is a long way to go in terms of having meaningful share in South India. On the other hand, LPG which includes gas stove, etc., is where we are at the moment, but it is a much more longer nuance transcend to that question to that question and we are also seeing more competition in the kitchen appliances and it used to be there.
- Chirag Lodaya:** And lastly if you can just call out A&P spent for the quarter as well as full year YoY?
- Anuj Poddar:** For the quarter is about 2.7% which is at about 28 crores and for the full year is 118 crores which is about 3.1%.
- Chirag Lodaya:** Q4 FY21 last quarter same year?
- Anuj Poddar:** Let us say Q4 21 is 36 crores.
- Moderator:** Thank you. The next question is from the line of Manjiri Bapat from State Bank of India. Please go ahead.
- Manjiri Bapat:** One question regarding Starlite Lighting Limited merger could you elaborate on it a bit and once merged is it going to significantly add to your sourcing requirements let us have significant impact, will it ease your sourcing or it is not going to have a significant impact let us say 5% or 2%, 10%, what is the sourcing that you will receive from that number?

Anuj Poddar: So, the next steps on the Starlite Lighting is 31st of May we have a shareholder meeting for approval of the merger post that I think we should have a visibility on the merger actually taking place. In terms of the sources so that sourcing respect to this corporate actions, sourcing we have been doing from Starlite any which way we have historically been sourcing from the water heaters, Starlite capacity of water heaters has been increasing therefore to that extent sourcing from them for water heaters has been increasing. The other product category that in the last I think 18 months in the setup capacity and the assembly is supplied mixer grinders to us and hand blenders and choppers and certain other smaller product categories. So, that continuous, but the single largest sourcing from them is water heater that is slightly seasonal category so it does not have to evenly through all quarters but is more focused on two quarters.

Moderator: Thank you. We have a question from the line of Hitesh Taunk from ICICI Direct. Please go ahead.

Hitesh Taunk: Sir you shared my question is pertains to the inventory level of the consumer product category recently we have seen substantial rise in the inventory level of most of the consumer companies either due to because of significant price rise or building up the inventory larger to cover up the upcoming demands and due to supply disruptions provide the supply disruptions and all, but for our case I believe there is kind of a flattish inventory in the consumer product category, so is it change in any strategy building up the inventory in the company side or anything else how can we read this is my first question?

Anuj Poddar: To be honest I think it may be relatively flattish because March 21 and 22, but I think March 21 probably was much higher than March 20 was if I remember correct for at least March 19 for sure. I would just say March 21 itself for the slightly elevated inventory therefore to that extent I think this is elevated by yard sticks we would want it ideally to be lesser than this, but we are not fully able to do that because like you said COVID disruptions etcetera. So, we have to sometimes keeps some buffer to maintain what supply you get when, it is not easy now a days to plan that accurately as we typically like to time that and I would say this is the on the higher side from what we traditionally like to keep that.

Hitesh Taunk: Sir my next question pertains to our retail touch points, can you throw some light retail touch point at the end of FY22 and how much was it in FY21?

Anuj Poddar: This is 2,30,000 it is marginally increase by about 1,000 or so it is 2.3 lakh. On an annual basis it increased by about 11,000 on the quarterly basis is about 1,000 and we been flagging off in the past now our focus on expanding that will help in organically, but it focuses more in enhancing sales product long term. So, therefore you will see sales grow faster than an actual distribution mutual.

Moderator: Thank you. As there are no further questions I now hand the conference over to management for closing comments.

Anuj Poddar:

Thank you very much and thanks everyone for joining us. We believe that in a tough environment we have had a good reasonably good quarter both on set on the milestones that we hit on the P&L basis and most important the milestone that we hit on a balance sheet which is being three years in the making we are happy with that. Going forward I think the big driver for us this year will be the demerger that we will see through in coming years in Calendar Year 2023 onwards we look forward to driving growth across all these businesses in that two independent entities.

Moderator:

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