

24th October, 2026

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 second quarter and half year ended 30th September, 2026

Dear Sir,

This is with reference to the Company intimation dated 16th October, 2026 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 second quarter and half year ended 30th September, 2026 scheduled for 22nd October, 2026 at 4:15 pm (IST).

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
Date: 2026.10.24
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(Sanjay Kumar Gupta)
Company Secretary

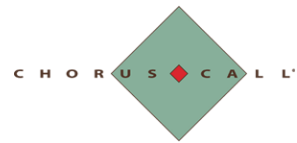
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Havells India Limited
Q2 FY27 Earnings Conference Call
October 22, 2026



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: **MR. TANAY SHAH – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Havells India Limited Q2 FY27 Earnings Conference Call, hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Tanay Shah from DAM Capital Advisors Limited. Thank you, and over to you, sir.

Tanay Shah: Thank you, Nazneen. Good afternoon, everyone, and welcome to Havells 2Q '27 Earnings Conference Call. Today, we have the management with us, 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. Anil sir for his initial remarks, post which, we'll open up the floor for Q&A. Thank you, and over to you, sir.

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

We delivered a strong performance in the second quarter, with revenue growing 35% year-on-year. During the quarter, each of our categories grew, with healthy contributions from both our established categories, including cables and switchgear, as well as the emerging renewables category.

Encouragingly, the consumer demand remains steady despite the inflationary environment. During the quarter, we also undertook calibrated pricing actions in response to the sharp rise in raw material costs witnessed over the past several months.

Contribution margins were softer year-on-year, primarily due to cables, where a decline in aluminium prices during the quarter impacted margins, particularly against a strong base last year. For H1, cables contribution margins were approximately 15%, broadly in line with the long-term average. In the rest of the portfolio, margins held up well, supported by pricing actions that helped offset raw material inflation.

Lloyd also delivered healthy revenue growth, supported by both volume and value growth. Margins, however, remained subdued with raw material inflation, as well as seasonal under-absorption during the off-season.

At an overall level, operating leverage supported healthy EBITDA growth of approximately 30%. PBT growth was relatively moderate, primarily due to the higher base arising from a one-time gain in other income in the corresponding period last year.

Looking ahead, while macroeconomic uncertainties persist and commodity prices remain elevated, we enter the festive season with a positive outlook on both demand and margins. With

that, I would like to wish all of you and your families a very happy festive season, and we can now open the call for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first 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 switchgear segment. The growth has been quite strong. Could you break it down in terms of what is the spillover impact of quarter one order here and how much pricing growth we have taken here?

Anil Rai Gupta: So, you know, there is not much of quarter one, I would say, spillover because, as you would realize, that our major business comes from residential switchgear, which is not really order input-based in terms of long-term orders. This is primarily a lot of B2C sales through the channel network. We do believe that, overall, there is a very good, positive growth over the first 6 months.

There is a bit of a higher impact in the second quarter because first quarter growth was muted because of some pricing actions that were taken due to sharp raw material price increases in the first quarter. But I think the markets have settled down now with the price increases, and so second quarter is a regular demand which has come from the market. And I think, overall, volume growth has also been healthy, closer to double digits, because switchgear value growth is not the same as cables wires, so switchgear volume growth has also been healthy.

Natasha Jain: Understood, sir. And in terms of margins, if I see last year, last quarter, and this quarter, variation is quite high. Any changes in terms of a long-term or medium-term guidance here for switchgear margins?

Anil Rai Gupta: I think switchgear margins are actually coming back to normalized levels, which always used to remain between 38% and 40%. We had seen some reduction in the last year due to sharp raw material volatility, but as we had maintained that we will be taking pricing actions as the markets stabilize. So, that has now started coming to our 38% - 39% contribution margins. I mean, having said that, we do see, raw material challenges even in the second quarter, for which certain more actions are being taken in the third quarter as well.

Natasha Jain: Understood, sir. That's helpful. My second question is on Lloyd. Now, if I see the top-line growth, that's been quite strong. Margin while you've mentioned there has been under-absorption, so first of all, could you break down that 28% also in terms of volume and pricing?

Anil Rai Gupta: I think volume in case of Lloyd is better because the pricing growth is more muted as compared to the Havells segments. But also, I had mentioned in my previous calls that we've taken some distribution actions, which are now settling down. And so, volume growth has started coming back in both Havells as well as Lloyd. But I think, more importantly, the margins are not only impacted by the under-absorption, but also the fact that due to off-season, certain cost increases have not been fully passed on to the marketplace, which will happen more as the season starts kicking in. So, I think this will start in the third quarter and will trickle into the fourth quarter as well.

- Natasha Jain:** Understood, sir. So, what I understand is of that 28.5% top-line growth, most of it is volume backed?
- Anil Rai Gupta:** No, I would not say most of it. I would say there's a decent, healthy growth of volume as well.
- Natasha Jain:** Understood. Got it. And, sir, one last question on renewables. The scale-up has been quite healthy in this segment, so just from a very long-term perspective...
- Anil Rai Gupta:** Can you repeat? Sorry
- Natasha Jain:** Yes. Sir, in renewables segment, the scale-up has been very healthy, both in terms of top line as well as margins. So, could you just guide us from a medium-term perspective, what is the peak revenue that this segment can achieve and time frame, and even margins, where is the peak margin for this segment?
- Anil Rai Gupta:** See, right now, this is a developing business, and as you know, it's a very fast-growing business in the overall India. We are also looking at this business differently. We're not looking at just as a commodity business. We want to build more brand and distribution stickiness to this business. So, at this point of time, it's too early to say what are the peak volumes that we will be getting out of this business, but we'll continue to strive towards making it into a healthy margin business because of we want to make it into a brand and distribution-oriented business.
- Natasha Jain:** Understood, sir. Thank you so much, and wishing your team a Happy Diwali.
- Moderator:** Thank you. Next question is from the line of Sameer Gupta from IIFL Capital. Please go ahead.
- Sameer Gupta:** Hi. Good evening, sir. Congrats on a very good set of numbers, and thanks for taking my question. Sir, firstly, on wires, just wanted to basically understand the thought process here. So, two new competitors have recently entered. One is Crompton, one is Ultravolt. Now, while I understand it is still early days from their entry perspective, just wanted to understand the strategy of Havells to tackle here.
- So, will the immediate priority be to maintain shelf space or kind of protect profitability or a balance between the two? And in that context, would it be fair to assume that the industry-level discipline on pricing and margins could come under pressure in the near term? What other levers does the company have to protect the same? That would be the first question, sir.
- Anil Rai Gupta:** So, yes, I think wires is a very interesting category. As we all know, over the last few years, this industry had, you know, limited amount of unorganized sector, so it was reducing. But over the last couple of years, unorganized sector has started increasing because of the high inflationary trends in the market. So, I do believe always when there is more organized players who come into an industry where there is unorganized space, so the market shares are generally taken from the unorganized sector.
- But yes, of course, certain irrational behaviours from new competition can affect certain market shares for some time. But I guess this is where, you know, established companies with product launches, with deeper distribution relationships, with influencer management can do a good job

of retaining their market shares, or if there is anything, you know, maybe a slight compromise on the contribution margins or profitability. So, I think these are all, I would say, you know, generally speculative things that we are discussing here right now.

We just have to see how competition pans out in the market, how trade channel behaves to them and looks at them. Because, you know, it's not just the consumer -- direct-to-consumer business, it's also a lot based on trade relationships, building a network, influencer management as well. So, I think right now, early days. We are very hopeful that the kind of growth, I mean, after sometime that we have started getting industry-leading growth in this wires business, we will continue to strive to improve market share in this business.

Sameer Gupta: Got it, sir. And any initial signs of the competition? Is it a more pricing strategy that they have employed in the initial part of their strategy, or it's still very early days?

Anil Rai Gupta: You see, as far as you mentioned the one competitor, Crompton, it's fairly like many other brands who have launched products just out of no technology, no factory, or basically out to use their brand and distribution channel. So, it seems more like a strategy like that.

But the other competition, which have put in investments and wanting to build it as a long-term business, I would treat them with more respect, as well as I would say that's a good thing for the industry.

Sameer Gupta: Got it, sir. That's very helpful. Second question is on the renewables part. Now, you did mention to Natasha, but just wanted to understand, while the market landscape here is big, what would be Havells' basic right to win in this segment?

And any targets that you're working with, that today, this is clocking around INR300 crores on a quarter basis, but this is where we want to take it up to by FY29, let's say. Just also wanted to understand versus the larger players like a Tata Power or a Waaree or an Adani, who are more integrated in the transmission and distribution chain, what would be Havells' positioning and right to win?

Anil Rai Gupta: I think the Havells' positioning is very clear. We're not looking at the large players who are manufacturers, as well as, building their solar farms as well. Our main focus will continue to remain looking at building the business through brand and channel, through an integrated channel of system integrators, distributors, and dealers, and bringing in products which go more through the brand. So, even if, let's say, it's solar panels, but it is fully integrated as a kit, and the channel supplies it to either to an industry or a residential consumer.

Sameer Gupta: Got it, sir. And currently, we are not doing any manufacturing in this part of the business, right?

Anil Rai Gupta: As you know, we have tied up with Goldi Solar, so a lot of manufacturing is done by them for Havells.

Sameer Gupta: Got it. But in our entity, in the Havells business, this margin is still more of a trading margin, right?

- Anil Rai Gupta:** As I said, trading is considered when you just buy and sell. Basically, it's our own technology development, development of the complete product kit, and then using our brand and channel. So, you can say that whenever there's an outsourced manufacturing, I don't know whether it's just a trading margin, but there is brand and channel play in that.
- Sameer Gupta:** Got it, sir. This is helpful. Just last follow-up here, so basically, we do understand that overall industry has a lot of players who are entering, who are just trading here. And just let's say tomorrow, would it be a fair assumption that there will be a good consolidation in this space and margins can go up further?
- Anil Rai Gupta:** Possibly.
- Sameer Gupta:** Thanks a lot, sir. I'll come back in the queue for follow-ups.
- Moderator:** Thank you. Next question is from the line of Aditya Bhartia from Investec. Please go ahead.
- Aditya Bhartia:** Hi. Good evening, sir. My question is again on the switchgear segment. Just want to understand how you looking at the revenue build-up from a slightly kind of longer-term perspective over the next 1- 2 years.
- Do you think that the kind of quarter that we have seen, part of this is sustainable? We should be consistently clocking double-digit kind of revenue growth in this segment. And what proportion of this revenue growth is likely to have come from exports?
- Anil Rai Gupta:** So, just looking at the numbers, but the export percentage to the overall thing is about 15%. And I think, after some quarters, both volume and value mix, there is decent traction. I think it's also related with some market share gains as well. So, hopefully, a positive trend should continue in the coming quarters as well.
- Aditya Bhartia:** Sure. Sir, my related question was also on the point that you earlier referred about switchgears, that in the past, when we had taken some price increases, there was maybe some channel destocking or some impact on demand.
- Now, just a bit intrigued with the with this phenomena, given that in wires and cables kind of a business, we keep seeing fairly sharp price increases being taken and getting absorbed by the market, then why is it that in some of the other categories, it is much more difficult to pass on the RM inflation impact?
- Anil Rai Gupta:** No, no. So, first of all, I didn't say there is destocking in the first quarter. There was delayed price movement by some competition. See, industry to industry, it varies. Sometimes certain industries which have not really seen sharp increases in the raw material prices, they also tend to wait and see how the overall commodity situation may pan out.
- So, some industries may take a bit of a longer view on this. Cables and wires have seen for the last 20 years, since 2008, sharp fluctuations, both upwards and downwards. So, there is a faster pass-on both sides to the consumer and to the channel. So, I think the channel is also used to it more because consumer is also used to it more.

- Aditya Bhartia:** Understood. That's helpful, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Sonali from Jefferies India. Please go ahead.
- Sonali:** Sir, thank you for the opportunity. Sir, my first question is, you did talk about price hikes, calibrated price hikes, and it is showing in our operating margin being held at the current level as well. So, could you let us know which categories took average how much price hikes?
- Anil Rai Gupta:** See, across the board, we've seen varying between 10% to 25%, and depends on the period also. I mean, in cables and wires, if over the last one year, we've seen more than 30% price hike, but in certain categories, it's about 10% to 15%.
- Sonali:** That would be in the last 2 quarters or YTD?
- Anil Rai Gupta:** No, I'm saying over 12 months.
- Sonali:** Over the past 12 months. Got it, sir. Sir, secondly, in terms of volume versus value mix, you did mention that in switchgears, it's double-digit volume growth, which, by the way, congratulations for that. In the cables and wires, as we understand, it's largely commodity-led, but if you could let us know the volume growth, that would be helpful?
- Anil Rai Gupta:** Volume growth overall, if you see cables and wires, it's about very close to double digits.
- Sonali:** Okay. Good to hear that, sir. Sir, in terms of Lloyd, A, have we retained market share? And any color on the A&P spends, also the channel inventory across the products, especially the air conditioners, since we are getting into the festive season?
- Anil Rai Gupta:** So, I think for market shares, this is probably not the best quarter because our major market shares are in air conditioners, and this is the lowest quarter for air conditioners. But A&P spends are generally in line. If you remember, we have talked about the whole year. First quarter, we pulled in a lot of advertising spends, and second quarter has been more in line with our budgeted spends. Any other question on Lloyd, sorry?
- Sonali:** Sir, channel inventory, generally also...
- Anil Rai Gupta:** As for the channel inventory, again, in this second quarter, usually, even if there's some overstocking in the first quarter, which happens, usually the channel brings down the normalized inventory levels by the end of the second quarter.
- Sonali:** Understood. Sir, you did mention that if the cost surge persists, we'll have to take more price hikes. Sir, any ballpark as to what are your plans and by when would you want to take these price hikes?
- Anil Rai Gupta:** No, I think in this quarter, certain price hikes will have to be taken because in the industry, second quarter is not the time when usually the competition also increases their prices. But that's the time when we've seen sharp raw material price increases, so it could range between product to product, between 5% to 7%.

- Sonali:** Got it, sir. And just last question from my end on the capex, are we retaining our estimate of about INR14 billion capex in FY27, and largely for C&W?
- Anil Rai Gupta:** Cables and wires, R&D centre as well.
- Sonali:** And R&D. All right. Thank you very much for this opportunity. All the best and happy festive season for all of you.
- Anil Rai Gupta:** Thank you.
- Moderator:** Thank you. Next question is from the line of Pavan Kumar from Global Consilient Research. Please go ahead.
- Pavan Kumar:** Thank you for the opportunity, sir. Sir, my first question is on the cable business. The contribution margin has declined by around 380 basis points year-on-year. I understand that there has been some volatility in aluminium prices.
- But could you help us understand that what measures we are taking to improve this? And also how should we look at the margin trajectory over the coming quarters? And is there any possibility to cover the cable margins towards last year's level?
- Anil Rai Gupta:** I think I've already mentioned the reason for the aluminium price decreases, which led to a lower contribution margin as compared to a high base last year. Overall, I have said in the first half, we've retained 15%, which usually is the normal contribution margins overall with the product mix that we have, between 15% - 15.5%.
- Pavan Kumar:** Okay, sir. And, sir, my next question is on the margins. I understand that you don't provide any specific guidance, but how should we look at the margins over the next 2 quarters? Should we expect them to remain stable, or are you seeing some any scope of improvement there?
- Anil Rai Gupta:** As I've said, we've always given general views on the trends of margins of various businesses. Now, it also depends upon the growths of various businesses that we achieve. Usually, contribution margin of each business is established. Sometimes due to very sharp volatility, it can get disturbed, but usually we try and maintain these margins over a longer period of time.
- Pavan Kumar:** Okay, sir. And, sir, my last question is on the Lloyd business. The segment continues to face some profitability challenges. So, could you help us to understand that what steps we are taking to improve its margins and reduce its losses? And also by when we can expect the segment to turn profitable? Any broader timeline if you can give will be a great help?
- Anil Rai Gupta:** See, I've always maintained that in Lloyd, we will continue to build out the brand and distribution channel, which is an ongoing process. So, when we're talking about an overall annual profitability, we are trying to ensure that we'll continue to invest, but at least start making profitability in the medium term. So, difficult to give any timeline, but that would be more of a guidance, which we would like to avoid.
- Pavan Kumar:** Okay, sir. Okay. Thank you so much, sir, and wish you a very happy Diwali.

- Moderator:** Thank you. Next question is from the line of Saurabh Jain from Sequent Investment. Please go ahead.
- Saurabh Jain:** So, first question is what is your revenue guidance for FY27? And secondly, you already said that that you raised your price around 10% to 12%, so it is Y-o-Y basis or it is quarter-on-quarter basis you raised price?
- Anil Rai Gupta:** So, we do not give any revenue guidance for the year, and I've not understood your second question, sorry, but your voice was not audible at all.
- Saurabh Jain:** I will join the queue again.
- Anil Rai Gupta:** Thank you, Saurabh.
- Moderator:** Thank you. Next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.
- Achal Lohade:** Good evening, sir. Thank you for the opportunity. Sir two questions. First, you mentioned about the sales and distribution rejig in Lloyd as well as the Havells business. If you could elaborate a little bit as to what kind of changes, and has that got stabilized or is there any further impact you're seeing? And is there anything left as well in terms of the certain changes? If you could help us understand that, that would be great, sir.
- Anil Rai Gupta:** I think last year, I had mentioned that starting October in Lloyd and January in Havells, we've moved towards a distribution system where it is more pull-led rather than push-led. And basically what it means is that we are not using pricing or schemes to push product into the trade channel.
- We want more and more consumers to buy the products from channel. I think I had mentioned that it takes about 6 months to 9 months to establish this kind of a system. We do believe that it has established well, and now it's more pull-led rather than push-led.
- Achal Lohade:** And in terms of the -- so that's on the distribution, but in terms of the, on the personnel side there are certain changes which are done. If you could call out, how do you see that, would there be further management changes, if you could help us understand that?
- Anil Rai Gupta:** Yes, I think this is a regular process of, you know, rejigging the management team and what we announced at the start of the year is a part of every 3 to 4 years, it's more like people development process, people handling different parts of the businesses to be ready for taking bigger responsibilities and different challenges. So, I do believe that's a very regular thing, nothing major which has happened in this particular year.
- Achal Lohade:** Got it. The second question I have with respect to the cables and wires space. In terms of the capex for last couple of years, we have seen that larger amount got allocated to cables and wires segment and particularly cables.

So, wanted to understand, where are we in terms of the product portfolio, as well as the distribution on the cables front, given it's more B2B, given it's more tender-oriented? So, if you could help us understand your thoughts as to how you look at the cables business from a more medium-term perspective. What kind of...

Anil Rai Gupta: If you look at to the underground cable business, few things. One, we've maintained that we were a bit delayed in terms of capex, which we have caught up in the last couple of years. And this is a business where there is huge opportunity for growth as well, with newer customer segments opening up.

And we do believe that in the overall, not only Indian market, but export markets also, there is a decent traction for cables in the next 5 - 7 years. So, we'll continue to invest upon in this business. And going forward also, we think the kind of growth that we are now experiencing with this new capacity, we will continue to be on a good growth path in the underground cable as well.

Achal Lohade: Just a follow-up, and that is my last question, sir. Within cables, is it fair to say that, in terms of competitive intensity, it will be much higher in case of LT compared to the medium voltage and the higher-voltage cables? And in terms of our portfolio, will it be more of LV or it will be MV and HV as well?

Anil Rai Gupta: In the last 20 years or so, LT has always been more competitive as compared to medium voltage and high voltage, and that will continue to remain in the future as well.

Achal Lohade: And in terms of our mix, would it be possible to call out like what would be the mix of LT cables within cable, would that be 70% - 80%?

Anil Rai Gupta: The recent capacity expansions in Havells has been more towards medium voltage and high voltage.

Achal Lohade: Got it. Great, sir. Thank you, and wish you all the best.

Anil Rai Gupta: Thank you.

Moderator: Thank you. Next question is from the line of Karan Gupta from Asit C. Mehta Investment. Please go ahead.

Karan Gupta: Yes. Hi. My question was on the cable side. So, looking at the comparison towards peers, the cable side margins are more impacted on half-yearly basis. So, what is our product mix or category mix in terms of cables? Are we more on the aluminium side of the cables or what?

Anil Rai Gupta: Yes, so if you look at cables, cables, we are more aluminium heavy, because still about almost 80% to 90% of our sales come from Indian markets, which is more aluminium heavy. So, yes, we are more aluminium heavy on the cable business.

Karan Gupta: Okay. So, going forward on the aluminium, what's the growth you are expecting and normalized level of margins you are expecting on the cable side?

Anil Rai Gupta: No we, as I mentioned just before you, I mentioned to the other person also, that we in overall underground cables business, we're looking at a good growth because all our capacities have been invested in the underground cable business in the last couple of years. So, we'll continue to expect good growth.

We're not the leading people in terms of margins in the cables business. We maintain certain quality standards, and it's a bit more commoditized. Hence, our focus has always been on more consumer-oriented wires business. So, going forward also, despite some volatility which happened in the last quarter, otherwise, we'll be coming back to our normal margin levels in underground cable business as well.

Karan Gupta: Okay. So, the upcoming capex, as you said, on the medium and high-voltage cables?

Anil Rai Gupta: In the last few years, the most of the capex has gone towards medium to high voltage. And we have enough capacities for low voltage.

Karan Gupta: That is copper cables, right?

Anil Rai Gupta: Everything is aluminium.

Karan Gupta: So, you're seeing a good growth prospect in the aluminium cable side also?

Anil Rai Gupta: I would like you to be restricted to two questions per person.

Karan Gupta: Thank you.

Moderator: Thank you. Next question is from the line of Nikhil S. from Lister Ventures. Please go ahead.

Nikhil S.: Hi, good evening. So, I have my queries regarding the Lloyd's consumer segment. So, wherein we can see the revenue has almost come halfway down from around INR1,460 crores in the last quarter to around INR615 crores right now. So, may I know is the shift in the or -- the significant decrease in the sales is only because of the shift in the summer season or because of any other reason?

Because I can still see that because of all the El Niño news and other things, the summer is still in place in almost most parts of the country. So, may I know the reason first for the decrease in the sales and also for the drastic decrease in the contribution margin as well, where it is mentioned that there is under-absorption as well as the inflationary pressures?

Anil Rai Gupta: So, Nikhil, first of all, I think this has been a trend for many, many years that the first quarter is the biggest quarter for air conditioner sales, and in the second quarter, the air conditioner sales come down. I agree with you that in certain markets in South specially, there is a second summer which comes in, but that also comes in every year.

So, when we are looking at growth, it is you have to see growth over a Y-o-Y rather than quarter-on-quarter. So, this trend which you're seeing is a bit less pronounced last year because we had a very bad April, May, June. Otherwise, generally, this is the -- this has been the trend. And it

happens so in the second quarter that because of under-absorption of the manufacturing overheads, the contribution margins also see a decline.

In this particular quarter, there was a sharper decline because raw material continued to increase, and it took some more time for the industry to pass on the price increases.

Nikhil S.: And may I know what are the measures taken to, like, tackle the inflation? Any measures -- any aggressive measures from the company side?

Anil Rai Gupta: Well, I think one is obviously always work on efficiencies towards costs, in both in factories as well as overheads. But otherwise, certain costs have to be passed on, which have to be tackled through price increases only.

Nikhil S.: Understood. Okay. Thank you.

Moderator: Thank you. Next question is from the line of Ashish Jain from Macquarie. Please go ahead.

Ashish Jain: Hi, sir, good evening. Sir, firstly, just one clarification, the 90% number you gave on exposure to cable is only for cables, right? Because most of our wires would be copper-based.

Management: Yes, I think that the question was about cable only.

Rajiv Goel: The question was specifically cable

Ashish Jain: I know. Yes, I just want to clarify that.

Rajiv Goel: Yes, wires is entirely copper.

Ashish Jain: Copper. Right. Sir, secondly, this restructuring which you spoke about in terms of distribution and making it a pull product rather than push product, so in terms of consumer excitement around the brand, is it mostly advertising spend, or there's something else that we are doing to create consumer pull?

Anil Rai Gupta: Well, there is a lot of things about consumer promotions continue to happen, extended warranties and all that. So, I'm not saying that there is no push towards the consumer through either BTL or ATL. But I was generally talking about maintaining profitability margins and return on capital for the channel by not pushing too much inventories into their systems.

Ashish Jain: Okay. Sir, lastly, just from a margin point of view given like last few days, commodities have come off, assuming that is where commodity stays, it's safe to assume that worst in terms of 2Q pricing is behind us in terms of our P&L, or there is some high-cost inventory that we're sitting on today which can hurt us in 3Q as well from margin standpoint? Especially for Lloyd.

Anil Rai Gupta: Right now, we are not anticipating any reduction in pricing, because some abatement which has happened is -- that has always been there every month, every quarter. So, at this moment, it is difficult to say where whether we are seeing any downtrend.

Ashish Jain: Right. Okay. Got it, sir. Thank you so much. Thanks.

- Moderator:** Thank you. Next question is from the line of Janakiraman Rengaraju from Franklin Mutual Fund. Please go ahead.
- Janakiraman Rengaraju:** Good evening, Mr. Gupta. A few medium-term related questions. One is that you spend a reasonable amount on R&D. You also have sizable teams in Delhi and Bangalore. So, what are the goals that you have set for the R&D function, and as a manager, how would you assess the effectiveness of this R&D spend?
- Anil Rai Gupta:** I think, very relevant question. Most importantly, one is that how do we continue to gain market share, as well as try to be industry-leading margins in product categories that we are in. So, because of the premiumness not only of the brand, but also the product and ability to charge a premium from the consumer because of the quality -- because of the features of the product, that's what I would say that in a short while I can answer that that's the major focus for the R&D.
- Janakiraman Rengaraju:** The focus will be more on product design or value engineering to make it more cost-efficient?
- Anil Rai Gupta:** Both, I would say. That value engineering is a continuous process, which is also one part of the R&D also looks at, but major focus is also product design.
- Janakiraman Rengaraju:** The other thing is now more manufacturing opportunities are cropping up, especially in the electronics space, and that too, especially in the area of import substitution. So, as a company with multiple business lines, do you keep evaluating adjacencies where you can get into manufacturing, especially since you have a fairly deep expertise in electronics manufacturing?
- Anil Rai Gupta:** We do keep evaluating. I think the major focus for the company is consumer-facing through brand and channel, and developing products for the consumer. As a as a company, we are a sizable business within the electrical industry with various product categories. So, the major focus has always been to build a final product for the consumer, rather than be a manufacturer for other brands. So, however, still there is always an evaluation of new business opportunities within the business, given the fact that we are a manufacturing-oriented and manufacturing-heavy business as well.
- Janakiraman Rengaraju:** Do you think this classification of the business of the organization as largely consumer-facing...
- Moderator:** I'm sorry to interrupt, sir. Should you have a follow-up question, please rejoin the queue.
- Janakiraman Rengaraju:** Thank you.
- Anil Rai Gupta:** Sorry, we can take that last question from Mr. Janakiraman.
- Moderator:** Sir, he left the queue.
- Anil Rai Gupta:** Okay. Fine.
- Moderator:** Next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

- Umang Mehta:** Hi, sir. Thanks for the opportunity. Sir, would it be possible to call out the growth in cables separately? I mean, within the cables division, how much was growth in cables? And any status update on your expansion plans? I believe you had three kinds of phases going on. So, how is that kind of coming along?
- Rajiv Goel:** I think the expansion is pretty much on track, that's what we had pointed out. And I think by in next 18 months, the full expansion will be on stream. So, and as we as we indicated, that most of the expansion is on the MV and the EHV side. So, that's playing out to what we had sort of explained when we started this expansion journey.
- Umang Mehta:** Got it, sir. And cables growth possible to share how much is was it this quarter?
- Rajiv Goel:** Which growth?
- Umang Mehta:** Within cables and wires, how much was cables?
- Rajiv Goel:** We don't we don't give separately, but all we can say, we have just indicated that the overall volume growth was close to double digit.
- Umang Mehta:** Got it. And secondly, again, similarly on Lloyd, the refrigerator factory got commissioned in March. Any benefit have we seen in terms of pickup in that line? What is the capacity utilization right now? And how are we looking at the non-RAC businesses within Lloyd?
- Rajiv Goel:** So, ref growth has been pretty decent. I think that has contributed well to the volume growth, because, as you rightly said, before, we didn't have our own factory. And but I think the season will be coming up next year, because it has only got fully on steam in last couple of months. RAC continues to be the large part of the business, close to almost 75%. And hopefully, over a period of time, we want to bring it to around 60% with growth in the non-RAC products.
- Umang Mehta:** Sure. Got it, sir. Thank you so much, and all the best.
- Rajiv Goel:** Thanks, Umang.
- Moderator:** Thank you. This will be the last question for today from the line of Rahul Agarwal from Ikigai Asset. Please go ahead.
- Rahul Agarwal:** Yes, hi. Thank you so much. Good evening. Just one question. Sir, when I look at the overall companies from a top-down perspective, Havells has been known for 25% plus kind of ROCE on the overall business. Now, obviously, things have been volatile post-COVID, and our investments have been higher, margins have been lower, and hence, we have seen some deterioration. Just incrementally, in your view, in more medium term let's say next three years how would you look at this number for the overall company, right?
- For every incremental capex you do, would you have a minimum rate to work with? And when do you expect Havells to come back to that 25% plus ROCE number? Just your thought on how do you look at capital allocation. Thank you.

Rajiv Goel: Currently, despite the volatility, we are close to 23%. So, I think it will depend upon few things. The expansion will need to be undertaken. And normally, an expansion takes some time before it starts contributing to the level of the company's overall return ratios. But I think our existing assets also, you see, should start delivering more. So, this has been the case, because Havells has always been expanding in newer categories, and those categories are supported by the pretty decent ROCE from the existing categories. So, those will continue.

And we believe this even couple of percentage points, which it has sort of come down, I see no reason why, in the next couple of years, we should not be doing much better than this also. So, yes, I think overall, we are pretty comfortable having a ROCE, in fact, higher than what has been our long-term average.

Rahul Agarwal: Sir, so just a follow-up on this, all incremental business, right? which we see right now, renewables is something which is ramping up, will -- maybe some new categories is what Havells will try and explore going forward. Apart from that, I think we're seeing similar existing business which is growing further, right? I mean, lighting, cables, switchgears have been all there since long time. So, incrementally, every rupee which you invest, are you working with a higher ROCE threshold, or how's the thought process?

Rajiv Goel: No, no, thought process is similar, but all you have to appreciate that it takes time. It doesn't start from day one. That's the only difference. And that's why we bank upon, somebody asked about renewable, are you comparing yourself with a large player, somebody mentioned Adani or somebody mentioned Waaree. That's not our model. That's not what we're doing. We're not looking gigabytes here.

See, we are looking at what is relevant for the consumer, because ultimately, when you have a distribution channel, you have to sweat it more. The biggest asset in this company, which is not captured in capital, is the brand and distribution. So, when you sweat it more, I, definitely -- you will create more return on capital. So, anything we start, we always want to improve upon where we are today. And yes, on that, but it takes time, which I'm sure you will also appreciate. You're not expecting this to happen from the first hour when we invest the money.

Rahul Agarwal: Absolutely.

Rajiv Goel: And this is -- this has been proven. Otherwise, how will you hold even you talked about you are not having 25%, but we are 23%. So, we are not like miles apart.

Rahul Agarwal: Right. And this is going to come more from sweating of assets, right, and lesser so from margins, right, where margins have been discussed quite a bit. I think that more competition and every quarter it keeps on changing, right? So, it should come more from sweating of assets rather than margins, right?

Rajiv Goel: It will come from both. This is slightly different philosophy as a company we have. We do not believe that growth and the margins are mutually exclusive or one has to come at the expense of the other. So, I think this is a philosophy. Sometimes you get challenged on that, but we do not buy this argument that if you don't have margins, you can have growth and then you can sweat

the assets more. Both has to work in tandem. Okay, the ratios may change sometimes, but it's A into B.

Rahul Agarwal: Got it, Rajiv ji. Thank you so much for answering the question, and festive greetings to everybody at Havells.

Rajiv Goel: Have a great festive season. Thank you. Thank you, everybody, for joining the call.

Moderator: Thank you. As that was the last question for today, I now hand the conference for closing comments.

Tanay Shah: Yes. Thank you so much to the management for giving us an opportunity to host the call. We now conclude the call, and wishing everyone a very happy festive season.

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